

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held in Committee Rooms 1 & 2, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 12 DECEMBER 2018** commencing at **9.00am**.

Information and recommendations are included in the reports to assist the Committee in the decision making process and may not constitute Council's decision or policy until considered by the Committee.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

Representatives from Audit New Zealand and KPMG will be in attendance.

3. DISCLOSURES OF INTEREST

4. CONFIRMATION OF MINUTES

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GJ Ion
CHIEF EXECUTIVE

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	20 September 2018
Prepared by	Rose Gray Council Support Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Confirmation of Minutes

1. EXECUTIVE SUMMARY

To confirm the minutes of the Audit & Risk Committee held on Monday 17 September 2018.

2. RECOMMENDATION

THAT the minutes of the Audit & Risk Committee held on Monday 17 September 2018 be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

Minutes

MINUTES of a meeting of the Audit & Risk Committee of the Waikato District Council held in the Committee Rooms 1 and 2, District Office, 15 Galileo Street, Ngaruawahia held on **MONDAY 17 SEPTEMBER 2018** commencing at **9.01am**.

Present:

Ms M Devlin (Chairperson)
Cr AD Bech
Cr JM Gibb
Cr BL Main
Cr JD Sedgwick

Attending:

Cr SD Lynch
Mr GJ Ion (Chief Executive)
Mr TG Whittaker (Chief Operating Officer)
Mrs S O’Gorman (General Manager Customer Delivery)
Mrs RJ Gray (Council Support Manager)
Ms A Diaz (Finance Manager)
Mr K Abbott (Organisational Planning & Project Support Manager)
Mrs K Jenkins (Project Management Advisor)
Ms M Russo (Acting Corporate Planning Team Leader)
Mr L Pieterse (Director Audit New Zealand)
Mrs L Shirley (Zero Harm Manager)
Mr M Ali (KPMG)
Mr A Siew (KPMG)
Mr T Pipe (Regulatory Manager)
Mr C Birkett (Monitoring Tam Leader)
Ms S Quinn (Acting Procurement Manager)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Main/Sedgwick)

THAT an apology be received from His Worship the Mayor Mr AM Sanson.

CARRIED on the voices

A&R1809/01

It was noted that Ms Proctor, (Audit Manager Audit New Zealand) was unable to attend this meeting.

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Gibb/Main)

THAT the agenda for a meeting of the **Audit & Risk Committee** held on **Monday 17 September 2018** be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 6 which shall be discussed with the public excluded;

AND THAT all reports be received;

AND FURTHER THAT the committee resolves that the following item be added to the public excluded agenda and considered as appropriate during the course of the meeting:

- **Staff Survey;**

AND FURTHER THAT in accordance with **Standing Order 9.4** the order of business be changed with agenda item 5.3.1 [*Waikato District Council Zero Harm Safety Management System*] to be considered following agenda item 5.1.4 [*Zero Harm Strategic Risk Deep Dive Report*] and agenda item 5.2.1 [*Draft 2017/2018 Annual Report*] be considered following agenda item 5.2.2. [*2017/2018 Annual Report Audit*].

CARRIED on the voices

A&R1809/02

DISCLOSURES OF INTEREST

The Chair, Ms Devlin, advised members of the committee that there were references to Watercare and WINTEC in reports in the agenda. She declared an interest as a Director of Watercare and Councillor for WINTEC. It was also noted that there were no decisions required in respect of Watercare nor of WINTEC.

CONFIRMATION OF MINUTES

Resolved: (Crs Bech/Sedgwick)

THAT the minutes of a meeting of the **Audit & Risk Committee** held on **Tuesday 12 June 2018** be confirmed as a true and correct record of that meeting

CARRIED on the voices

A&R1809/03

REPORTS

Strategic Risk Register September 2018

Agenda Item 5.1.1

The report was taken as read [A&R1809/02 refers].

It was agreed a report will be provided to the December 2018 meeting with an update against the Gearing for Growth and Greatness Plan. The report will include a review of the current risk status against the Council's risk appetite.

It was also agreed that an update on the Corporate Plan would be provided at the December 2018 committee meeting.

Mitigations are currently being reviewed with the Chief Operating Officer.

Resolved: (Crs Gibb/Bech)

THAT the Audit & Risk Committee approves the inclusion of the following risk to the Strategic Register: District Growth - Waikato District experiences significant business and community disruption due to district growth exceeding planned growth forecasts.

CARRIED

A&R1809/04

Risk Framework September 2018

Agenda Item 5.1.2

The report was taken as read [A&R1809/02 refers]. In speaking to the report the Project Management Advisor provided an overview on the calculating risk scores tables, technical aspects, political and environmental portfolios.

Emerging Risks

Agenda Item 5.1.3

The report was taken as read [A&R1809/02 refers]. In speaking to the report, the Project Management Advisor provided a brief overview and agreed to include the Regional Council initiative on healthy rivers. The issue of social/more affordable housing was raised in the context of the growth agenda and potential social issues including neglect.

Zero Harm Strategic Risk Deep Dive Report

Agenda Item 5.1.4

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Zero Harm Manager highlighted the following points indicating this is the first of this type of report for this meeting:

- a change of focus is required with a greater level of detail and understanding of the causes, threats of the risk manifesting and how other risks are treated, ensuring

treatments in place are the right treatments for risk. A more methodical process will be workshopped with the Councillors on mitigations with greater focus around critical risks.

- agreed to include harassment and bullying in the development of the Bowties.
- the Zero Harm team shares bulletins, zero harm moments etc with staff and the safety action team includes representatives across Council. Success is recognised and celebrated across the organisation.
- agreed to capture issues raised by staff with the safety action team to show trends.

Waikato District Council Zero Harm Safety Management System Agenda Item 5.3.1

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Zero Harm Manager highlighted the following points:

- safety engagement conversation data.
- agreed to look at critical risk, and if the risk can be eliminated.

Risk Conversations - Monitoring Agenda Item 5.1.5

The report was taken as read, [A&R1809/02 refers], and the Monitoring Team Leader and Regulatory Manager were in attendance to provide an overview of the hazards and risks identified, legislation requirements, and answered questions of the committee.

2017/2018 Annual Report Audit Agenda Item 5.2.2

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Finance Manager highlighted the following points:

- roading valuation issue.
- lease receivables note 6, added to a statement schedule.
- risk review not adjusted because of a timing issue around business as usual and change of approach in the sector.
- Holiday Pay Act liability – higher duties allowance.

The Chief Executive agreed to discuss a potential joint regional response to the Holiday Act consultation, which would be coordinated by LASS.

Draft 2017/2018 Annual Report
Agenda Item 5.2.1

Tabled: Financial Statements

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Finance Manager noted that the draft financials are still a work in progress.

Observations from a risk perspective were raised as follows:

- reputational risk.
- rates remissions detail analysis trend.
- cattle – financial and reputational risk.
- wastewater supply – impact on depreciation.
- landfill aftercare costs.
- property plant maintenance – roading.
- vested and finding assets.

It was agreed that an update will be provided to the December 2018 meeting.

Audit & Risk Committee Key Achievements
Agenda Item 5.2.3

The report was taken as read [A&R1809/02 refers].

Insurance Renewal Process 2018
Agenda Item 5.2.4

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Chief Operating Officer highlighted the following points:

- increase in premiums.
- new area of liability could impact on Councils with whole building counterfeit sign offs becoming an emerging trend. The General Manager Customer Delivery agreed to review and ensure the correct processes are in place around certification.
- to investigate what level of due diligence can be done and what does it mean for the risk profile.

Update on Process, Audit and Quality Improvement
Agenda Item 5.3.2

The report was taken as read [A&R1809/02 refers]. A request was made by the Committee to include the Sexual Harassment Policy in the Harassment and Bullying Policy and be considered as a priority policy.

Update on Progress Against Audit Issues – September 2018
Agenda Item 5.3.3

The report was taken as read [A&R1809/02 refers].

Audit & Risk Committee Annual Self Review
Agenda Item 5.3.4

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Committee Chair provided feedback from the self-review questionnaire highlighting the following key themes:

- how can we be more proactive, not being in receive mode.
- using external advisors.
- focus for 2018/19 procurement contract.
- Consultants versus employees.
- Health and Safety.
- Staff turnover.
- Internal accountability.
- Timelines.
- Exit interviews and learnings.

Updated Future Work plan

Agenda Item 5.3.5

The report was taken as read [A&R1809/02 refers]. Risk appetite is to be the priority review at the December 2018 meeting.

EXCLUSION OF THE PUBLIC

Agenda Item 6

Resolved: (Crs Gibb/Bech)

THAT the public be excluded from the meeting to enable the Audit & Risk Committee to deliberate and make decisions on the following items of business:

Confirmation of Minutes dated Tuesday 12 June 2018

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	27 November 2018
Prepared by	Katja Jenkins Risk Advisor
Chief Executive Approved	Y
Reference #	GOV1318 / 2129064
Report Title	Strategic Risk Register December 2018

1. EXECUTIVE SUMMARY

This report details:

- Key strategic risks affecting the organisation in the last quarter;
- Recommendation for key strategic risk deep dive activity for next quarter; and
- Strategic risk activities undertaken.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received;

AND THAT the Audit & Risk Committee approves the proposed changes to the Strategic Register.

3. DISCUSSION

Key Strategic Risks – Last Quarter

1. **People & Culture:** *Business outcomes are significantly impacted due to inability to attract and/or retain appropriate staff or as a result of undesirable workplace culture.*

On 11 October 2018 the Executive Leadership Team (“ELT”) discussed the likelihood of employees experiencing organisational change fatigue as the result of the corporate plan and restructure. Consideration was also given to the impact of change fatigue on the organisational change project.

Change fatigue (which can be described as a general sense of apathy or passive resignation towards organisational changes) may increase the likelihood of the strategic risk associated

with organisational culture eventuating. The ELT identified critical periods of increased risk, for example where many employees may feel that they are working in two modes; the old way and the new way, and examined the effectiveness of existing treatments, including initiatives from the change team. ELT also recognised the importance of accepting that the organisation may take some time to develop to potential following the finalised change programme.

2. Projects & Initiatives: *Council experiences diminished public confidence, financial loss and/or fails to produce required project benefits due to failure to deliver planned assets and/or technologies as a result of poor delivery of programmes and projects or due to a lack of resource capability.*

The Project Management Framework (“PMF”) pilot has concluded. Outcomes from the pilot will now be collated and evaluated to determine actions for the implementation process.

The Portfolio Governance Group (“PGG”) meetings are now operational. On 05 November, during a PGG meeting, three new project proposals were approved using the newly developed prioritisation process. A number of improvements to process and documentation were identified. PGG (ELT) endorsed the prioritisation process.

A number of outstanding project system issues have been addressed including:

- System integration between CAMMS Project and Councils finance system demonstrated work in progress transactions and multiyear project budget entry issues. A financial integration fix is progressing well. It has been proved successful in a Test Environment and will be deployed to the Live Environment in late November.
- Councils default browser, Windows Internet Explorer, demonstrates system performance issues. Staff are encouraged to run CAMMS Project in Google Chrome to mitigate the issue. Google Chrome Desktop shortcuts will be made available for the launch.

The new Project Management Office (“PMO”) is in the process of being resourced. The first step is the recruitment of the PMO Team Leader. This position is included in the first wave of recruitment during November/December 2018. The recruitment of two Project Managers to the PMO is planned for February/March 2019.

3. Zero Harm: *Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/management of contractual health and safety requirements.*

With consideration to pending actions from the recent investigation outcomes (as discussed in the Zero Harm report) Management will consider the residual risk and take appropriate steps to update or accept the current risk score and associated risks.

4. Business Resilience: *Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.*

As part of the organisational change programme a dedicated risk role will be implemented. The position description for the role Risk Advisor, is currently being formulated to be

finalised by 04 December 2018 and will include Business Continuity as a core focus. As such, a work programme centred on improved business continuity planning will be developed during the next quarter. The programme is likely to include (but not be limited to):

- Updated business unit and team impact analysis;
- Business continuity exercise schedule;
- Business continuity process review (ensure alignment with Incident Management procedures).

5. Growth: *Council experiences significant business and/or community disruption caused by district growth.*

As a new risk on the Strategic Risk Register treatments have not yet been documented. Inherent risk assessment has been captured during the recent ELT workshops. Existing treatments will be identified as part of the Strategic Risk Register update planned during the next quarter. Once this process has been completed outcomes will be communicated to the Audit & Risk Committee.

Key Risk – Next Quarter Deep Dive

It is recommended that the next deep dive conducted is focused on the “Regional/National Strategic Planning” risk. Recent discussion with the ELT have identified a number of emerging risks associated with regional development and potential government reforms. The Deep Dive would facilitate exploration of the key risks, assist in identifying and documenting treatments, and inform changes to the assessment.

Strategic Risk Activities

Following on from an initial review of the Strategic Risk Register (30 August 2018), a risk workshop was held with the ELT on 11 October 2018. Subsequently, an inherent risk workshop was conducted on 15 November 2018. As a result of the activities a number of changes to the Strategic Risk Register have been proposed (demonstrated in Appendix 2).

The ELT seeks the Audit & Risk Committee’s approval for the changes. Risk treatment workshops, which aim to identify new and test existing controls to ensure appropriate management will then commence during the next quarter.

Outstanding Action Items

There are no outstanding action items associated with this report.

4. CONCLUSION

Work to renew the Strategic Risk Register is firmly underway. This work compliments revision of the organisational risk appetite statements and aligns with the upcoming socialisation of the Corporate Plan ‘Risk Element’ of risk as an enabler.

5. ATTACHMENTS

- Appendix 1 - Strategic Risk Register
- Appendix 2 – Proposed Strategic Risk Register

Ref	Proposed Risk Statement	Description	Owner	Proposed Inherent Likelihood	Proposed Inherent Consequence	Proposed Inherent Score
R00230	Growth; Council experiences significant business and or community disruption caused by district growth.	This may include, but is not limited to, decay in LOS, unmanageable funding allocations, speed of growth exceeding or not meeting growth forecasts etc.	Clive Morgan	4	5	20
R00184	Zero Harm; Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/ management of contractual health and safety requirements.	People are harmed as a result of the Council failing to implement and or maintain appropriate health and safety policies, procedures, and processes or sustain an H&S aware culture	Gavin Ion	5	5	25
R00187	Stakeholder Engagement; Council fails to deliver appropriate community outcomes and or wastes resources due to unsuitable stakeholder identification and interaction practices.	People become/remain disengaged as a result of Council failing to communicate/consult appropriately.	Jake Quinn	4	4	16
R00188	Economic & Social Development; Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships.	Council fails to promote and or identify opportunity for economic and social growth or fails to engage appropriately to encourage growth and development.	Clive Morgan	4	5	20
R00191	Projects & Initiatives; Council fails to produce required project benefits due to poor delivery of projects and programmes caused by a lack of procedure or capability.	Inconsistent knowledge, practices and or efficiency results in Council failing to deliver or perform against expected programme or project outcomes.	Kurt Abbot	5	5	25
R00192	Compliance Management; Council is exposed to significant financial loss or business disruption caused by non-compliance with legislative, regulatory or policy requirements.	Council are impacted as a result of being uninformed and or failing to comply with legal requirements.	Alison Diaz	4	5	20
R00053	Business Resilience; Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.	Council operations are impacted through failure to create and prioritized action plans for implementation in the event of a business impact incident.	Kurt Abbot	3	5	15
R00190	People & Culture; Business outcomes are significantly impacted due to inability to attract and or retain suitable personnel.	Council are unable to recruit, promote or keep staff in core service positions due to a lack of appropriately trained people, industry competition and or perceived or actual Council culture.	Vanessa Jenkins	5	4	20
R00128	Cyber Security; Council function is significantly interrupted due to unauthorised access or theft of privileged information caused by external cyber attack or employee behaviour.	Council systems and or processes are compromised by cyber crime resulting in significant financial and or business impact.	Mark Willcock	3	5	15
R00189	Regional/National Strategic Planning; Council experiences significant disruption to business function caused by local or national government reforms, decentralization and delegation of authority, or through other external or internal authoritative influences.	Amendments to local or national legislation or government practices require significant change to business operations.	Tony Whittaker	2	3	6
R00185	Asset Management; Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.	Asset failures (including waters and roading) caused by poor planning, maintenance and or management impact core services.	Ian Cathcart	4	4	16
R00186	Waters Social Franchise Model (with Watercare); Council experiences significant disruption to business operations during contract modelling, transition, and implementation, caused by the loss of personnel and or lack of governance.	Loss of staff results in a loss of organisational knowledge and or waters contract is unsuitable/inappropriate due to poor governance.	Ian Cathcart	5	5	25
R00183	Council Partnerships; Council experiences diminished public confidence and or operations are significantly impacted due to actions, representations or conduct of Partnership enterprises or associations.	Councils reputation/operations are impacted as a result of actions, representations or conduct demonstrated by Partners and/or associates.	Sue O'Gorman	3	3	9

Risk Register

Filter: Classification(s): STRATEGIC (A&R Committee)

RESIDUAL - NOT ASSESSED	BUSINESS CONTINUITY, FINANCIAL, PEOPLE, STRATEGIC (A&R COMMITTEE)
	Growth; Waikato District experiences significant business and community disruption due to district growth exceeding planned growth forecasts.
INHERENT 16.0	OWNER Clive Morgan CREATED 8/14/2018 2:19:14 PM
R00230	RISK LIKELIHOOD DESCRIPTORS Likely (4) RISK CONSEQUENCE DESCRIPTORS Major (4)

RESIDUAL 15.0 HIGH	COMPLIANCE/ REGULATORY, PEOPLE, STRATEGIC (A&R COMMITTEE)
	Zero Harm Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/ management of contractual health and safety requirements.
INHERENT 20.0	People are harmed as a result of the Council failing to implement and or maintain appropriate health and safety policies, procedures, processes or culture
R00184	OWNER Gavin Ion CREATED 9/5/2016 10:47:22 AM RISK LIKELIHOOD DESCRIPTORS Likely (4) RISK CONSEQUENCE DESCRIPTORS Catastrophic (5) RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3) RESIDUAL RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

TREATMENT MC00415
Zero Harm Strategic Plan

The strategic plan identifies high level strategic health and safety improvement activities to deliver on the Organisation's Zero Harm vision. The plan is developed by the Zero Harm Team and reviewed and approved by the ELT, SLT and Safety Action Team. Progress on achieving the plan is reported on to the Council via the Monthly Council Report and to the ELT on a weekly basis.

This treatment impacts the likelihood of the risk by providing clear expectation of organisational requirements and describing agreed governance and management methods.

SIGNOFF(S): Lynn Shirley
DUE DATE: 01 Dec 2018
FREQUENCY: 1st day of every 6 months

TREATMENT MC00416

Monitor and maintain operational Zero Harm critical risk and hazard registers. Critical risks are identified and managed using the BowTie Risk Management approach. Critical risks are contained in an organisational risks register. Operational hazards are identified and recorded in hazard registers.

This treatment impacts the likelihood of harm by identifying and prioritizing operational risks across the organisation and planning mitigation to reduce, transfer or avoid the risk.

TREATMENT MC00435

Council Health and Safety management systems and processes are audited to AS/NZS 4801 Standard, currently Council has achieved ACC WSMP tertiary level. The chief executive and management team carry out due-diligence site visits in compliance with the Health and Safety at Work Act 2015. Contractors are audited on an on going schedule.

This treatment impacts the likelihood of the risk by ensuring that our systems and processes meet the required standards however, it should be noted that they may not meet the legislative requirements.

TREATMENT MC00437

The Executive Leadership Team review the organisation critical risk register 6mthly. Service delivery review risks specific to their operational group monthly.

The Executive Leadership Team hold safety conversations with staff around the critical risks to ensure what we say we do and what is actually done is in agreement or note any differences. The conversation also uncovers whether there are any other outstanding or important matters from a zero harm perspective that should be considered. This treatment impacts the likelihood of the risk by ensuring the Executive Leadership Team and Managers are aware of the risks and relevant treatment processes.

SIGNOFF(S):

Lynn Shirley
Kylie Anderson

DUE DATE:

01 Dec 2018

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

27 Dec 2018

FREQUENCY:

The last Thursday of every 6 months

TREATMENT MC00545

Waikato District Council has a Risk and Hazard management system known as BWare. BWare is used to record identified critical risks and hazards. Controls to manage critical risks and hazards are documented in BWare and actions can be assigned for control implementation. BWare is managed by the Zero Harm Team however it is the responsibility of all workers, management and contractors to comply with risk and hazard identification and management processes and procedures. The completion of actions is tracked weekly by the Zero Harm Team and status reports provided and discussed with the Executive Leadership Team (ELT) on a weekly basis.

This treatment impacts the likelihood of the risk by detailing site and occupation specific hazards and capturing and communicating relevant safety requirements.

TREATMENT MC00584

The contract and tendering process has specifications which ensure that all contractors that are selected to undertake works (long or short term) supply details of H&S practices, including how and who will manage them. This process includes the contractor being added to the SHE Prequalified Contractor Database and ensures that all selected contracts include and meet Councils requirements for H&S and H&S legislative standards. Periodic checks are performed by Councils Zero Harm team to monitor contractor compliance.

This treatment impacts the likelihood of the risk by providing clear and documented expectations to contractors during the selection and on-boarding process, reducing the risk of non-compliance.

SIGNOFF(S):

Lynn Shirley
Kylie Anderson

DUE DATE:

31 Jul 2019

FREQUENCY:

The last Day of every 12 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Aug 2019

FREQUENCY:

The first Weekday of every 12 months

TREATMENT MC00121

Engagement practices, including public meetings, are conducted to provide public engagement opportunities. These include but are not limited to:

- Long Term Plan, Bylaws and Annual Plans Special Consultative Procedure
 - Reserve Management Plan (RMP - as per the Act)
 - Policy (statutory) Special Consultative Procedure
 - Policy (non-statutory) Section 82 and significance and engagement policy specification.
- This treatment impacts the likelihood by providing opportunities for people within the community to engage with Council in a variety of different mediums.

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2019

FREQUENCY:

1st day of every 12 months

RESIDUAL
12.0
HIGH

INHERENT
20.0

R00187

POLITICAL, REPUTATION/ IMAGE, STRATEGIC (A&R COMMITTEE)

**Stakeholder Engagement
Council fails to deliver its core objective of having the most engaged community by 2020 due to customers, communities, Iwi and key stakeholders being disengaged as a result of poor customer and stakeholder assessment and management and or inadequate or inappropriate engagement practices and procedures.**

People become/remain disengaged as a result of Council failing to communicate/consult appropriately and or as a result of unsuitable stakeholder identification and interaction.

OWNER Sue O’Gorman

CREATED 9/5/2016 11:20:04 AM

RISK LIKELIHOOD
DESCRIPTORS Almost Certain (5)

RISK CONSEQUENCE
DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Major (4)

20

TREATMENT MC00164

Community Engagement Strategy:
This Strategy provides WDC with guidance on its community engagement activities.
This treatment impacts the likelihood of the risk by providing Council employees a practical guide in best practice engagement and the community an understanding of how Council aims to engage with them.

TREATMENT MC00165

Significance & Engagement Policy

The policy outlines how WDC will assess “significance”, as required by the LGA amendment bill. A particular issue is the determination of whether an issue is of “high” significance or not in regard to the impact on communities, rather than just on economic impact which is generally the current basis for council decisions.

Environmental, social and cultural well-beings must also form part of a significance determination which should not be overshadowed by financial considerations.

This treatment impacts the likelihood of the risk by providing a practical guide that outlines how to assess the impact of action and suitable engagement practices to meet the assessment.

TREATMENT MC00457

Implementation of appropriate strategies and policies to ensure community needs are captured and met. These include, but are not limited to:
- Confirmation of the Long Term Plan priority projects

- Community engagement policy
- Significance and engagement policy
- Community engagement strategy
- Customer complaints and compliments policy

This treatment impacts the likelihood of the risk by documenting Councils commitments and associated expectations relating to how councils engages with the community.

TREATMENT MC00458

Council has a Communications Framework in place which guides the way we do things. A specific engagement strategy is under development as a key Our Plan project in 2017.

This treatment will impact the likelihood of the risk by providing practical guidance for Council to support community engagement practices and the consequence by ensuring a consistent, defined and measured approach when planning and/or managing communications.

SIGNOFF(S): Vishal Ramduny
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Vishal Ramduny
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Vishal Ramduny
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 6 months

SIGNOFF(S): Jacob Quinn
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 3 months

TREATMENT MC00459

CE and Executive Team provide updates to Councillors, Community Boards and Committees on community plans through forward facing meetings.

This treatment impacts the likelihood of the risk by ensure adequate engagement with the community by communicating relevant plans, decisions and actions and by providing opportunity (through Board or Committee, venue or other medium) for feedback.

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Feb 2019

FREQUENCY:

1st day of every 6 months

TREATMENT MC00460

Community Development roles and Operational Field Staff.

A number of roles including Youth Engagement Advisor, Iwi Liaison and Community Development Advisor, aim to ensure that appropriate engagement is conducted with specific community groups. These roles are targeted, extending and adding to the engagement activities of front facing field staff e.g. Animal Control, Building, Libraries etc

This treatment impacts the likelihood of the risk by facilitating consideration of communication and engagement practices for community minorities, isolated groups and/or key community stakeholders.

SIGNOFF(S):

Tony Whittaker

DUE DATE:

01 Apr 2019

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00461

Engagement Forum

The Waikato District Council Leadership Programme has the 2020 Challenge at its core and is taking the role of an Engagement Forum. Included in the programme is discussion and documentation on how to champion engagement within the organisation and how to develop plans that provide direction of engagement associated with meeting the 2020 Challenge.

SIGNOFF(S):

Jacob Quinn

DUE DATE:

01 Jan 2019

FREQUENCY:

1st day of every 6 months

This treatment will impact the likelihood of the risk by providing a dedicated team whose function is specific to development of engagement plans and practices within the organisation.

TREATMENT MC00462

Council operates library and Council services from a number of locations across the district. This provides outreach and accessibility for communities within the district. Along with the provision of multiple offices, late night opening hours have been implemented to accommodate availability and convenience for communities. This treatment impacts the likelihood of the risk by facilitating community engagement through the facilitation of front facing interactions.

SIGNOFF(S):

Brian Cathro

DUE DATE:

01 Apr 2019

FREQUENCY:

1st day of every 12 months

RESIDUAL
12.0
HIGH

INHERENT
20.0

R00188

FINANCIAL, POLITICAL, STRATEGIC (A&R COMMITTEE)

**Economic & Social Development
Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of inadequate planning, inefficient procurement and investment strategy or insufficient engagement with key stakeholders at a local, regional or national level.**

Council fails to promote and or identify opportunity for economic and social growth or fails to engage appropriately to encourage growth and development.

OWNER Tony Whittaker

CREATED 9/5/2016 11:32:26 AM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RISK CONSEQUENCE
DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Major (4)

22

TREATMENT MC00163

The WDC 2015-2045 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.

The strategy covers the following asset types:
- Water Treatment and supply
- Wastewater Treatment and Disposal
- Stormwater Drainage
- Roads and Footpaths.

This treatment impacts the likelihood of the risk by detailing and providing visibility of expectations to ensure Council works to a consistent standard.

TREATMENT MC00469

Economic Development Strategy

The strategy assesses the economic profile of the district and identifies SWOT for the purpose of informing strategic direction.

There is a limited reference to social development within the strategy.

A regional economic development strategy is also in place to serve the wider community at a regional level, this strategy is aligned to the Waikato District EDS.

This treatment impacts the likelihood of the risk by ensuring that communities and businesses are engaged on an on-going basis, allocates effort and funding to targeted economic development initiatives and promotes the district as a viable prospect for business investment, residential and visitor (lifestyle) growth and development.

TREATMENT MC00470

District Development Strategy and relevant growth management plans (structure plans) are in place to guide development and align land use and infrastructure planning.

This treatment impacts the likelihood of the risk by ensuring efficiency in and documentation of planning and funding processes.

TREATMENT MC00471

Social Development Initiatives

Council has adopted a number of socially related strategies that aim to consider and provide for the social outcomes in the districts communities.

These include, but are not limited to:

- Place Making Strategy
- Heritage Strategy
- Youth Engagement Plan
- Grant Funding Scheme

Although these initiatives impact the likelihood of the risk by providing a degree of focus and resources dedicated to social development they are essentially limited as a result of no guiding social development strategy or policy (for example, the ex-Frankin Social Wellbeing Policy).

SIGNOFF(S):

Gary Dela Rue
Karl Pavlovich

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 12 months

OVERDUE

SIGNOFF(S):

Clive Morgan

DUE DATE:

01 Feb 2018

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 6 months

TREATMENT MC00472

Cross Boundary Initiatives

These initiatives aim to foster integrated planning across territorial boundaries, ensuring greater efficiencies and settlement planning across boundaries.

Example:

- North Waikato Infrastructure Programme

- Business Case,

- Future Proof

- Waikato Plan

- MOU Auckland Council

- National Policy Statement on Urban

Development capacity (requires collaboration with HCC to make land available for infrastructure to support residential and commercial development)

This treatment impacts the likelihood of the risk by providing a holistic approach to economic development and preventing limitations associated with territorial authority boundaries.

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 12 months

RESIDUAL

12.0

HIGH

INHERENT

16.0

R00191

BUSINESS CONTINUITY, PEOPLE, REPUTATION/ IMAGE, STRATEGIC (A&R COMMITTEE)

Projects & Initiatives

Council experiences diminished public confidence, financial loss and or fails to produce required project benefits due to failure to deliver planned assets and or technologies as a result of poor delivery of programmes and projects or due to a lack of resource capability.

Inconsistent knowledge, practices and or efficiency results in Council failing to deliver or perform against expected programme or project outcomes.

OWNER Tony Whittaker

CREATED 9/5/2016 12:23:20 PM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RISK CONSEQUENCE
DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Major (4)

TREATMENT MC00430

Every three years Council creates Long Term Plan (LTP) works streams that capture programmed works scheduled to deliver the LTP commitments. These work streams include annual Activity Management Plans (AMPs) that dictate which programmes will be undertaken (through projects and initiatives) for the subsequent period.

This treatment impacts the likelihood of the risk by detailing and documenting Councils annual and triannual work plan.

SIGNOFF(S):

Ian Cathcart
Sue O'Gorman

DUE DATE:

01 Feb 2019

FREQUENCY:

1st day of every 12 months

TREATMENT MC00431

In 2010 Council introduced a business specific Project Management Framework based on best practice project management methodology. In 2018 the methodology was reviewed and is currently being tested and rolled out to the business. The methodology provides a common and widely understood set of processes and tools to be used across Council to:

1. Deliver a consistent project approach
2. Align projects to strategic goals and outcomes
3. Facilitate collaboration between organisational teams
4. Offer an organisational view of all project work
5. Improve status/progress reporting
6. Increase project management knowledge
7. Identify opportunity for improvement and development

Dedicated project support staff augment and administrate the framework including delivery of system and methodology based training programmes.

This treatment impacts the likelihood by providing a higher level of transparency, by facilitating the identification and assessment of risks during planning and by providing a consistent approach to planning and managing project work.

TREATMENT MC00436

Implementation of Project Management Forum. The forum was mandated in September 2016 in response to recommendations of an external audit commissioned by Audit & Risk Committee during 2016. The Forum is primarily tasked to deliver priority recommendations that both aim to improve future project delivery at Council and provide greater consistency in project management and understanding across the organisation.

This treatment impacts the likelihood by promoting cross organisation buy-in and developing a consistent project minded culture.

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Feb 2019

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Feb 2019

FREQUENCY:

1st day of every 6 months

TREATMENT MC00438

Portfolio Management governance structure
 The purpose of the governance structure is to:
 - to prioritise a programme of work that delivers the Our Plan objectives
 - to support and work with Project Managers to ensure projects are set up and executed correctly
 - provide a level of governance and reporting medium for the programme to ensure transparency in project progress
 - make decisions on project/programme specifics including; funding; resource allocation; prioritizing issues
 This treatment impacts the consequence of the risk by ensuring that issues are identified and addressed in a timely manner and the likelihood by providing an additional, high level of governance and structure to projects that are likely to have strategic impact.

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Aug 2019

FREQUENCY:

1st day of every 12 months

RESIDUAL

12.0

HIGH

INHERENT

16.0

R00192

BUSINESS CONTINUITY, COMPLIANCE/ REGULATORY, FINANCIAL, STRATEGIC (A&R COMMITTEE)

Compliance Management

Exposure to significant financial loss, harm and or significant business disruption as a result of failure to meet, or non-compliance with, legislative, regulatory or policy requirements.

Council are impacted as a result of being ununiformed and or failing to comply with legal requirements.

OWNER Tony Whittaker

CREATED 9/5/2016 12:23:40 PM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Major (4)

TREATMENT MC00493

Council Committees

Council has regular committee and council meetings where proposals and issues are considered and decisions are made. The format of Committee and Council reports requires staff to refer to any legislative or policy aspects and implications, i.e. statutory authorities or duties to act, or policy consideration, pertaining to the information and recommendations of the reports. Councillors are informed of proposed, new or amended legislation at Council or Committee meetings.

This treatment impacts the likelihood of the risk by providing information to reduce the possibility of Council acting in contravention of statues or policies.

TREATMENT MC00494

In-House Legal Team

council has a legal team which provides advice on legislative requirements across the organisation. The team promotes early involvement and input in projects and activities in respect of legal aspects.

This treatment reduces the likelihood of Council being unaware of, or ignoring legal obligations in the course of conducting business.

SIGNOFF(S):

Sue O'Gorman
Ian Cathcart
Tony Whittaker

DUE DATE:

01 Apr 2019

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00495

Corporate Documents

Long Term and Annual Plans and Reports, finance policies and documented processes mitigate Councils exposure to financial risk by documenting planning activities and financial forecasts.

This treatment reduces the likelihood of Councils planning and expenditure being undertaken in contravention of good stewardship and governance principles required under the Local Government Act 2002.

TREATMENT MC00496

Council Reporting

Regular Council function includes scheduled reporting that captures key considerations (such as financial and legal matters).

This treatment impacts the likelihood of the risk by providing Council confidence when making decisions that all pertinent legislative, regulatory and/or policy considerations have been taken into account.

TREATMENT MC00497

Periodic Audit (Internal/External)

Waikato District Council performs regular periodic audit (both internal and external) of processes and services for the purpose of identifying failures, weaknesses and/or exceptions. The audit process includes the provision of recommendations/mandate for improvement.

This treatment reduces the likelihood of non-compliance by ensuring the Council is meeting requirements and/or identifies non-compliance for action.

TREATMENT MC00498

Documented processes and systems that require/encourage process adherence. Council uses an internal centralized repository (Promapp) to document organisational processes to allow cross organisational visibility for access and application.

Also, many of the organisational systems used for the purpose of capturing business work flow e.g. Property and Rating, require specific steps relating to process adherence for the user to progress with system use.

This treatment impacts the likelihood of the risk by providing a tool to guide users in the application of required standardised procedures, contributing to compliance management.

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Sue O'Gorman
Tony Whittaker
Ian Cathcart

DUE DATE:

01 Apr 2019

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Madelina Baena-Escamilla

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00508

Waikato District Council employs a number of Specialist Technical Roles that contribute to Compliance Management. Recruitment procedures for these roles require evidence of capability and/or certification. Where roles are unable to be filled with fully qualified personnel, training and development is facilitated to ensure staff have the required level of specialist knowledge to perform their roles in line with compliance requirements.

OVERDUE

SIGNOFF(S):

Vanessa Jenkins

DUE DATE:

30 Apr 2018

FREQUENCY:

The last Day of every 12 months

RESIDUAL
9.0
MODERATE

INHERENT
12.0

R00053

BUSINESS CONTINUITY, STRATEGIC (A&R COMMITTEE)

Business Resilience
Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.

Business is impacted as a result of Council failing to create prioritized action plans for implementation in the event of a business impact incident.

OWNER Kurt Abbot

CREATED

RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RISK CONSEQUENCE DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Moderate (3)

28

TREATMENT MC00138

The Business Continuity Project was completed as part of the Our Plan 2015/16 programme of work. As a result of the project the following business resilience planning and analysis has taken place;

- departmental business continuity impact analysis has been performed and documented
- Exercises associated with continuity are planned during the first half of (2017) to be embedded as an ongoing activity
- Potential governance was considered as part of the project closure resulting in the implementation of a structured incident management team (including associated communication procedures and processes) and is now monitored by the Process Improvement Forum

This impacts the consequence by identifying and prioritizing critical business function in the event of an incident. It also provides a defined method of governance and communication to ensure management, support and recovery procedures are conducted in a coordinated manner.

TREATMENT MC00456

Civil Defence & Emergency Management (CDEM) Waikato District Council is part of the CDEM group. The role of the group is to work in partnership with communities to ensure the effective and efficient delivery of emergency management within the Waikato region. Council employees are obligated to provide support where necessary as part of their roles (subject to situation specific circumstance). Council staff are trained in specific emergency management roles and have processes and procedures that aim to both reduce the impact of incidents and (where possible) to maintain the provision of Council services.

This treatment impacts the consequences of the risk by ensuring there is an organisational understanding of Councils commitment to maintain and manage the on-going delivery of Council services during an incident.

SIGNOFF(S): Kurt Abbot
DUE DATE: 01 Dec 2018
FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Kelly Newell
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 6 months

RESIDUAL
9.0
MODERATE

INHERENT
25.0

R00190

BUSINESS CONTINUITY, PEOPLE, STRATEGIC (A&R COMMITTEE)

People & Culture
Business outcomes are significantly impacted due to inability to attract and or retain appropriate staff or as a result of undesirable workplace culture.

Council are unable to recruit or keep staff in core service positions due to a lack of appropriately trained people, industry competition and or perceived or actual Council culture.

OWNER Vanessa Jenkins

CREATED 9/5/2016 12:22:54 PM

RISK LIKELIHOOD Almost Certain (5)
DESCRIPTORS

RISK CONSEQUENCE Catastrophic (5)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Possibly (3)
DESCRIPTORS

RESIDUAL RISK CONSEQUENCE Moderate (3)
DESCRIPTORS

29

TREATMENT MC00474

HR Strategy

The HR Strategy guides the direction of Councils personnel management including but not limited to;

- Succession, recruitment and workforce planning
- Initiatives
- Support requirements (inc technology, market analytics and metrics)

This treatment impacts the likelihood by providing the structure to implement pro-active actions associated with attracting and maintaining resources.

TREATMENT MC00475

Maintenance of peripheral workforce.

Council's business groups maintain relationships with key consultancy practices for the purpose of employing specialist services and/or for providing resources where personnel vacancies exist or where it is identified that supplementary personnel are required in addition to the permanent workforce.

This treatment impacts the consequence of the risk by providing options for temporarily filling vacancies facilitating time for recruitment whilst maintaining business as usual.

TREATMENT MC00476

An organisational change program has been implemented to deliver initiatives associated with improved workplace culture and leadership. The program comprises a number of project work-streams championed by the Executive Team. This treatment impacts the likelihood of the risk by providing a strategic approach to changing the organisational culture.

OVERDUE
SIGNOFF(S):

Vanessa Jenkins

DUE DATE:

14 Sep 2017

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Ian Cathcart
Sue O'Gorman
Tony Whittaker

DUE DATE:

01 Apr 2019

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 3 months

RESIDUAL
8.0
MODERATE

INHERENT
25.0

R00128

COMPLIANCE/ REGULATORY, PEOPLE, TECHNICAL, STRATEGIC (A&R COMMITTEE)

Cyber Security

Council function is significantly interrupted and or suffers legislative breaches as a result of unauthorized access facilitating theft of privileged information, malicious code and or virus introduction due to external cyber attack or employee behaviour.

Council systems and or processes are compromised by cyber crime resulting in significant financial and or business impact.

OWNER Mark Willcock

CREATED

RISK LIKELIHOOD DESCRIPTORS Almost Certain (5)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Unlikely (2)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Major (4)

30

TREATMENT MC00427

Cyber security insurance cover (CyberEdge Liability Insurance) has been purchased.

Inclusions listed are:

- Data administrative investigations
- Data administrative fines
- Electronic data
- Repair of policy holders reputation
- Repair of individuals reputation
- Notification and monitoring costs
- Forensic service costs
- Media content library
- Cyber extortion
- Network interruption insurance

This impacts the consequence of the risk by facilitating expert resources, financial support and remedial works in the event of an incident.

TREATMENT MC00428

IM Business Continuity Plan:

The IM team are developing a BCP to align the technical IT recovery procedures to the overall enterprise BCP. This will include;

- a communication plan
- prioritising the critical systems for recovery first
- regular tests of back up and recovering procedures
- simulations with various scenarios.

This impacts the consequence by detailing priority procedures in the case of an incident, ensures systems/process are fully functional and that staff are aware of their responsibilities and trained to manage them in the case of an event.

TREATMENT MC00433

Cyber security is managed using best practise methodologies by using security measures at various layers of connection.

- a) Firewalls
- b) Server
- c) PC
- d) User
- e) Physical
- f) Wireless access
- g) WDC website

This impacts the likelihood by increasing the security of the environment.

TREATMENT MC00434

Internal and external audit and review (as part of the annual audit programme). This impacts the likelihood of the risk occurring by identifying possible weaknesses in process.

SIGNOFF(S): Alison Diaz
DUE DATE: 01 Dec 2018
FREQUENCY: The first Day of every 12 months

SIGNOFF(S): Mark Willcock
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Mark Willcock
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Mark Willcock
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 12 months

RESIDUAL
8.0
MODERATE

INHERENT
20.0

R00189

POLITICAL, STRATEGIC (A&R COMMITTEE)

Regional/National Strategic Planning Waikato District is significantly impacted and or suffers disruption to business function as a result of local or national government reforms, decentralization and delegation of authority or through other external or internal authoritative influences.

Amendments to local or national legislation and or government practices impact Council through the requirement of significant changes to business operations.

OWNER Vishal Ramduny

CREATED 9/5/2016 12:21:58 PM

RISK LIKELIHOOD DESCRIPTORS Almost Certain (5)

RISK CONSEQUENCE DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Unlikely (2)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Major (4)

31

TREATMENT MC00135

Council participates as a key stakeholder in the Waikato Mayoral forum, Waikato LASS and Future Proof. Through these initiatives Council proactively contributes to a single voice for the Waikato region to central government.

This treatment impacts the likelihood of the risk by capitalising on relationships with other councils in the region and by being part of a collaborative governance approach.

TREATMENT MC00490

The Long Term Plan (LTP) and Annual Plan process provide a basis for an assessment of legislative and other external and internal influences on the business.

This treatment impacts the likelihood of the risk be ensuring Council is adequately informed of Regional and National governance development and provides a set process to accommodate currency of information to future planning.

TREATMENT MC00491

Through applied process Councils keeps abreast of Government's legislative pronouncements and becomes involved through the submissions process in any development that would advocate Councils best interest.

This treatment impacts the likelihood of the risk by ensuring that Council not only has the required information regarding developments but an avenue to respond to/influence outcomes.

TREATMENT MC00492

Councils Chief Executive (CE) is committed to building a relationship with Wellington to facilitate open communication and ensure the organisation receives timely information and has opportunity for response and contribution.

This treatment impacts the likelihood of the risk by assisting in the timely communication of information and developments.

SIGNOFF(S): Gavin Ion
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 3 months

SIGNOFF(S): Tony Whittaker
DUE DATE: 01 Jan 2019
FREQUENCY: 1st day of every 3 months

SIGNOFF(S): Christine Pidduck
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 3 months

SIGNOFF(S): Gavin Ion
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 3 months

TREATMENT MC00500

District Development Strategy

The purpose of the District Development Strategy is to provide the Council with a strategic spatial framework for development planning. The District Development Strategy links to the District Plan Review, the Long Term Plan, the Economic Development Strategy, the Infrastructure Strategy and the Integrated Land Transport Strategy.

This treatment impacts the likelihood of the risk by ensuring Councils has a plan for development that incorporates a scheduled formal review process to consider and communicate changes in direction and development planning.

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 12 months

RESIDUAL

6.0

MODERATE

INHERENT

16.0

R00185

FINANCIAL, TECHNICAL, STRATEGIC (A&R COMMITTEE)

Asset Management**Failure to provide sustained delivery of core services due to deficient asset planning, forecasting and or development, inadequate knowledge of existing asset condition and or ineffective management of assets.**

Delivery of core services, including water and roading, are interrupted as a result of assets failing or becoming unfit for purpose.

OWNER Ian Cathcart

CREATED 9/5/2016 11:06:29 AM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)RISK CONSEQUENCE
DESCRIPTORS Major (4)RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Unlikely (2)RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Moderate (3)

TREATMENT MC00162

Activity Management Policy

Councils Activity Management Policy provides statements on how Council will manage assets and deliver associated services in a cost effective, sustainable, well planned and coordinated manner to provide agreed levels of service. Its purpose is to outline the level of management appropriate for each activity for Council to achieve best management practice and meet statutory obligations.

This treatment impacts the likelihood of the risk by outlining what level of activity management the organisation is willing to commit to, therefore setting expectations for the organisation to deliver against.

TREATMENT MC00163

The WDC 2015-2045 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.

The strategy covers the following asset types:

- Water Treatment and supply
- Wastewater Treatment and Disposal
- Stormwater Drainage
- Roads and Footpaths.

This treatment impacts the likelihood of the risk by detailing and providing visibility of expectations to ensure Council works to a consistent standard.

OVERDUE

SIGNOFF(S):

Ian Cathcart
Sue O'Gorman

DUE DATE:

01 Sep 2018

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Gary Dela Rue
Karl Pavlovich

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00464

The National Asset Management Standards dictate and define the Councils Activity Management Plans (AMPs). The AMPs are reviewed yearly and undergo a 3 yearly re-write to feed into Councils Long Term Plan (LTP) cycle.

This treatment impacts the likelihood of the risk by ensuring Councils AMPs adhere with national standards.

TREATMENT MC00465

Council has a number of asset management specific strategies in place and under development. These include:

- Parks & Facilities;
Toilet Strategy, Cemetery Strategy, Trails Strategy, Te Kauwhata Trails Strategy, Esplanade Strategy, Parks Strategy, Aquatic Facilities Strategy, Sport and Recreation Strategy (joint with Sport Waikato), Playground Strategy
- Roading;
Waikato Integrated land transport strategy (TO DO)
- Waters;
50 year water/wastewater/storm water strategies, 30 year infrastructure plan

This treatment impacts the likelihood of the risk by detailing and making visible Councils commitments for the management and maintenance of assets along with Councils commitment to level of service requirements.

TREATMENT MC00466

Service Delivery performs regular and continual collection of asset data for the purpose of condition assessment. This data informs programmes of work associated with asset maintenance and renewals. Data collection sources include (but are not limited to):

- RAMM
- Asset Finder
- SPM
- dTIMS

This treatment impacts the likelihood of the risk by ensuring that data driven planning can take place to maintain assets. It also impacts the consequence by supplying the information required to ensure currency of asset condition reporting and any required contingency activities.

SIGNOFF(S):

Ian Cathcart
Sue O'Gorman

DUE DATE:

01 Feb 2019

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Karl Pavlovich
Gary Dela Rue
Megan May

DUE DATE:

01 Apr 2019

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Karl Pavlovich
Gary Dela Rue
Megan May

DUE DATE:

01 Apr 2019

FREQUENCY:

The first Day of every 12 months

RESIDUAL
4.0
LOW

INHERENT
12.0

R00186

BUSINESS CONTINUITY, PEOPLE, POLITICAL, STRATEGIC (A&R COMMITTEE)

**Sub-Regional Waters CCO
Significant disruption to business function as a result of poor engagement and communication practices, loss of resources (staff), insufficient knowledge transfer or incompatible systems and or operating procedures.**

Changes to business practice and structure impact organisational knowledge through the loss of staff, poor communication and or availability of/access to data due to system implementation.

OWNER Ian Cathcart

CREATED 9/5/2016 11:16:11 AM

RISK LIKELIHOOD Possibly (3)
DESCRIPTORS

RISK CONSEQUENCE Major (4)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Rare (1)
DESCRIPTORS

RESIDUAL RISK Major (4)
CONSEQUENCE
DESCRIPTORS

34

TREATMENT MC00467

Communications Plan
Council has in place a detailed communications plan that aims to ensure that both internal staff, external organisations (including other councils), and the public are informed of developments relating to the Waters CCO.
This plan includes, but is not limited to:
- Cross council communications updates
- Waikato Water Study Website (<http://www.waterstudywaikato.org.nz/>)
- Periodic internal communications specific to impacted teams
- Whole organisational communications (ad-hoc where a requirement is identified)

Regular staff updates relating to progress/changes associated with the CCO are provided to internal stakeholders via team meetings and briefs providing information forwarded from the CCO project & governance group.

This treatment impacts the likelihood by ensuring pro-active engagement both internally and externally with key stakeholders.
TREATMENT MC00468

Waters Governance Group
The group comprises three (3) political members meeting periodically to discuss and represent Council on Waters CCO decisions, future development and associated action. This group has the delegation to meet collectively with other councils and external bodies if a requirement is identified.

This treatment impacts the likelihood of the risk by ensuring Council is well informed, has an opportunity to consider developments, and, provides an avenue for internal, cross council, and, external communications pathways.
TREATMENT MC00486

Waters Project Group
The group (staff based at General Manager level) meet fortnightly to discuss CCO associated progress/changes and inform the governance group of any progress and any emerging issues or risks associated with project.

This treatment impacts the likelihood of the risk by ensuring that all stakeholders are aware of current situation and likely progress associated with CCO.

SIGNOFF(S): Jacob Quinn
DUE DATE: 01 Apr 2019
FREQUENCY: The first Day of every 6 months

SIGNOFF(S): Ian Cathcart
DUE DATE: 01 Apr 2019
FREQUENCY: The first Day of every 6 months

SIGNOFF(S): Ian Cathcart
DUE DATE: 01 Apr 2019
FREQUENCY: The first Day of every 6 months

RESIDUAL
4.0
LOW

INHERENT
20.0

R00183

PEOPLE, TECHNICAL, STRATEGIC (A&R COMMITTEE)

Council Partnerships
Council operations are significantly impacted and or Council suffers diminished public confidence as a result of failed or inadequate delivery of services, inappropriate engagement practices or display of inconsistent values by Partnership enterprises.

Councils reputation/operations are impacted as a result of actions, representations or conduct demonstrated by Partners and/or associates.

OWNER Ian Cathcart

CREATED 9/5/2016 10:34:01 AM

RISK LIKELIHOOD Almost Certain (5)
DESCRIPTORS

RISK CONSEQUENCE Major (4)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Rare (1)
DESCRIPTORS

RESIDUAL RISK CONSEQUENCE Major (4)
DESCRIPTORS

35

TREATMENT MC00483

Council has in place a robust tender process that includes in-depth detail regarding contractual requirements.

Long term public facing contracts and partnerships are effected through rigorous contractual agreements and continuous management plans. These include terms relating to contractual service level agreements (monitored and reported against as key performance indicators), employee training plans, safety inductions (all employees), and audit expectations. Long term contracts and partnerships include (but are not limited to):

- Belgaria Aquatics
- City Care
- Franklin Trees
- Alliance
- Water Care
- HCC (for water supply & waste water treatment)

This treatment impacts the likelihood of the risk by ensuring that all partners and long term contracts are selected through compliance with Councils requirements, and, that they understand Councils expectations and commit to delivering an agreed level of service in a safety and appropriate manner.

TREATMENT MC00485

Shared Services (HCC, Waipa & WDC)
Councils shared services agreements are managed using agreed processes and a governance structure which ensures they deliver against expectations. Arrangements include:

- Quarterly governance meetings
- Monthly operational meetings
- Auditing schedule (zero harm perspective).

This treatment impacts the likelihood of the risk by ensuring regular communication and identification of emerging risks or issues and the consequence by providing opportunity for timely governance and action where issues are identified and/or it is deemed that expectations are not being met.

TREATMENT MC00497

Periodic Audit (Internal/External)
Waikato District Council performs regular periodic audit (both internal and external) of processes and services for the purpose of identifying failures, weaknesses and/or exceptions. The audit process includes the provision of recommendations/mandate for improvement.

This treatment reduces the likelihood of non-compliance by ensuring the Council is meeting requirements and/or identifies non-compliance for action.

SIGNOFF(S):

Karl Pavlovich
Megan May
Gary Dela Rue

DUE DATE:

01 Aug 2019

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Karl Pavlovich

DUE DATE:

01 Apr 2019

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00499

TO DO

Implement a set protocol/process that defines how Council plans to implement new partnerships/long term contracts from the perspective of providing seamless integration of systems and resources at the point of requirements design and tender review.

This treatment aims to impact the likelihood of risk by minimizing lost efficiency and the consequence by reducing the risk of impact on customer services.

TREATMENT MC00507

Section 17a Review

Local authorities are under obligation to review and consider options for governance, funding and delivery of infrastructure, local public services and local regulation to ensure cost-effectiveness and quality of service.

Section 17A is one of several measures designed to encourage councils to seek efficiency, and to encourage councils to “partner” with each other and with other bodies to deliver services efficiently.

This treatment impacts the likelihood of the risk by acting to identify and therefore act against inefficiencies and/or inadequacies in the delivery of services.

TREATMENT MC00584

The contract and tendering process has specifications which ensure that all contractors that are selected to undertake works (long or short term) supply details of H&S practices, including how and who will manage them. This process includes the contractor being added to the SHE Prequalified Contractor Database and ensures that all selected contracts include and meet Councils requirements for H&S and H&S legislative standards. Periodic checks are performed by Councils Zero Harm team to monitor contractor compliance.

This treatment impacts the likelihood of the risk by providing clear and documented expectations to contractors during the selection and on-boarding process, reducing the risk of non-compliance.

SIGNOFF(S):

Sue O’Gorman
Tony Whittaker
Ian Cathcart

DUE DATE:

01 Jan 2019

FREQUENCY:

The first Day of every 3 months

SIGNOFF(S):

Tony Whittaker

DUE DATE:

30 Apr 2019

FREQUENCY:

The last Day of every 12 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Aug 2019

FREQUENCY:

The first Weekday of every 12 months

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	27 November 2018
Prepared by	Katja Jenkins Risk Advisor
Chief Executive Approved	Y
Reference #	GOV1318 / 2129058
Report Title	Risk Framework December 2018

I. EXECUTIVE SUMMARY

This report details:

- Update on organisational risk management framework;
- Updates on the level of organisational engagement in the risk management context; and
- Risk Activities.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. DISCUSSION

Risk Management Framework

On 08 November 2018 the Executive Leadership Team (“ELT”) met to review the existing Risk Appetite Statement document with the purpose of providing recommendations for updates to the Audit & Risk Committee.

The following items were given consideration:

- Organisational maturity in a Risk Appetite (“RA”) context;
- Update of the Corporate Outcomes in the RA document;
- Update of the RA summary page in the RA document;
- Update of the RA ‘scores’; and
- Alignment of risk areas with organisational risk portfolios.

A report has been prepared for Audit & Risk Committee to review the recommended changes.

Organisational Engagement

Commitment to a monthly risk agenda item at the ELT meeting has been actioned. During this quarter there have been two risk reports provided to the ELT, as well as three risk workshops. These meetings are proving positive for maintaining momentum in relation to progressing risk direction.

At an operational level, organisational engagement demonstrates awareness of risk thinking and risk management but lacks understanding of the value of these activities. Workshops, activities and engagement with staff and management demonstrate a need to continue to build risk into core business thinking. Many of the organisational registers lack content; this is most likely due to a lack of direction.

The following recommendations have been supported by Management:

- Implementation of regular planned risk meetings between General Managers and Business Unit Managers to discuss strategic risks that impact their business areas; and
- Implementation of a monthly ELT communication discussing how each of the strategic risks impact the business, which areas of the business are most at risk and what is being done to mitigate/manage the risks.

Although proactive engagement in promoting or advancing risk culture has previously been limited and a lot of work is required in this space, during November some improvements in this trend have been demonstrated.

Risk Activities

Activity	Date / Due
Workshop with Management to develop recommendations for the update of Strategic Risk Register	11/10/2018
Risk Report – Executive Leadership Team	11/10/2018
New project – Expanded Risk Scope; project definition (people focused)	05/11/2018
Workshop with Management to develop recommendations for the update of Risk Appetite Review	08/11/2018
Risk Report – Executive Leadership Team	08/11/2018
Risk framework alignment in Project Management Framework	12/11/2018
Workshop with Management to identify inherent risk (updated strategic risks)	15/11/2018
Risk Awareness Presentation (Customer Support People Leaders)	19/11/2018
Facilitate risk assessment – Deep Dive Report	22/11/2018

4. CONCLUSION

An increase in engagement from the Executive Leadership Team has been demonstrated. Further work, with a top down approach, is required to progress the development of a consistent risk culture across the organisation.

5. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	27 November 2018
Prepared by	Katja Jenkins Risk Advisor
Chief Executive Approved	Y
Reference #	GOV1318 / 2129006
Report Title	Emerging Risks December 2018

I. EXECUTIVE SUMMARY

This report details emerging risks that Management have identified as having potential impact to strategy.

Further work is being undertaken to clarify the process for determining ongoing monitoring. The Executive Leadership Team (“ELT”) will be confirming this at their meeting on 13 December. Updates will be provided to the Audit & Risk Committee at each meeting.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. DISCUSSION

The following activities have been identified as areas that may have business impact in the risk context:

I. Greater Hamilton

Impact: **Regional/National Strategic Planning** *Waikato District is significantly impacted and/or suffers disruption to business function as a result of local or national government reforms, decentralization and delegation of authority or through other external or internal authoritative influences.*

During October a submission by Hamilton City Council (“HCC”) on the proposed Waikato District Plan (Appendix I) documents support for an integrated approach to growth and references a Greater Hamilton Growth Strategy. The submission specifies that a data driven

and evidence-based analysis of the economic and social boundaries of Hamilton City, and the possible extended urban boundary, is currently underway.

The General Manager City Growth at HCC submitted a report to Hamilton City Councillors requesting endorsement for the development of a Greater Hamilton Growth Strategy ([Appendix 2](#)) that includes:

- a land release programme;
- strategy for land use;
- identification of additional land requirements outside of the Hamilton City Council boundary;
- details of how the strategy would be delivered to those areas.

Discussions are planned with HCC, and other stakeholders, on how Hamilton City growth, including provision of additional land, can be mutually planned and managed. These conversations will help Council to determine a mutually beneficial and collaborative approach for decision making moving forward.

2. Affordable Housing – Growth

Impact: *Growth Council experiences significant business and/or community disruption caused by district growth.*

This summary draws on Kelvin Norgrove’s report, “Proposed risk monitoring approach to housing affordability in Waikato District” dated 24 November 2018 ([Appendix 3](#)) hereinafter referred to as “the Report”.

A significant deterioration in the availability of affordable housing will be a risk to maintaining or improving the economic and social wellbeing of the district and its constituent communities.

Average affordability for the district (at an aggregated level) for both housing and rentals, when compared to New Zealand, is greater than the New Zealand average (Affordability Indices, Infometrics 2017) - see [Appendix 4](#).

Infometrics Affordability Indices also highlight that:

- Average housing affordability for both the district and New Zealand has rapidly declined since 2015.
- Average rent affordability in the district is declining at a greater rate than the New Zealand average rate and in-affordability is approaching the New Zealand average.

Affordable housing is commonly defined as ‘a home that a household could occupy for less than 30 percent of its income whether purchasing or renting’. The district’s median house value was \$540,000 in 2017 with median household income estimated to be close to \$74,700 . The current median rent in the district based on reported tenancy bonds is around \$375 per week. Therefore, median household would be able to afford to spend up to \$22,400 per annum on housing costs. That is equivalent to paying a maximum

\$431 per week in rent (which is higher than the current median rent) or being able to pay a mortgage on a house in the range of \$415,000-\$470,000 - which is less than the current median value in the district.

The Demographia International Housing Affordability Survey uses a median multiple measure to calculate how many years' annual household income would be needed to buy a house. Based on this survey, the district is considered 'severely unaffordable' with a value of 7.2 (years). Reference: Housing Affordability in New Zealand: Methodology of HAM version 1.0., Ministry of Business Innovation and Employment, ("MBIE"), 2017.

The Ministry of Housing and Urban Development ("HUD") prefers indicators developed by MBIE for monitoring housing market demand and supply pressures and housing affordability. Council is required under the National Policy Statement on Urban Development Capacity ("NPS-UDC") to provide an assessment of housing affordability based on these indicators. The assessment suggests that houses in the lower-quartile price range in the district are currently out of 'affordable reach' for over four out of five existing households – significant gaps in future housing supply compared to demand are expected to occur in Raglan and Huntly by 2026.

The NPS-UDC requires Council to provide quarterly updates on a dashboard of indicators (including affordability).

The Infometrics indices and affordability measures discussed above indicate affordability of housing and rents in the district is an issue and that there is a risk of affordability declining.

It is recommended that Council develop a broad range of indicators to monitor affordability at both a district and sub-district level, with the General Manager Community Growth being responsible for ongoing monitoring and reporting on this issue to the Audit & Risk Committee.

Note:

1. House prices and rents are sourced from Corelogic. Household income has been estimated by adjusting the 2013 Census figure of \$63,800 for the district by the growth in NZ's median income of 17% over 2013-17. More up-to-date data on household incomes at a local level will be able to be obtained from Stats NZ 2018 census data from mid-2019.
2. The range of prices reflects a 10% and 20% deposit requirement with a lower deposit implying that a buyer can only afford the less expensive house as the mortgage payments share of their income would be higher.

3. Waikato Regional Council – Healthy Rivers Initiative

Impact: Regional/National Strategic Planning *Waikato District is significantly impacted and/or suffers disruption to business function as a result of local or national government reforms, decentralization and delegation of authority or through other external or internal authoritative influences.*

The Waikato Regional Council (“WRC”) Plan Change (“PC”) seeks to improve water quality within the Waikato and Waipa River Catchments by reducing contaminants entering waterways. The PC intends to regulate farming and horticulture within the catchment and introduce firmer provisions for discharge from wastewater treatment plants (“WTTP”). Council has participated throughout the development of the PC and takes a position of support in principle for the environmental outcomes sought, subject to provisions that lessen potential for adverse economic and social effects of communities.

Impact: Economic & Social Development *Waikato district suffers inhibited economic and social development and/or missed funding opportunity as a result of inadequate planning, inefficient procurement and investment strategy or insufficient engagement with key stakeholders at a local, regional or national level.*

Impact: Council Partnerships *Council operations are significantly impacted and or Council suffers diminished public confidence as a result of failed or inadequate delivery of services, inappropriate engagement practices or display of inconsistent values by Partnership enterprises.*

Council considers that any new statutory requirements on farming operations need to also ensure enhanced social and economic opportunity for rural communities and larger towns in the district. A proactive submission offering feasible solutions was prepared addressing Councillor concerns and Council will be represented at the future WRC hearing. A joint initiative with other local authorities and legal representation has been implemented. The initiative includes a further submission and participation in future Resource Management Act (“RMA”) processes.

Impact: Compliance Management *Exposure to significant financial loss, harm and/or significant business disruption as a result of failure to meet, or non-compliance with, legislative, regulatory or policy requirements.*

Impact: Asset Management *Failure to provide sustained delivery of core services due to deficient asset planning, forecasting and/or development, inadequate knowledge of existing asset condition and or ineffective management of assets.*

Point source discharges are regulated and are currently mitigated through WTTP treatment procedures however the PC will require improved discharge quality at the time of consent renewal. Potential for unaffordable upgrades have been identified. Provisions that recognise past financial expenditure, allow for the ‘best practical option’ at the time of renewal and flexibility for affordable future upgrades have been notified. Councils asset and growth planning considers it likely that WTTP upgrades will be requested. These upgrades are incorporated in Housing and Infrastructure Fund (“HIF”) and Northern Growth Corridor (“NGC”) planning. Further mitigations, including expert consultancy and appointment of the Te Kauwhata and NGC Project Manager are in place to manage outcomes affordably.

(See [Appendix 5](#) for complete report.)

4. Urban Development Authority

Impact: **Regional/National Strategic Planning** *Waikato District is significantly impacted and/or suffers disruption to business function as a result of local or national government reforms, decentralization and delegation of authority or through other external or internal authoritative influences.*

As discussed during the September Audit & Risk Committee meeting, the Government has confirmed the establishment of an independent infrastructure entity. Related to this is the government's intent to establish an Urban Development Authority ("UDA") by the end 2019. The UDA will require a range of tools in order to be an effective "one-stop-shop" for land development. Any UDA is likely to be given powers to:

- Assemble parcels of land, including through compulsory acquisition under the Public Works Act;
- Override the Auckland Unitary Plan;
- Plan and build infrastructure such as roads, water infrastructure and reserves;
- Buy, sell and lease land and buildings;
- Borrow to fund infrastructure; and
- Levy charges to cover infrastructure costs.

It should be noted that new legislation will be required to establish the UDA. Although the UDA was initially conceptualised with regards to meeting Auckland's housing needs it is also being looked at through the Hamilton to Auckland Corridor Plan to unlock further development potential along the corridor.

Until legislation is passed and the area of delegation is confirmed the impact on local government is unknown however Council will remain informed as decisions associated with UDA develop and respond accordingly.

5. Nationalised Water

Impact: **Regional/National Strategic Planning** *Waikato District is significantly impacted and/or suffers disruption to business function as a result of local or national government reforms, decentralization and delegation of authority or through other external or internal authoritative influences.*

On 11 October the Executive Leadership Team ("ELT") discussed the possibility of nationalised water becoming a reality in 2020. Organisational risk was identified in the context of time and cost commitment related to the Watercare contract and transition. The likelihood of the risk is largely unknown but it has been advised that the Mayor has ministerial contact and communication of any developments would most likely be forthcoming and transparent. In the interim, the risk has been discussed with the

Waters Transition Project team and added to the contract risk register. Possible mitigations include:

- Waters team staying involved with Local Government New Zealand and Water New Zealand to monitor the situation;
- Reassessment of the risk in light of the finalised Watercare agreement; and
- Watercare contract clauses taking note of water industry reforms and detailing exit clauses for Council and Watercare.

4. CONCLUSION

Emerging risks are being raised and monitored appropriately. Action is being taken to mitigate the emerging risk and contingency planning will commence should risks demonstrate an elevated threat.

5. ATTACHMENTS

Appendix 1: Submission by HCC on Proposed District Plan.
[Link - HCC Submission](#)

Appendix 2: Extract From: Agenda of Ordinary Council Meeting 11 October 2018 (Hamilton City Council Report – Item 13 - pages 45-53).
[Link - Agenda of Ordinary Council Meeting](#)

Appendix 3: Proposed risk monitoring approach to housing affordability in Waikato District
- Attachment A: Current state of housing affordability in the district

Appendix 4: Infometrics Affordability Indices

Appendix 5: Healthy Rivers Risk Memo

Submission by

Hamilton City Council

PROPOSED WAIKATO DISTRICT PLAN

9 OCTOBER 2018

1.0 INTRODUCTION

- 1.1 Hamilton City Council (HCC) welcomes the opportunity to make a submission to the Proposed Waikato District Plan (WPDP). HCC's submission comprises this cover letter and the **attached** table and associated map.

RELIEF SOUGHT

- 1.2 The **attached** table outlines our submissions in relation to the WPDP, which refers to specific provisions within the WPDP. As per any plan making process, these submissions outline our Council's view on the detail of the WPDP and sets out the relief sought in respect of those provisions. In addition to the amendments sought as set out in the content of the **attached** table, HCC also seeks amendments to the WPDP to enable HCC to have an enhanced level of control and input into strategic land use planning and resource consenting of land uses within a defined area adjacent to the HCC City boundary within Waikato District. That defined area is set out in the **attached** map entitled "Area of Interest Map". The defined area is highlighted in light green and is noted in the map legend as "HCC Area of Interest" (Area of Interest). As part of its relief sought under its submission, HCC seeks that this map be incorporated into the WPDP, and that the map be supported by a series of objectives, policies, rules and methods as outlined below.
- 1.3 This Area of Interest has been determined to be a rough indicator of the area of the City's economic and social influence and represents its various communities of interest. It encompasses areas of potential for an extended urban footprint of Hamilton City in the future. It is critical to the sustainable use of this land resource that development within the Area of Interest be carefully controlled to ensure the transition to the long term urban form is not compromised or undermined.
- 1.4 A finer grained, data driven and evidence-based analysis of the economic and social boundaries of Hamilton City and the possible extended urban boundary is currently underway within HCC, but this work will take some time to complete. In the meantime, this submission is required to be lodged within a 9 October 2018 deadline. Accordingly, the extent of the Area of Interest will be finetuned as the WPDP process moves forward.

- 1.5 Within the WPDP, HCC seeks that this Area of Interest be subject to separate and additional objectives and policies which seek to avoid urban development and subdivision in rural zones, and provide only for rural land uses in that zone. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC's strategic land use plans and urban growth strategies including avoidance of urban sprawl. HCC seeks a supporting set of rules and methods to achieve these objectives and policies, including deploying prohibited activity status for certain non-rural land uses and subdivision.
- 1.6 For other zones within the Area of Interest, HCC seeks that the extent of the zones not be extended beyond the existing zone boundaries, nor that the rural zone be decreased from the existing zone boundaries.
- 1.7 More broadly, within the Area of Interest, HCC seeks objectives and policies which control the nature, extent and rate of development, including in both rural and non-rural zones, so that a consolidated urban form within the existing HCC boundary is prioritised and achieved, and that urban sprawl is avoided, and that the inefficient use of land and infrastructure is avoided. HCC seeks rules and methods to achieve these outcomes.
- 1.8 These objectives, policies, rules and methods may vary within the Area of Interest. For example, HCC seeks a high level of planning control over development adjacent to the existing City boundaries, and within existing development nodes within the Area of Interest, but may seek less control at the outer extremities of the Area of Interest.
- 1.9 One practical mechanism for delivering these outcomes may be an "overlay" technique which corresponds to the geographic extent of the Area of Interest, which replaces and /or adds to zone provisions with a separate set of objectives, policies, and rules. In addition, the current proposed Hamilton Urban Expansion Area, and its associated policy overlay, may be extended or amended to better give effect to the outcomes sought in this submission.
- 1.10 Finally, HCC seeks any further or consequential changes to the WPDP necessary to give effect to the strategic land use outcomes sought by HCC in respect of the Area of Interest as set out above and the submission points in the **attached** table.

2.0 ONGOING COLLABORATION

- 2.1 HCC acknowledges that this submission presents some strategic, practical and even political challenges to both HCC and Waikato District Council (WDC). HCC is committed to working collaboratively with WDC to resolve these issues in an integrated manner, reflecting the fact that our mutual boundaries will be the subject of ongoing change in response to population growth over time. Lessons learned from the past show that if we are to achieve the purpose of the Resource Management Act 1991, being the sustainable management of our land and resources, we are required to take this kind of integrated, cross-boundary approach. This issue is recognised by WDC at section 1.5.3 of the WPDP. HCC endorses this as a significant sub-regional issue to be addressed and supports WDC seeking to address it in the WPDP.
- 2.2 HCC seeks a collaborative approach with WDC and other partners on a Greater Hamilton Growth Strategy. This work aligns with the emerging approach to the Hamilton to Auckland Corridor and the consideration of the future purpose of the Future Proof partnership.
- 2.3 HCC seeks an integrated planning approach to development within the Area of Interest across all local government processes and will make its officers available to work with WDC for that purpose.

3.0 FURTHER INFORMATION AND HEARINGS

- 3.1. Should Waikato District Council require clarification of the points raised in this submission, or further information, please contact Laura Galt on 07 838 6636, email laura.galt@hcc.govt.nz in the first instance.
- 3.2. Hamilton City Council **does wish to speak** to Waikato District Council at the hearings in support of this submission.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'L Vervoort', with a stylized flourish at the end.

Lance Vervoort
DEPUTY CHIEF EXECUTIVE

HAMILTON CITY COUNCIL SUBMISSION POINTS TABLE – WAIKATO DISTRICT PROPOSED DISTRICT PLAN 2018					
	Plan reference	Section Heading	Support/ Oppose/ Support in part	Decision Requested	Reason for decision
General Plan comments					
	Entire Plan - Structure		Support in part	Simplify the structure of the Waikato Proposed District Plan (Proposed Plan) and include a usable cross-referencing system to allow easier use for the reader.	Hamilton City Council (HCC) welcomes the opportunity to submit on the Proposed Plan. HCC supports in general the layout of the Proposed Plan; however, we believe there are further opportunities to refine and amend the layout through further cross-referencing between the objectives, policies and rules.
	Entire Plan – Growth management		Support in part	Amend the Proposed Plan to reflect and relate to sub-regional growth data including the National Policy Statement on Urban Development Capacity (NPS-UDC).	Work by Future Proof (FP) on the Housing and Business Development Capacity Assessment (HBA), as required by the NPS-UDC, is being undertaken presently. HCC believes that there is an opportunity to amend the Proposed Plan to include the recent work on growth projections that has resulted from the HBA and the growth management of the District is articulated in the Proposed Plan.
Section A – Plan Overview and Strategic Directions					
Chapter 1: Introduction	1.2 (c)	What is the purpose of the Waikato District Plan	Oppose	Request that the figure for Hamilton’s population is updated to “ <i>more than 165,000</i> ” (estimation as at 2017).	The figure of 110,000 is out of date and should be updated to reflect the current population figures for Hamilton City, which is now approximately 55,000 higher.
	1.4.3.1 (b)	Rural activities	Support in part	Retain issue in the Proposed Plan and amend to include fragmentation of rural land.	Issue 1.4.3.1 (b) identifies that excessive rural lifestyle development can have adverse effects which should be avoided. Hamilton City Council (HCC) agrees with this approach but as ad-hoc development on the city boundary can also have an adverse effect, requests that fragmentation of future urban areas is also included as an effect.
	1.4.3.2 (b)	Protecting the rural environment	Support	Retain issue in the Proposed Plan.	Issue 1.4.3.2 (b) outlines the need to protect land from subdivision and inappropriate land use. HCC supports this approach, particularly the level of control on subdivision in the Rural and Country Living zones within the ‘Area of Interest’ as identified by the attached map. HCC supports the issue outlining the need to prevent fragmentation of rural land near HCC’s boundary. HCC also supports limiting the extent of non-rural activities within the Rural Zone and requiring the establishment of these activities within existing towns and villages where this growth is anticipated. Ad-hoc development on HCC’s boundary impacts on existing infrastructure and creates demand for unplanned and unfunded infrastructure, which has the potential to compromise efficient use of land through future planned urbanisation.
	1.5.1	Compact urban development	Support in Part	Retain intent of this issue subject to amendments.	HCC supports the approach of ensuring compact urban development. However, 1.5.1 should be amended to provide clarity that the growth in the Waikato District is not intended to be concentrated around Hamilton’s boundaries. The FP Strategy seeks growth to be emphasised in the towns in the District and in selected villages however, there is not the emphasis on the land around Hamilton as is included in the current wording of 1.5.1.
	1.5.1 (a)	Compact urban development	Support in Part	Amend text by deleting the words “ <i>based on concentrating growth in and around Hamilton</i> ”.	The FP Strategy does set out the urban growth patterns and means for a compact urban form regionally, however, HCC considers the existing text of 1.5.1 a) should be amended to explain where growth is anticipated in the Waikato District rather than referencing Hamilton’s growth. It would also be helpful to either list or include a map of those towns and villages.
	1.5.1 (b)	Compact urban development	Support	Retain issue.	Support as the settlement pattern is consistent with FP and the Waikato Regional Policy Statement (RPS).
	1.5.1 (c)	Compact urban development	Support	Retain issue.	HCC is supportive of WDC’s approach to having an integrated approach to growth and the need for greater planning for infrastructure, services, transportation and facilities. HCC would particularly welcome dialogue on how cross boundary services such as public transport and facilities are provided to support residents from the likes of Huntly or Raglan who work in Hamilton can be facilitated to ensure greater management of single car trips are minimised.
	1.5.2	Planning for urban growth	Support	Retain issue.	Support as the settlement pattern is consistent with FP and the Waikato Regional Policy Statement (RPS).

		and development			
1.5.3	Cross boundary issues	Support	Retain issue.	Working collaboratively is a significant sub regional issue. HCC endorses the approach of 1.5.3 by WDC on this matter.	
1.5.4	Urban growth	Support in part	Retain the intent of this issue subject to amendments.	HCC supports the District's settlement pattern as it is consistent with FP and the RPS.	
1.5.4 (a)	Urban Growth	Oppose	Amend by deleting the text that references " <i>harmonious cross-boundary development</i> " and reword to provide greater clarity on how growth demands will not impact on or be caused by adjoining councils.	HCC is fully supportive of planned, integrated provision of regional services, as well and the sustainable management of effects of development by neighbouring councils through strong and effective planning mechanism under the RMA.	
1.5.4 (b)	Urban Growth	Support	Retain the wording of this paragraph.	HCC fully agrees with the statement "uncoordinated urban growth can adversely affect the quality, character and vitality of urban environments and undermine the efficient provision and utilisation of infrastructure services"	
1.5.4 (c)	Urban Growth	Support	Retain issue.	HCC supports the District's settlement pattern as it is consistent with FP and the RPS.	
1.5.5	Services and general infrastructure	Support in Part	Retain the intent of this issue subject to amendments.	HCC supports the intent of the issue subject to the specific amendments sought below.	
1.5.5 (a)	Services and general infrastructure	Oppose	Clarify what the core services that are anticipated to be shared. Actively work together to discuss intentions and their implications on HCC.	This issue states in 1.5.5 (a) <i>"Development patterns that promote the efficient use of new and existing infrastructure and services across boundaries can contribute significantly to improved cost effectiveness."</i> HCC is concerned about what is implied by this sentence. Separate service agreements and funding mechanisms agreed with HCC would need to be secured if services are to be shared, there should be no assumption that this will occur.	
1.5.5 (b)	Services and general infrastructure	Oppose	Clarify what the core services that are anticipated to be shared. Actively work together to discuss intentions and their implications on HCC.	This issue states in 1.5.5 b) <i>"It is important that the district share the provision of core services with neighbouring council service providers, particularly in the north and south."</i> HCC is concerned about what is implied by this sentence. Separate service agreements and funding mechanisms agreed with HCC would need to be secured if services are to be shared, there should be no assumption that this will occur.	
1.5.5 (c)	Services and general infrastructure	Support	Retain the text of this provision.	HCC supports the paragraphs 1.5.5 (c) as it identifies that there is a need for consistency for infrastructure and the effects of it across territorial boundaries.	
1.5.5 (d)	Services and general infrastructure	Support	Retain the text of this provision.	HCC supports the paragraphs 1.5.5 (d) as it identifies that there is a need for consistency for infrastructure and the effects of it across territorial boundaries.	
1.5.5 (e)	Services and general infrastructure	support	Retain the text of this provision.	HCC also supports paragraph (e) whereby consultation is encouraged between relevant parties when cross-boundary issues are considered.	
1.5.5 (f)	Services and general infrastructure	Support	Retain the intent of this provision with amendments to strengthen when and with whom.	HCC would invite stronger direction being stated to ensure a clear understanding of the importance of having direct dialogue with both lwi and adjoining councils. HCC is specifically seeking direction within the Proposed Plan on when users and potential consent applicants are to engage with the City on proposals within the City's 'Area of Interest'.	
1.5.5 (g)	Services and general infrastructure	Support	Retain the text of this provision.	HCC is supportive of WDC's approach to having an integrated approach to growth and the need for greater planning for infrastructure, services, transportation and facilities. HCC would particularly welcome dialogue on how cross boundary services such as public transport and facilities are provided to support residents from the likes of Huntly or Raglan who work in Hamilton can be facilitated to ensure greater management of single car trips are minimised.	
1.5.6	Transportation and logistics	Support	Retain the intent.	HCC is supportive of the intent of this issue, however considers there could be greater emphasis placed on regional management of transport; HCC supports the statement: <i>"there is a need to promote a more regional and holistic consideration of the interactions between land use and transport infrastructure"</i> .	

	1.5.7 (a)	Natural environment	Support in part	Support subject to amendment to provide clarification by deleting “adjoining authorities” and replace it with “Territorial Authorities”.	The paragraph refers to ‘adjoining authorities’ which is ambiguous, and it is not clear who this would involve. The term “adjoining territorial authorities” might provide more clarity.
	1.12.1	Strategic direction	Oppose	Amend section to provide an understanding of the location and forms of development that are sought and how the district will accommodate the growth projected in the NPS-UDC.	This section of the Proposed Plan is one of the key opportunities for Waikato District Council (WDC) to signal how it wishes to manage and grow the District. While there are some general references to the FP Growth Strategy, the need for master planning, and the need to consider the NPS-UDC, this section could be strengthened to help the reader better understand any particular geographical focus and what forms of development the Council wish to foster. In particular, how WDC intends on prioritising growth in its towns and villages; how it intends to accommodate the growth projected in the NPS – UDC work; and in what way it is building in commitments to a compact urban form.
	1.12.3	Built environment	Oppose	Amend by identifying the growth areas and articulate the variety and location of housing types.	The three objectives provide a good starting point relating to a quality, planned built environment. However, they should be strengthened and expanded to better articulate, for example, what variety of housing is sought, where and why. Additionally, to strengthen (c) ‘defined growth areas’, these growth areas could be identified. At present there is the perception that a large variety of villages and towns are all earmarked for growth, which may prove difficult to manage to avoid an ‘anything, everywhere’ built environment.
Section B – Objectives and Policies					
Chapter 3: Natural Environment	3.2.4	3.2.4 Policy – Biodiversity Offsetting	Support in part	Retain policy and add rules within Rural and Country Living Zones.	HCC is very supportive of the concept and use of a biodiversity offsetting tool when in line with the criteria in the RPS and Proposed Plan Appendix 6. However, as flora and fauna are not constrained by District boundaries we consider it appropriate to enable correct placement of offsets and consideration is needed to apply method to address this situation. HCC would welcome dialogue to investigate opportunities between the District, Region and themselves on future potential to consider situations within Hamilton City whereby offsets might be more appropriate to be put in place within the Waikato District rather than within the City. The Rural and Country Living Zone rules need to be amended to include rules for the subdivision of land to provide specifically for offsets, with no minimum lot sizes, access provided, and that any areas subdivided under such a framework are to be restored and protected in perpetuity.
	3.2.6 (a) (iv)	3.2.6 Policy - Providing for vegetation clearance	Oppose	Remove the reference to vegetation removal for domestic firewood.	We do not consider any vegetation clearance is appropriate within Significant Natural Areas (SNA). SNA’s are an area of “significance” and the protection of significant vegetation and significant habitats or indigenous fauna are a matter of national importance and should not be eroded through a harvesting activity.
Chapter 4: Urban Environment	4	Urban Environment	Support in part	Retain chapter subject to ensuring alignment and giving effect to the HCC Area of Interest and supporting objectives, policies, rules and methods. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.	Sustainable management requires a cross boundary and integrated approach to these strategic land use issues. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.
	4.1	Strategic Direction	Oppose	Amend to create a separate strategic direction for towns, and for villages.	The objective and policy framework within this section does not adequately differentiate between towns and villages. While later in chapter 4 there are some specific objectives and policies for various places, the overall strategic direction for the two different entities (of villages and towns) appear interchangeable and both are the primary focus for growth. It is noted that the proposed Village zoning, despite being included within Chapter 4 – Urban Environment objectives and policies, would result in densities and characteristics more in accordance with a rural setting like the Country Living Zone. The RPS and the FP Strategy are both strong on the need to limit rural residential development in sensitive locations such as the Hamilton periphery. The Village zoning, particularly in Te Kowhai, is essentially creating a greatly enlarged pocket of rural residential development near Hamilton’s boundary and the potential for there to be pressure placed on the City’s infrastructure and services. HCC believes that the strategic direction should be amended to differentiate between the purpose of the town and

				village zone (and consequently separate objectives and policies) as the two zones create two different forms of development with a different range of effects.
4.1.1(b)	Objective – Strategic	Support in part	Support subject to the amendment of 4.1.1 b) to align with NPS-UDC Medium and Long-Term housing targets with NPS-UDC demand plus buffer during the 2018-2046 period.	HCC supports the intent, however considers that this strategic objective should be amended to meet the requirements of the NPS-UDC. There should also be an objective that sets out the district’s minimum targets for sufficient, feasible development capacity for housing for the medium and long term. The dwelling targets should accommodate the demand plus buffer required for the NPS-UDC.
4.1.2	Objective – Urban growth and development	Support in part	Support subject to amending 4.1.2 to include a table/map which identifies growth areas.	At present, the plan appears relatively permissive to growth in and around all existing towns and villages in the District. HCC considers that the objective 4.1.2 could be further clarified and strengthened by the inclusion of a map or table which provides some parameters as to where the growth locations are.
4.1.3(a)	Policy – Location of development	Support in part	Support subject to amending 4.1.3 (a) to provide clarification that growth must be coordinated. Amend 4.1.3. (a) by adding at the end of the existing sentence ‘...in a coordinated manner with other development; and’.	Expanding policy 4.1.3 (a) will also ensure that the Plan recognises that, even if infrastructure can be provided, this should be in the context of all other existing and planned infrastructure investment to ensure that growth is co-ordinated. Both subsections of the policy must be achieved when considering the location of development.
4.1.3(b)	Policy – Location of development	Support in part	Support subject to amending 4.1.3 (b) by including a table/map identifying the growth areas.	The reference to FP is welcomed however, for ease of use, clarification could be provided as to what the urban growth locations areas are.
4.1.4	Policy – Staging of development	Support	Retain the policy.	HCC supports the intent of the policy.
4.1.5	Policy – Density	Support in part	Support subject to amendment the policy by including a greater range of densities, canvas growth in both greenfield and infill areas, and add subsequent changes to subdivision rules.	One of the key principles of the RPS and FP, is the need to accommodate residential growth in existing towns. HCC is very supportive of opportunities to grow the existing towns rather than additional greenfield areas. The inclusion of density targets that align with the RPS is supported. It is also appreciated that the densities listed are a minimum to meet growth projections and housing needs. However, the policy should be amended to respond to the specific residential growth needs of the District, as identified in the HBA, by including a greater range of densities. The proposed densities should reflect not only greenfield growth, but to create infill opportunities within existing towns, including higher density housing in existing centres. This policy, could then lead into subdivision rules and multi-unit standards later in the Proposed Plan.
4.1.6	Policy – Commercial and industrial activities	Oppose	Amend the text to read as a policy. At present the wording does not provide clear directive to link into the objectives for Urban Environment.	HCC seeks clarity through a well-defined set of policies within 4.1.6 to reflect the difference between Commercial and Industrial activities, the intended locations for such activities, and management of effects.
4.1.16	Policy - Horotiu	Oppose	Amend the policy to ensure cross boundary impacts are included, particularly infrastructure, and physical and social impacts on Hamilton. Amend the relevant objectives and policies to ensure that land around existing industrial nodes is safeguarded for future industrial uses.	The proposed zoning changes within this village to accommodate additional residential development is opposed because the policy does not recognise Horotiu’s location directly on the boundary with Hamilton, instead the focus is on connections with the existing village, avoiding impacts on the existing road networks and minimising or avoiding reverse sensitivity effects from strategic transport infrastructure does not impact on the existing local road network. The impacts of changing from the existing Country Living to Residential zone in Horotiu as part of this Proposed Plan. Horotiu is one of the Strategic Industrial nodes identified in the RPS and FP and the proposed plan does not appear to provide for any additional industrial land supply. Recent work to satisfy the requirements of the NPS-UDC would suggest that in the longer term additional industrial land will be needed in the Waikato, therefore it may be prudent to safeguard land for future industrial uses around these industrial nodes. <i>Note: The effects of the zoning change will be covered in our submission on Map 26.1.</i>

4.1.17	Policy – Te Kowhai	Oppose	Amend policy to ensure the type and quantum of growth at Te Kowhai is in accordance with the WRPS and FP and avoids effects on Hamilton.	<p>HCC is concerned that the type and quantum of growth proposed for Te Kowhai is not in accordance with either WRPS or FP requirements. The impact of growth in this area has also not been considered with regards to potential impact on Hamilton’s infrastructure, or how such effects would be mitigated. The policy is referring to residential development in the Village zoning, being with lower density (3000m² sections) serviced by on site non-reticulated wastewater, water and stormwater networks, or higher density (1000m² sections) serviced by public reticulated networks. The policy also refers to the need to maintain open space character and rural landscape, while the village is still a key area of ‘residential growth’.</p> <p>This policy is not supported. In the first instance the policy, with its size requirements, reads more like a rule or implementation method. Secondly, the quantum of potential development increases significantly from the existing plan and introduces a range of new areas including an Air Park subdivision, which were previously either zoned Rural or Country Living. However, we were not able to locate, within either in the Proposed Plan or the accompanying supporting information, what this quantum of new development could be. It would be helpful if WDC could supply data and its understanding as to how much growth will be provided for in this area, which would help us to better understand the impacts of the proposals.</p> <p>The mixed message created by the term ‘residential growth’, when in reality, the proposals appear to create a much bigger Country Living enclave on the outskirts of Hamilton is of concern to HCC. Such large section sizes do not create the densities required for efficient, affordable and practical infrastructure such as reticulated networks or public transport. The lot sizes, even with the desire to control the location of future dwellings, will also not avoid issues with land fragmentation, should the area ever be fully urbanised in the future. The large increase in housing, has not been matched with a policy setting focused on place-making.</p> <p>Similarly, to the comments on Horotiu, the policy framework does not include mention of the need to consider cross-boundary effects, even though the village is very near the boundary with Hamilton.</p> <p>There is a significant difference between the subdivision rules, based on whether sites can or cannot be serviced with public infrastructure. It would therefore be helpful to understand what work the Council has done in terms of providing servicing solutions for 3-waters and what modelling and/or assessment has been undertaken to understand transport/traffic impacts of the two subdivision options. Such an analysis would provide better information as to how much subdivision can be expected in the area.</p>
4.2.16	Objective – Housing Options	Support	Retain the objective.	HCC is supportive of the focus on a range of housing options within the residential zones.
4.2.17	Policy – Housing types	Oppose	Amend by introducing a suite of policies, including those on other housing type and high design quality. Subsequent amendments in the wider zone provisions.	<p>As significant growth is identified for the District, HCC seeks to better understand how and where such growth will be accommodated as FP and the RPS settlement patterns seek compact development within the existing towns and villages. The objective and the associated policies are very focused on maintaining the character of the Residential Zone. We understand the need to do this, however there is an opportunity with the Proposed Plan to better facilitate a wider range of housing types such as duplexes or multi-unit development, which although residential in character, may not necessarily maintain the existing status quo.</p> <p>Additional policies would allow the focus on positive changes in terms of affordability, choice and options for the District.</p>
4.3	Village Zone	Oppose	Amend Proposed Plan to better define the purpose of the Village Zone, which has more alignment with the objectives and policies relating to rural amenity. The Village Zone also needs to better consider cross-boundary impacts of growth.	<p>HCC is concerned that the overall strategic direction of the Proposed Plan directs growth similarly to towns and villages. Preferably there would be a strong objective and policy framework to direct growth opportunities to existing towns, rather than comparatively large lots within the villages which would weaken sub-regional infrastructure planning for public transport and 3-waters. Furthermore, it would create densities that may make accommodating future growth projections difficult.</p> <p>Additionally, policies (e.g. 4.3.2– Character) in Section 4.3 are very similar to the those of section 5.6 Country Living Zone. In many ways, the purpose of these two separate zones are very similar and both, if occurring in the outskirts of Hamilton, cause some concern for HCC. In the past, development within the Country Living Zone has caused cross-boundary issues within Hamilton, including the road networks, provided little impetus to improve passenger transport patronage and placed strain on existing facilities. The new Village Zone, particularly when located in the outskirts of Hamilton, has the potential to have the same cross-boundary issues. Although, given the Village Zone (1000 - 3000m²) accommodates smaller lot sizes than the Country Living Zone (5,000m²), the cross-boundary impacts are arguably exacerbated.</p>

	4.3.3	Policy – Future development – Tuakau and Te Kowhai	Oppose	Oppose the further growth proposed in Te Kowhai.	Growth is not opposed per se, just the type and amount included in the current proposal. The policy encourages future development in Te Kowhai when services are available, however HCC questions if further future growth as identified, is appropriate in Te Kowhai.
	4.6.3	Policy– Maintain a sufficient supply of industrial land	Support	Retain policy.	As signalled in the FP Strategy, industrial land supply for employment and economic benefit should be maintained to support the wider sub-regional needs. Furthermore, the NPS-UDC identifies the potential, in the longer term, that additional industrial land will be needed in the Waikato, therefore it may be prudent to safeguard land for future industrial uses around these industrial nodes.
	4.6.4	Policy 4.6.4 – Maintain industrial land for industrial purposes	Support	Retain policy.	HCC seeks the retention of this policy as it supports the sub-regional need for industrial land to be managed and maintained, and not lost to other non-industrial purposes, such as large format retail.
	4.7	Urban Subdivision and development	Support in part	Retain the intent of objective and policies subject to amendments to other rules.	HCC supportive of the approach set out in 4.7, however, as Council is also submitting on a number of rules that relate directly to the intent of this suite of policies. Accordingly, any changes to the rules may impact on the principles as set out in these policies.
Chapter 5: Rural Environment	5	Rural Environment	Support in part	Retain chapter subject to ensuring alignment and giving effect to the HCC Area of Interest and supporting objectives, policies, rules and methods. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.	Sustainable management requires a cross boundary and integrated approach to these strategic land use issues. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.
	5.1.1	Objective – The rural environment	Support in part	Retain objective subject to ensuring alignment and giving effects to the HCC Area of Interest and supporting objectives, policies, rules and methods. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.	HCC supports the intent of this objective to protect rural land.
	5.2.1	Objective – rural resources	Support	Retain objective.	HCC supports the intent of this objective to protect rural land.
	5.2.2	Policy – High class soils	Support	Retain policy.	HCC supports the intent of this policy to protect rural land.
	5.2.3	Policy – Effects of subdivision and development on soils	Support	Retain policy.	HCC supports the intent of this policy to protect rural land.

	5.3.3	Policy – Industrial and commercial activities	Support	Retain policy.	HCC supports the intent of the policy to protect rural land from industrial and commercial development particularly within HCC's Area of Interest.
	5.3.8	Policy – Effects on rural character and amenity from rural subdivision	Support	Retain policy.	HCC supports the intent of this policy to protect rural character and amenity.
	5.3.9	Policy – Non-rural activities	Support	Retain policy.	HCC support the intent of the policy to manage non-rural activities in the rural zone, particularly within HCC's Area of Interest.
	5.5.1	Objective- Hamilton's Urban Expansion Area	Support	Retain the objective.	HCC supports this objective as it sets out is a key mechanism to ensure the future urban development potential of the land in these identified areas is not compromised.
	5.5.2 (a)	Policy – Activities within Hamilton's Urban Expansion Area	Oppose	Amend the policy by deleting the word "Manage" and replacing it with "Avoid".	The current wording of the objective and policy does not provide adequate direction and ability to protect land in the Urban Expansion Area from inappropriate subdivision, development and use which can compromise future urban use. The Urban Expansion Area, with its objectives, policies and activity controls, are key to ensuring a greater development potential in the future to occur in an integrated and functional manner.
	5.6.8	Policy – Non-residential activities	Support	Retain policy.	HCC supports the intent of the policy to limit the establishment of non-residential activities in the Country Living Zone and therefore ensuring that existing commercial centres are maintained.
Chapter 6: Infrastructure	6.4	Infrastructure, Subdivision and Development	Oppose	Amend to include specific objectives and policies for wastewater and water after 6.4.7.	The Proposed Plan currently does not have any specific policies relating to wastewater or water. HCC believes that including policies relevant to water and wastewater will provide certainty to what should be achieved for all of the three waters during subdivision, land use or development.
Chapter 9: Specific Zones	9.2	Te Kowhai Airpark	Oppose	Oppose the objectives and policies for the Te Kowhai Airpark	HCC does not believe the range of activities proposed will provide an appropriate level of development in such an uncertain servicing setting. The range of activities proposed are not adequately justified or controlled by the associated rules.
Section C - Rules					
Chapter 14: Infrastructure and Energy	P1 14.11.1.1 (a) (ii)	Water, wastewater and stormwater – Permitted Activities	Oppose	Amend stormwater systems for new development or subdivision rule to include a higher standard that are aligned with HCC's requirements.	HCC considers that the attenuation standard (10% Annual Exceedance Probability (AEP)) set out in the Proposed Plan is inadequate. Attenuation to at least 1% AEP of pre-development rates should be used when discharging upstream of a catchment shared with HCC. If there are existing downstream flooding / erosion issues, then further mitigation should be required so as not to compromise HCC's requirements (e.g. compliance with its Comprehensive Stormwater Discharge Consent).
	P1 14.11.1.1 (a) (iv)	Water, wastewater and stormwater – Permitted Activities	Oppose	Amend to provide clarification and/or definitions to clarify the intention of the terminology "specific to the area".	HCC seeks clarification as presently written it is unclear whether the terminology "specific to the area" creates a requirement to undertake local rainfall gauging where existing data is not "specific" enough, or whether the intent is to allow for the use of the "most relevant existing rainfall data".
	P1 14.11.1.1 (a) (v)	Water, wastewater and stormwater – Permitted Activities	Oppose	Amend to clarify how the hierarchical permitted condition will be implemented e.g. what and who determines how the choice of stormwater measures moves down the hierarchy.	Given the use of permitted conditions, HCC questions how WDC will ensure that the stormwater treatment measures being used are appropriate to the particular catchment and its values (e.g. what types of contaminants are an issue and will the treatment measures address them). The policy also needs to allow for the ability to require measures which ensure the protection and enhancement of the Waikato and Waipa Rivers.

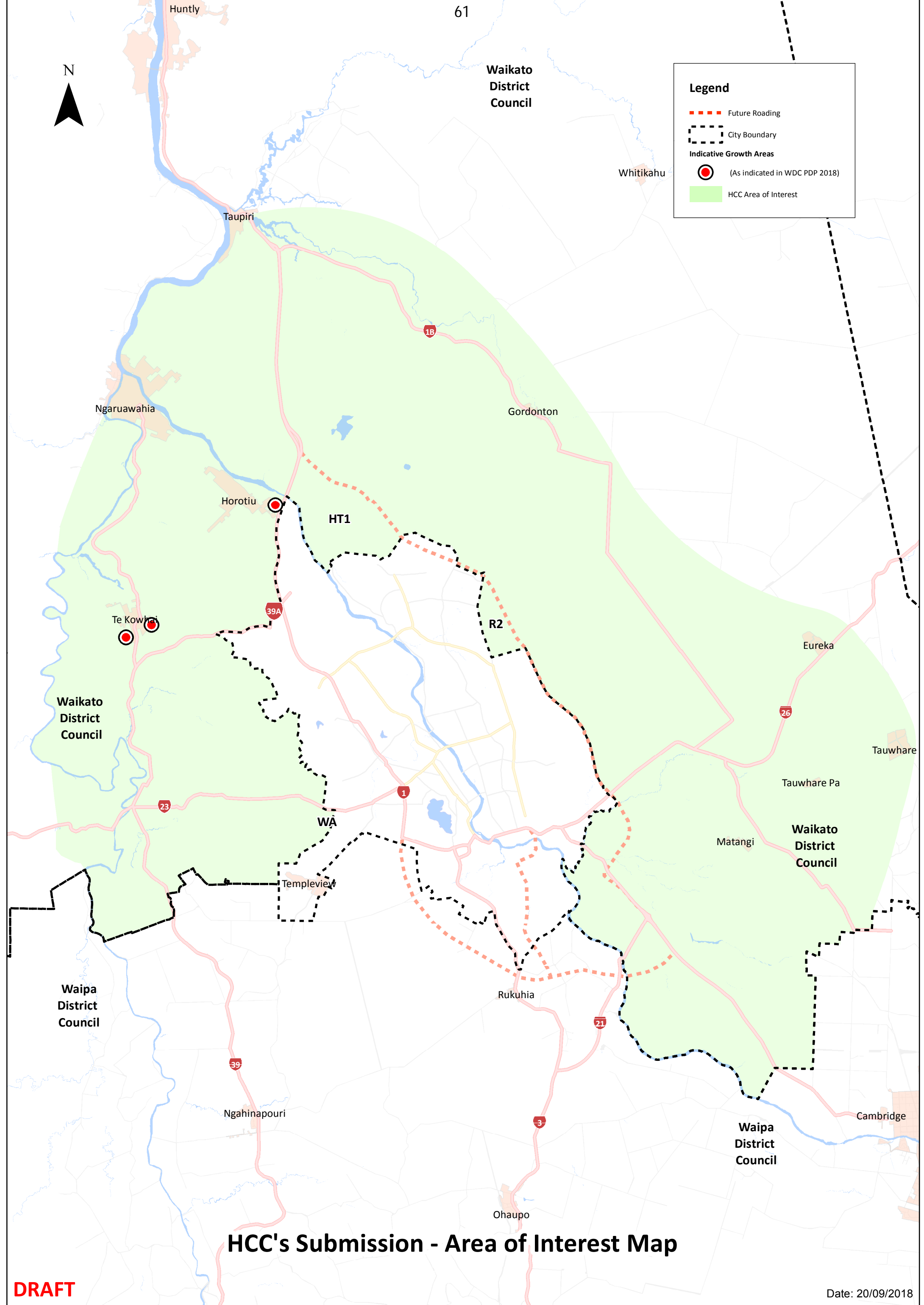
P3 14.11.1.3	Water, wastewater and stormwater – Permitted Activities	Oppose	Amend P3 to clarify that the options are a hierarchy and (ii) and (iii) are not allowed if (i) is available. Insert an equivalent rule for water servicing.	Amend rule to ensure that if a reticulated wastewater network is available then it should be connected before the other options are permitted. Also, if the development exceeds the capacity of the existing system then upgrades should be required before other options are used. An equivalent rule for water servicing should also be added to the Proposed Plan to ensure clear guidance on water management at the time of subdivision.
P8 14.11.1.8	Water, wastewater and stormwater – Permitted Activities	Oppose	Amend the rule so it is relevant to the stormwater infrastructure it is trying to control.	The sizing/design of such infrastructure is in response to the need to manage stormwater quantity and quality and should not be constrained by building coverage rules of a zone which have not been developed with infrastructure in mind. It should be clarified how the area is to be calculated. For example, should the surface area of standing water be during normal flow, up to a design level (e.g. 10% AEP), including all slopes/batters etc.
P8 14.12.1.8 (a) (i)	Transportation – Permitted Activities	Oppose	<ul style="list-style-type: none"> Amend rule to provide for instances where the minimum 2m width is not appropriate. Define or clarify what ‘off-road pedestrian and cycling facilities’ means. 	In some circumstances, off-road pedestrian and cycling facilities should be wider than 2m (e.g. along arterial corridors or when forming, or connecting to, part of a wider network with a wider standard). Shared facilities should be at least 2.5m wide. It is unclear what effect this rule is trying to manage, as off-road pedestrian and cycling facilities could mean only those outside the road corridor or it could also include off-carriageway facilities that are still part of the road corridor.
P8 14.12.1.8 (a) (iii)	Transportation – Permitted Activities	Oppose	Clarification is required as to what are the actual the effects the proposed rule is managing.	HCC considers that as pedestrian and cycling facilities do not generate bulk or dominance related effects. Having to comply with a zone setback (particularly if off-road facilities includes those within the road corridor) is an inefficient use of land.
Table 14.12.5.1 and 14.12.5.3	Separation distances; minimum sight distances	Oppose	Amend separation distances and minimum site distances to require compliance with the more onerous provisions of an adjoining District Plan.	The amendment will improve consistency and avoid potential cross-boundary related effects, such as new vehicle accesses in the vicinity of an adjoining local authority.
Table 14.12.5.6	Road Hierarchy list	Oppose	<ul style="list-style-type: none"> Amend to clarify whether the “Gordonton Road” length identified as a regional arterial is different to or a duplicate of the “Gordonton Road” length identified as an arterial. Various roads form the boundary of HCC and WDC. The hierarchy for these roads should align with that of HCC’s District Plan. The following amendments are needed: <ul style="list-style-type: none"> Add as Arterials: <ul style="list-style-type: none"> Kay Road (River Road to Borman Road (west)) Horsham Downs Road (Kay Road to Waikato Expressway/ HCC boundary) Add as Collectors: <ul style="list-style-type: none"> Exelby Road (SH39 to HCC boundary) Rotokauri Road (Bagurst Rd to HCC boundary) Kay Road (Borman Rd (west) to Horsham Downs Rd) Brymer Rd (Rotokauri Rd to HCC boundary). 	Amending the table to include these roads will ensure consistency with the road hierarchy in Hamilton City.

Chapter 20: Industrial Zone	20.1.2 D6 and D7	Land Use – Activities - Discretionary activities	Oppose	Amend the activity status of D6 – An office and D7 - A retail activity, to Non-Complying in the Industrial Zone.	<p>The relevant objective and policy contained in Chapter 4: Urban Environment are relatively directive that industrial land should not be lost to non-industrial activities, therefore it is more appropriate to match this with a non-complying status in the rules. Commercial activity should be directed to the town centres and business zones.</p> <p>The Hamilton City District Plan has a strong emphasis on keeping Industrial zones for industrial purposes. While it is not the expectation that adjoining districts have matching rules, in this instance, it would be preferable for a similar zoning approach be taken by Waikato District. It would seem appropriate there be some policy alignment to deliver on the RPS and FP principles, by ensuring Hamilton remains the primary commercial hub of the sub-region. In industrial areas in Hamilton, industrial and office activities are non-complying activities to support the ‘centres based’ approach to business areas within the City are not impacted.</p>
Chapter 22: Rural Zone	22	Rural Zone	Support in part	Retain chapter subject to ensuring alignment and giving effect to the HCC Area of Interest and supporting objectives, policies, rules and methods. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.	Sustainable management requires a cross boundary and integrated approach to these strategic land use issues. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.
	22.1	Land Use - Activities	Oppose	Amend the activity status for non-rural activities within the Urban Expansion Area to have a Prohibited Activity status.	<p>Land within the Urban Expansion Area needs to be protected from incompatible land uses (not just subdivision) that will compromise the future urban development of land.</p> <p>The 2005 Strategic Agreement on Future Urban Boundaries between HCC and WDC sets out the need for the land, and the need to prevent any further fragmentation of the land and non-rural activity use of the land to ensure future urban development can be facilitated in the future.</p> <p>Under the Operative Waikato District Plan, the Urban Expansion Policy Area has a number of prohibited activities to ensure that the future development of the areas is not compromised. During the consultation of the draft district plan, the prohibited activity list was reviewed and amended in consultation with HCC staff, increasing the activity status of some activities to a stricter prohibited activity status within the area. The notified Proposed Plan has not retained the prohibited activity status with the exception of subdivision, where an extra lot is created, with all non-rural activities now either non-complying or discretionary activities.</p> <p>The section 32 offers no sound reasoning as to why the activity status has been changed. HCC strongly disagrees with approach and the assumption for how the different non-rural activities were ‘allocated’ either non-complying or discretionary status. Non-complying activities were because of adverse effects, reverse sensitivity and incompatibility with urban uses in the future. Discretionary activities were applied where the use would be compatible with future urban use. HCC does not consider this approach satisfactory at all because such activities have the potential to impact on the future ability to comprehensively plan for the area as a whole.</p>
	22.2.7	Indigenous vegetation clearance inside a Significant Natural Area	Oppose	Delete the permitted activity status P2 and P6 for the removal of vegetation for domestic firewood purposes.	We do not consider any vegetation clearance is appropriate within Significant Natural Areas (SNA). SNA’s are an area of “significance” and the protection of significant vegetation and significant habitats or indigenous fauna are a matter of national importance and should not be eroded through a harvesting activity.

	22.4.1.1	Prohibited subdivision – PR1	Support	Retain the activity status. Strengthen by amending rule 22.4.1.1 PR1 by adding (b) (a) “Any subdivision within the Urban Expansion Area involving the creation of any additional lot; (b) <i>Any boundary relocation or rural hamlet subdivision</i> ”	Prohibited activity status is imperative in the UEA area to ensure the objectives and policies for this overlay are achieved. HCC supports prohibiting subdivision which results in the creation of any additional lots as this ensures future urban development of the land is not compromised. However, allowing for boundary relocation and Rural Hamlet Subdivision, while it does not create additional lots, still results in land fragmentation in a way that will impede comprehensive future urban development.
	22.4.1.2	Subdivision – General subdivision	Oppose	Amend rule 22.4.1.2 RD1 (a) (ii) to increase parent lot to 40ha.	Further fragmentation of land particularly near HCC’s boundary, is inappropriate and subdivision can impact on Hamilton’s infrastructure and result in unplanned services. HCC estimates that within the identified ‘Area of Interest’ for Hamilton, using the 20ha parent lot baseline, approximately 254 properties could be further subdivided. If the parent lot was increased to 40ha (as is the case in Waipa) within the same ‘Area of Interest’ the potential number of properties that could be further subdivided would be reduce to approximately 119 properties. HCC considers that increasing the parent lot area to 40ha, and so reducing the extent of additional fragmentation within the Area of Interest would ensure the sustainable management of this area for future urban growth.
Chapter 23: Country Living Zone	23	Country Living Zone	Support in part	Retain chapter subject to ensuring alignment and giving effect to the HCC Area of Interest and supporting objectives, policies, rules and methods. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.	Sustainable management requires a cross boundary and integrated approach to these strategic land use issues Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.
	23.1.2 D3	Land Use – Activities – Discretionary Activities	Oppose	Amend rule (and consequential changes to relevant policies) to ensure existing commercial centres are maintained.	Commercial activities are provided for as a discretionary activity within this zone. Given that almost all of the Country Living Zone is located near Hamilton or other main towns, to ensure the primacy of these existing commercial centres is maintained, either amend the rules restricting commercial activities in the Country Living Zone or include additional policies/objectives to better direct commercial uses to the appropriate zones.
	23.2.8	Indigenous vegetation clearance inside a Significant Natural Area	Oppose	Delete the permitted activity status P2 and P6 for the removal of vegetation for domestic firewood purposes.	We do not consider any vegetation clearance is appropriate within Significant Natural Areas (SNA). SNA’s are an area of “significance” and the protection of significant vegetation and significant habitats or indigenous fauna are a matter of national importance and should not be eroded through a harvesting activity.
	23.4.1	Prohibited subdivision	Support	Retain the prohibited activity status.	Prohibited activity status is imperative in the UEA area to ensure the objectives and policies for this overlay are achieved.
Chapter 24 Village Zone	24	Village Zone	Support in part	Retain chapter subject to ensuring alignment and giving effect to the HCC Area of Interest and supporting objectives, policies, rules and methods. Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.	Sustainable management requires a cross boundary and integrated approach to these strategic land use issues Objectives and policies are sought which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and non-rural land uses.

				inefficient use of land and infrastructure and non-rural land uses.	
	24.2.8	Indigenous vegetation clearance inside a Significant Natural Area	Oppose	Delete the permitted activity status P2 and P6 for the removal of vegetation for domestic firewood purposes.	We do not consider any vegetation clearance is appropriate within Significant Natural Areas (SNA). SNA's are an area of "significance" and the protection of significant vegetation and significant habitats or indigenous fauna are a matter of national importance and should not be eroded through a harvesting activity.
	24.4.2	Subdivision – Te Kowhai and Tuakau	Oppose	Oppose the subdivision provisions in relation to Te Kowhai.	The uncertainty about the servicing of these areas, makes quantifying and understanding the effects of the proposals on Hamilton's own infrastructure and the sub-regional land use pattern, difficult. The proposed low densities of the area, may make meeting the District's growth projections difficult. New areas have been included within the Village Zone which were previously zoned Rural or Country Living, without sufficient justification or comfort that the impacts of such development can be managed; or that the built form will deliver best results for delivering sustainable growth with a compact built urban form. Issues have been created in the past for Hamilton City, by the creation of rural residential enclaves on the City boundary - while this particular zone has a different name (i.e. Village Zone), it will still have the same, if not greater impacts across the boundary.
Chapter 27: Te Kowhai Airpark Zone	27	Te Kowhai Airpark Zone	Oppose	Oppose the rules for the Te Kowhai Airpark.	HCC does not believe the range of activities proposed will provide an appropriate level of development in such an uncertain servicing setting. The range of activities proposed are not adequately justified or controlled by the associate rules. (Also refer to the submission point on Chapter 9).
	27.1.1 P31 and P32	Land Use – Activities – Activity Status Table	Oppose	Amend to ensure commercial zoning at the airpark does not increase in scale and risk impacting on established commercial centres within Hamilton City.	Cafes and Restaurants, and Retail (up to 300m ² within the four precincts), are provided for as a permitted activity in this zone on the outskirts of Hamilton. HCC questions how this commercial hub fits within Waikato District's own aspirations for the main village of Te Kowhai and how well integrated these will be with the existing community. Furthermore, HCC has concerns about the impact the Commercial zoning at the airpark will have on the nearby established commercial centres, particularly in relation to the permitted activity status of retail in the Airpark. It is also not immediately clear whether this is 300m ² in total spread between the 4 precincts, or whether it is 1200m ² of retail. Nevertheless, both of the quantum are questioned, but most particularly the larger one. Te Kowhai is not a major commercial centre, and any commercial activities proposed should be of a scale to serve the community within which it is located.
	27.4.2	Subdivision allotment size	Oppose	Amend the proposed subdivision framework to simplify and to provide more certainty as to what the infrastructure implications are, what quantum of development can occur, and what the effects would be for subdivision to occur in this zone.	As this area is located very close to the boundary of Hamilton any subdivision increasing the number of urban lots has a strong potential for cross boundary impacts, particularly to Hamilton's roading, waters and community infrastructures. The proposal to allow a range of allotment sizes, ranging in size from 450m ² , to 1000m ² to 2500m ² and 800m ² (depending on the reticulation available, and the location within the precincts) indicates an intensity that may prove unacceptable when there is difficulty in providing all necessary services to the future intended residential of the area. In addition, and there is no clear way to determine the overall maximum allotment number or what infrastructure would be provided.
Section D					
Chapter 29: Appendices	Appendix 9	Te Kowhai Airfield precincts zoning	Oppose	Delete Appendix 9 for the Te Kowhai Airpark.	The proposal does not appear well connected to the Te Kowhai Village. The s32 mentions that the design has been altered to ensure better connectivity, but this is not immediately obvious from the plans contained within Appendix 9. It would be helpful for the development to better define itself in terms of integration and connectivity with Te Kowhai, particularly from an infrastructure and community services perspective. For example, at present the location of the access to the development potentially lends itself more to connectivity to Hamilton than it does to Te Kowhai.
Chapter 30: Schedules	30.1	Historic Heritage Items		Amend the schedule to include St Paul's Methodist Church.	St Paul's currently listed in Hamilton City District Plan as a Heritage item (H61), is presently located at London Street Hamilton. A resource consent has been granted for its relocation from Hamilton and HCC's jurisdiction to Te Kowhai and under WDC jurisdiction. Due to the heritage significance of the building and to align with the resource consent decision HCC seeks the inclusion of this building, once it is reinstated onto its new location at Te Kowhai, in the Proposed Plan's Historic Heritage Items (Schedule 30.1) as it has regional heritage significance:

					<i>St Pauls Methodist Church “was built in 1904 as a simple gabled church with a modest bell tower” in the gothic revival style. In 1914 following the amalgamation of the Primitive Methodist and Wesleyan Methodist church congregations, additions and alterations were made to the church. These were designed by Architects Daniell and Cray, in the Arts and Crafts style. St Paul’s Church is significant as an example of work by Frederick Charles Daniell, who was a key architect in Hamilton and the Waikato region in the early 20th century. Daniell was the architect for several other scheduled buildings in Hamilton, including other churches, residences and commercial premises for example. The additions and alterations designed by Daniell are also a reflection of the organisation of the Methodist Church in Hamilton and New Zealand. “Lead-light windows in the porch and church form part of the 1914 alterations”. The building remains largely intact, incorporating alterations made over its time. (HCC Built Heritage Inventory Record Form)</i>
Maps					
	Maps - general		Support	Retain the Country Living zoning as proposed.	HCC supports the amount of land zoned Country Living remaining static.
	Maps – general		Support in part	Support subject to amending maps to include an overlay for the HCC Area of Interest as depicted in the attached map. This map may also be integrated with the proposed Hamilton Urban Expansion Area and if appropriate the mapped UEA can be extended to give effect to the HCC Area of Interest.	HCC seeks the inclusion of HCC’s Area of Interest on the maps to support the objectives, policies and rules sought for this area which ensure that land use within the Area of Interest is controlled and enabled at a rate which is consistent with and prioritises HCC’s strategic land use plans and urban growth strategies including avoidance of urban sprawl, inefficient use of land and infrastructure and inappropriate land uses. The proposed Hamilton Urban Expansion Area could be integrated into the HCC Area of Interest as an efficient method of giving effect to this strategic land use intent.
	Map 26.1	Horotiu	Oppose	HCC opposes the extent of new residential zoning from Country Living Zoning pending the satisfactory resolution of infrastructure implications. and addressing how future industrial growth needs in the southern areas of the Waikato District will be met.	<p>The ‘live’ Residential zoning at Horotiu is of concern to HCC. It is not clear how the new growth will be serviced, and we wish to understand more about the intentions here. The proposed zoning change is directly adjacent to the City boundary and we feel it is appropriate to understand how the area will be serviced with wastewater and water supply, and how stormwater will be managed. The quantum of people living in the town could significantly increase, and given the proximity to the City, could place pressures on the City’s physical and social infrastructure. Additionally, we note that Horotiu is one of the Strategic Employment Nodes in the sub-region, yet there are no plans to include any industrial growth in this location.</p> <p>We acknowledge that the somewhat uncertain planning situation in the adjoining part of Hamilton, being Te Awa Lakes, is probably contributing to some uncertainty for the future planning of Horotiu. While the City has signalled it supports a Special Housing Area at Te Awa Lakes, this has yet to be formally gazetted and a Plan Change process is currently on hold. It is not yet clear how these proposals will progress and over what timeframe.</p>
	Map 26.2	Te Kowhai	Oppose	Oppose the new zoning provisions.	<p>As raised elsewhere in this submission, HCC opposes both the Airpark and Village zoning. The uncertainty about the servicing of these areas, makes quantifying and understanding the effects of the proposals on Hamilton’s own infrastructure and the sub-regional land use pattern, difficult. The proposed low densities of the area, may make meeting the District’s growth projections difficult. The Airpark does not appear well connected to the Village and would relate more to Hamilton than Te Kowhai due to ease of accessibility and connection.</p> <p>New areas have been included within the Village Zone which were previously zoned Rural or Country Living, without sufficient justification or comfort that the impacts of such development can be managed; nor that the built form will deliver best results for delivering sustainable growth with a compact built urban form. Issues have been created in the past for Hamilton City, by the creation of rural residential enclaves on the City boundary - while this particular zone has a different name (i.e. Village Zone), it will still have the same, if not greater impacts across the boundary.</p>
	Map 26	Hamilton Surrounds / Ngaruawahia	Support in part	Support subject to no further growth along the former State Highway.	HCC supports new residential growth within Ngaruawahia, being one of the major towns within the District. However, the town has been gradually stretching and growing along the former State Highway. This has created a situation whereby Ngaruawahia is nearly contiguous with Horotiu, which over time will become contiguous with Hamilton as it grows to its Urban Limit. While not opposing the current Proposed Plan, it is requested that in accordance with the RPS and the FP Strategy, which seek to avoid ribbon development along the road network; and plan for obvious gaps between towns. No further growth along former State Highway 1 should be enabled.



Legend

- Future Roding
- City Boundary
- Indicative Growth Areas
 - (As indicated in WDC PDP 2018)
- HCC Area of Interest

HCC's Submission - Area of Interest Map

DRAFT

Date: 20/09/2018

Council Report

Committee:	Council	Date:	11 October 2018
Author:	Blair Bowcott	Authoriser:	Jen Baird
Position:	Executive Director Special Projects	Position:	General Manager City Growth
Report Name:	Greater Hamilton Growth Strategy		

Report Status	<i>Open</i>
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Purpose

1. The purpose of this report is to seek Council endorsement for the development of a Greater Hamilton Growth Strategy for Hamilton and the surrounding areas.

Staff Recommendation

2. That the Council:
 - a) receives the report;
 - b) notes that on-going work is occurring on the Hamilton to Auckland Corridor Plan which involves participation with central government, local government and iwi partners to progress a number of priority initiatives including the development of a long-term Metropolitan Spatial Plan for an area surrounding Hamilton broadly from Ngaruawahia to Cambridge/Te Awamutu;
 - c) approves the preparation of a Greater Hamilton Growth Strategy for the long-term future growth and form of the City reflecting Hamilton in its broadest sense. The Growth Strategy to include a future land release programme and strategy for residential and employment land, identifying any additional areas of land outside of the City required for growth into the future and how Hamilton will deliver the Growth Strategy outside its boundary without direct control of the land;
 - d) notes that Future Proof Implementation Committee are undertaking a review of Future Proof to consider the context for sub-regional collaboration and that a report on the outcome of this review will be brought to Council for consideration; and
 - e) approves exploratory discussions with adjoining territorial authorities and Future Proof by the Mayor, the Chair of Growth and Infrastructure Committee, and the Chief Executive as to how the future growth of the City (expressed within the Greater Hamilton Growth Strategy) can be jointly planned and managed to best serve the needs of the growth across these communities, including the provision of additional land for the City, noting that these discussions are:

- i. intended to identify a range of information, opportunities and scenarios to assist the Council with the development of the Greater Hamilton Growth Strategy;
- ii. do not commit the Council to course of action or decision; and
- iii. will be reported to the Council on a regular basis for information and/or consideration.

Executive Summary

3. Hamilton and its surrounds are part of the fastest growing area in the country. To ensure that the Greater Hamilton area remains attractive, sustainable and prosperous for people and businesses alike, there is a need to carefully plan for this growth.
4. Planning and thinking about future communities requires a vision for the long term, rather than the typical 30 year focus. When thinking about Hamilton in its broadest sense, taking a 100 year view is not unrealistic.
5. As part of any long term planning, there is a need to ensure Hamilton has an up-to-date future land release programme for residential and employment land. Planning for Hamilton's growth requirements also needs to look beyond the current boundaries and consider the economic and communities of interest that interact with Hamilton.
6. The development of a new Greater Hamilton Growth Strategy will determine how best the City and its surrounds can be planned, managed and, in time, developed to meet population and economic growth.
7. The development of the Greater Hamilton Growth Strategy will occur alongside the preparation of a long-term Metropolitan Spatial Plan for the wider Hamilton area to be facilitated by Central Government, in line with the emerging direction of the Hamilton to Auckland Corridor Plan. The intention of both of these initiatives is to inform the future form of Hamilton and surrounds, and enable joined-up regional planning, funding and delivery of infrastructure.
8. The Hamilton to Auckland Corridor Plan is a transformational opportunity for Hamilton to embrace given the long term outcomes that the Plan can deliver. The Corridor Plan is a project of national significance under the Government's Urban Growth Agenda and will become a "blueprint" for enabling and managing growth in partnership with the Government, Iwi and other councils. Being involved in the Corridor Plan will enable Hamilton and all the stakeholders and government agencies to have an aligned long term view. The benefit of this alignment cannot be overstated, especially when seeking Government funding and support in the future. Hamilton needs to proactively lead the input and development of the Corridor Plan, and the Greater Hamilton Growth Strategy process will provide the platform for this co-ordinated input.
9. Alongside the preparation of the Greater Hamilton Growth Strategy and the Corridor Plan, it is proposed that the Mayor, Chair of Growth and Infrastructure and the Chief Executive participate in discussions with neighbouring councils and Future Proof for Council to consider how joint planning and management of the Greater Hamilton area can be achieved. These initial discussions are non-binding on all parties and that information on the discussions and any possible opportunities or scenarios for the Greater Hamilton Growth Strategy proposed

through those discussions will be regularly brought back to the Council for information, consideration and/or approval as appropriate.

10. Staff consider the matters in this report have medium significance and that the recommendations comply with the Council's legal requirements.

Government Urban Growth Agenda

11. The Government Urban Growth Agenda (UGA) is a multi-faceted programme to improve housing affordability underpinned by affordable land. It is an initiative of a number of Government Ministries, primarily lead by the Ministers of Housing, Transport, Finance, Environment and Local Government.
12. The UGA is a shift in the approach to urban development and infrastructure and the mix of instruments and levers that are available.
13. It is designed to address fundamentals of land supply, development capacity and infrastructure provision by removing undue constraints and introducing innovative practices and tools used overseas to deliver growth outcomes.
14. The UGA has five interconnected focus areas:
 - Infrastructure Funding and Financing – the introduction of new funding and financing tools to enable a more responsive supply of infrastructure and appropriate cost allocation
 - Urban Planning – the introduction of new planning tools, primarily focused around an Urban Development Authority, to allow for cities to respond more quickly through planning processes to make room for growth, support quality built environments and enable strategic integrated planning
 - Spatial Planning (initially focused on Auckland and the Hamilton-Auckland corridor) – to build a stronger partnership with local government as a means of developing integrated spatial planning
 - Transport Pricing – to ensure the price of transport infrastructure promotes efficient use of the network, through initiatives such as variable road toll pricing, fuel taxes, congestion charges
 - Legislative reform – to ensure that regulatory, institutional and funding settings are collectively supporting UGA objectives, with a focus on the Local Government Act, Resource Management Act and Land Transport Management Act.

Hamilton's Growth Story

15. Hamilton is the 4th most populous and one of the fastest growing cities in New Zealand but is the third smallest territorial authority by area. Projections indicate that this growth is set to continue for the foreseeable future, supported by key initiatives such as the increasing diversification of the Hamilton economy, the developing logistics hub around Hamilton, the completion of the Waikato Expressway in 2020 and the proposed passenger rail service between Hamilton and Auckland.

16. Growth around Hamilton is also occurring, both within the Waipa and Waikato Districts. Many of the towns, most notably Cambridge are enjoying substantial growth. The villages are also growing, but also particularly in Waikato District, growth of 'lifestyle' living is occurring near Hamilton's boundary. Some of this growth has and will continue to blur the line as to 'what is Hamilton'.
17. In approximately 50 years time, the Hamilton population will be between 250,000 to 300,000 if current projections continue. In this same timeframe, the wider area that interacts with Hamilton in an economic and communities perspective will have a population of approximately 500,000.
18. For the public, land owners and developers the territorial boundaries are not necessarily reflective of the communities that people associate with or work/study/play in. For territorial authorities, there is a need to better understand and plan for communities, rather than focus on traditional boundaries and lines on maps.
19. The small size of the HCC's land area and the fact much of the urban development in the City abuts our neighbours, results in Hamilton having an economic and community setting which, although not technically within its boundaries, is functionally intertwined with the City and its administration. This wider area of land can be referred to as "Greater Hamilton."
20. Planning decisions made by Waikato and Waipa District councils are important to Hamilton as they can impact upon its infrastructure and future ability to grow in a sustainable, affordable manner.

Planning for Hamilton's Future – Proposed Approach

21. To continue to foster Hamilton's prosperity for Hamilton residents and those beyond, we need to ensure that the Greater Hamilton area is attractive, sustainable and prosperous for people and businesses alike. This would include growing an effective transport network, with public transport at the forefront; affordable and workable infrastructure; and a diverse range of housing options to cater for the wider community.
22. These projects/approaches are all inter-connected and will run in parallel, but all are important in developing a local government setting that is:
 - more connected to the range of communities that it serves, not just those in the existing City boundary;
 - more joined-up in decision-making on regional planning, funding and delivery of infrastructure;
 - better equipped to deliver growth serviced with sustainable and affordable infrastructure;
 - able to access to new Government tools in funding/financing and urban development delivery (and pilot opportunities to test these new tools) and
 - better equipped to accommodate new homes and businesses.
23. The outcome being sought through this suite of projects/approaches is that all the influences on the city, and not just those in our boundary area, are taken into account in planning and decision making.

24. To achieve these desired outcomes, Hamilton City Council needs to be able to have a greater say over what happens beyond our current territorial boundaries. This will be achieved through four key projects/approaches:
- Partnering with Central Government; Auckland Council, Sub-regional Partners and iwi in the development of **Hamilton to Auckland Corridor Plan** process, in particular, the Metropolitan Spatial Plan. The draft Corridor Plan was the subject of a workshop with Council on 4 October 2018. A further report on the Corridor Plan will be brought back in December 2018;
 - The need to develop a **Greater Hamilton Urban Growth Strategy**, the topic of this report;
 - **Reviewing the role of Future Proof** in the context of the collaborative work to be undertaken through the Hamilton to Auckland Corridor Plan, the Greater Hamilton Urban Growth Strategy and requirements under the National Policy Statement on Urban Development Capacity;
 - The **Mayor, Chair of Growth and Infrastructure Committee, and Chief Executive** discussing Hamilton's future growth with adjoining territorial authorities and Future Proof to explore how it can best be planned and managed to best serve the needs of communities as they grow.

Hamilton to Auckland Growth Corridor and Metropolitan Spatial Plan

25. As part of the Government's Urban Growth Agenda and focus on spatial planning, the Auckland to Hamilton Corridor Plan is currently under development through a partnership between Central Government, Local Government and Iwi. HCC staff are closely involved in the process and have had/continue to have the opportunity to influence the content and direction of the Plan.
26. The Corridor Plan is a transformational opportunity to work in partnership with the Government to plan for growth over the long term. The Plan aims to better support growth and increase connectivity within the Hamilton to Auckland corridor while improving housing affordability and choices, improving access to employment, services and amenities, and creating new employment opportunities.
27. Emerging work on the Hamilton to Auckland Corridor Plan has highlighted the two metropolitan areas of Auckland and Hamilton as the main focus for growth initiatives, and importantly for Hamilton, the Corridor Plan emphasises the potential for a step-change in transport services (particularly passenger rail) to act as a catalyst for achieving these outcomes.
28. This new approach to planning for growth is an opportunity for Council to plan for the long-term future of the City in a truly integrated way with Central Government and Iwi and identify transformational opportunities in and around Hamilton that deliver on the Government's aims, specifically around providing affordable housing supported by employment opportunities and mass transit.
29. These 'transformational opportunities' may be able to be progressed utilising the new sources of funding and planning tools that the Government are progressing and anticipate being available in 2019. These tools may include (but are not limited to) an Urban Development Authority, use of a Special Purpose Vehicle to fund infrastructure, partnering with the private

sector to address infrastructure constraints/issues, feasibility funding for investigation into key initiatives. Hamilton has the opportunity to identify a series of “pilot” opportunities to utilise these new tools.

30. The emerging Corridor Plan has identified the development of a Metropolitan Spatial Plan for Hamilton and the surrounding area as a key transformational initiative, and this is an opportunity for Hamilton’s future planning to feed into a wider collaboration looking at growth over a larger area.
31. The Metropolitan Spatial Plan would look at the future desired form of urban development in and around Hamilton. It would provide support for land use intensification and a shift to public transport.
32. The Metropolitan Spatial Plan would be the framework in which consideration of a metro rail network and additional mass transit network opportunities, along with additional water and wastewater capacity for the metropolitan area, would be investigated and delivered.

Hamilton’s Response – Greater Hamilton Growth Strategy

33. Given Hamilton’s strong growth and central location, Hamilton is becoming a central hub in the Upper North Island. In order to ensure that Hamilton remains an attractive, sustainable and prosperous city for people to live, work and play in, it is critical that we proactively plan for growth.
34. Additionally, to be successful and help better manage the growth story described at the start of this report, it is proposed a Greater Hamilton Growth Strategy be developed. This Strategy should not just focus on the City’s current boundaries, but look at the wider scale of what is happening now in the greater Hamilton area, and what needs to happen in the future. Approximately 10 years ago, the Hamilton Urban Growth Strategy was developed and this has been the “blue print” to inform the current growth planning and investment programme of Council. It is timely and appropriate to now review and update this with the new strategy.
35. The initial ideas behind the Greater Hamilton Growth Strategy were discussed at a workshop on 23 August 2018. The workshop focused on the expanding growth and influence of Hamilton beyond its current boundaries, and how Hamilton could control and influence its long term form. Discussion covered the growth activities and developer interest around the periphery of the city boundary, and the wider land area that represents Hamilton in its broadest sense (economic and communities of interest).
36. The Strategy could, for example, also seek to support the likelihood Hamilton will become one of the largest metropolitan areas in New Zealand and to provide a well-planned growth hub to serve the wider Waikato Region as it moves towards a population of 500,000 in upcoming years. Such aspirations could then, in turn, support rail and other public transport opportunities, a wide range of housing including affordable housing options and land for business, all supported with affordable, timely and durable infrastructure.
37. The Greater Hamilton Growth Strategy needs to define ‘Hamilton’ based on its productive and social economy and communities of interest, rather than territorial authority boundaries. It will also be driven by a clear understanding of the inter-relationships between all areas outside of the city and the city.

38. The Greater Hamilton Urban Growth Strategy would feed into the wider Metropolitan Spatial Plan process under the Government's Auckland to Hamilton Corridor work programme, as illustrated in the diagram below.



39. An up-to-date Greater Hamilton Growth Strategy will also provide a sound evidence base and basis for collaborative working with sub-regional planning partners. The process to develop the Strategy will need to be based on up-to-date evidence along with meaningful consultation with key stakeholders and the wider community.
40. Council have passed a series of resolutions since 2016 that cover a variety of growth and future land use planning topics that the Greater Hamilton Growth Strategy will examine and respond to.
41. The intent of these resolutions can be summarised as follows:
- [Strategy & Policy Committee 7 June 2016](#) – growth of communities outside the City, additional land for growth of City, changing timing/process/triggers to bring HT1, R2 and WA land areas into the City boundary;
 - [Growth & Infrastructure Committee 28 March 2017](#) – greater flexibility to bringing future land areas in to the City;
 - [Growth & Infrastructure Committee 29 May 2018](#) – review the land surrounding the City for future residential and industrial growth, also considering infrastructure and community impacts and current development outside of Hamilton;
 - [Council 31 May 2018](#) – incorporation of WA growth area into Hamilton having regard to infrastructure services;

- [Council 26 June 2018](#) – develop a comprehensive future land release programme for residential and employment land inside and outside the City, including any future growth needs of Hamilton;
- [Council 6 September 2018](#) – investigate the Te Rapa North deferred industrial land and report back by December 2018.

Future Proof

42. Future Proof currently provides the collaborative framework within which Hamilton City Council, Waikato and Waipa District Councils, the New Zealand Transport Agency, Waikato Regional Council and iwi partners plan sub-regionally for growth.
43. The Future Proof partnership has historically supported a shared settlement pattern across the sub-region, including the use of the land and the sequencing and timing of development that has been embedded in statutory documents. This has directly resulted in investment by NZTA in the Waikato Expressway because of the confidence around the long term land use plans.
44. Future Proof is mandated by government through the National Policy Statement on Urban Development Capacity (NPS-UDC) – that is, we are required through the NPS-UDC to collaborate with our neighbouring councils, and Future Proof is recognised by government as the vehicle through which this collaboration can occur.
45. The structure and role of Future Proof are currently being revisited both in light of its on-going effectiveness to manage and address the growth that has occurred in recent years, especially in North Waikato and around Hamilton, but also its key purpose going forward, its role in the delivery of the requirements of the NPS-UDC and the emerging Hamilton to Auckland Corridor Plan. The Future Proof Implementation Committee will be considering this matter at its Governance meeting in November 2018.
46. Notwithstanding the review of Future Proof, under any scenario, as part of preparing the Greater Hamilton Urban Growth Strategy, the Council needs to work in partnership with our neighbouring councils and stakeholders to further explore mechanisms to better manage planning decisions relating to land on the Hamilton periphery.

Mayor/Chair Growth and Infrastructure Committee/CEO

47. The ability to effectively plan for the growth of Hamilton into one of the largest metro areas in New Zealand will require a strong partnership approach with our neighbouring territorial authorities. It is appropriate the Mayor, Chair of Growth and Infrastructure Committee and CEO receive the mandate to discuss and negotiate with our neighbouring territorial authorities and Future Proof a range of matters associated with this topic including:
 - the joint planning mechanisms,
 - future strategic agreements on areas to come into the city,
 - infrastructure agreements, and
 - potential realignments of territorial boundaries

as the Hamilton to Auckland Corridor and Greater Hamilton Urban Growth Strategy processes develop. The outcomes of these discussions will be regularly reported to Council.

48. Planning solutions will be most effective and least costly in delivering long-term solutions for the wider Hamilton area if we are able to work collaboratively with our neighbouring Councils to negotiate mutually agreeable options.
49. If the collaborative approach is not delivering effective long term solutions for the wider Hamilton area, the Council has the option to invoke a more formal approach via the Local Government Commission to progressing the outcomes sought in the Greater Hamilton Growth Strategy.
50. The proposed collaborative approach involves the Mayor, Chair of Growth and Infrastructure Committee and Chief Executive participating in discussions with adjacent councils and Future Proof to consider how the future growth of the City (expressed within the Greater Hamilton Growth Strategy) can be jointly planned and managed to address growth needs and the betterment of all these communities. As noted in the recommendation, the intent of these non-binding discussions is to explore and test information, opportunities and potential scenarios that may contribute to the Greater Hamilton Growth Strategy. These discussions and any options identified will be reported regularly to Council or the Growth and Infrastructure Committee for information and consideration, with any decisions on any matters related to the Strategy being made through the usual formal Council process.

Financial Considerations

51. There is currently no budget set aside for the development of a Greater Hamilton Growth Strategy or a Metropolitan Spatial Plan. Future reporting on the budget and timing for the preparation of a Greater Hamilton Growth Strategy and the Metropolitan Spatial Plan will be brought to Council.

Legal and Policy Considerations

52. At this stage, there are not considered to be any legal or policy considerations.

Risks

53. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy

Significance

54. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matters in this report currently have a medium level of significance.

Engagement

55. If the Council elects to proceed with a Greater Hamilton Urban Growth Strategy, a consultation strategy will be developed in due course. As part of the Strategy development, detailed engagement with a range of stakeholders, most notably the adjoining territorial authorities will be required.

Attachments

There are no attachments for this report.

Appendix 3

Proposed risk monitoring approach to housing affordability in Waikato District dated 24 November 2018 (draft).



Kelvin Norgrove

Level 6, AIG Building, 41 Shortland Street, Auckland CBD

M: 021 630 288

Proposed risk monitoring approach to housing affordability in Waikato District

Draft Nov. 24 2018

1.0 Introduction

The Council's Risk and Audit Committee wants to monitor the issue of housing affordability in the district as a significant deterioration in the availability of affordable housing will be a risk to maintaining or improving the economic and social well-being of the district and its constituent communities.

Affordable housing is commonly defined as "*a home that a household could occupy for less than 30 percent of its income whether purchasing or renting*". The district's median house value was \$540,000 in 2017 and median household income is estimated to be close to \$74,700¹. The current median rent in the district based on reported tenancy bonds is around \$375 per week.

The median household would therefore be able to afford to spend up to \$22,400 per annum on housing costs. That is equivalent to paying a maximum \$431 per week in rent (which is higher than the current median rent), or being able to pay a mortgage on a house in the range of \$415,000-\$470,000 (which is less than the current median value in the district)².

This report presents information on housing market indicators that can be used to assess trends in housing affordability. It does not provide an assessment of the degree of significance of the issue of housing affordability in the district as such. An assessment of the issue in the district (and sub-areas) could be undertaken at a later stage if the committee determines that the indicators warrant it. The role of government programmes (e.g. Kiwibuild) and options for the council's response (e.g. via the District Plan, infrastructure planning etc.) could also be explored in conjunction with the assessment.

2.0 Housing market indicators

¹ House prices and rents are sourced from Corelogic. Household income has been estimated by adjusting the 2013 Census figure of \$63,800 for the district by the growth in NZ's median income of 17% over 2013-17. More up-to-date data on household incomes at a local level will be able to be obtained from Stats NZ 2018 census data from mid-2019.

² The range of prices reflects a 10% and 20% deposit requirement with a lower deposit implying that a buyer can only afford the less expensive house as the mortgage payments share of their income would be higher.

There are several alternative indicators of housing affordability in New Zealand as outlined in MBIE May 2017 **Housing Affordability in New Zealand: Methodology of HAM version 1.0**. Many such measures are at the national or regional level and are not readily available for Waikato District. For example, the annual Demographia International Housing Affordability Survey measures the affordability of purchasing a home in metropolitan areas, using a 'median multiple' measure. This measure takes a location's median house price and divides it by the median household income in that area in order to calculate how many years' annual household income would be needed to buy a house. Results are organised into four housing affordability rating categories: 'affordable', 'moderately unaffordable', 'seriously unaffordable' and 'severely unaffordable'. A result of 3 or lower constitutes 'affordable' housing; 5.1 or higher is considered 'severely unaffordable'. Whilst the survey does not report on Waikato District, an equivalent measure has been produced for this report. Based on Corleogic data for the median house value and the above estimate of median household income, the value for the district is 7.2; implying it would be rated 'severely unaffordable'³.

MBIE states that many measures of housing affordability produced in New Zealand have limitations and provide only a very broad-brush view of affordability; for example by not taking account of factors such as the purchasing intentions or incomes of aspiring first home buyers, or differences in affordability for households of varying sizes.

The Ministry of Housing and Urban Development (HUD) prefers indicators developed by MBIE for monitoring housing market demand and supply pressures and housing affordability. A dashboard of housing market indicators was released in 2017 as part of the guidance prepared for the National Policy Statement on Urban Development Capacity (NPS-UDC). Market indicators on the dashboard include:

- residential building consents compared to changes in household numbers
- dwelling sales prices
- dwelling rents
- the ratio of dwelling sales prices to rents
- dwelling sales volumes as a percentage of total residential stock
- land value as a percentage of capital value
- the Housing Affordability Measure (HAM)

All of these indicators are available for the district as a whole and several are also available at a ward level (but not specifically for individual towns). A current state of MBIE's housing indicators for the district is shown in Attachment A. Additional information from Future Proof reports and other reports commissioned by WDC is also included. The assessment suggests that houses in the lower-quartile price range in the district are currently out of 'affordable reach' for over 4 out of 5 existing households; and significant gaps in future housing supply compared to demand are expected to occur in Raglan and Huntly by 2026, mainly due to infrastructure constraints in greenfield areas. A proposed approach for the council to monitor the housing affordability issue is outlined below. The GM Community Growth will be responsible for on-going monitoring and reporting on this issue to the committee.

3.0 Housing affordability monitoring approach

³ Based on the median house value of \$540,000 in 2017 and household income of \$74,646.

1. Monitor the Urban Dashboard indicators currently available for the district as a whole and at ward level (and treat the ward data as representative for the main towns within them)
2. Compare movement in the indicators with the results for Hamilton City and Auckland's Franklin Local Board to identify if the district's housing situation is tracking along similar or divergent paths (e.g. to provide insights on whether wards in the district in close proximity to those urban areas are experiencing spillover effects different from the rest of the district).
3. Report on the above to the committee at six monthly intervals or quarterly if adverse trends are identified
4. Report on future updates to the Future Proof Housing Demand Assessment in relation to the district to highlight changes in demand pressures and supply of potential development capacity within different locations in the district.
5. Report on the 2018 NZ Census results when available in 2019, on movements in household incomes, housing tenure, and occupied vs. unoccupied dwellings in different locations in the district. These results together with the dashboard indicators will provide a sufficient evidence base for assessing the housing affordability issue in 2019.

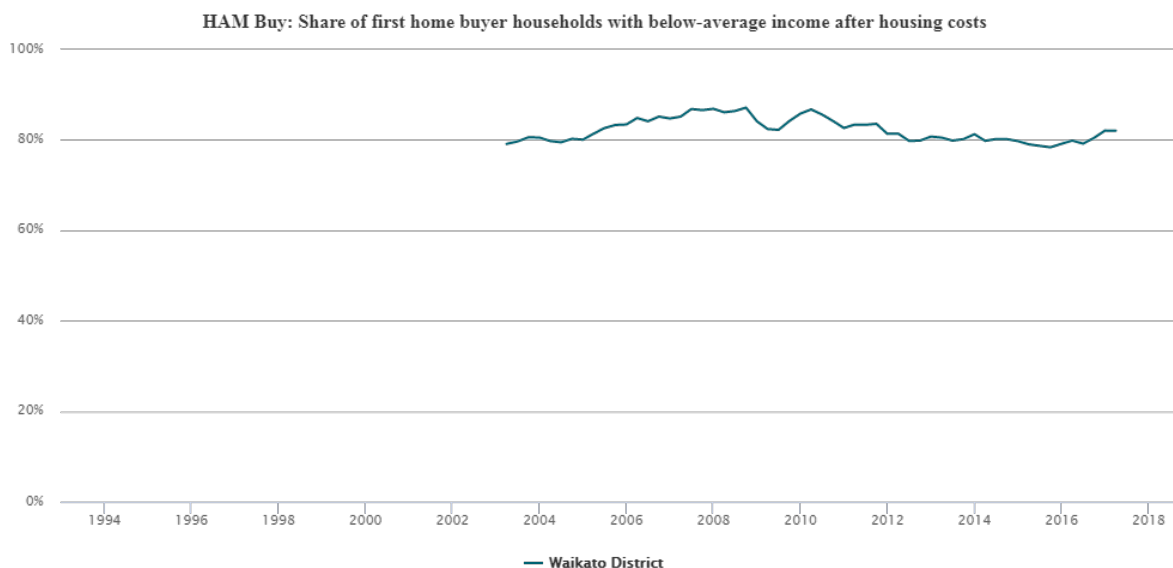
Attachment A: Current state of housing affordability in the district

Housing Market and Affordability indicators

Source: Ministry of Housing and Urban Development

<https://www.hud.govt.nz/news-and-resources/statistics-and-research/>

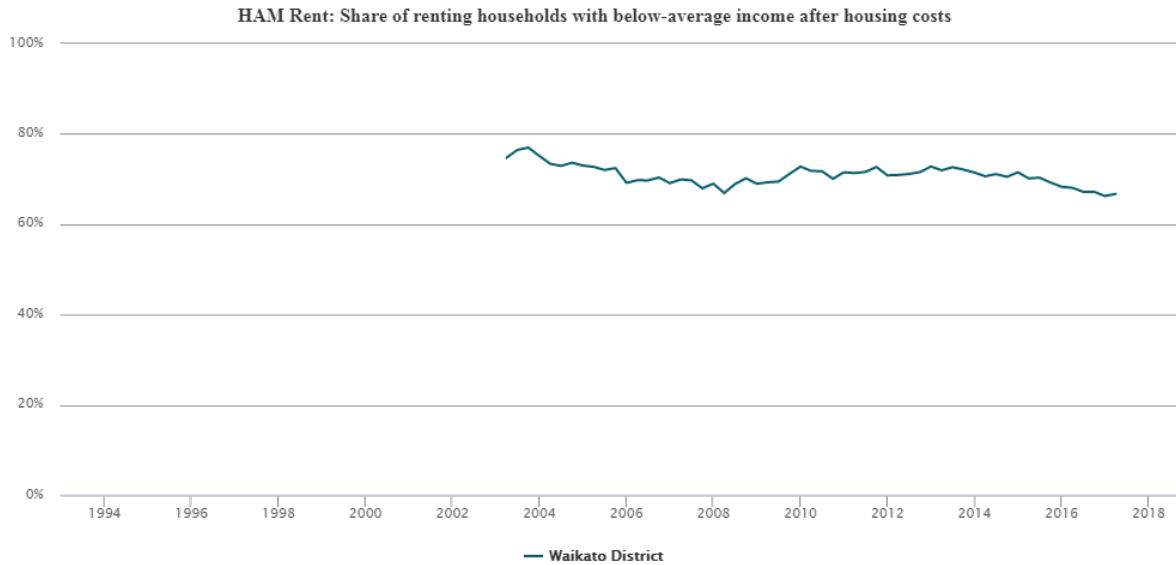
- 1) **The Housing Affordability Measure (HAM) for potential first home buyers** compares the income after housing costs of potential first home buyers in different parts of New Zealand to the national median income after housing costs (i.e. including mortgage, insurance, rates) for all households⁴. The measure identifies the proportion of potential first home buyers in a particular area whose income after housing costs is above or below the national median (not the district median). Figures are in real terms (i.e. inflation adjusted). The '**HAM Buy**' measures the proportion of renting households who would have below median housing affordability if they bought a lower quartile-valued dwelling in their territorial authority, based on their income and an estimate of what their housing costs would be on purchasing this dwelling.



This shows that 80-86% of the district's first home buyers have had below-average income after allowing for housing costs during 2003-2018, and while the share has declined from the peaks of 2008-10, it is starting to increase again. The inference is that lower-quartile houses in the district are priced out of 'affordable reach' for over 4 out of 5 existing households.

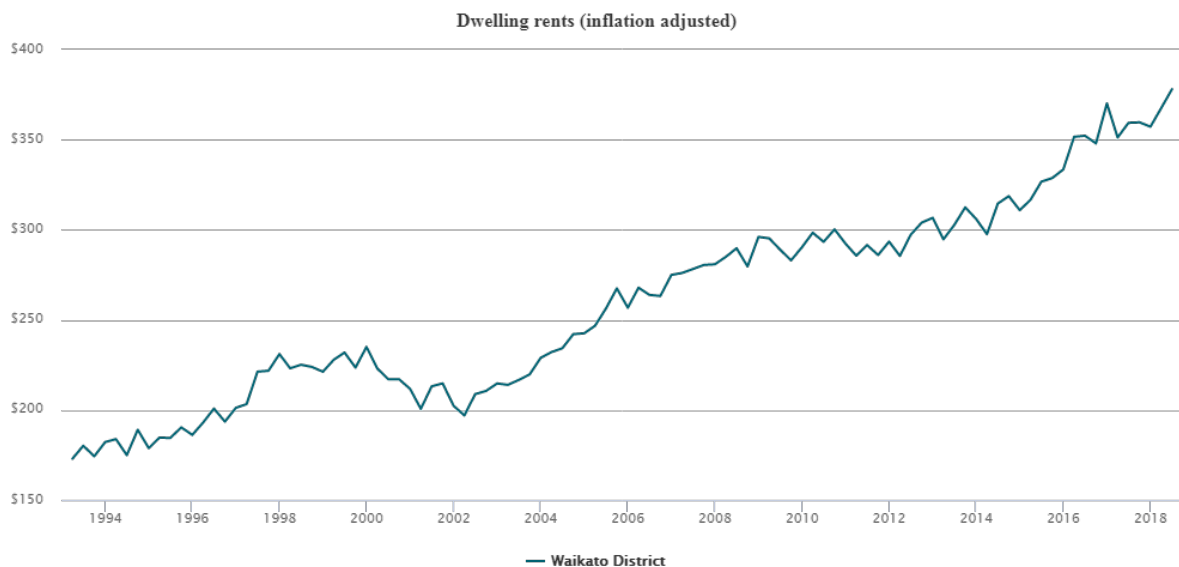
- 2) **The Housing Affordability Measure (HAM) for renters** compares the income after housing costs of renters in different parts of New Zealand to the national median income after housing costs (i.e. rent) for all households. A higher number on the chart indicates more households are below the average and experience a lower level of affordability.

⁴ The methodology is explained in MBIE **Housing Affordability in New Zealand: Methodology of HAM version 1.0, 10 May 2017**. Note HAM Buy does not account for the effect of credit constraints (such as the need to have a deposit) on the ability of aspiring first home buyers to buy a home.



This shows that around 65-75% of the district's renters have had below-average income after allowing for housing costs during 2003-2018, but the share has declined in recent years compared to 2010-2014.

- 3) **Mean rents** for the district are based on private bonds ('private' means private sector landlords)⁵. Prices are presented in inflation adjusted terms with a base period of the most current period.

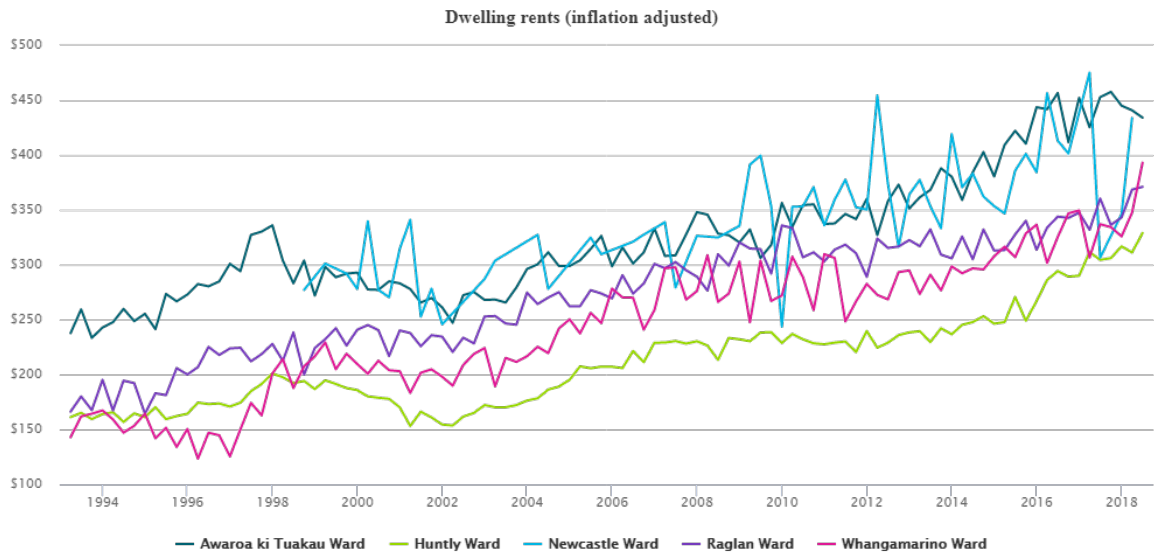


The rate of growth in average rents increased in 2015 and average rent is now around \$375 per week.

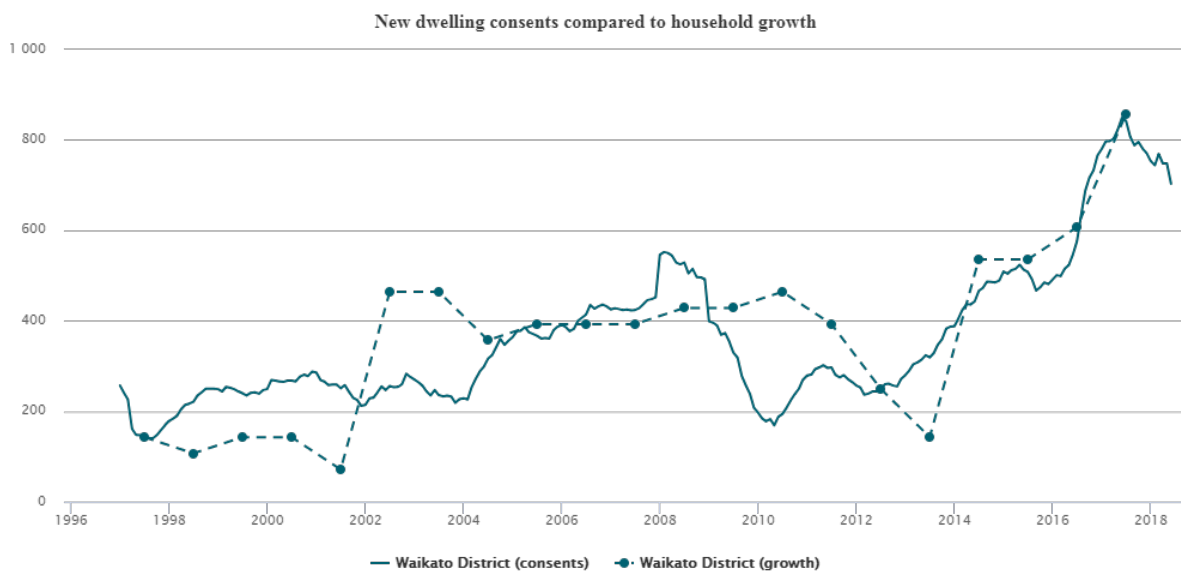
Inflation adjusted data is available for all wards (but not at the individual town level). Only a selection of wards are shown in the graph below to allow readability. Out of the areas shown, average rents are highest (exceed \$400 per week) in the Awaroa ki Tuakau and

⁵ This indicator reflects nominal mean rents as reported in new rental bonds lodged with MBIE. The mean used is a geometric mean.

Newcastle Wards. Note that rents in towns such as Raglan and Te Kauwhata may also be higher than the average reported for the respective wards as a whole.



- 4) **New dwelling consents compared to household growth.** This indicator approximates the demand for, and supply of, new dwellings. It measures changes in demand and how responsive supply is. The number of new dwelling building consents is lagged by six months (presented as a 12 month rolling average), to account for the time taken from consenting to completion. It is not adjusted for non-completions, or for demolitions. It is used as a proxy for supply. The most recent resident population, divided by the local average housing size, is used as a proxy for demand. Both sets of data are sourced from Statistics New Zealand.



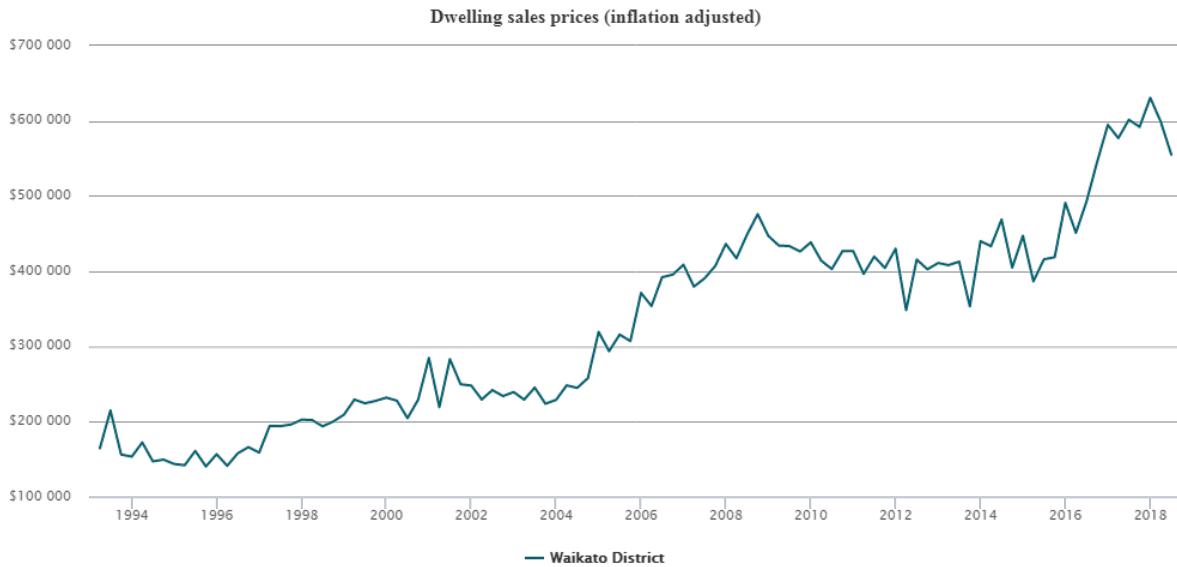
This shows that consents have tracked fairly well in relation to population growth in the district as a whole in recent years, during what has been a period of relatively high growth in housing demand. This data is not available at a ward level.

5) Sales Price (Inflation adjusted)

This indicator shows the median prices of residential dwellings sold in each quarter. This median price series is not adjusted for size and quality of dwellings.

Prices are presented in inflation adjusted terms with a base period of the most current period. Note that when we remove the effects of inflation prices are higher in the past compared with unadjusted prices when viewed from today's prices.

Data is sourced from CoreLogic.



This shows that a jump in house prices occurred from 2016 and suggests upward pressure on housing affordability (if incomes are not similarly rising at the same time).

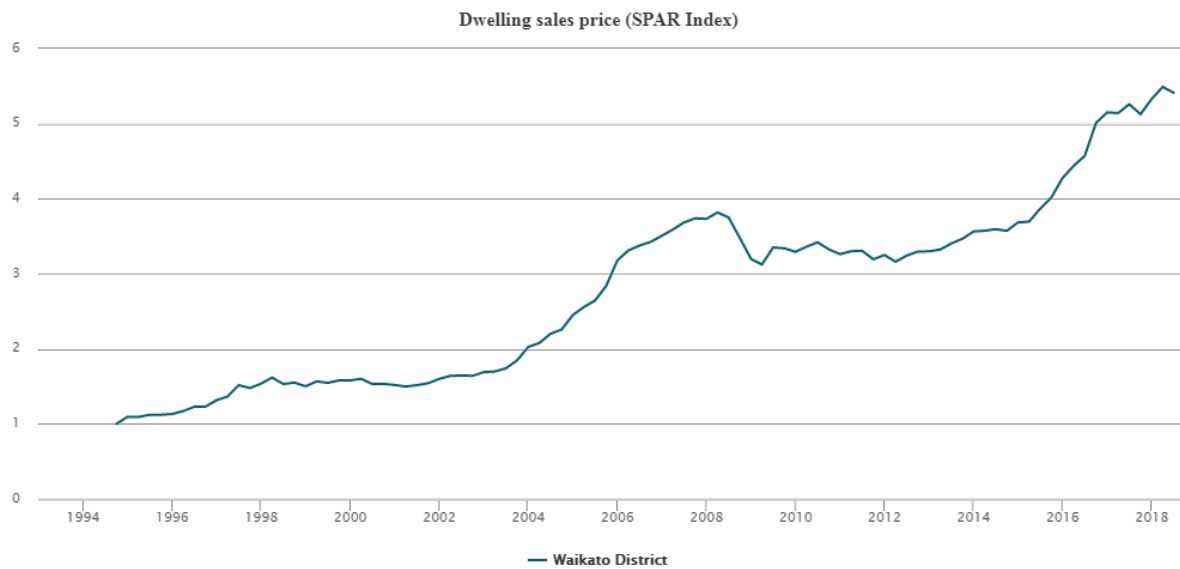
Sales prices are also available at a Ward level. Out of the ones shown below, Newcastle Ward has the highest prices (over \$900,000), and three wards (Awaroa ki Tuakau, Raglan and Whangamarino) are currently clustered within a \$580-700,000 range).



6) Sales price (SPAR)

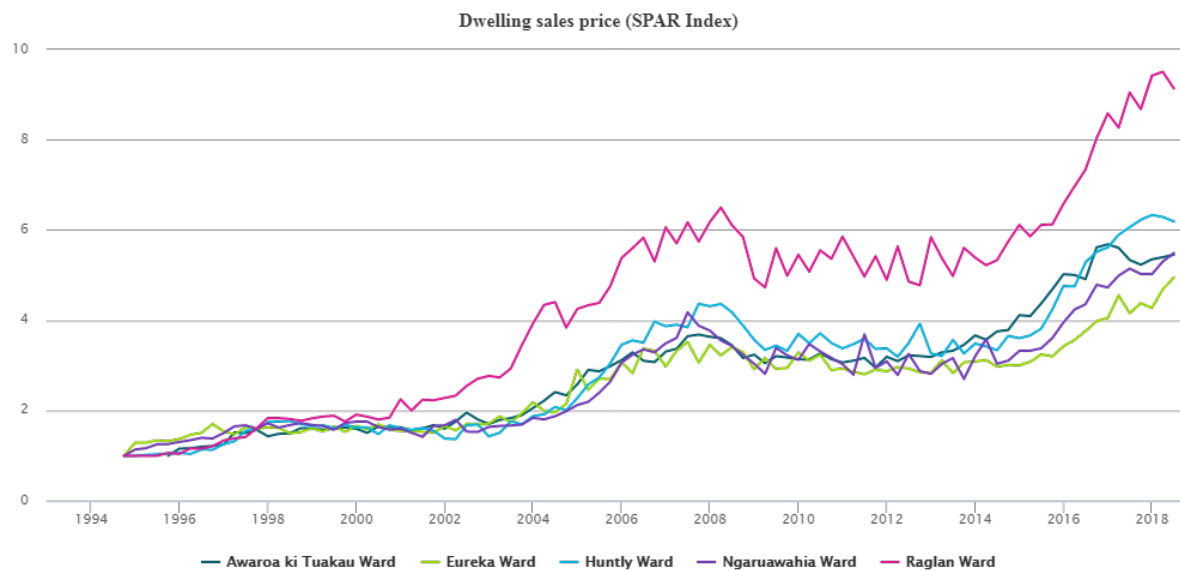
The Sales Price Appraisal Ratio (SPAR) provides an index of percentage change in dwelling sales prices relative to a common base year. It is constructed by comparing the sales price of each

dwelling sold in a period with its (council) valuation estimate. It adjusts for the composition and quality of the dwellings sold over each period. Data is sourced from CoreLogic.



This similarly shows that a jump in house prices above capital values occurred from 2016 and suggests a growing gap between sales prices and capital values which is higher than the previous market peak in 2008 (pre-GFC). While an increasing gap suggests capital values will catch-up eventually, it also signals upward pressure on housing affordability (if incomes are not similarly rising at the same time).

The next graph shows the sales price appraisal ratios for several wards within Waikato district. Data is not available for the wards not present in the graph. However, inferences could be made using council valuation estimates and sales price figures sourced from CoreLogic if wanted.



This shows that since 2016 several wards have displayed a gap of 4-6% between sales prices and capital values, but Raglan Ward has been above 4% since 2004 and is currently around 9%.

7) Holiday homes/Airbnb

Growth in Airbnb short-term rentals will imply some loss of long-term rental stock is likely to (however, most Airbnb will be holiday homes that wouldn't otherwise be rented out long-term anyway). An Infometrics report⁶ prepared for the council states that Raglan was the most popular location in the district in terms of the number of Airbnb listings and guest nights in the summer of 2017/2018.

Raglan and Te Uku have the largest number of Airbnb listings in the Waikato District, accounting for 45% of total listings in February 2018. The number of listings and stay nights also increased markedly between the summer months in 2016/17 and the summer in 2017/19. As at Feb. 2018 Raglan had 186 listings (up from 119 in 2017) and Te Uku had 108 (up from 79 in 2017)⁷. Summer was clearly busier than winter, with four times as many nights booked in January than in July. Raglan's split between whole houses vs. private rooms (within a house) is higher than for the district as a whole (at 53% and 46% respectively) with 75% whole houses and 25% rooms within a house. That is 140 whole houses (and 46 other 'rooms') were available for Airbnb rental. If it is assumed that the private rooms are mainly in permanent residents houses, the 140 whole houses is equivalent to one-fifth of the 715 houses owned by non-residents (and less than 10% of the total stock of houses in Raglan). That still suggests that the majority of holiday homes are not currently being made available for rent through the summer months (or at least not via Airbnb). Potentially some of these dwellings (the 'family-sized' ones) might otherwise be available for long-term rental, but that would rely on holiday home owners not wanting access themselves outside of the summer period.

The Infometrics report suggests the situation should be monitored to see whether continued growth in Airbnb listings, or a high proportion of whole houses being made available throughout the year, is starting to encroach on the private rental market.

8) Housing Development Capacity Assessment 2017

Projections of future demand for dwellings in the wider Future Proof sub-region include data for the district⁸. The Waikato District had an estimated demand for 25,400 dwellings in 2017. This is projected to increase by an additional 2,600 dwellings in the short-term (to 2021), 5,900 additional dwellings in the medium term (to 2026) and 16,900 additional dwellings in the long-term (to 2046) to reach a total demand of 42,300 dwellings in 2046. Over time, significant relative growth in demand is forecast to occur across many of the district's urban settlements, with the largest net growth in Pokeno, Tuakau, Te Kauwhata, Ngaruawahia and Huntly. The area to the north east of Hamilton is projected to be the largest area of demand growth in both the short and medium-term. Growth in demand in this area is predominantly within the peri-urban area spread across a number of smaller localities and lifestyle block areas.

The report assesses the sufficiency of development capacity based on the Operative District Plan and the council's infrastructure plans as at 2017. Overall, in the short-term (2021), the modelling projects a net surplus of capacity of around 3,700 dwellings within the Waikato District as a whole. Over the medium-term (2026), the surplus remains, but decreases to around 2,100 dwellings. However, in the long-term, a shortfall of 13 per cent emerges – around 6,400 dwellings.

When considering the value distribution of dwellings, shortfalls are projected to occur in the lower to mid price brackets, increasing into the long-term. In the short and medium-term, some of this

⁶ Refer Infometrics 'Measuring the scale and scope of Airbnb in Waikato District' April 2018.

⁷ Raglan was by far the most popular area unit, with 14,884 stay unit nights in the 12 months to February 2018. Te Uku had 6,955 stay unit nights over the same period.

⁸ Refer Market Economics 17 July 2018 Housing Development Capacity Assessment 2017 Future Proof Area – Waikato District, Hamilton City and Waipa District.
http://www.futureproof.org.nz/file/market-economics-housing-development-capacity-assessment-2017_17-july-2018-final.pdf

demand could be met through market adjustment within the mid value brackets. Surpluses are also projected to occur within the higher value bands, although it is unlikely these will be able to meet demand within the lower price brackets.

By location, a surplus of capacity exists in the short-term across most of the main urban settlements (Ngaruawahia, Te Kauwhata, Pokeno and Taupiri, and to a lesser extent Tuakau and Huntly). A significant surplus also exists in the area around the edge of Hamilton, which mainly includes lifestyle block properties. The largest areas of deficit occur outside of the main urban settlements, across smaller settlements in the largely rural areas.

The largest area of deficit occurs across the areas to the northeast of Hamilton although this deficit is adjacent to Hamilton Edge, a large area of surplus. Most of the larger urban towns and settlements (Te Kauwhata, Ngaruawahia, Tuakau, Pokeno and Taupiri) continue to have a capacity surplus in the medium-term. The small surplus in Tuakau increases into the medium-term as more infrastructure is supplied for greenfield development.

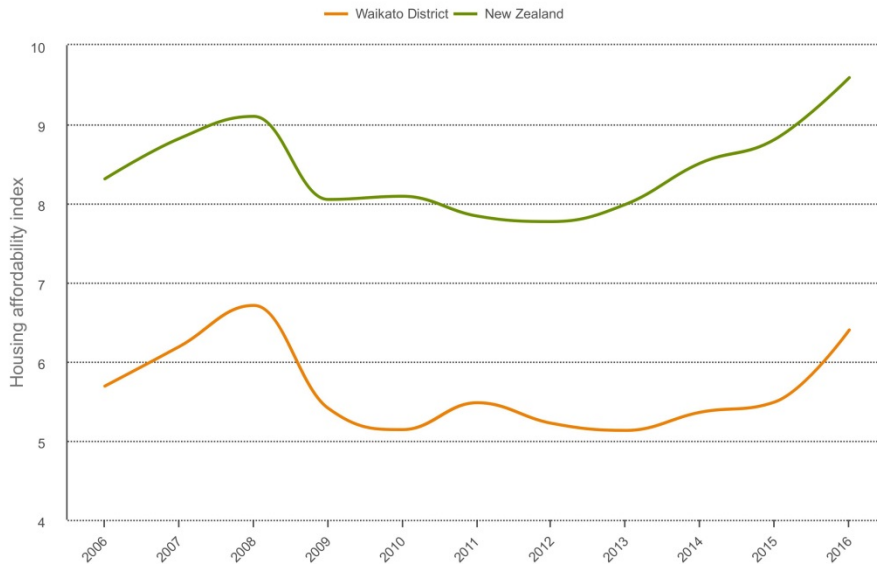
A deficit emerges in Huntly and continues to widen in Raglan due mainly to greenfield infrastructure constraints. The projected supply of new dwellings able to be built in Raglan will likely fall short by over 300 dwellings, as a maximum of only 107 additional dwellings are estimated to be developed by 2026 through a combination of subdivision, infill and greenfields development. The supply deficit is due to 'plan-enabled' zoned land in greenfield areas not having infrastructure 'in place' and also to commercial feasibility constraints reducing the ability to provide dwellings at prices that demand can afford. Most greenfields capacity will not become available until after 2026, and can then only meet half of the long-term demand for 1,284 dwellings.

In the long-term, capacity deficits emerge in the larger urban settlements of Pokeno and Tuakau. In the case of Pokeno, infrastructure provision within the greenfield areas becomes a constraint on feasible capacity in the long-term where there is a difference of around 1,300 dwellings when comparing feasibility with and without infrastructure constraints. A large surplus is projected to occur in Taupiri in the long-term as more greenfield capacity is supplied with infrastructure. Te Kauwhata and Ngaruawahia are projected to continue to experience capacity surpluses into the long-term, however, these may become smaller if a higher share of demand is concentrated into these urban settlements into the future.

Appendix 4

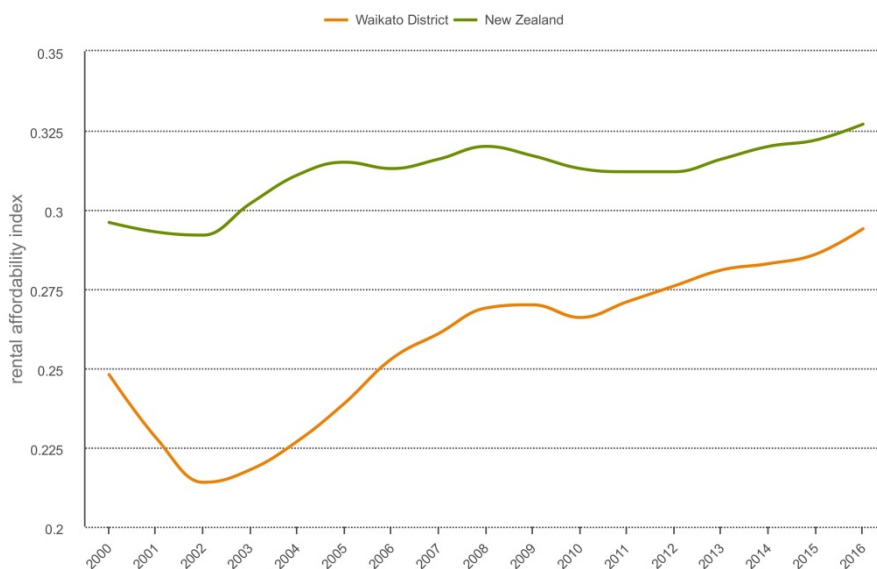
Infometrics Affordability Indices

Housing Affordability Index (Infometrics, 2018)



The Housing Affordability Index is the ratio of the average current house value to average annual earnings. A higher ratio, therefore, suggests that median houses cost a greater multiple of typical incomes, which indicates lower housing affordability - <http://openwaikato.co.nz/InfoMetrics>.

Rent Affordability (Infometrics, 2018)



Rental affordability index is the ratio of the average weekly rent to average weekly earnings. A higher ratio, therefore, suggests that average rents cost a greater multiple of typical incomes, which indicates lower rental affordability - <http://openwaikato.co.nz/InfoMetrics>.

MEMORANDUM

To	Executive Leadership Team / Audit and Risk Committee
From	Stephen Howard (Snr Planner – Waters)
Subject	Emerging Risk: Responding to proposed Waikato Regional Plan Change 1 – Waikato and Waipa Catchment: Risk Issues for Waikato District Council (WDC)
File	Waikato Regional Council (WRC) Healthy Rivers Wai Ora (Plan Change 1)
Date	13/11/2018

Healthy Rivers Plan Change (PC)

The Waikato Regional Council (WRC) Plan Change (PC) seeks to improve the water quality within the Waikato and Waipa River Catchments through lessening the extent of contaminants within diffuse (farming) and point source discharges, entering waterways. The PC is controversial, particularly within the rural sector. The PC intends to regulate farming and horticulture within the catchment (i.e. resource consents needed for these activities) and introduce firmer provisions for discharge from wastewater treatment plants (WTP). WDC has participated throughout the development of the plan change as a key stakeholder, and also a submitter when it was notified in 2017. WDC's position is one of support in principle for the environmental outcomes sought, subject to amended plan provisions that lessen potential for adverse economic and social effects of communities. Two areas of risk, and WDC mitigation methods are:

Council Partnerships/ Economic and Social Development

WDC consider that any new statutory requirements on farming operations need to also ensure enhanced social and economic opportunity for rural communities and larger towns in the district. WDC Staff have been advised by Dr Frank Scrimgeour (Rural Economy expert - Waikato University) initially through Council workshops, then through submission writing. This ensured that a proactive submission offering feasible solutions was prepared. The submission succinctly addressed Councillor concerns for residents. Frank is engaged to represent WDC at the future WRC hearing, where ability exists for additional evidence presentation also (i.e. GM or Mayor etc).

Outcomes sought by WDC are largely aligned with the other eight local authorities within the river catchments, where legal representation (Berry Simon) has been secured by the group. This is a joint initiative to ensure that greater local government influence is achieved with 'one voice'. Berry Simon has prepared a further submission on behalf of all Councils, and will participate in future RMA processes. In summary, associated risk has been limited to the greatest extent possible as a submitter, where methods are in place to ensure future proactive participation in the PC.

Compliance Management/Asset Management

The contaminant contribution of point source discharges to waterways is insignificant in contrast to farming discharges, given that the activity has been regulated for decades. Mitigation is already in place through WTP treatment trains, however the PC will require

greater improvement to discharge quality at the time of consent renewal. Upgrades will come at a cost to the community. Potential for unaffordable upgrades were recognised early by both industry and local government, where both groups participated in the writing of draft provisions as part of the PC's 'Collaborative Stakeholders Group' initiative. Resultant notified provisions have recognised past financial expenditure, and allow for the 'best practical option' at the time of renewal. Such wording was considered by the groups to ensure the flexibility required for affordable future upgrades.

In any-case, present WDC asset and growth planning is focusing on the likelihood that WRC will request WTP upgrades to modern state-of-the-art membrane systems. WDC Housing and Infrastructure Funding (HIF) and Northern Growth Corridor (NGC) planning incorporates future membrane treatment solutions, at the best value for money. Expert consultancy engagement (Beca) and staff appointment (Te Kauwhata and NGC Project Manager) are in place to ensure affordable outcomes are met. In summary, associated risk has been limited to the greatest extent possible through participation in PC drafting, and proactively recognising the future likelihood of WWTP upgrades, which need to be planned in an affordable manner.

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	29 November 2018
Prepared by	Katja Jenkins Risk Advisor
Chief Executive Approved	Y
Reference #	GOV1318 / 2129674
Report Title	Risk Appetite Review December 2018

I. EXECUTIVE SUMMARY

The purpose of this report is to review recommended changes to Councils Risk Appetite Statements. The Audit & Risk Committee's ("the Committee's") work programme provides for an annual review of Council's risk appetite. The Executive Leadership Team ("ELT") have undertaken such a review and provided suggested updates to the Risk Appetite Statements for the Committee's consideration.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received;

AND THAT the Audit & Risk Committee approves the proposed changes to the Organisational Risk Appetite Statements.

3. DISCUSSION

During November ELT met to review the existing Risk Appetite Statement ("RAS") document with the purpose of providing recommendations for updates to the Committee.

The following items were given consideration:

- Organisational maturity in a Risk Appetite ("RA") context;
- Update of the Corporate Outcomes in the RA document;
- Update of the RA summary page in the RA document;
- Update of the RA 'scores'; and
- Alignment of RA framework with organisational risk portfolios

Organisational maturity in a Risk Appetite context

Effectively deciding on and communicating RA requires Management to be clear on what successful organisational performance looks like. Discussion was based on the following statements:

- Council will take informed risk; but at what level?
- How much risk (of what type) Council will take to achieve organisational goals?

Managements proposed changes allow them to be comfortable to let people make decisions based on the RA with consideration to organisational awareness and maturity (culture). The four key areas of consideration were:

- Risk Leadership;
- Risk Governance;
- Risk Competency; and
- Decision Making.

Update of the Corporate Outcomes

Management's recommendations for these updates were based on alignment with the Corporate Plan and the suggested outcomes align with the four corporate chapters:

- Customer and Community;
- Financial Stewardship;
- Innovation; and
- Our People.

Update of the Risk Appetite summary page

These paragraphs summarise the recommended risk appetites and provide context.

Update of the Risk Appetite score

Each risk appetite score was evaluated with consideration to the corporate and community objectives, Councils vision and goals, the current change programme and with organisational maturity. The RA score graphic was updated to demonstrate a range with the intent to communicate to users that evaluating risk scores is not an exact science but has many considerations and influencing factors.

Framework Alignment

The RA scoring framework was aligned with the eight business risk portfolios and a portfolio description was added to provide clarity of risk context to the user.

4. ATTACHMENTS

Appendix 1 demonstrates the proposed changes (in coloured text). The current Risk Appetite Statement is attached as Appendix 2:

- Appendix 1 – Waikato District Council – Risk Appetite Statement (proposed)
- Appendix 2 – Waikato District Council – Risk Appetite Statement (current)

Waikato District Council

Risk Appetite Statement

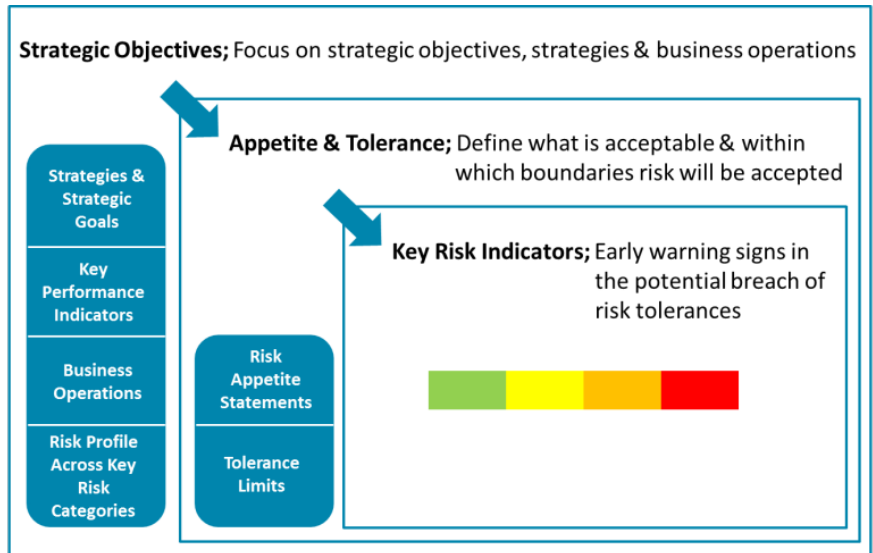
(Proposed)



Katja Jenkins
10/3/2017

Risk appetite is the conscious decision about which risks, and how much of each, the organisation is willing to take on. Councils risk appetite reflects our business model, our risk capacity, our internal risk management capabilities and our culture. Our appetite for risk is influenced by a number of factors including (but not limited to) the business environment, our people, our community needs and wants, our business systems and our policies. Having a clearly defined risk appetite gives clarity to the wider organisation about the nature and degree of risks that can be taken with our strategic, operational and project work.

Defining risk appetite is intimately linked to defining the overall strategy of an organisation and is therefore a task for the Executive Leadership Team and Council through the Audit & Risk Committee.



Benefits of Communicating Organisational Risk Appetite

CLARITY	<ul style="list-style-type: none"> • Clarify & communicate ELT & Councils expectations on the amount of risk the organisation is willing to take and accept • Align understanding of risk strategies across the organisation
GOVERNANCE	<ul style="list-style-type: none"> • Delegate authority at the operational level to proactively manage & monitor risks within agreed timeframes • Define clear reporting & escalation thresholds & protocols to ELT & ARC
CONTROLS & ASSURANCE	<ul style="list-style-type: none"> • Enhance risk oversight & assurance by providing robust means to assume acceptable risk types and levels • Optimise risk management & control adequacy & effectiveness for key risks ensuring early actions are taken before risks materialise
RISK CULTURE	<ul style="list-style-type: none"> • Encourage consistent & desired risk behaviours across the organisation • Involve stakeholders alongside the business to implement good risk management practices

Defining and articulating risk appetite has a positive influence on our culture and behaviour. It gives our people an improved understanding of what risk management means to their roles and helps them to apply effective risk management practices.

Risk appetite is a key component of effectively communicating risk expectations and ensuring a common approach across the three identified 'lines of defence';

- those managing risk
- those setting and overseeing the risk management practices, and,
- risk assurance providers

Discrepancies between the Councils agreed risk appetite and residual risk levels determine whether more controls are required to appropriately manage a risk or whether there is space for more opportunity to be sought.

Waikato District Council aspires to be a recognised leader in creating a district that prides itself on economic excellence, local participation and sustainable communities. Council's activities are funded by district rates payments and through other funding sources and initiatives.

The organisations strategic direction can be summarised as:

Community Outcomes

Sustaining Our Environment

- Waikato District is a community that believes in environmental sustainability; Council will pursue and promote related ideas and manage regulatory process to safeguard and improve the district.

Providing value for money

- Residents/Ratepayers get value for money because Council finds innovative ways to deliver strategic, timely and fit for purpose infrastructure and services at the most effective cost.

Supporting Our communities

- Council considers the well-being of all the people in the district during the planning and delivery of Council activities. As such, Council will support and plan for the development of complete and connected communities.

Building Our Economy

- Council aims to attract diverse enterprise/business; creating jobs and opportunities for the districts communities, and, to continue to support existing industry. Support will be provided to others who leverage our location to ensure tourism brings benefits to a range of people in the districts communities.

Working Together

- Council will work with communities to collectively focus on the right things at the right time.

Corporate Outcomes

Customer & Community

- We apply a human centred approach to our service design to support our business units to re-evaluate their services and reset their priorities where required.
- We coordinate the delivery of our information so our customers understand it and want to engage with us.
- We co-design with our customers to create a multi-channel customer experience that meets their needs in step with our district growth and requirements, making navigating council easy.
- We understand who our customers are and what is important to them and build strong local relationships so that we are able to easily engage on topics that matter to them.
- We make engaging with us easy by understanding and aligning our marketing and communications to our communities' desires and by coordinating our efforts across the business
- We deliver a brand that has strong and respected recognition with our stakeholders and community.

Financial Stewardship

- We know what activities to focus on, how they align with agreed strategies and when and where the money will come from. Resources are deployed to the best possible effect based on community wants or needs

- We have a deep understanding of our business, how to support long term service delivery, and, regularly review and test for efficiency and effectiveness. We try new things in recognition that value is broader than cost efficiency alone and have clear measures of what value should be delivered.
- We manage public money and we take our financial responsibilities seriously demonstrating effective cost control and accurate forecasting. We are transparent and adhere to financial controls.

Innovation

- We are mobile and connected, with the digital tools to do that can provide our services from anywhere in our district.
- Our information is presented to us quickly, in a way that we can understand and digest and is stored once in a master source location. We have access to the information that prepares our organisation to respond.
- We collaborate to deliver innovative services and digital engagement responsibly. Our systems are integrated to make it easy to access and share information internally and externally.
- We actively seek opportunities to provide benefits to the community, the organisation and individuals.

Our People

- We know that organisational strategy cannot be successful without an employee experience commitment. We are an employer of choice with highly engaged employees delivering exceptional service. We invest in our people and they understand the role of our organisation within communities and their role in contributing to the same.
- We recognise the skills and creativity of individuals and allow them to make and implement decisions. We focus on outcomes (not outputs) which encourage a supportive, sharing, integrated organisation.

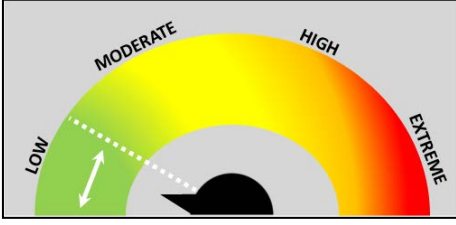
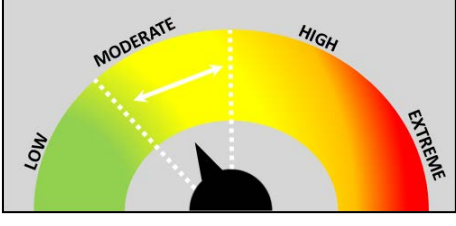
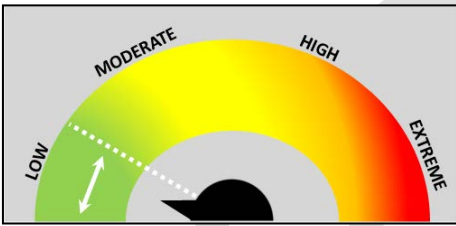
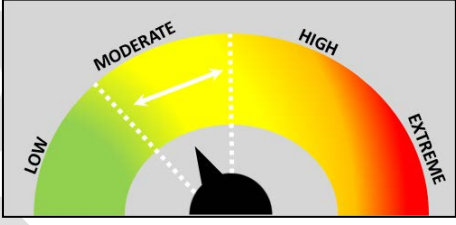
Council is driven by the corporate and community objectives and recognises that the body of work to achieve these objectives is comprehensive. Internally there is a significant change focus driven by the strategies to deliver on the commitments that have been made. To facilitate achievement of Council's objectives the organisations internal focus is based on effective planning, successful community engagement and on making the right decisions to ensure Council is 'doing the right thing' to meet the community's needs.

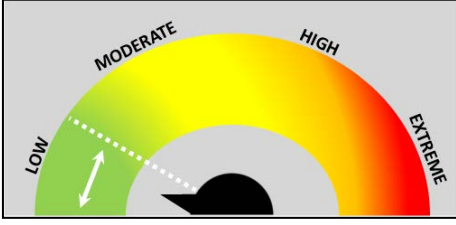
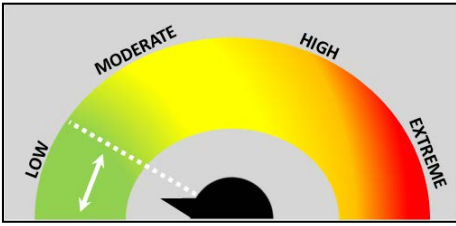
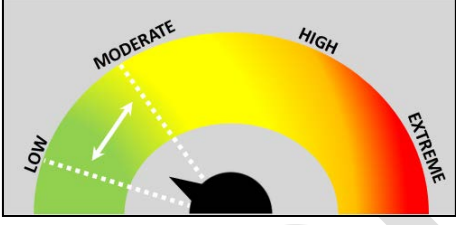
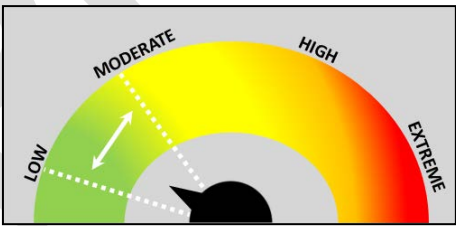
Council is willing to take well defined risks at a moderate to high level where it will result in the achievement of strategic objectives; specifically in projects, growth, financial management and internal culture areas. Council understands that the successful achievement of its objectives is significantly supported by its perceived reputation with its customers. Accordingly, Council is not willing to accept risks that would adversely impact its reputation, nor where there is employee or customer wellbeing is compromised.

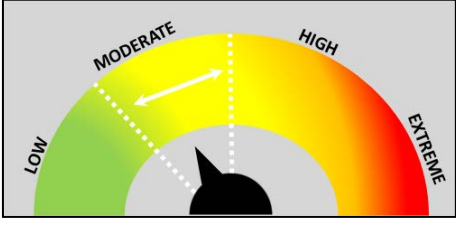
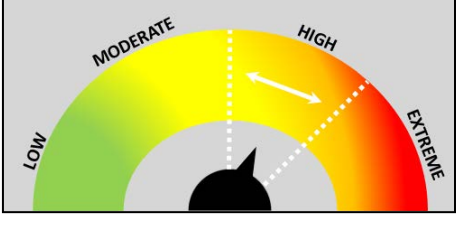
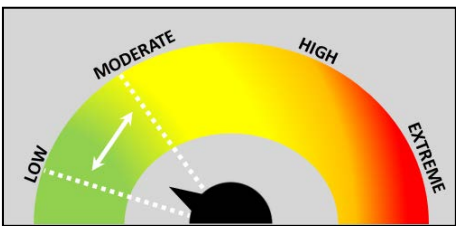
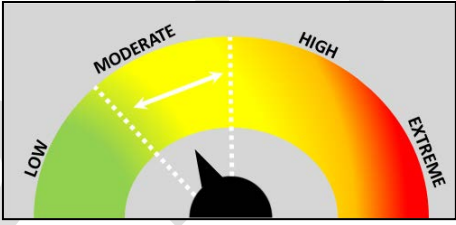
Where the organisation is determined to adopt strategies, initiatives or actions that could exceed the stated risk appetite, the Executive Leadership Team and Council, through its Audit & Risk Committee, would expect to be fully consulted prior to those activities commencing.

The risk appetite statements in this document are for Council itself and any partners, contractors or participating associates. Further detail on individual material areas of risk and risk portfolios are set out subsequently in this document.



RISK PORTFOLIO	PORTFOLIO DESCRIPTION	RISK APPETITE	RISK APPETITE STATEMENTS	POTENTIAL KEY RISK INDICATOR
<p>Business Continuity Operational Resilience</p>	<p>Business continuity risks impacting the day to day business function and level of service delivery. These can be from inadequate or failed internal processes, activities and systems (recruitment, training, change management), or from unforeseen external events (such as a natural disaster or unprecedented growth) that disrupt normal business operations.</p>	<p>Low</p> 	<p>Continuity of services and availability of accurate and timely information to Council and the Executive is considered a key approach. Poor operational risk management can damage Council’s reputation and cause financial loss. Although we do have some tolerance for risk to ensure that we are delivering services efficiently to our customers and allowing opportunity for innovation, we need to carefully consider the impact of activities to ensure continuity of essential services.</p>	<p>Business continuity/IMT Operational KPIs (number required through BU/GM reports)</p>
<p>People & Culture</p>	<p>Risks associated with health and safety, or the capacity and capability of staff, elected members or partnerships; the behavioural and/or performance of staff, elected members or partnerships; and supplier confidence.</p> <p>People risks typically result from staff constraints (cannot fill critical open positions), incompetence (employees, partners or suppliers lack the necessary skill & knowledge to do jobs correctly), dishonesty (theft, fraud) or a corporate culture that does not cultivate risk awareness (i.e. lack of regard for Health & safety processes, risk management processes)</p>	<p>Moderate</p> 	<p>Council recognises that human capital (with consideration to people’s knowledge, skills, attitude and behaviours) is a critical asset and key to achieving the organisational objectives. Our current environment demonstrates significant competition for talent and a nationwide resource deficiency in many of the business areas that provide essential services for our customers.</p> <p>Council is willing to invest in attracting, developing and retaining talent with the right skill sets and competencies, and will maintain a robust succession plan for key positions to ensure leadership continuity.</p> <p>With that in mid, we are prepared to make tough decisions to ensure the organisation is not compromising on its commitments to the values that ensure a complaint, healthy, and productive workplace culture.</p>	<p>Staff turn-over Decline in staff engagement survey Number of internal complaints & investigations Whistleblowing Bullying</p>
<p>People Zero Harm</p>		<p>Low</p> 	<p>Employee wellbeing is a top priority. Council works hard to uphold safe practices and is committed to invest to review and improve safety practices and performance. We aspire to be better than good enough.</p>	<p>Number of zero harm incidents (including near miss) Lead KPI - TRIFR</p>
<p>Financial</p>	<p>Risks related to the financial management of WDC and the ability to fund Council activities and operations now, and into the future. Risks related to the management of operational and or project budgets (potential for loss). External economic factors related to changes in the prevailing market conditions that impact on the organisations financial capability.</p>	<p>Moderate</p> 	<p>With consideration to financial risks related to the financial management of WDC and the ability to fund Council activities and operations now, and into the future Council aims for a change of approach to be more proactive rather than reactive (we need to spend to achieve; not because poor process has resulted in overspend, but because it is the right way to do things and we are getting value for that money). Council is willing to accept greater financial investment as a way of delivering better outcomes and making hard decisions around finances for the future.</p>	<p>Variance to budget</p> <ul style="list-style-type: none"> • Opex • Capex

RISK PORTFOLIO	PORTFOLIO DESCRIPTION	RISK APPETITE	RISK APPETITE STATEMENTS	POTENTIAL KEY RISK INDICATOR
<p>Financial Fraud</p>		<p>Low</p> 	<p>As a tax payer funded organisation, Council has zero tolerance to fraud. Even a minor fraud incident or suspected fraud will result in the loss of customer trust and confidence.</p>	<p>Identified incident of fraud by Councillor, Executive, Staff or Partner</p> <p>Number of control breakdowns identified through audit and compliance programme</p> <p>Lead Indicator – Whistleblowing events</p>
<p>Reputation / Image</p>	<p>Risks related to the impact of organisational actions (business undertakings). Reputational risks typically result when the public perception of Councils actions and /or Councils personnel are deemed to be inappropriate.</p>	<p>Low</p> 	<p>Being a public sector the risk appetite is driven by Council and the Executives desire to make our communities feel trust in Council (reputation, image and branding) and for our customers to understand that we have their best interests at heart. We want our customers to view us as experts whose purpose is to provide for them. For this reason, Council and the Executive prefer to make decisions on items that may impact reputation or community relationships.</p>	<p>Media response</p> <p>Complaints/Compliments</p> <p>Initiation of government tribunal inquiry</p>
<p>Compliance / Regulatory</p>	<p>Risks related to WDC exposure to liability (legal action, fines, non-compliance against consent conditions, codes etc.)</p>	<p>Low – Moderate</p> 	<p>The risk appetite is driven by Council and the Executive having a strong desire to be compliant with regulatory requirements to ensure that customers, staff and Council are appropriately protected from exposure to liability. However, as a local government body Council is subject to regulatory changes which can take time to effect and may therefore be prioritized. Subsets of the risk appetite are defined as follows:</p> <ul style="list-style-type: none"> • H&S – Low • Legislation – Low • Corporate – Low • By-laws – Moderate • Consenting – Moderate/Low <p>Council takes the approach of ‘Engage; Educate; Enforce’.</p>	<p>Number of non-compliances identified through the compliance programme</p> <p>Instance of non-compliance raised by a regulatory body</p> <p>New/Changed legislation</p> <p>KPIs</p>
<p>Environmental</p>	<p>Potential or actual negative environmental or ecological impacts, regardless of whether these are reversible or irreversible in nature. Risks can arise from;</p> <ul style="list-style-type: none"> • Natural hazards e.g. landslides • Waste & Refuse, emissions, resource depletion etc. • Emergency/ Disaster management • Growth & Development 	<p>Low – Moderate</p> 	<p>Council is a community that believes in environmental sustainability and is willing to pursue and promote environmental initiatives to improve the district such as the ‘Zero Waste’ target introduced in 2016.</p> <p>Councils planning controls, for buildings, transport, infrastructure and recreation, along with service provision, assist in protecting cultural heritage and the natural and physical environment and monitoring activities to ensure compliance with legislation.</p>	<p>Challenge of decisions</p> <p>Maintaining monitoring programme</p> <p>Non-compliances identified</p>

RISK PORTFOLIO	PORTFOLIO DESCRIPTION	RISK APPETITE	RISK APPETITE STATEMENTS	POTENTIAL KEY RISK INDICATOR
Political & Strategic	Risks that may impact on the organisations ability to achieve its strategic objectives created by political conditions. This may be due to internal factors (actions of politicians) and or external conditions e.g. growth, events or decisions that could have effect on the achievement of strategic objectives.	Moderate 	Council seeks opportunities to enhance the value it delivers to its customers. Lack of action in the strategic forum can impact our ability to remain relevant to our customers. Council is willing to take a moderate amount of risk in achieving strategic objectives through key investment such as digital transformation, economic development, and innovation.	Delays in launch/progressing key strategic initiatives
Political & Strategic Growth		High 	Growth rate in the Waikato district is expected to surpass Hamilton and match Auckland’s over the next 26 years. Providing affordable housing, essential services and social infrastructure for the increasing population has a number of challenges including added pressure on Council staff to manage increasing workloads that deliver planning and consenting requirements. In order for Council to facilitate development Council are willing to look at new and innovative ways of providing services. Exploring beneficial partnerships, providing incentive for local businesses and supporting and promoting social initiatives such as place making and environmental programmes all contribute.	Meeting NPS requirements Developer survey Economic development net promoter score
Technical Cyber Security & IT Dependence	Risks affecting the ability of WDC to complete or have confidence in the function or completion of a task, activity, project, operation. These are quality risks e.g. failure due to lack of technical capability or certainty in; <ul style="list-style-type: none">Existing equipment, tools, technology, software, hardware etc.Design surety, manufacturing competency, technical performance etc.	Low – Moderate 	Due to growing dependency on technology and increasing threat of attacks, the organisation believes that ongoing attention is required to manage IT-related risk. Despite this, with a future view, Council still wants to actively seek opportunities to use technology to improve customer services.	Number of security incidents caused by malicious software Number of audit findings where recommendations have been accepted but not remediated/ have become over-due
Technical Projects		Moderate 	The diverse nature of Council requires us to undertake varied projects to continue to effectively deliver services to the community. In the interest of achieving our long term objectives and with consideration to the growth in our district it is necessary to take some project risks to enable us to develop our district and economy. Council wants to move away from focus on delivering the right solutions rather than concentrating on the time and cost of projects.	Number of failures of benefits realised through key projects (failure / malfunction of technology / tools / equipment and or design / manufacturing competency) Project KPI’s (RAG reports)

Waikato District Council

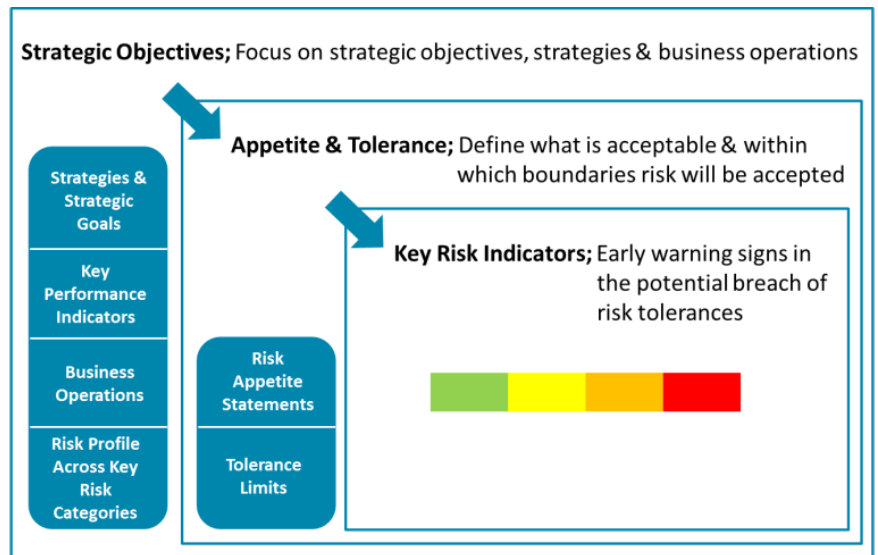
Risk Appetite Statement



Katja Jenkins
10/3/2017

Risk appetite is the conscious decision about which risks, and how much of each, the organisation is willing to take on. Councils risk appetite reflects our business model, our risk capacity, our internal risk management capabilities and our culture. Our appetite for risk is influenced by a number of factors including (but not limited to) the business environment, our people, our community needs and wants, our business systems and our policies. Having a clearly defined risk appetite gives clarity to the wider organisation about the nature and degree of risks that can be taken with our strategic, operational and project work.

Defining risk appetite is intimately linked to defining the overall strategy of an organisation and is therefore a task for the Executive Leadership Team and Council through the Audit & Risk Committee.



Benefits of Communicating Organisational Risk Appetite



Defining and articulating risk appetite has a positive influence on our culture and behaviour. It gives our people an improved understanding of what risk management means to their roles and helps them to apply effective risk management practices.

Risk appetite is a key component of effectively communicating risk expectations and ensuring a common approach across the three identified 'lines of defence';

- those managing risk
- those setting and overseeing the risk management practices, and,
- risk assurance providers

Discrepancies between the Councils agreed risk appetite and residual risk levels determine whether more controls are required to appropriately manage a risk or whether there is space for more opportunity to be sought.

Waikato District Councils Risk Appetite Statement

Waikato District Council aspires to be a recognised leader in creating a district that prides itself on economic excellence, local participation and sustainable communities. Council's activities are funded by district rates payments and through other funding sources and initiatives.

The organisations strategic direction can be summarised as:

Community Outcomes

- Sustaining Our Environment

Waikato District is a community that believes in environmental sustainability; Council will pursue and promote related ideas and manage regulatory process to safeguard and improve the district.

- Providing value for money

Residents/Ratepayers get value for money because Council finds innovative ways to deliver strategic, timely and fit for purpose infrastructure and services at the most effective cost.

- Supporting Our communities

Council considers the well-being of all the people in the district during the planning and delivery of Council activities. As such, Council will support and plan for the development of complete and connected communities.

- Building Our Economy

Council aims to attract diverse enterprise/business; creating jobs and opportunities for the districts communities, and, to continue to support existing industry. Support will be provided to others who leverage our location to ensure tourism brings benefits to a range of people in the districts communities.

- Working Together

Council will work with communities to collectively focus on the right things at the right time.

Corporate Outcomes

- One highly engaged team

In the midst of a diverse and rapidly changing community the organisation operates as one team working together across projects and disciplines; supporting, challenging and inspiring each other. Together, the Executive, Management and Staff can achieve more for the community and are proud of everyone's contribution to making Waikato District Council a great place to work.

- Partnering in a proud and thriving economy

Waikato district is home for young and old, from tangata whenua to those just arrived, the district fosters pride of place for generations. Our people excel and our elders are connected. Business, both urban and rural, is thriving and quality jobs are plentiful. Council co-design decisions with the community and is actively interested in the future. The district is excited and proud of the future we are building.

- Effortless customer experiences

Engage. Educate. Enforce. From the simplest interactions to working together in complex situations Council empowers customers with knowledge, value their time and enforces regulation with consistency and transparency. Council's interactions ensure that customers understand that they are our focus.

Council is driven by the corporate and community objectives and recognises that the body of work to achieve these objectives is comprehensive. Internally there is a significant change focus driven by the strategies to deliver on the commitments that have been made. To facilitate achievement of Council's objectives the organisations internal focus is based on effective planning, successful community engagement and on making the right decisions to ensure Council is 'doing the right thing' to meet the community's needs.

Council is willing to take well defined risks at a low to moderate level where it will result in the achievement of strategic objectives; such aspects include projects, strategic, and operational areas. Council understands that the successful achievement of its objectives is significantly supported by its perceived reputation with its customers. Accordingly, Council is not willing to accept risks that would adversely impact its reputation.




Where the organisation is determined to adopt strategies, initiatives or actions that could exceed the stated risk appetite, the Executive Leadership Team and Council, through its Audit & Risk Committee, would expect to be fully consulted prior to those activities commencing.

The risk appetite statements in this document are for Council itself and any partners, contractors or participating associates. Further detail on individual material areas of risk are set out subsequently in this document.





Waikato District Council - Risk Appetite Statement

Risk Appetite and Statement

RISK	RISK APPETITE	RISK APPETITE STATEMENTS	POTENTIAL KEY RISK INDICATOR
CUSTOMER: Strategic	Moderate 	Council has a moderate risk appetite for strategic risk. The organisation seeks opportunities to enhance the value it delivers to its customers. Lack of action in the strategic forum can impact Councils ability to remain relevant to its customers, specifically in time of increased growth. Therefore, Council is willing to take a moderate amount of risk in achieving objectives through key strategic investment such as digital transformation, economic development, and innovation (within constraints of policy).	<ul style="list-style-type: none"> Delays in launch/progressing key strategic initiatives
CUSTOMER: Reputation/ Image	Low 	Council has a low risk appetite for risks that may adversely impact the organisations reputation, image and branding. Being a public sector the risk appetite is driven by Council and the Executives desire to make our communities feel trust in Council and for our customers to understand that we have their best interests at heart. We want our customers to view us as experts whose purpose is to provide for them. For this reason, Council and the Executive prefer to make decisions on items that may impact reputation or community relationships.	<ul style="list-style-type: none"> Media response Complaints/Compliments
CUSTOMER: Environmental	Low 	Council has a low risk appetite for environmental risk and potential of challenge. Council is a community that believes in environmental sustainability and is willing to pursue and promote environmental initiatives to improve the district such as the 'Zero Waste' target introduced in 2016. Councils planning controls, for buildings, transport, infrastructure and recreation, along with service provision, assist in protecting cultural heritage and the natural and physical environment and monitoring activities to ensure compliance with legislation.	<ul style="list-style-type: none"> Challenge of decisions Maintaining monitoring programme



Waikato District Council - Risk Appetite Statement



<p>FINANCE: Finance</p>	<p>Moderate</p> 	<p>Council has a moderate risk appetite for financial risk. With consideration to financial risks related to the financial management of WDC and the ability to fund Council activities and operations now, and into the future Council aims for a change of approach to be more proactive rather than reactive (we need to spend to achieve; not because poor process has resulted in overspend, but because it is the right way to do things and we are getting value for that money). Council is willing to accept greater financial investment as a way of delivering better outcomes and making hard decisions around finances for the future (we need technically based conversations).</p>	<ul style="list-style-type: none"> • Variance to budget <ul style="list-style-type: none"> ○ Opex ○ Capex
<p>INTERNAL PROCESS: Operational</p>	<p>Moderate</p> 	<p>Council has a moderate risk appetite for operational risk. Continuity of services and availability of accurate and timely information to Council and the Executive is considered a key approach. Poor operational risk management can damage Council’s reputation and cause financial loss.</p> <p>Through our operations we do have some tolerance for risk to ensure that we are delivering services efficiently to our customers and, both currently and in the future, allowing opportunity for innovation. Our diverse environment necessitates some operational risk such as those associated with geotechnical and specific asset management. Councils approach to operational risk is that we need to be ‘good enough’ to ensure continuity of essential services with consideration to value for money and likely future growth.</p>	<ul style="list-style-type: none"> • Business continuity/IMT • Operational KPIs (number required through BU/GM reports)




Waikato District Council - Risk Appetite Statement



<p>INTERNAL PROCESS: Projects</p>	<p>Moderate</p> 	<p>Council has a moderate risk appetite for project risk. The diverse nature of the organisation requires it to undertake big projects to continue to effectively deliver services to the community. In the interest of achieving our long term objectives and with consideration to the growth in our district it may be necessary to take some project risks to enable us to develop our district and grow the economy. We want to move away from concentrating on the time and cost of projects and instead focus on delivering the right solutions. Consideration therefore on the degree of project risk that may be taken should be given in light of potential reputational damage and loss of customer trust and confidence.</p>	<ul style="list-style-type: none"> • Number of failures of benefits realised through key projects • Project KPI's (RAG reports)
<p>INTERNAL PROCESS: Compliance</p>	<p>Low – Moderate</p> 	<p>Council has a low to moderate risk appetite for non-compliance with regulation and internal policy. As a local government body Council is subject to regulatory changes. The risk appetite is driven by Council and the Executive having a strong desire to be compliant with regulatory requirements to ensure that customers, staff and Council are appropriately protected from exposure to liability. Council takes the approach of 'Engage; Educate; Enforce'.</p> <p>Subsets of the risk appetite can be defined as follows:</p> <ul style="list-style-type: none"> • H&S – Low • Legislation – Low • Corporate – Low • By-laws – Moderate • Consenting – Moderate/Low 	<ul style="list-style-type: none"> • Number of non-compliances identified through the compliance programme • Instance of non-compliance raised by a regulatory body • New/Changed legislation • Training or other KPIs

Waikato District Council - Risk Appetite Statement



<p>INTERNAL PROCESS: Fraud</p>	<p>Zero</p> 	<p>Council has zero risk appetite for internal or external fraud. As a tax payer funded organisation, even a minor fraud incident or suspected fraud will result in the loss of customer trust and confidence. The biggest risk of internal fraud is through the delegation and procurement process.</p>	<ul style="list-style-type: none"> ● Identified incident of fraud by Councillor, Executive, Staff or Partner ● Number of control breakdowns identified through audit and compliance programme ● Lead Indicator – Whistleblowing events
<p>INTERNAL PROCESS: Growth</p>	<p>Moderate</p> 	<p>Council has a moderate risk appetite for risk associated with growth as we want to support any growth or economic activity. Growth rate in the Waikato district is expected to surpass Hamilton and match Auckland’s over the next 26 years. Providing affordable housing, essential services and social infrastructure for the increasing population has a number of challenges including added pressure on Council staff to manage increasing workloads that deliver planning and consenting requirements. In order for Council to facilitate development they are willing to look at new and innovative ways of providing services. Exploring beneficial partnerships, providing incentive for local businesses and supporting and promoting social initiatives such as place making and environmental programmes all contribute.</p>	<ul style="list-style-type: none"> ● Meeting NPS requirements ● Developer survey ● Economic development net promoter score
<p>ENABLERS: Cyber Security & IT Dependence</p>	<p>Low – Moderate</p> 	<p>Council has a low to moderate risk appetite for cyber security breach. Due to growing dependency on technology and increasing threat of attacks, the organisation believes that ongoing attention is required to manage IT-related risks. Despite this, with a future view, Council still wants to actively look for opportunities to use technology to improve customer services. It is likely however that a major cyber security breach or exposure will adversely impact customer trust and confidence. Additionally, Councils increased reliance on technology requires the business to maintain confidence in the technical capability of existing equipment, tools, software, hardware and technical performance</p>	<ul style="list-style-type: none"> ● Number of security incidents caused by malicious software ● Number of audit findings where recommendations have been accepted but not remediated/ have become over-due

Waikato District Council - Risk Appetite Statement



		from a business continuity perspective.	
<p>ENABLERS: Zero Harm</p>	<p>Zero</p> 	<p>Council has zero risk appetite for zero harm risk. Employee wellbeing is a top priority. Council works hard to uphold safe practices and is committed to invest to review and improve safety practices and performance. We aspire to be better than good enough.</p>	<ul style="list-style-type: none"> • Number of zero harm incidents (including near miss) • Lead KPI - TRIFFR
<p>ENABLERS: People & Culture</p>	<p>Low</p> 	<p>Council has a low risk appetite people and culture risks. These include risk relating to attracting and retaining key staff and risk associated with the culture and conduct of staff, including our partnerships. Council recognises that human capital (with consideration to people’s knowledge, skills, attitude and behaviours) is a critical asset and key to achieving the organisations long term objectives. Our current environment demonstrates that there is significant competition for talent and a nationwide resource deficiency in many of the business areas that provide essential services for our customers. This shortage however will not see the organisation compromising on its commitments to the values that ensure a complaint, healthy, and productive workplace culture. Council is willing to invest in attracting, developing and retaining talent with the right skill sets and competencies, and will maintain a robust succession plan for key positions to ensure leadership continuity.</p>	<ul style="list-style-type: none"> • Staff turn-over • Decline in staff engagement survey • Number of internal complaints and investigations • Whistleblowing • Bullying

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	29 November 2018
Prepared by	Mark Willcock Chief Information Officer
Chief Executive Approved	Y
Reference #	GOV1318 / 2129814
Report Title	Risk Conversations – Information Management

I. EXECUTIVE SUMMARY

The purpose of this report is to enable key staff within the organisation who are managing risk in their everyday activities (expect this to be third tier managers and/or team leaders) to come and share “their business”, from a risk perspective, with the Audit & Risk Committee (“the Committee”). This will provide the Committee an opportunity to dialogue with these staff to obtain assurance, from a governance perspective, that appropriate controls and culture are in place.

The intention is to have one of these conversations at every Audit & Risk Committee meeting. The Information Management (“IM”) team will attend the December Audit & Risk meeting for this purpose.

It is suggested that the ‘Risk Conversation’ is focused on the following risk portfolios;

- Cybersecurity risk
- Records Management risk
- Risk controls within the IM team.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. OVERVIEW OF IM RISK

Cybersecurity is the primary strategic risk in the IT area. The IM team are continuing to manage this risk with a range of activities.

- Patching – ensuring PCs and servers have critical security patches applied;

- Updating the antivirus over the last 12 months;
- Currently implementing new firewall technology, including updated email and web filtering solutions;
- Running a security program for staff, including Phishing awareness, and good password habits. There have been a number of other organisational programs underway recently, so we have left this for 2019.

There is an increasing focus on Records Management across the organisation. This is largely to address risk R00069 (Inability to access or loss of organisational knowledge due to poor information management and or non-documented processes). The primary activities are:

- Information Management Practices Uplift
 - Current activities include Record Keeping Responsibility sessions with all teams;
 - Addition of Microsoft Electronic Content Management (“ECM”) Add-Ins to make adding documents to ECM easier for staff;
 - Flyers on record management during the current office moves;
 - Changes to process for the management of ex-employees’ electronic files. These are now saved in Dropbox for easier access if required.
- The Records team have had two record series signed off for Retention and Disposal. Building WOFs and digitised building consents now have processes and a schedule signed off for ongoing Retention and Disposal. This is compliant with required legislation, demonstrating a significant step forward in records management at Council.
- A pilot is underway to complete the digitisation of Property Files.

The main risk control implemented within the IM team is the “IM Calendar”. This calendar collects the ongoing actions required to ensure previous audit items do not reoccur and provides a framework for the team to follow. This process is documented in Promapp.

The Hazard and Risk Management (“HARM”) register for the IM team is a work in progress. The register is being reviewed and updated so currently includes only some of the operational risks and controls effecting IM employees.

4. ATTACHMENTS

- Hazard & Risk Management (“HARM”) Register – Information Management
- Operational Risk Register – Information Management



Hazard and Risk Management (HARM) Register



Risk / Hazard	IRA	Control methods	RRA	Status
Hazard / Risk:				
Slip and/or fall in Office Environment	12	<p>E: Eliminate - Cleaning up any spills immediately</p> <p>M: Isolate - Signage is installed indicating any wet areas, for example during cleaning activities</p> <p>M: Isolate - Non slip mats are used in kitchen and breakout areas</p> <p>Minimise - When moving around areas especially areas covered in lino or tiles use an appropriate speed for the conditions</p>	6	Currently Managed
Trip and/or fall in Office Environment	12	<p>E: Eliminate - Ensure items are not placed on the floor in pedestrian traffic areas throughout the office.</p> <p>M: Isolate - Ensure all cords and cables are secured safely</p> <p>M: Administrative - Regular visual inspections of the workplace to identify and manage any potential trip hazards.</p> <p>M: Administrative - Ensure chairs are pushed in when leaving a workstation.</p>	6	Currently Managed
Manual Handling - There are a number of tasks that require workers to handle, lift and move loads. Examples of loads include animals, overfilled	15	<p>E: Eliminate - Where possible mechanical manual handling aids (plant and/or equipment) should be used to eliminate the need to manually handle a</p>	6	Currently Managed



Hazard and Risk Management (HARM) Register

Risk / Hazard	IRA	Control methods	RRA	Status
<p>Hazard / Risk: boxes, office equipment e.g. computers</p>		<p>load. M: Administrative - The Risk Assessment of a manual handling task shall be completed by a competent person in accordance with the Approved Code of Practice for Manual Handling. M: Administrative - Where required ProMapp processes should detail controls for manual handling hazards associated with completing a task. M: Administrative - A risk assessment shall be undertaken prior to any changes being made or new equipment being brought into the workplace to identify any potential manual handling hazards. M: Administrative - Pre-employment health monitoring is undertaken where there is a high likelihood that a worker may be exposed to manual handling. Job Hazard Cards have been documented detailing the pre-employment health monitoring requirements for each role. Minimise - Where required and possible "Team Lifts" or a</p>		



Hazard and Risk Management (HARM) Register



Risk / Hazard	IRA	Control methods	RRA	Status
Hazard / Risk:				
		"Two Person" lift should be utilised to reduce the risk of injury. Minimise - Training shall be provided to all workers who may be required to undertake manual handling. To ensure they are aware of the hazard and the controls to prevent injury.		
Using Visual Display Units (VDUs) in Office Environment	15	M: Administrative - A risk assessment shall be undertaken prior to any changes being made or new equipment being brought into the workplace to identify any potential ergonomic hazards. M: Administrative - Training shall be provided to all workers who are required to use a Visual Display Unit. To ensure they are aware of the hazard and the controls to prevent injury for example taking regular breaks, practicing micro pauses and stretches. M: Administrative - All workers are informed of the requirement to report pain or discomfort to their People Leader and complete a Worker Discomfort or Pain Self-Report Form	6	Currently Managed



Hazard and Risk Management (HARM) Register



Risk / Hazard	IRA	Control methods	RRA	Status
Hazard / Risk:				
		<p>M: Administrative - Pre-employment health monitoring is undertaken where there is high Visual Display Unit use. Job Hazard Cards have been documented detailing the pre-employment health monitoring requirements for each role.</p> <p>Minimise - Where required specific ergonomic equipment shall be purchased and provided to workers for example copy holders, foot stools etc</p> <p>Minimise - A Work Station Assessment is undertaken by a competent person (Occupational Health Nurse) for all new workers to ensure the correct Visual Display Unit setup.</p>		
Noise > 85 dBA	16	<p>M: Administrative - Training shall be provided to all workers who are working where there is a high likelihood of noise. To ensure they are aware of the hazard and the controls to prevent noise induced hearing loss</p> <p>M: Administrative - Annual health monitoring is undertaken for all workers that are or maybe exposed to</p>	3	Currently Managed



Hazard and Risk Management (HARM) Register

Risk / Hazard	IRA	Control methods	RRA	Status
Hazard / Risk:				
		<p>a noise hazard.</p> <p>M: Administrative - Noise surveys undertaken in areas to identify potential noise hazards. Survey completed by competent person in accordance with the Approved Code of Practice for the Management of Noise in the Workplace</p> <p>M: Administrative - A risk assessment shall be undertaken prior to any changes being made or new equipment being brought into the workplace to identify any potential noise hazards.</p> <p>M: Administrative - Pre-employment health monitoring is undertaken where there is a high likelihood that a worker may be exposed to noise. Job Hazards Cards have been documented detailing the pre-employment health monitoring requirements for each role.</p> <p>M: PPE Controls - A procedure is in place detailing the selection, training, maintenance and replacement of hearing protection.</p> <p>M: PPE Controls - Where required Promapp processes</p>		



Hazard and Risk Management (HARM) Register



Risk / Hazard	IRA	Control methods	RRA	Status
Hazard / Risk:				
		detail the Personal Protective Equipment (PPE) that is required to be worn when undertaking a task. Minimise - Information Management - Advise any workers of the presence of two air conditioning units in the Server Room when planning work.		
Lundia Filing System	8	M: Isolate - Ensure Lundia is locked correctly before stepping into the file area. M: Isolate - Ensure there is no other persons in the file area before unlocking and moving the Lundia file system Minimise - Take care when stepping over the Lundia Rail.	4	Currently Managed
False floor in Server Room	12	M: Isolate - Security controlled access to the Server Room. Only a small number of people are permitted to access this room. M: Isolate - Ensure all tiles are replaced in the correct position if they are removed to allow for work to be completed.	3	Currently Managed
Hazard / Risk: Working with Energy				
Electrical equipment including portable electrical equipment,	20	M: Isolate - All electrical equipment is tested and	4	Currently Managed



Hazard and Risk Management (HARM) Register

Risk / Hazard	IRA	Control methods	RRA	Status
Hazard / Risk: Working with Energy				
extension cords, multi-boards and RCDs		tagged in accordance with AS/NZS 3760 M: Isolate - All portable electrical equipment should be visually checked prior to use by the user to ensure it is tested and tagged and in good condition. Any unsafe equipment must not be used. M: Administrative - Any electrical equipment that is not tested and tagged should be removed from service and reported to the Facilities Team. M: Administrative - A risk assessment shall be undertaken prior to any changes being made or new equipment being brought into the workplace to identify any potential electrical equipment testing and tagging requirements.		

RESIDUAL
8.0
MODERATE

INHERENT
25.0

R00128

COMPLIANCE/ REGULATORY, PEOPLE, TECHNICAL, STRATEGIC (A&R COMMITTEE)

Cyber Security

Council function is significantly interrupted and or suffers legislative breaches as a result of unauthorized access facilitating theft of privileged information, malicious code and or virus introduction due to external cyber attack or employee behaviour.

Council systems and or processes are compromised by cyber crime resulting in significant financial and or business impact.

OWNER Mark Willcock

CREATED

RISK LIKELIHOOD Almost Certain (5)
DESCRIPTORS

RISK CONSEQUENCE Catastrophic (5)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Unlikely (2)
DESCRIPTORS

RESIDUAL RISK Major (4)
CONSEQUENCE
DESCRIPTORS

114

TREATMENT MC00427

Cyber security insurance cover (CyberEdge Liability Insurance) has been purchased.

Inclusions listed are:

- Data administrative investigations
- Data administrative fines
- Electronic data
- Repair of policy holders reputation
- Repair of individuals reputation
- Notification and monitoring costs
- Forensic service costs
- Media content library
- Cyber extortion
- Network interruption insurance

This impacts the consequence of the risk by facilitating expert resources, financial support and remedial works in the event of an incident.

TREATMENT MC00428

IM Business Continuity Plan:

The IM team are developing a BCP to align the technical IT recovery procedures to the overall enterprise BCP. This will include;

- a communication plan
- prioritising the critical systems for recovery first
- regular tests of back up and recovering procedures
- simulations with various scenarios.

This impacts the consequence by detailing priority procedures in the case of an incident, ensures systems/process are fully functional and that staff are aware of their responsibilities and trained to manage them in the case of an event.

TREATMENT MC00433

Cyber security is managed using best practise methodologies by using security measures at various layers of connection.

- Firewalls
- Server
- PC
- User
- Physical
- Wireless access
- WDC website

This impacts the likelihood by increasing the security of the environment.

TREATMENT MC00434

Internal and external audit and review (as part of the annual audit programme). This impacts the likelihood of the risk occurring by identifying possible weaknesses in process.

OVERDUE
SIGNOFF(S):

Alison Diaz

DUE DATE:

01 Dec 2018

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Mark Willcock

DUE DATE:

01 Feb 2019

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Mark Willcock

DUE DATE:

01 Feb 2019

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Mark Willcock

DUE DATE:

01 Feb 2019

FREQUENCY:

1st day of every 12 months

Risk Register

Filter: Classification(s): Information Management

RESIDUAL
12.0
HIGH

INHERENT
20.0

BUSINESS CONTINUITY, TECHNICAL, INFORMATION MANAGEMENT, OPERATIONAL, STRATEGY & SUPPORT

Information Technology
Business effectiveness and efficiency are compromised because of ineffective, insufficient or unreliable technology.

OWNER Mark Willcock

CREATED

RISK LIKELIHOOD Almost Certain (5)
DESCRIPTORS

RISK CONSEQUENCE Major (4)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Possibly (3)
DESCRIPTORS

RESIDUAL RISK CONSEQUENCE Major (4)
DESCRIPTORS

R00016

TREATMENT MC00052

IT Strategic Plan.

The plan outlines the vision of how technology supports the delivery of organisational objectives. This treatment impacts the likelihood of the risk by ensuring technology aligns to business requirements.

TREATMENT MC00480

Creation of IT road map from Strategic Plan. The road map captures the detailed steps to implement the Strategic Plan.

This impacts the likelihood of the risk by providing guidance in the progressive steps that deliver against the strategic plan.

TREATMENT MC00481

Implementation of Technical Work Programme 16/17

The technical work programme is specific technical tasks to deliver improvements to the IT infrastructure.

This treatment impacts the likelihood by providing scheduled work plan and the consequence by ensuring technology is current.

SIGNOFF(S): Mark Willcock

DUE DATE: 01 Feb 2019

FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Mark Willcock

DUE DATE: 01 Feb 2019

FREQUENCY: The first Day of every 3 months

SIGNOFF(S): Mark Willcock

DUE DATE: 01 Feb 2019

FREQUENCY: The first Day of every 3 months

RESIDUAL
8.0
MODERATE

INHERENT
16.0

R00069

BUSINESS CONTINUITY, CUSTOMER SUPPORT, INFORMATION MANAGEMENT, OPERATIONAL, SERVICE DELIVERY, STRATEGY & SUPPORT

**Information Management
Inability to access or loss of organisational
knowledge due to poor information management and
or non-documented processes.**

OWNER Mark Willcock

CREATED

RISK LIKELIHOOD Likely (4)
DESCRIPTORS

RISK CONSEQUENCE Major (4)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Unlikely (2)
DESCRIPTORS

RESIDUAL RISK Major (4)
CONSEQUENCE
DESCRIPTORS

116

TREATMENT MC00343

WDC Staff are trained in the use of ECM software and given support as required.

SIGNOFF(S):

Ellen Prenter

DUE DATE:

01 Sep 2019

FREQUENCY:

1st day of every 12 months

TREATMENT MC00344

Dedicated staff are responsible for the administration and maintenance of WDC record management system (ECM) .

SIGNOFF(S):

Mark Willcock

DUE DATE:

01 Sep 2019

FREQUENCY:

1st day of every 12 months

TREATMENT MC00345

Process Improvement Forum manage and drive process improvement across the organisation. The forum consists of process champions and is lead by the Quality Improvement team representatives. This forum provides a monthly update report on the volume and status of Promapp processes to ET.

OVERDUE

SIGNOFF(S):

Madelina Baena-Escamilla

DUE DATE:

01 Dec 2018

FREQUENCY:

1st day of every 12 months

TREATMENT MC00346

Dedicated staff are responsible for the management and administration of Promapp

OVERDUE

SIGNOFF(S):

Madelina Baena-Escamilla

DUE DATE:

01 Dec 2018

FREQUENCY:

1st day of every 12 months

TREATMENT MC00487

To DO

Develop an enterprise culture of information management, with good understanding of the benefits to the organisation and adherence to required processes.

SIGNOFF(S):

Mark Willcock

DUE DATE:

01 Feb 2019

FREQUENCY:

The first Day of every 3 months

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	4 December 2018
Prepared by	Alison Diaz Chief Financial Officer
Chief Executive Approved	Y
Reference #	GOV1318 / 2132863
Report Title	Insurance Renewal 2018

I. EXECUTIVE SUMMARY

This report provides an update from Aon New Zealand on the recent insurance renewal and the outcomes from a premium perspective. There has been an increase across many of the products due to both increases in declared values as well as tightening in the insurance market. The full report from Aon will be available in the week commencing 10 December and will be distributed under separate cover.

Market Background

The current insurance market globally is in a hardening phase, with premiums across all major lines increasing. There has been an increase in the frequency and severity of Natural Disasters worldwide, 2017 was the worst year on record for Natural Disaster events. This coupled with a reduction in global capacity has led to premium increases on Material Damage and Infrastructure premiums.

In addition to this, increased fiscal regulation in some markets has led to Insurers being more selective on the risks they accept.

In respect of Liability insurances (Public Liability and Professional Indemnity) there has been a significant increase in claims experienced in the New Zealand market in the Local Authority space, and the premiums were untenable at their current levels. A separate briefing paper has been supplied on this.

Renewal Outcomes – Major Lines

Material Damage and Business Interruption

The Total Declared Value (“TDV”) for Waikato District Council (“WDC”) for the 2017 period was \$210,898,028. The TDV for 2018 was advised at \$228,071,572, this is an increase of \$17,173,544 or ~8%. The total premium for the 2017 period was \$227,256 (ex Fire Service Levies and GST). For the 2018 period the premium is \$272,416

(ex Fire Service Levies and GST). This represents a 19% increase, however when you take into account the 8% increase in TDV's the actual premium increase is ~11%. In the current market this is considered an excellent result.

Infrastructure Insurance

The TDV's for WDC for the 2017 period were \$375,407,242. For the 2018 period these were declared as \$369,786,161 which is a 1.5% reduction. It has to be said that this is bucking the trend for most Councils who have seen an increase in their values for infrastructure assets. The total premium for 2017 was \$78,469. For the 2018 period this premium has increased to \$94,472. This increase is reflective of the current market for Infrastructure insurance.

Motor Vehicle

The Waikato Local Authority Shared Services ("WLASS") Motor policy for the 2017-18 period has not run particularly well with an overall loss ratio of 87.26%. This led to a premium increase for the group from \$426,102 (ex Fire Service Levies and GST) to \$498,759 (ex Fire Service Levies and GST). However for WDC, as there was a reduction in the total declared fleet value, 2017 – \$3,971,303 to 2018 – \$3,655,952, the total premium spend has only increased slightly from 2017 – \$54,705 to 2018 – \$55,794.

Public Liability ("PL") and Professional Indemnity ("PI")

This is the area of the biggest change in the programme. The existing lead insurer AIG declined to continue writing any Local Authority Liability covers. We have therefore had to find a new lead insurer and co-insurer support for the programme. The new lead insurer Berkshire Hathaway were prepared to write Council business, however there needed to be a rating adjustment to make the programme sustainable. The current level of claims experienced in this sector has increased significantly with the estimated total claims being in the millions. The majority of these claims have come from Building Defects or Building Consenting issues. As such the insurers are increasing the excess applicable to these types of claims.

All councils have experienced premium increases depending on their claims experience.

The table below shows the 2017 to 2018 premium increases and the current levels of deductible. All premiums are shown ex GST.

2017		2018		Deductible Levels 2018		
PL	PI	PL	PI	Standard Deductible PL	Standard Deductible PI	Building Act Deductible PI
\$37,200	\$55,800	\$47,988	\$132,400	\$10,000	\$25,000	\$50,000

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Clive Morgan General Manager Community Growth
Date	27 November 2018
Prepared by	Melissa Russo Acting Corporate Planning Team Leader
Chief Executive Approved	Y
Reference #	GOV1318 / 2129010
Report Title	Final Management Report for Year Ended 30 June 2018

1. EXECUTIVE SUMMARY

The purpose of this report is to highlight the issues that arose during the year end Annual Report audit. This audit was undertaken by our independent auditors, Audit New Zealand.

Following the final audit, Audit New Zealand produce an Audit Management report which highlights issues that arose during the final audit. This is in addition to the report received following the interim audit work in March and June. Management has an opportunity to provide comment on each of the issues specified, based on management's understanding of the issues and whether they require further action or have already been addressed.

The final Management Report for the Year Ended 30 June 2018 is attached to this report.

Four new issues were raised in the Audit Management Report. These issues have been responded to and are included in the report, *Update on progress against audit issues*, which is a standing item on the Audit & Risk Committee agenda.

2. RECOMMENDATION

THAT the report from the General Manager Community Growth be received.

3. ATTACHMENTS

- Final Management Report for the Year Ended 30 June 2018

Report to the Council on the audit of

Waikato District Council

For the year ended 30 June 2018

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DRAFT

Key messages

We have completed the audit for the year ended 30 June 2018. This report sets out our findings from the audit and draws attention to areas where the District Council is doing well and where we have made recommendations for improvement.

Audit opinion

We expect to issue an unmodified audit opinion dated 8 October 2018.

Matters identified during the audit

We identified specific areas of emphasis for the audit in our Audit Plan dated 19 March 2018. These related to:

- Property, plant and equipment

The District Council engaged independent valuers to value infrastructure assets and parks and reserves as at 30 June 2018. We reviewed the valuations to confirm they were soundly based and had been correctly accounted for. We noted a misstatement in the value of roading assets; this has been further discussed in section 2.2 and 3 of this report. We are satisfied that the misstatement does not have an impact on our audit opinion.

- Development contributions

We are satisfied the District Council has a reasonable system in place for levying development contributions and contributions have been charged in accordance with the development contributions policy.

- The risk of management override of internal controls

To address the risk of management override, we carried out substantive audit procedures. These included reviewing journal entries, accounting estimates and significant transactions that were outside the normal course of business. We incorporated an element of unpredictability in our audit testing through random sampling. Our testing found no issues of concern.

We also identified some areas where improvements can be made. Our recommendations are summarised in section 1 and discussed in detail in section 4 of this report.

Thank you

We would like to thank the Council, management and staff for their assistance during the audit.

Leon Pieterse
Appointed Auditor
DRAFT - 26 September 2018

DRAFT

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We have developed the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	<p>Needs to be addressed <i>urgently</i></p> <p>These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.</p>
Necessary	<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</p>
Beneficial	<p>Address, <i>generally within six to 12 months</i></p> <p>These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Remind Council Committees of their obligations under the Local Authorities (Members' Interest) Act 1968.	4.1	Necessary
Adequate one-up approval should be obtained for sensitive expenditure, and evidence of such approval should be recorded.	4.2	Necessary
Dashboard reporting on key Information Management initiatives should also include reporting on availability and capacity of IT infrastructure and systems	4.3	Beneficial

Recommendation	Reference	Priority
IT governance and project management frameworks should be established to prioritise and monitor IT and IM projects and programmes.	4.4	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous years' recommendations. Appendix 1 sets out the status of previous year's recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	4	-	4
Implemented or closed	-	2	-	2
Matters outstanding	2	4	-	6
Total	2	10	-	12

2 Our audit report

2.1 We issued an unmodified audit report



We intend to issue an unmodified audit report on 8 October 2018. This means we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The misstatements that have not been corrected are listed below along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

Current year uncorrected misstatements	Reference	Assets	Liabilities	Equity	Financial Performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Property, plant and equipment	1	20,833,804			
Other comprehensive revenue	1			(20,833,804)	
Total parent		20,833,804		(20,833,804)	
Total group		20,833,804		(20,833,804)	

Explanation of uncorrected misstatements

- This relates to the revaluation of roading assets as at 30 June 2018. The valuation was performed by Opus, who updated the March 2017 asset unit rates using the New Zealand Transport Agency (NZTA) cost adjustment factors as at March 2018. The June 2018 NZTA indices were not available at the time the valuation was undertaken. Using the June 2018 indices, the value of the roading assets would increase by \$20,833,804.

Given the timing of the identification of this understatement, the adjustment was not made.

2.3 Quality and timeliness of information provided for audit



Management is required to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers.

We received the draft annual report and summary annual report on 22 August 2018 (as agreed in our Audit Plan). These documents were largely complete; the outstanding items were the disclosures required for Council Controlled Organisations (due to staff waiting to receive the audited annual reports of these entities) and group figures in the financial statements (subsequently provided to us during the audit).

We also received audit substantiation files on the first day of the final audit, with documents also provided in electronic copies. We commend staff on their readiness for the audit, as it meant we could get the audit underway without any delays.

DRAFT

3 Matters raised in the Audit Plan



In our Audit Plan dated 19 March 2018, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
Property, plant and equipment	
<p>PBE IPSAS¹ 17 Property, Plant and Equipment requires that valuations are performed with sufficient regularity to ensure that the carrying amount of assets does not differ materially from fair value.</p> <p>For those asset classes that are not earmarked to be revalued this year, the District Council is required to perform a fair value assessment to determine if there is a material difference between their carrying amount and their fair value and whether a revaluation is required or not.</p>	<p>The District Council engaged independent valuers to value roading and bridges, water supply, wastewater, stormwater, drainage, solid waste, and parks and reserves assets as at 30 June 2018.</p> <p>Our review of the valuations included a review of the key assumptions and methodology applied. We also obtained confirmations from the valuers that the valuations were in accordance with accounting and valuation standards.</p> <p>We noted an understatement in the value of roading assets (further discussed in section 2.2 of this report). This has also been noted on the Letter of Representation as an unadjusted misstatement. As revaluation movements are assessed against a higher materiality level for audit purposes, this misstatement did not have an impact on our audit opinion.</p> <p>For classes of assets not subject to revaluation (land and buildings), we reviewed the District Council's assessment of whether there was any material difference between the carrying value and fair value of the assets. We are satisfied that there was no material difference, and a revaluation was not triggered.</p>

¹ Public Benefit Entity International Public Sector Accounting Standard

Audit risk/issue	Outcome
Development contributions	
<p>The Waikato district continues to face significant growth and being located between Auckland and Hamilton has made several towns within the district prime spots for development. Development contributions form a significant part of revenue and funding for capital projects in those areas of significant growth.</p> <p>We reviewed the Council's controls to ensure development contributions have been charged in accordance with the District Council's development contributions policy. We also considered whether the use and application of funds received was appropriate and had been correctly accounted for.</p>	<p>We are satisfied that the District Council has an appropriate system in place for levying development contributions and that contributions have been charged in accordance with the development contribution policy.</p> <p>We tested a sample of development contributions to check that calculations were in accordance with the development contributions policy. No issues of concern were identified.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>To address the risk of management override, we carried out substantive audit procedures. These included reviewing journal entries, accounting estimates and significant transactions that were outside the normal course of business. We incorporated an element of unpredictability in our audit testing through random sampling. Our testing found no issues of concern.</p> <p>We also assessed whether relevant controls are designed effectively in a way that reduces the risk of override. Overall we found that relevant controls existed and were designed effectively in most areas. Our testing of internal controls confirmed the controls operated appropriately during the year. Any areas where processes and controls can be improved were detailed in our interim report to Council dated 23 July 2018.</p>

4 Other matters



During the audit, we also identified the following matters that we wish to bring to your attention:

4.1 Compliance with the Local Authorities (Members' Interest) Act 1968

During the year, the District Council staff identified a breach of the above mentioned legislation. The breach related to a member of the Te Kauwhata Community Committee. The Committee member has a contracting business that was contracted by the District Council for the construction of the Te Kauwhata Walkway.

As per the Local Authorities (Members' Interest) Act 1968, prior approval is required from the Auditor-General if the total payments made or to be made by, or on behalf of the District Council in respect of contracts in which a Council or Committee member has an interest exceed \$25,000 in any financial year.

It appeared that the Committee member or the Committee had not considered the implications of undertaking contract works for the District Council, the value of which exceeded \$25,000 over the 2017-18 year.

The District Council has since applied to the Office of the Auditor-General for retrospective approval in respect of the contract works carried out during 2017-18, and prior approval in respect of completion of the project in the 2018-19 year.

We note that the Committee Member abstained from discussions and voting with regards to the contract works.

Recommendation

We recommend that Council Committees be reminded of their obligations under the Local Authorities (Members' Interest) Act 1968, so that such instances do not reoccur.

We note that the District Council is making improvements to its procurement and contract management processes as a result of KPMGs review of both areas in 2016-17. Consideration should also be given to how the improvements can flow through to procurement discussions happening at the Council Committee level.

Management comment

A presentation was provided to the Joint Community Board/Committee meeting held on 24th-October providing details of member's obligations under the Local Authorities (Members' Interest) Act 1968. This presentation was also sent to all members who were not present at the meeting.

Staff will consider how improvements can be implemented into our procurement processes such as including basic procurement processes in the elected members induction.

4.2 Review of Chief Executive's expenditure

Given the growing attention to sensitive expenditure issues in the public sector, the Audit and Risk Committee requested that we perform a review of all expenditure incurred by the Chief Executive for the 2017-18 year.

We performed this review as part of the annual audit. We checked that the expenditure was reasonable, for business purposes, adequately approved and met the relevant District Council sensitive expenditure policies. Our review did not identify any performance, waste or probity issues.

However, improvements are required around the process for recording approval of such expenditure. In several instances, the only approval we were able to sight was from an Executive Assistant. We understand that on a number of occasions, prior approval was given by the Mayor. However, a physical record of these approvals was not maintained.

Recommendation

In all instances of sensitive expenditure, we recommend that adequate one-up approval is obtained before the expenditure is incurred. Evidence of such approval should be adequately recorded.

Management comment

Staff will review processes involving sensitive expenditure and implement any changes.

4.3 Develop availability and capacity reporting on IT Infrastructure and systems

As part of our review of the IT systems and controls, we noted that the Chief Information Officer currently produces an Information Management (IM) weekly report which includes the matters noted below:

- Significant Milestones
- Things that have gone well
- Things that have gone less well
- Vendor and other interactions
- Delivery priorities/Projects

- Our Plan/Information Systems road map
- IM Technical Work Plan
- Other projects
- Audit Actions remaining
- Business As Usual – ServiceDesk call trends, Enterprise Content Management (ECM) Volumes and Incident/Service Level Agreement performance
- People.

An IM Improvement initiative is currently underway to develop dashboard reporting on IM key performance indicators.

Recommendation

We recommend that the dashboard reporting, as well as including matters currently being reported, also include reporting on availability and capacity of IT infrastructure and systems.

Management comment

Availability and capacity will be included in the dashboard reporting.

4.4 IT Governance and Project Management

We noted that Council have signed off on an Information Services Digital Strategy 2016 and is embarking upon a large programme of capital work upgrading IT systems and technology over the next three years.

However, there is no overarching IT Governance structure in place to ensure the integration of the strategy with the overall business strategy or to measure the achievement of the strategic objectives.

We understand that the development of new governance and project management frameworks is underway.

Recommendation

We recommend that IT governance and project management frameworks be established to prioritise and monitor IT and IM projects and programmes.

Programmes and projects should be tracked to ensure that appropriate investment decisions are being made.

Project business cases and budgets also need to include internal IM staff costs and resources required for implementing and supporting the new technology.

Lastly, benefits realisation reviews need to be performed to ensure that projects deliver on agreed outcomes.

Management comment

The new governance and portfolio / programme management structures are currently being implemented. A programme level report has been developed for reporting.

4.5 Review of leases

Under the PBE IPSAS standards, the District Council is required to disclose future commitments as lessee and lessor under operating leases in the notes to the financial statements. During our review of operating leases as lessor commitments, we selected and reviewed a sample of leases in detail, by agreeing the value and term of the leases back to signed contracts.

We noted errors in the calculation of all of our selected samples. We discussed with staff and noted that the listing of leases has not been reviewed and updated during the year for any changes.

The lease commitments disclosed in the notes were updated for the errors we identified. However, a review is required of the full listing of leases to ensure they have been correctly recorded with the most up-to-date lease details.

Recommendation

We recommend that the District Council review and update their listing of leases. This should include incorporating changes to existing leases, and adding in new leases signed during the year.

Management comment

A leasing position has been established and recruitment for this role is in progress.

It is Councils intention to move to a strategic property portfolio and this will require a review of the leasing policy; development and implementation of standard processes, and a comprehensive review of the leasing portfolio.

5 Public sector audit



The District Council is accountable to the Waikato District community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- the District Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and/or
- any sign or appearance of a lack of financial prudence as a result of any act or omission by a public entity or by one or more of its members, office holders, or employees.

Besides the matters raised in section 4 of this report, we did not identify any other matters to bring to your attention.

6 Group audit



The group comprises:

- Waikato District Council;
- Strada Corporation Limited; and
- Waikato District Community Wellbeing Trust.

We have not identified any of the following during our audit for the year ended 30 June 2018:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

7 Useful publications



Based on our knowledge of the District Council, we have included some publications that the Council and management may find useful.

Description	Where to find it
Client updates	
<p>In March 2018, we hosted a series of client updates. The theme was “Our high performing and accountable public sector”.</p> <p>These included speakers from both Audit New Zealand and external organisations.</p> <p>Relevant sessions for the District Council include:</p> <ul style="list-style-type: none"> • A high performing and accountable public sector; • New Zealand economic outlook; • Annual reports and stakeholder expectations; • Procurement and contract management; • Procurement, an MBIE perspective; • Valuing your Audit and Risk Committee; and • Accounting technical update 	<p>On our website under publications and resources.</p> <p>Link: Client updates</p>
Model financial statements	
<p>Our model financial statements reflect best practice we have seen to improve financial reporting. This includes:</p> <ul style="list-style-type: none"> • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 	<p>On our website under publications and resources.</p> <p>Link: Model Financial Statements</p>

Description	Where to find it
Tax matters	
As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.	On our website under publications and resources. Link: Tax Matters
Data in the public sector	
The Office of the Auditor-General (OAG) has published a series of articles about how data is being used in the public sector. These cover: <ul style="list-style-type: none"> • functional leadership; • building capability and capacity; • collaboration; and • security. 	On the OAG’s website under publications. Link: Data in the public sector
Matters arising from the 2016/17 audits	
The OAG has published a report on the results of the 2016/17 audits for the sector.	On the OAG’s website under publications. Link: Recent publications
Audit Committees	
The OAG has released various best practice information on Audit Committees.	On the OAG’s website under “Our Work – Audit Committee Resources” Link: Audit Committee Resources
Infrastructure as a Service	
The OAG has completed a performance audit on Infrastructure as a Service and considered whether the benefits are achieved.	On the OAG’s website under publications. Link: Infrastructure as a Service
Earthquake accounting matters	
This provides a summary of Audit New Zealand’s views reached on earthquake accounting issues. The guidance in this paper may also be relevant when accounting for other natural disasters in future, such as storms and floods.	On our website under publications and resources. Link: Earthquake accounting

Appendix 1: Status of previous recommendations

Open recommendations from our interim audit (will be followed up as part of the 2018-19 interim audit)²

Recommendation	Status as at June 2018	Priority	Management's proposed action
Changes to staff salary as a result of secondment			
<p>We noted one employee had received a salary increase as a result of an annual performance review while that employee was in a secondment role with a higher salary.</p> <p>At the end of the secondment, the employee returned to their normal role and salary. However, the salary change made in the payroll system was incorrect. The employee was returned to the salary at the lower pre-review value. The change was made based on information supplied by the Humans Resources Department (HR).</p> <p>We recommend a review of the process in relation to acting roles to ensure salaries are paid accurately.</p>	Open	Necessary	<p><i>Datacom do not allow us to input an end date of i.e. a secondment, nor does it send any automated reminders.</i></p> <p><i>This means everything we do re this is paper-based and/or has a risk of human error.</i></p> <p><i>To mitigate this risk, we will introduce the following additional process:</i></p> <ol style="list-style-type: none"> <i>1. Payroll has been added to our shared HR Calendar.</i> <i>2. The People and Capability Coordinator is now managing adding any changes like finishing secondments, acting assignments, fixed term contracts etc. from the already existing "HR pay changes checklist" in Excel to the shared HR Calendar.</i>

² Please note: these recommendations are from our interim report dated 23 July 2018.

Recommendation	Status as at June 2018	Priority	Management's proposed action
			<i>This means we receive a reminder - and can visually see and keep track of – for any (upcoming) changes like this or staff returning to their “home role” etc.</i>
Review network administrators accounts and network directory organisational units			
We recommend a review of the Domain administrator network accounts be done and any redundant accounts removed. A review of the Organisational Units on the network and accounts within those structures should also be completed and accounts moved into their correct areas. Redundant accounts should be removed.	Open	Necessary	<i>Now complete.</i>
IT are not always advised promptly when staff leave			
We recommend that HR advise IT of all leavers promptly so that IT can either set a future end date or disable the staff member's access the day after their employment ceases with the District Council. IT have established a process where HR provide reports to IT of starters and leavers for the month so a crosscheck is performed to catch any leavers that may have been missed.	Open	Necessary	<i>A revised and more rigorous on boarding and off boarding process is under development.</i>

Recommendation	Status as at June 2018	Priority	Management's proposed action
Contract management			
<p>Contract management is an important component of procurement. We recommended the following:</p> <ul style="list-style-type: none"> the District Council develop and implement a fully functional contract management system; the District Council has an up to date policy and guidance documents covering contract management activities; have a dedicated individual or team in place with responsibility for oversight of contract management activities; and the District Council put in place a centralised contract management system which captures all contract information. 	<p>Partially resolved</p> <p>KPMG (internal audit) reviewed procurement and contract management processes in 2016/17 and made a number of recommendations for improvement (similar to our recommendations). The District Council is in the process of addressing these recommendations. We noted the following:</p> <ul style="list-style-type: none"> talks with the systems provider (TechOne) have begun on getting in place the Contracts register system that the District Council have license for currently; there is no standalone contract management policy as the District Council want to incorporate this into the Procurement manual, which is to be updated; and contract management is still devolved across the organisation, however training for new and current staff has been identified as a priority. <p>We plan to follow-up progress in this area as part</p>	<p>Urgent</p>	<p><i>An additional resource is currently working on a model for contract management for active contracts according to risk and spend, and a simple guide to improve the overall effectiveness of contracts.</i></p> <p><i>The new structure within the Service Delivery team addresses the need for dedicated resourcing around the management and responsibility for key contracts.</i></p> <p><i>A Contract Module is available from Council's key systems provider, and a project proposal has been drafted by the Acting Procurement Manager for its implementation across Council. This awaits approval by the Project Governance group.</i></p>

Recommendation	Status as at June 2018	Priority	Management's proposed action
	of the 2018/19 audit.		
Information systems policies			
<p>Our review of information system policies identified a number of policies that are out of date. These policies are:</p> <ul style="list-style-type: none"> • email Use Policy – approved November 2011 due for review November 2014; • email Release Policy – approved November 2011 due for review November 2014; • internet Use Policy – approved September 2009 due for review September 2012; • records Management Policy – approved April 2009 due for review April 2010; and • remote Access Policy – approved July 2009 due for review July 2012. 	<p>Partially resolved</p> <p>The CIO has updated all the required policies but one is still awaiting the internal approval and publishing process.</p> <p>The Remote Access policy has been in finalisation through the District Council's internal process for almost a year.</p> <p>The internal process for approving, publishing and making staff and contractors aware of updated IS policies needs to be reviewed and improved so that out of date policies are not placing the District Council at risk.</p>	Urgent	<i>Now complete.</i>
Recommendation	Status as at June 2018	Priority	Management's proposed action
We recommended the District Council review and update these IS policies to meet current acceptable practices to safeguard the District Council's IT systems and data.			
Expenditure – segregation of duties			
The District Council's	Partially resolved	Necessary	<i>Noted. This is being</i>

Recommendation	Status as at June 2018	Priority	Management's proposed action
<p>purchasing system allows staff who have financial delegations to raise and authorise a purchase order and approve the invoice for payment, provided the expenditure is within their delegated authority threshold.</p> <p>We recommended that individual who raises and authorises a purchase order should not also be able to approve the invoice for payment. (Ideally there should also be segregation in the receipting of goods and services however, as a minimum, there should be "one up" approval of all expenditure transactions by invoices being approved by a more senior officer than the officer who authorised the order).</p>	<p>The Electronic Purchase Order system has been implemented. We noted that users with delegations of \$10,000 and \$25,000 can still self-approve their own purchase orders up to their limit. Users with higher limits require one-up approval.</p>		<p><i>addressed as part of the wider procurement improvements programme.</i></p>

Recommendation	Status as at June 2018	Priority	Management's proposed action
Service performance reporting - Customer Relationship Management (CRM) system			
<p>Our review of the CRM system identified there are no controls in place to ensure the correct dates and times have been recorded in the CRM system. We also noted there is a lack of independent review or other supporting documentation.</p> <p>We recommended the District Council ensure additional supporting documentation is used by staff such as job summary sheets that record the dates and times the job started and finished. This will allow an independent review to be performed to confirm information has been entered correctly into the CRM system.</p>	<p>Open</p> <p>The District Council was planning to use iPads to record this data. However due to system compatibility issues the District Council is looking at other options to record this information. Staff have engaged an external consultant to investigate software options for this purpose.</p>	<p>Necessary</p>	<p><i>Through the 2018 Long Term Plan, Waikato District Council (WDC) has signalled its intention to enter into a three waters management contract with Watercare Services Limited (WSL). Through the establishment of this contract and integration of existing WDC workflows into WSL system, this issue will be resolved.</i></p>
All devices have virus definition updates and patches applied			
<p>The systems which are used for updating virus definitions and Microsoft patches are recording widely varying numbers of PCs and servers, raising the risk that not all of the District Council's infrastructure is being protected from virus and malware attack.</p> <p>We also noted there is no detailed IT asset register to confirm the number of devices owned by the District Council.</p>	<p>Partially resolved</p> <p>The project to implement a new anti-virus system is in progress. PCs and some servers are on the new system. Some servers do not have antivirus set up and others are still on the previous version.</p> <p>Patching is not being regularly completed - a schedule is yet to be established.</p>	<p>Necessary</p>	<p><i>The rollout of Sophos is still underway. It has been delayed by other work priorities. All servers are protected by antivirus (either Sophos or McAfee).</i></p> <p><i>The current target is 1 March 2019.</i></p>

Recommendation	Status as at June 2018	Priority	Management's proposed action
<p>We recommended the District Council ensure all devices have virus definition updates and patches applied.</p>	<p>Finalisation of the project to establish the new Sophos antivirus system, and regular scheduling of patch updating should be prioritised.</p> <p>Reporting should be established so that management can be assured that these are up-to-date.</p>		
Business continuity and IT Disaster Recovery planning			
<p>The District Council does not have a Business Plan and IT Disaster Recovery Plan.</p> <p>We recommended the District Council develop and test organisational business continuity plans. This planning should drive the development of an IT Disaster Recovery Plan. Plans should be tested on a regular basis to ensure they are still meeting the organisations objectives for acceptable risk and levels of services to its customers.</p>	<p>Partially resolved</p> <p>An IM Business Continuity plan has been written and the backup datacentre in Tuakau is now fully operational.</p> <p>A recent power outage identified that the District Councils building generator was not working and does not provide backup power to all critical areas of the District Council. This highlights the need for the District Council to perform business continuity testing to ensure it can operate in an emergency. Regular testing of the District Councils business continuity plans should be carried out.</p>	Necessary	<p><i>Now complete. A regular DR test of the Tuakau server is now scheduled on the IM calendar. This was last completed in July and is a regular activity.</i></p> <p><i>A power shut-down and full generator test is planned for 24th Nov.</i></p> <p><i>The generator is checked and physically started on a monthly basis The generator has started on each test since.</i></p>

Recommendation	Status as at June 2018	Priority	Management's proposed action
Change management			
<p>We noted that formal change management policies and processes are not in place for IT infrastructure and software changes.</p> <p>We recommended change management procedures are implemented and all changes are logged and approved before they are made to live systems.</p>	<p>Partially resolved</p> <p>Improvements to the Change management process have been made and IT are now logging more of the IT infrastructure changes.</p> <p>We encourage continued development of the change process including logging, approval, testing and rollback stages being completed for all changes. A process for managing Emergency changes should also be developed.</p>	Necessary	<p><i>We will continue to improve the process and build on the progress made as suggested in the recommendation.</i></p>

Implemented or closed recommendations

Recommendation	First raised	Status
Approval for capitalisation of assets		
<p>Our testing of roading assets identified that approval for some assets to be capitalised was done via email or verbal discussions between finance staff and Asset Managers. Therefore we were unable to sight appropriate approval that assets were ready to be capitalised.</p> <p>We understand that Asset Managers are required to complete the Asset Addition Header Form to advise finance that assets are ready to be capitalised.</p> <p>We recommended the District Council remind staff the Asset Addition Header is to be signed by the appropriate Asset Manager when approving assets to be capitalised. This provides clear evidence of the review and approval process for capitalised assets.</p>		<p>Closed</p> <p>For our sample of roading and other asset capitalisations tested, we were able to sight appropriate approval that assets were ready to be capitalised.</p>

Recommendation	First raised	Status
Changes to the rules for retention money for construction contracts		
<p>We recommend the District Council considers the following to ensure compliance with the amended Construction Contracts Act:</p> <ul style="list-style-type: none"> • review current accounting processes and implement changes as necessary to comply with the requirement for keeping proper records of all retention money. This may include opening separate accounts for retentions for larger construction projects in particular; • ensure that processes are put in place to manage requests from contractors to inspect accounting records; • review the current construction contracts to ensure the contracts do not contain prohibited provisions in respect of the retention money and make amendments as necessary; and • consider whether to accept alternative means of security (for example, retention bonds) for remedying of defects instead of cash retentions. 	2016-17	<p>Closed</p> <p>The contracts act changes relate only to those contracts entered into or renewed after 31 March 2017.</p> <p>With the exception of one contract issue (less than \$10,000 retention balance) which have been self-deducted by the contractor on their claim, retentions are not being withheld. The contract in question is complete (office refurbishment) and is simply awaiting reminder of defects period.</p> <p>All contract retentions on contracts entered into prior to 31 March 2017 are held in a separate balance sheet account and are able to be paid as they fall due.</p>

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that is immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit, we have audited the District Council's 2018-28 Long Term Plan, performed a limited assurance engagement related to the District Council's debenture trust deed and a retrospective review of two procurements selected by the District Council, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.</p>
Fees	<p>The audit fee for the year is \$155,000, as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$4,000 for audit of the debenture trust deed and \$111,000 for the audit of the 2018-28 Long Term Plan.</p>

Area	Key messages
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council or its subsidiaries during or since the end of the financial year.</p>

DRAFT

AUDIT NEW ZEALAND

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Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	23 November 2018
Prepared by	Madelina Baena-Escamilla Continuous Improvement Analyst
Chief Executive Approved	Y
Reference #	GOV1318 / 2127022
Report Title	Update on Process Audit and Quality Improvement

I. EXECUTIVE SUMMARY

This report outlines the work planned and undertaken to support quality improvement throughout the business. It covers the process audit programme, policy review and process improvement.

2. DISCUSSION

2.1. Process Audit Programme

The process audit programme for 2018/2019 is in progress, 14 audits were scheduled to audit 40 business processes. During the past two months, a total of five audits (covering 17 processes) have been completed. Seven (covering 23 processes) have been scheduled, with auditors arranging interviews with the auditees to be completed at the end of January 2019. Two are still to be planned with Legal Team and Service Delivery Group. The five completed audits resulted in eight major non-conformances, no minor non-conformances and 24 recommendations for improvement. Process owners and experts are addressing these non-conformances and making relevant changes to process. (See attached Process Audit Status (2018-2019)) @23-11-2018 Activity Report).

2.2. Policy

The work programme for reviewing internal and external Council policies is progressing.

Policies published in the last three months:

- Email Release Policy
- Safe Use of Council Vehicle Policy

Policies ready to be reviewed by ELT:

- Harassment and Bullying Policy
- Drug and Alcohol Policy

Other policies being created or reviewed are:

- Firearms Policy
- Code of Conduct
- Disability Policy (new)
- Community Engagement

2.3. Improvement Forum

The main focus in the past month has been to have the Promapp system ready for the new organisational structure; new groups and roles have been created to reflect the Gearing for Growth & Greatness plan. Improvement champions are now working with process owners and experts to make sure our processes are updated reflecting the new structure.

Training has been delivered to new staff, and staff that have become process experts, so they have the tools and knowledge to map and improve their process in an effective way.

The Improvement Forum continues to meet on a monthly basis to drive Council's Quality Management System and encourage process mapping and continuous improvement. With the new organisational structure, changes to the Improvement Forum will be required.

3. RECOMMENDATIONS

THAT the report from the Chief Operating Officer be received.

4. ATTACHMENTS

Process Audit Schedule (2018-2019)

Audit Schedule 2018-2019 (to be completed by January 2019)

Group/Team	Processes	Owners and experts	Auditors	Date of Audit	Outcome			Progress update
					Major NC (high)	Minor NC (medium)	Rec (Low)	
Environmental Health	<ul style="list-style-type: none"> Regulation 110(2)(a-b) - Recognised Agency: Conflicts of interest Regulation 110(2)(c) - Recognised Agency: Confidential Information Regulation 110(2)(n) - Recognised Agency: Contractual Arrangements 	Tony Pipe Baker Siddique	Kay Warren	19/09/2018	0	0	2	The audit has been carried out, and the report has been sent to the process owner.
	<ul style="list-style-type: none"> Regulation 110(2)(d) - Recognised Agency: Staffing Regulation 110(2)(e) - Recognised Agency: Resourcing Register Template Food Control Plan (FCP) 	Tony Pipe Baker Siddique	Shelley Woollett	21/09/2018	5	0	5	The audit has been carried out, and the report has been sent to the process owner.
	<ul style="list-style-type: none"> Regulation 110(2)(f) - Recognised Agency: Reporting Regulation 110(2)(g-h) - Recognised Agency: Records Process Application to Register Health Premises 	Tony Pipe Baker Siddique Sudhir Kumar	Sharlene Jenkins	January 2019				
	<ul style="list-style-type: none"> Regulation 110(2)(i-j) - Recognised Agency: Non Compliance and Corrective Actions Regulation 110(2)(k) - Recognised Agency: Complaints Verify Template Food Control Plan (FCP) 	Tony Pipe Baker Siddique	Samantha Frederick	26/09/2018	0	0	10	The audit has been carried out, and the report has been sent to the process owner.
	<ul style="list-style-type: none"> Regulation 110(2)(l) - Recognised Agency: Internal Management Regulation 110(2)(m) - Recognised Agency: Review of Performance Recognised Agency: Continuous Improvement Recognised Agency: Internal Audit 	Tony Pipe Baker Siddique	Annetta Purdy	24/09/2018	2	0	1	The audit has been carried out, and the report has been sent to the process owner.

Corporate Planning - Delegations	<ul style="list-style-type: none"> Request Change to delegations Manage delegations register Issue a staff warrant card 	Sandra Kelly Kurt Abbot	Phyllis Hefang Tracey Oakes	January 2019				
Council Support	<ul style="list-style-type: none"> Manage Disclosure of Interests Register - Staff Identify, Declare and Manage Conflicts of Interest (Management and Staff) Manage Disclosures of Interests Register - Elected Members Identify, Declare and Manage One-off Conflicts of Interest (Elected Members) 	Rose Gray Gavin Ion	Alan Kuyper Reece Turner Mark Shaw	23/10/2018	1	0	6	The audit has been carried out, and the report has been sent to the process owner.
Human Resources	<ul style="list-style-type: none"> Obtain approval for and plan recruitment Review applications and shortlist interviewees Carry out interviews 	Tharsha Adamstein Vanessa Jenkins	Lynette Wainwright Elijah Tamati	January 2019				
	<ul style="list-style-type: none"> Carry out reference checks for potential candidates Make offer of employment Carry Out Police Vetting Check 	Tharsha Adamstein Vanessa Jenkins	Evonne Miller Helen Williams	January 2019				
Human Resources / Information Management	<ul style="list-style-type: none"> Prepare for and Carry Out Staff Induction Set Up New User Account 	Tharsha Adamstein Vanessa Jenkins Niall McGrath Gene Oudes	Pam Osborne Debbie Dalbeth	January 2019				
Monitoring	<ul style="list-style-type: none"> Monitor Land Use Resource Consents Carry out Site Inspection/Investigation Take Enforcement Action for Non-Compliance with District Plan 	Margaret Glassey Craig Birkett	Jonathan Ward Christine Cunningham	05/12/2018				The audit has been scheduled

Development Contribution	<ul style="list-style-type: none"> Development Contributions Process Update Development Contribution Catchments 	Annette Brodie Jodi Bell-Wymer Anton Marais Karl Pavlovich	Robert Ball Rosemary Towl Paul Harrison	04/12/2018 29/11/2018				
Legal	Processes still to be defined with the legal team		Sandra Kelly Teresa Howe					
Service Delivery	Processes still to be defined with Service Delivery Group		TBA					

Open Meeting

To	Audit & Risk Committee
From	Clive Morgan General Manager Community Growth
Date	27 November 2018
Prepared by	Melissa Russo Acting Corporate Planning Team Leader
Chief Executive Approved	Y
Reference #	GOV1318 / 2129126
Report Title	Update on Progress against Audit issues – November 2018

I. EXECUTIVE SUMMARY

The purpose of this report is to provide an update on progress against issues raised through the audits. The audits included are:

- Annual Report
- Cyber security systems
- Risk management
- Project management
- Procurement and contract management

Staff have undertaken a review of audit issues contained in the Audit Issues register.

Four additional items arose during the last Audit New Zealand audit. These items have been shaded blue.

Due to the nature of the outstanding items, it is becoming increasingly difficult to maintain the level of progress staff have managed in previous months.

Three items have been completed in the last quarter. One of these being a new item raised during the last audit. This leaves eight work in progress items and two pending items.

Unresolved issues is now 10 from a total 157.

The green highlighted items in the attachment have all been completed since the last report in June 2018.

2. RECOMMENDATION

THAT the report from the General Manager Community Growth be received.

3. SUMMARY OF PROGRESS

The tables below outline the areas and status of issues – either completed, in progress or pending since the last report in September 2018.

Areas of audit issues – November 2018

	Pending	Work in progress	Complete	Total
Audit New Zealand	0	4	29	33
Cyber security	1	2	30 + 1 ongoing	34
Internal audit	0	0	5	5
Procurement and contract management	0	2	13	15
Risk management	1	0	35 + 1 ongoing	37
Project management	0	0	33	33
Total	2	8	147	157

Areas of audit issues – September 2018

	Pending	Work in progress	Complete	Total
Audit New Zealand	0	2	27	29
Cyber security	2	2	29 + 1 ongoing	34
Internal audit	0	0	5	5
Procurement and contract management	0	2	13	15
Risk management	1	0	35 + 1 ongoing	37
Project management	0	0	33	33
Total	3	6	144	153

The ongoing issues identified are those including training and process improvement. Staff consider we will always be undertaking ongoing business improvement, hence the introduction of a new status.

Pending issues are those classified as ‘yet to be determined if the recommendation will be actioned’ as the issue may be addressed through other controls. The pending actions have not been the immediate priority, however are now getting some focus.

Of the ‘work in progress’ issues, many of these are scheduled to be completed soon and hence further progress will be made by the next Audit & Risk Committee meeting.

Information Management

A full register of PCs is now maintained in the Service Desk system, Manage Engine.

The Records team are running a series of 'Recordkeeping Responsibility' sessions to broaden staff knowledge of how they are required to maintain records. All staff have been provided records advice as part of the current office moves. Council's Dropbox platform has been expanded as a collaboration platform, which is also being used to hold the mail and files from recently departed staff for ease of access. This provides a far quicker response to requests for access.

The Records team have also had two record series signed off for Retention and Disposal. Building WOFs and digitised building consents now have processes and a schedule signed off for ongoing Retention and Disposal. This is compliant with required legislation, demonstrating a significant step forward in records management at Council.

A trial version of the updated firewall software has been stood up and tested. This is scheduled to go live in February 2019, including the provision of VPN (Virtual Private Network) access for increased mobility for staff.

4. CONCLUSION

There is a total of 157 issues that have been raised by various audits across the organisation, 147 of which are complete, an improvement of 3 in the quarter.

Four additional items were also raised through the final Audit New Zealand audit.

5. ATTACHMENTS

Combined Audit Recommendations

Audit Area	Domain	Recommendation/ Action Required	Date first raised	Proposed Action/Plan - Dec A&R Committee comment	Who	By When	Status
AuditNZ	Systems Updates	Create IT asset register	Jul-16	Complete. PC records managed in Manage Engine (service desk system)	IM	Dec-18	Complete
AuditNZ	Contract management	Develop and implement a contract management system	Jul-16	The Tech One product available to WDC requires configuration, training, implementation and rollout. A project proposal is being drafted in line with Council's project management framework which will enable the project to be prioritised.	Procurement	Dec-19	Work in progress
AuditNZ	Employee and contractor practices	Remind Council Committees of their obligations under the Local Authorities (Members' Interest) Act 1968.	Oct-18	A presentation was provided to the Joint Community Board/Committee meeting held on 24th October providing details of member's obligations under the Local Authorities (Members' Interest) Act 1968. This presentation was also sent to all members who were not present at the meeting. Staff will consider how improvements can be implemented into our procurement processes such as including basic procurement processes in the elected members induction.	Procurement	Dec-18	Complete
AuditNZ	IM practices	Dashboard reporting on key Information Management initiatives should also include reporting on availability and capacity of IT infrastructure and systems	Oct-18	Availability and capacity will be included in the dashboard reporting.	IM	Apr-19	Work in progress
AuditNZ	Bus Own and Direction for IT	IT governance and project management frameworks should be established to prioritise and monitor IT and IM projects and programmes.	Oct-18	The new governance and portfolio / programme management structures are currently being implemented. A programme level report has been developed for reporting.	IM	Apr-19	Work in progress
AuditNZ	Employee and contractor practices	Adequate one-up approval should be obtained for sensitive expenditure, and evidence of such approval should be recorded.	Oct-18	Staff will review processes involving sensitive expenditure and implement any changes.	Finance		Work in progress

Cyber Security	Bus Own and Direction for IT	Rec02: Business owners (from Rec01) formalise information security requirements for the assets owned	Dec-15	Master Data project ramping up and will provide focus on info security.	IM	Dec-19	Work in progress
Cyber Security	Employee and contractor practices	Rec03: Undertake targeted training for employees who handle sensitive information and/or for instances of poor practices.	Dec-15	Recordkeeping responsibility sessions are being held with all teams to create a foundation level of understanding.	IM	Jun-19	Work in progress
Cyber Security	IM practices	Rec06: Review and improve asset management, monitoring and capacity planning (including for environment support systems)	Dec-15	Complete. PC records managed in Manage Engine (service desk system)	IM	Dec-18	Complete
Cyber Security	IM practices	Rec09: Review and improve monitoring for security incidents, incident response plan, patch management, change control and release management processes	Dec-15	Very little progress in the last quarter.	IM	TBC	Pending
KPMG review of Procurement and Contract Management	Contract management	Implement a supplier performance measurement framework and strengthen supplier performance monitoring. 1) Develop and implement a performance management framework for measuring and monitoring contractor performance against agreed KPIs. This should form part of the Contract Management Policy.	Dec-16	A draft Contract Management Framework has been delivered. Further work is required to get the project outputs into a useable format for the pilot stage. The rollout will be re-phased to align with the recruitment of key contract management roles within the new Service Delivery structure. This allows procurement resources to focus on WaterCare contract deliverables, the professional services panel renewal and contract tool project planning activities in the interim.	Procurement	Sep-19	Work in progress

KPMG review of Procurement and Contract Management	Procurement	<p>Develop a procurement strategy and ensure consistency and clarity of procurement guidelines. 1) WDC should consider developing a procurement strategy. The strategy should set out:</p> <ul style="list-style-type: none"> • procurement aims and objectives for the next 3 to 5 years • procurement vision • demonstrates the support by senior management • maps out the major initiatives to be addressed in the forthcoming 3 to 5 years • WDC's public commitment to maintain and improve the day-to-day procurement work within WDC and emphasises a determination to make continual improvements in that work • framework upon which WDC's procurement policy and procedures are based • objectives against which progress can be measured and reported <p>2) Review procurement guidelines to ensure there is consistency between procurement policy, the manual and ProMapp process descriptions.</p>	Dec-16	The WLASS Procurement Strategy has been completed. This framework has been deemed as the 'minimum acceptable standard' and in practice some of our policies and procedures will already meet the new standard. This work will be aligned with the contract management framework deliverables as they are interrelated.	Procurement	Jun-19	Work in progress
Risk Management	Risk Strategy & Appetite	Ensure alignment between the documented risk appetite levels and relevant Council policies.	Sep-17	This work has not yet been commenced. Has been added to the annual work programme 2018/19. Updated RAS to be confirmed Dec ARC	Risk Coordinator	Jul-18	Pending

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	29 November 2018
Prepared by	Alison Diaz Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2130183
Report Title	2017/18 Annual Report risk observation update

I. EXECUTIVE SUMMARY

The key issues identified as potential areas of risk for the delivery of the 2017/18 Annual Report audit were presented to the committee in July. A follow up report was presented to the committee in September to discuss how well the risks were managed.

Through the September discussion direct observations relating to risk associated with the content of the Annual Report itself were raised by the committee. This report outlines those issues that were identified where a response was sought either for information purposes or from a risk perspective.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. DISCUSSION

The following issues were identified as potential areas of risk:

1. The level of rates remissions

The amount of rates remissions processed for the 2017/18 financial year was \$753,000 against a prior year figure of \$538,000. There was concern at the increase and therefore a desire to better understand the trend over time.

Council's rates remission policies allows Council to remit rates on condition of a ratepayers' extreme hardship, land used for community and sporting purposes, land protected for historic or cultural purposes and rating units with a capital value of \$1,000 or less, Maaori freehold land and specific exclusions for properties identified as non-serviceable. Rates remissions,

penalty income, water-by-meter volumetric charging and the rates strike all contribute to the amount of rates revenue recognised in the Annual Report.

The table below shows the movement in rates remissions processed since 2013, along with the trends for rates penalties and the rates assessed:

Classification	2017/18	2016/17	2015/16	2014/15	2013/14
Remissions	(753)	(538)	(440)	(397)	(369)
Penalties	1,435	1,483	1,443	1,398	1,463
Rates	76,723	70,774	67,746	66,105	58,423
Remissions as a % of rates	1%	1%	1%	1%	1%
Penalties as a % of rates	2%	2%	2%	2%	3%

Please note the figures shown are \$000's

Although dollar values have fluctuated, which is expected as properties are revalued and the rates charges increase, the level of remissions has remained constant at 1 per cent of the rates revenue.

2. *The ownership of cattle*

The potential for animal welfare issues and financial management issues were raised as consideration for reputational and/or financial risk exposure.

Approximately 100 cattle graze on the Wainui Reserve in Raglan as a reserve maintenance procedure. A Farm Manager is employed by Council and the cattle are turned over annually through an independent livestock agent. All sales must go through authorised sale yards (no private sales), financial transactions have associated purchase orders, two stock takes are conducted each year, and document handling/reconciliations are managed by a separate member of the Parks & Facilities team.

There are controls in place around the stock tally process and any loss of stock during the year is documented thoroughly. Health declaration forms are provided to Council as part of the purchase process and prepared by Council as part of the sale process. Unfortunately during the last year three animals died: one was found slaughtered; one died from ill health several months after receiving veterinary treatment; and the other was caught in a fence. There were no deaths in 2016/17, 2015/16 or 2014/15.

3. *Asset valuations*

A number of items were raised in relation to Council's assets; the variability in the useful lives of the assets vested and found assets and overall impacts on depreciation.

Council has independent valuations of all infrastructural assets undertaken annually. By having an annual cycle the capture of depreciation variances is identified earlier than would be the case as per previously used three-yearly cycle. In reality, assets built by Council or received as a result of development in the district (vested), results in a year's lag in terms of being able to charge for the related depreciation. This is due to the timing differential that exists between the adoption of the annual budgets and the financial year end.

Asset lives vary around the age and base lives of the assets modified as necessary to take account of asset condition, performance and factors that impact asset deterioration. Some assets will have lower useful lives than others and will therefore be depreciated over a shorter timeframe. This accounts for the variability in the useful lives disclosed in the Annual Report. Similarly the depreciation rate will vary based on the type of asset within the asset class; for example, a water meter will not have the same depreciation rate as a piece of reticulation.

The roading asset valuation was based on March 2018 indices with movement in the final quarter resulting in a \$20 million differential. While not material overall, the audit threshold for noting misstatement was triggered. Due to the cost and timing impacts associated with updating the valuation, the decision was made to leave the error unadjusted. To avoid a repeat of this issue for 2018/19 Council's valuer will use predicted indices rather than the March quarter indices. As there is already a one-year lag on depreciation charging, the valuation difference will not have any further impact.

Found assets are assets that are discovered as unrecorded in our asset databases during the year. Overall values are relatively low in relation to the \$1.8 billion asset value. In 2017/18 \$1.1 million of assets were determined to be found assets which equates to 0.06% of total asset value. The related depreciation shortfall for any prior years would be approximately \$10,000 with an estimated base life of 100 years on an annual basis.

4. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	23 November 2018
Prepared by	Kurt Abbot Projects & Innovation Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2130002
Report Title	Update on Our Plan – Gearing for Growth & Greatness

1. EXECUTIVE SUMMARY

This report outlines progress with the creation and implementation of organisational change associated with Our Plan – Gearing for Growth & Greatness. As with any significant change, risk exists, however as outlined within the report mitigations have been appropriately applied with no significant issues arising to date. The report also outlines how, at a high level, Our Plan fits alongside the organisations key strategic risks.

2. RECOMMENDATIONS

THAT the report from the Chief Operating Officer be received.

3. DISCUSSION

2.1. Outline of Change Programme

The organisational change programme has been separated into two distinct high level projects. The first project, Structure & Readiness, is focused on creating and delivering a new fit for purpose organisational structure. Secondly the project is focused on ensuring that our people are brought on the journey and prepared and aligned for future change associated with the objectives within the organisations strategic document – Our Plan.

The second project, ‘Our Plan Review’, involves the creation and implementation of the organisations strategy. This has been undertaken with full co-design principles across the organisation.

2.2. Structure & Readiness – Risks

This project has several significant risks associated with it given that it is a people centric change programme. These risks were identified early and many mitigations implemented to minimise or eliminate their impact. The key risks are outlined below:

1. Significant drop in employee engagement;
2. Loss of institutional knowledge through staff exits;
3. Inability to attract new staff;
4. Financial affordability;
5. Reputational damage and public concern.

2.2.1 Progress against risk

1. *Significant drop in employee engagement*

Anecdotal evidence currently points to an increase in staff engagement. The formal engagement survey has not yet been undertaken but sentiment across the organisation is positive. This has been achieved through a significant change plan, managed by a specific team for this purpose that endeavours to outline the positive aspects of the proposed changes. Outlined below staff exits have also decreased.

2. *Loss of institutional knowledge through staff exits*

Current staff turnover is lower than in previous years. The annualised turnover rate is currently 13.9% which is significantly better than the previous two years where it has sat around the 20% - 24% range. This has been achieved by building excitement and showing cultural change. As an example internal promotion has risen this year to around 50% of hires compared to less than 20% in previous years.

3. *Inability to attract new staff*

Significantly higher numbers of applicants have been received for roles created through Gearing for Growth & Greatness than what has been the recent norm. This was achieved by utilising a different approach to recruitment. This included staff blogging about the potential of the organisation, increasing Council's brand awareness and consolidating the roles into recruitment waves. For example wave one included 14 roles advertised at once with accompanying storytelling. Council partners, staff and stakeholders were then used to blog, tag and promote the wave of recruitment. Wave 2 and 3 which will occur in the New Year will include three promotional videos targeting either local, Auckland or international potential applicants. This strategy was essential in what remains a very competitive market.

4. *Financial affordability*

Council has acknowledged and supported the additional staff capacity. Management have made commitments in terms of identifying long term savings, based on a more efficient organisation, to ensure the additional costs are in fact an 'investment'. Monitoring of progress against targeted cost savings will be put in place and monitored by management.

5. *Reputational damage & public concern*

To date public and media interest has been in the majority positive. The strategy is to proactively promote the change to ensure the positive aspects and outcomes are delivered and heard. As outlined above the recruitment process delivered excellent results and positive conversation on social media platforms. Also associated with mitigating this risk was the retention of staff as already outlined above.

2.3. **Our Plan Outline**

‘Our Plan’ is the organisations internal strategy to build an organisation that is best positioned to deliver on the vision of creating Liveable, Thriving, and Connected Communities. All objectives within the strategy have a direct link to strategic risk. The objectives in fact have been developed to mitigate key strategic risks.

The latest revision of Our Plan – Gearing for Growth & Greatness – was a direct response to the strategic growth risk that had eventuated into an issue. All other objectives and associated projects within the strategy in some way will play a part in mitigating risks. These are not necessarily a one to one relationship with strategic risk, as a project will deliver various benefits and mitigations.

2.3.1 **Our Plan Objectives**

Customer & Community

- We apply a human centred approach to our service design to support our business units to re-evaluate their services and reset their priorities where required.
- We coordinate the delivery of our information so our customers understand it and want to engage with us.
- We co-design with our customers to create a multi-channel customer experience that meets their needs in step with our district growth and requirements, making navigating Council easy.
- We understand who our customers are and what is important to them and build strong local relationships so that we are able to easily engage on topics that matter to them.
- We make engaging with us easy by understanding and aligning our marketing and communications to our communities’ desires and by coordinating our efforts across the business.
- We deliver a brand that has strong and respected recognition with our stakeholders and community.

Financial Stewardship

- We know what activities to focus on, how they align with agreed strategies and when and where the money will come from. Resources are deployed to the best possible effect based on community wants or needs.
- We have a deep understanding of our business, how to support long term service delivery, and regularly review and test for efficiency and effectiveness. We try new things in recognition that value is broader than cost efficiency alone and have clear measures of what value should be delivered.

- We manage public money and we take our financial responsibilities seriously demonstrating effective cost control and accurate forecasting. We are transparent and adhere to financial controls.

Innovation

- We are mobile and connected, with the digital tools to do that can provide our services from anywhere in our district.
- Our information is presented to us quickly, in a way that we can understand and digest and is stored once in a master source location. We have access to the information that prepares our organisation to respond.
- We collaborate to deliver innovative services and digital engagement responsibly. Our systems are integrated to make it easy to access and share information internally and externally.
- We actively seek opportunities to provide benefits to the community, the organisation and individuals.

Our People

- We know that organisational strategy cannot be successful without an employee experience commitment. We are an employer of choice with highly engaged employees delivering exceptional service. We invest in our people and they understand the role of our organisation within communities and their role in contributing to the same.
- We recognise the skills and creativity of individuals and allow them to make and implement decisions. We focus on outcomes (not outputs) which encourage a supportive, sharing, integrated organisation.

2.3.2 Alignment of Our Plan with Strategic Risk

- Customer & Community
 - Reputation/Image
 - Environmental
 - Growth
 - Operational
- Financial Stewardship
 - Finance
 - Fraud
 - Compliance
- Innovation
 - Projects
 - Cyber Security and IT Dependence
 - Strategic
- Our People
 - People & Culture
 - Zero Harm

4. RECOMMENDATIONS

THAT the report from the **Chief Operating Officer** be received.

5. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	29 November 2018
Prepared by	Alison Diaz Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2130184
Report Title	Fraud Prevention Policy Review

I. EXECUTIVE SUMMARY

An updated Fraud Prevention Policy was presented to the November Policy & Regulatory meeting for approval. As the policy relates to Council's risk appetite for fraud, it is reviewed in conjunction with the Audit & Risk Committee.

When the Audit & Risk Committee reviewed the policy in June a request was made for the update to give more regard to "own device" use and impacts. Therefore, in the version presented to the Policy & Regulatory Committee, the definition and related policy sections were revised to reinforce that system access and unauthorised use / alteration of Council data are considered part of the remit of the policy.

The Policy & Regulatory Committee was on the whole supportive of the review subject to the following amendments:

- 1) Tightening up of the application. The extension to include contractors, consultants and volunteers of Council was queried and legal advice is being sought to ensure any application wording is able to be enforced against those stakeholders; and
- 2) That the definition of fraud was changed as the "actions in relation to those matters likely to bring the Council into disrepute" is not relevant. Therefore, the definition will be changed to reflect more closely that used by the Serious Fraud Office.

Once these revisions are made the policy will be finalised.

The non-adjusted version provided to the Policy & Regulatory Committee is attached for information purposes.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

Marked up version of the Fraud Prevention Policy

Fraud Prevention Policy

Policy Owner:	Chief Executive
Policy Sponsor:	General Manager Strategy and Support <u>Chief Operating Officer</u>
Approved By:	Policy & Regulatory Committee
Approval Date:	13 July 2018
Resolution Number:	WDC 1507/16/1/10
Next Review Date:	June 2021 November 2018 (extension)

Purpose

To address the risk of fraud and describe the actions the Council will take when any suspected fraud is reported or discovered.

Fraud prevention is about ensuring the overall integrity and performance of the Council.

Objectives

The specific objectives of this policy are to:

- ensure that the assets and reputation of Council and its members and staff are protected from fraudulent misconduct;
- prevent fraud and/or corruption within the organisation; and
- provide a consistent and transparent approach to all allegations of fraud and/or corruption.

Application

This policy applies to all elected members and staff, contractors, consultants and volunteers of Council.

Definitions

Fraud is defined as theft, unlawful conversion, embezzlement, violation of Waikato District Council policies relating to employment, finance, equipment and other assets, or any other action in relation to those matters likely to bring the Council into disrepute.

Fraud includes, but is not limited to:

- Forgery of any type;
- Misappropriation of Council funds, financial securities, supplies and other assets (including intellectual property);
- Mis-recording and/or mis-reporting financial transactions;
- Seeking and/or accepting anything of material value (i.e. greater than \$100) from Council suppliers, without disclosure, in accordance with the [Gifts & Hospitality Policy](#);
- Unauthorised use of Council property, equipment, materials or records for personal advantage or gain;
- Unauthorised disclosure of confidential information;
- Unauthorised destruction or alteration of systems, records or data;
- Unauthorised transfer of funds;
- Hacking, spamming, hijack of domains and/or servers;
- Unauthorised access and/or use of council systems, records or data;

- Authorising or receiving payment for goods or services not received or performed;
- Authorising or receiving payment for time not worked;
- Dishonest claims for reimbursement of expenses;
- Failure to disclose any Conflict of Interest; and
- Bribery.

Related Documents/Legislature

Legislation

- Local Government Act 2002
- Local Authority (Members' Interests) Act 1968
- Crimes Act 1961
- Protected Disclosures Act 2000

WDC Policies and Supporting Processes

- [Code of Conduct \(staff\)](#)
- [Code of Conduct \(elected personnel\)](#)
- [Protected Disclosure \(Whistleblowers\) Policy](#)
- [Conflict of Interest Policy](#)
- [Reimbursement of Expenses Policy \(staff\)](#)
- [Reimbursement of Mileage and Expenses Policy \(elected personnel\)](#)
- [Gifts & Hospitality Policy](#)
- [Report and Investigate Fraudulent or Suspected Fraudulent Activity process](#)
- [Email Use Policy](#)
- [Remote Access Policy](#)
- [Internet Use Policy](#)
- [Records Management Policy](#)

Policy Statements

General Statements

1. The Local Government Act 2002 requires Council, including its elected members and staff or agents, to spend public funds subject to the standards of probity and financial prudence such that all expenditure withstands public scrutiny.
2. Council recognises that all its assets are owned by the community and there is an expectation and obligation that elected members and staff act honestly and with integrity to safeguard public resources. Council is committed to protecting its revenue, property, information and other assets from any attempt by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees or elected members, to gain financial or other benefits from Council by deceit.
3. Council is committed to the development and maintenance of best practice processes and procedures to prevent and detect fraud, and that demonstrate appropriate stewardship of Council assets.
4. Whilst the Chief Executive has ultimate responsibility for ensuring adequate controls are in place to prevent and detect fraud, each Manager has responsibility for ensuring appropriate controls are in place at all levels to ensure safeguards against fraudulent activity, and must take action to implement and maintain these controls.
5. Council has a zero tolerance to fraud. Whilst the Council values the integrity of its employees, and relies on them to act at all times in an ethical and honest manner, it will

not tolerate fraud or the concealment of fraud. It will investigate all reported incidents of alleged fraud, prosecute where fraud is proven and seek restitution.

6. All disclosures of dishonest or fraudulent practices will be treated seriously. All proven incidents of fraud will be pursued through every means available and appropriate disciplinary action taken.

|

Minimising the Risk of Fraud

8. Internal controls, including the screening of new staff, will be maintained and regularly reviewed to provide assurance for the prevention and detection of fraud, misappropriation and other irregularities. Transactions, activities and locations that may be susceptible to fraud will be reviewed regularly.
9. Internal audit will have a key role in the ongoing monitoring of fraud related risk, and the assessment of the effectiveness of the internal control environment.
10. Specific reviews of internal controls will be undertaken by external auditors as part of their internal audit programme, along with a programme of internal audits by internal auditors.
11. Findings of these internal control audits will be reported to the Audit & Risk Committee at each of their meetings.
12. The Policy and Regulatory Committee has a governance responsibility to ensure that this policy is reviewed regularly and to satisfy itself that Council has appropriate processes and systems in place to capture and effectively investigate fraud related information. The Audit & Risk Committee has an interest in this policy from a risk perspective and hence will be involved in the review.

Duty to Report and Investigate

13. Any person who is aware of or suspects fraudulent activity must promptly report such activity to his or her line manager or general manager in the first instance, or an 'Internal Authority' as defined in Council's Protected Disclosures (Whistleblowers) Policy.
14. An individual who reports a suspicion of fraud regarding another individual or the organization in good faith will in no circumstances be threatened, intimidated, or dismissed because he or she acted in accordance with this policy. Refer to Protected Disclosures (Whistleblowers) Policy.
15. A manager to whom a protected disclosure is made must refer the disclosure to an 'Internal Authority' or the Chief Executive immediately.
16. An 'Internal Authority' who has received a protected disclosure report will consider the information provided, determine what action should be taken and inform the Chief Executive.
17. If suspicions relate to the Chief Executive, the 'Internal Authority' will inform the Mayor, who will carry out all investigations and further steps outlined in this policy and associated process.
18. The Chief Executive and/or Internal Authority shall determine if an investigation is required and, where required, establish an investigation team. The Chief Executive or Internal Authority shall also notify the Mayor, the Audit & Risk Sub-Committee Chair and Council's external auditor.
19. The investigation team will have free and unrestricted access to all Council records and premises, whether owned or rented. The investigation team will also have the authority to examine, copy, and/or remove all, or any portion of the contents of computers, files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities, within the scope of the investigation.

20. Where fraud has been proven, the Chief Executive will:
- a. Direct the manager of the area where the fraud has taken place to put controls in place to mitigate further losses and prevent reoccurrence of similar misconduct;
 - b. Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
 - c. Advise the Council's insurers as appropriate (depending on the nature of the fraud);
 - d. Keep all other relevant personnel suitably informed about the incident and the organisation's response, including the external auditor and the Communications Manager.
21. Where fraud is not proven, the investigation team will provide the Chief Executive with a confidential report which includes a recommended course of action and any recommended improvements to internal controls that are identified as a result of the investigation. A summary of this report will be provided to the Mayor, Audit & Risk Committee, Chair of Strategy & Finance Committee and the external auditor.

Disciplinary Processes

22. Where a person is suspected of having committed fraud, the Chief Executive will follow the relevant disciplinary procedures outlined in Council's Disciplinary Policy and supporting processes.

Recovery of Loss

23. Recovering losses of money or property is a major objective of the Council following any fraud investigation. The amount of any loss will be quantified as far as possible, repayment or reparation sought and prosecution pursued.

Confidentiality

24. While alleged or actual instances of fraud can affect the rights and reputation of anyone implicated, individual identities will be protected wherever possible without detriment to Council.
25. All participants in a fraud investigation shall keep the details and results of the investigation confidential.

Dealing with the Media

26. Any person contacted by the media with respect to any fraud investigation ~~shall~~ must refer the media to the Communications Manager.

Policy Review

This policy will be reviewed as deemed appropriate by the Chief Executive, at least once every three years.

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	29 November 2018
Prepared by	Andrew Nimmo Project Accountant
Chief Executive Approved	Y
Reference #	GOV1318 / 2130756
Report Title	Project Closure Report - Enterprise Cash Receipting

I. EXECUTIVE SUMMARY

The Enterprise Cash Receipting (“ECR”) software implementation was run concurrently with the transition to Council office and library sites being cash free.

Councils messaging for cash free was anchored around alternate payment options being available, such as accepting credit cards and the ability to pay via New Zealand Post outlets. The ECR software module has enabled Council to process both credit card and Work and Income New Zealand card payments at all of our office and library sites. A further benefit of the software install for customers has been that refunds can be processed over the counter; previously requests were processed by back-office staff once per week.

Along with the risk reduction delivered by removing cash payments, the software also provides a better control environment. It integrates directly with the EFTPOS terminals and invoices held in our Property & Rating system which has reduced the level of receipting errors, has specific user rather than generic logins, and the end of day settling up and authorisation of refunds requires more than one individual to process (segregation of duties).

The Audit & Risk Committee should note that significant efficiency benefits have been delivered in the receipting processing, particularly for rating instalments.

The ECR project covered the front-end configuration of the new software module, updating of Council invoicing mechanisms, associated testing and training. Invariably there are teething problems to be worked through with new system and process implementation and one particular area identified for improvement, to be addressed under a separate project, is a review of the dog registration and payment process.

The project closure report is attached for information.

2. RECOMMENDATION

THAT the report from the **Chief Operating Officer** be received.

3. ATTACHMENTS

Project Closure Report – Enterprise Cash Receipting



Project Closure Report

Enterprise Cash Receipting (ECR)

Author	Andrew Nimmo
Document version	VI
Version status	Final for sign-off
Date	29/11/18

Document Control

Document Information

Document Name	Enterprise Cash Receipting (ECR) Project Closure
Document Owner	Andrew Nimmo
Document ECM #	2112754

Document History

Version	Date	Author	Change
0.1	7/8/18	Andrew Nimmo	First draft for initial review by Tony Whittaker & Alison Diaz
0.2	5/11/18	Andrew Nimmo	Final draft for review
0.3	21/11/18	Andrew Nimmo	Final draft for review
1.0	28/11/18	Andrew Nimmo	Final for sign-off

Distribution List

This list is in addition to those who are on the Document Approval & Endorsement lists

Name	Position	Department/Company
Mark Willcock	Chief Information Officer	Information Management
AnaMaria d'Aubert	Consents Manager	Consents
Angela Parquist	Customer Delivery Manager	Customer Delivery
Megan May	Animal Control Team Leader	Animal Control
Mervyn Balloch	Building Quality Manager	Building Quality

Related Documents

Document Name	Location/Link
Site feedback notes	ECM – Document Set ID 2112654

Closure Approval

Approval to formally close this project and accept the deliverables and handover items as outlined in this document.

Project Role	Name	Signature	Date
Project Manager	Andrew Nimmo		
Business Owner	Alison Diaz		
Project Sponsor	Tony Whittaker		

Document Purpose

A Project Closure Report is a document which formalises the closure of the project. It provides confirmation that the criteria for successful completion of the project have been met and requests sign-off from the Project Sponsor to close the project.

A Project Closure Report includes:

- Confirmation that each completion criterion has been met
- A list of outstanding business activities, risks and issues & related ownership
- A set of closure actions (to hand-over project deliverables, documentation, terminate suppliers, release resources and undertake closure communication).

A Project Closure Report is produced at the start of the Project Close Phase. The document is usually prepared by the Project Manager and presented to the Project Sponsor & Business Owner for acceptance & sign-off. Following sign-off, a suite of closure activities is undertaken to formally close the project.

When the Project Closure Report is approved, the Post Implementation Review will be conducted to capture final statistics and identify lessons learnt for future projects. The Benefits Realisation Review(s) are scheduled, to measure the achievement of the business benefits achieved as per the Business Case.

Project Closure Process

The following outlines the key steps required for the close down of a project:-

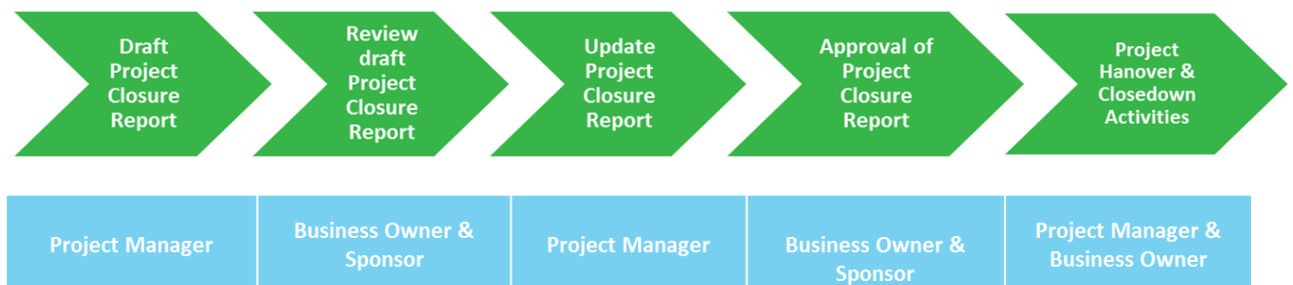


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I Project Completion

This section identifies the criteria required to complete the project and any outstanding items which still need to be undertaken even though the project may be ready for completion.

I.1 Completion Criteria

Listed below are the items which were agreed in the signed off the Business Case & Project Execution Plan (PEP), as the criteria that must be met for successful completion of the project & to the satisfaction of the Business Owner.

Category	Criteria	Achieved
Objectives	<ul style="list-style-type: none"> Install and Implement Enterprise Cash Receipting (ECR) 	Went live on 17 February 2018
Benefits	<ul style="list-style-type: none"> EFTPOS Integration Credit Card and pay-wave capability Electronic refunds at the front counters Barcodes on all council invoices Buttons replacing mnemonic structure and customised to location Improved audit trail 	These benefits have been achieved. For the May rates instalment the Customer Delivery Manager received no phone calls about rate payment issues. For the September rate instalment the bank file was processed in 9 hours with less people. Previously it took two days.
Deliverables	<ul style="list-style-type: none"> System installed, configured and tested Training of all users Go live support User manuals and processes updated 	Completed as part of the project.

I.2 Outstanding Items

The following outstanding items still need to be undertaken even though the project has satisfied the above completion criteria. Each item has action(s) required to be undertaken and the owner responsible for undertaking the action.

Item	Action	Owner
Activities	None	N/A
Risks	<ul style="list-style-type: none"> Push back on segregation of duties and individual logons Technical issues at a site 	<ul style="list-style-type: none"> IM are working on moving away from generic logons Service desk request 1265
Issues	<ul style="list-style-type: none"> All the cases logged with Technology are in progress. Most will be resolved by project close. Reconciliation issues are being worked through – this doesn't affect users. 	Andrew Nimmo

2 Project Closure

This section outlines the steps required to perform the closure of the project. It includes handover of the deliverables and documentation to the business owner, the termination of supplier contracts, the release of project resource back to the business and the communication to all stakeholders that the project is now formally closed.

2.1 Deliverables

Listed below are the project deliverables as per the approved Project Execution Plan (PEP) with a hand-over plan for the release of all project deliverables to the business owner.

#	Deliverable (as per approved PEP)	Description	Location/Link	Handover Date	Owner	Comment
	<ul style="list-style-type: none"> System installed, configured and tested 	The system was installed on the production server in November		28/9/18	Finance Manager	Ongoing maintenance as per other Technology One products.
	<ul style="list-style-type: none"> Training of all users 	Initial training was part of the project. About 80 users were trained most by the key user at their site. Most users sat a test to receive their Approved User license to ensure they are comfortable using the system.		28/9/18	Key Users	Key users are trained for each site. These key users will train new staff at their sites.
	<ul style="list-style-type: none"> Go live support 	System support has been provided for 7 months		28/9/18	Project Accountant	The Product Accountant role includes support for all the financial systems
	<ul style="list-style-type: none"> User manuals and processes updated 	These were updated as part of the project	Promapp and Knowledge tree updated. The user manuals are in ECM.	28/9/18	Key Users	Key users will ensure these are updated as required

	<ul style="list-style-type: none"> Project celebration and feedback held at each site. 	Each site provided what is good, bad, comments on training, suggested improvements and what still need to be sorted. Most people happy with the system and like using it. The User Manual has been updated to cover requested topics	ECM – Document Set ID 2112654	1/10/18	Project Manager	No ongoing tasks required for this
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2.2 Project Management documents Handover

Listed below are the documents relating to the project deliverables and the Project Management documents, with related handover details.

#	Document Name	File Type	Location/ Link	Handover Date	Owner	Comment
	None					

2.3 Suppliers

Below is the plan for the conclusion of project supplier contracts.

Supplier Name	Contract Reference	Completion Activity	Release Date	Activity Owner
Technology One	Purchase orders as required	<ul style="list-style-type: none"> Last consultation was go live support ending 22 February 	22 Feb 18	Andrew Nimmo

2.4 Resources

Below is the plan for the release of all project resources (including staff and equipment).

Resource name	Current designation	Release activity	Release date	Activity owner
Staff	Not applicable as no staff were assigned to the project.			
Test Eftpos Terminal	For testing, no longer required	Bank and Paymark have been notified. Unit returned to Eftco	13 Nov 18	Andrew Nimmo

2.5 Project Accounting

The original budget was \$29,930 with actual spend of \$37,915 over October and November 2017. The project reset budget was \$45,000 (including a contingency of \$10,704) with actual spend of \$31,365. The saving was due to being able to use a local Technology One consultant so the budgeted travel and accommodation costs were not required and unexpected costs were covered by the saving.

The project costs have been finalised and the project capitalised.

2.6 Communication

Below is the plan to communicate the project closure to all stakeholders and interested parties.

Target audience	Intended message	Method used	Dispatch date	Dispatch owner
Whole of council	Project has been successfully completed and is now closed	Waisite news item	TBC	Andrew Nimmo
Project team and users	Thank you – project close celebrations	Breakfasts and morning teas held at all sites.	Completed 1/10/18	Andrew Nimmo

2.7 Lessons Learned (*initial, until Post Implementation Review is conducted*)

What went well (continue doing these)

- Initial site visits to find out what happened at each site.
- Great support from the Customer Delivery Team Leaders. They ensured their teams were ready to change to the new system.
- Each user had to do a test to earn their user licenses. This helped people practise between their initial training and go live.
- Communication plan using the ADKAR model to enable smooth change management.
- The button layout and other things that could be configured have been set up as defined by the customer delivery team leaders and from user feedback – this helped get buy in for the system. Did this again for the LTP fees and charges changes.
- Listened to users concerns and ideas and implemented these if possible. For example changed the receipt layout so the address matches the envelope address window.
- Great support from IM. Especially by Julian Hudson who sorted out the technical side of things, receipts and bar codes on all the invoices just to mention some of what he did. Also the ECM team getting the scanning of documents on the photocopiers to automatically file in ECM.
- A group went to Whangarei District Council to see the system in operation and to ask questions and learn their pain points.

Things that could have gone better (improvement for future projects)

Recommendation 1 – Projects should come under the direction of the Portfolio Governance Group. This would have ensured the project team was appointed, ensured the project fitted in with other projects and provided the required budget. This project was held up because people were not available.

Recommendation 2 – When using Technology One consultants agree on the required outcomes up front. Often Technology One consultants only know part of the system and may not know how different systems integrate. The first attempt of this project failed because the consultants finished but the system wasn't working.

Recommendation 3 – For user acceptance testing ensure there is a large group of testers with different levels of experience to try and find common errors people will likely make at go live. The user testing picked up system errors and ensured the system worked but it didn't pick up the common errors made when the system went live.

Recommendation 4 – Plan ongoing consultant support for the weeks after go live. The first few days went pretty smoothly. It was the second week, after the consultant had left, that issues arose.

Recommendation 5 – Ensure the issues you are trying to solve are well defined upfront and the solution options are thought through properly. After the system went live we started working on the dog charges and notices. This work took longer than expected and didn't go as smoothly as expected. This was due to not defining the issue we were trying to solve well enough upfront.

Back Office Enterprise Cash Receipting (ECR) feedback notes

Good

- Bank details show on receipts making it easier to complete the refund paperwork.
- For multiple dog payments the dog tag numbers show on the receipt and in P&R for each dog.
- Easy to transfer payments between applications.
- The new Outstanding Suspense Items report.

Bad

- ECR receipt details do not show clearly (refunds/transfers) in P&R.
- Unpractical to reverse multiple payments in ECR. Example of refunding overpayment of rates when customer pays \$20 each week.
- Messy to reverse a receipt when one line on the receipt has already been reversed. Receipt does not show on reverse receipt line list. (This has been fixed in the 2018A release.)
- Banking session number changes when user goes to bank session.
- Session number automatically defaults when starting a session. Need to be careful when picking sessions.

Training

- No longer need to use the manual

Improvements

- P&R to show ECR receipt details more clearly. (Expect to be able to customise this in the 2018B release.)

Huntly Enterprise Cash Receipting (ECR) feedback notes

Good

- Easy to use – even when not using it every day.
- User manual with screen shots.
- ECR is quicker.
- Banking is so much quicker.
- Technology now in line with other retailers like supermarkets.

Bad

- First transaction of the day is very slow. This includes the connection to the eftpos terminal.

Training

- Was good.

Improvements

- Update user manual to explain how to clear suspense accounts. (Completed 1 November)

To sort

- Printer error message showing but receipt still prints. (Completed 6 November)
- Printer not printing to closest printer, example – Logged into computer 1 but printing receipt only prints to HLY LIB2. (Completed 6 November)
- Update the new eftpos terminal so uses same merchant number as the other two. (Completed 17 October.)
- Another cheque reader. (Completed 6 November)
- Should Council accept post-dated cheques and how should they be processed? Rural customers may drop off a post-dated cheque at Huntly library while the customer is visiting town. (Completed 15 November)

Ngaruawahia Enterprise Cash Receipting (ECR) feedback notes

Good

- Andrew's attitude and being easy to approach.
- Julian's attitude, especially willingness to try and solve issues outside his area of expertise.
- Easy to process refunds to customers over the front counter.
- User manual has step by step instructions.
- Eftpos terminal is integrated so no more amount typos.
- Can accept credit cards at front counter.
- Processing cheques (in mail) easier. A user was able to receipt 50 cheques in less than an hour.
- End of day banking is simple and quick.
- There was a long run up between the system being ready (November 2017) and go live (February 2018).

Bad

- First transaction of the day is very slow.
- Receipt generation (preparing to print) is very slow.
- Such a big change for the organisation but lack of support compared with other projects where more testing and training time was made available for users.
- Had plenty of lead up to go live but were unable to take advantage to practise due to work load.
- Did not have several days testing by large group of users. This would have shown what errors to expect at go live and have given an idea of what to focus on during training.

Improvements

- Update user manual to explain how to do full and partial refunds. (Completed 1 November)
- Update user manual to explain what bank account to use. (Completed 1 November)

To sort

- ECM is there a better way to search for the end of day (and refund) documents? All the documents are in one folder.
- Do we need to keep copies of all the remittance advices and other paperwork?
- Suggestion to have different icons for the training and test systems. (Completed 31 October)

Raglan Enterprise Cash Receipting (ECR) feedback notes

Good

- How quick it is to process dog registration receipts using the bar code. Customer comments like “That was quick”, “Is that all?”.
- Start of day is simple.
- End of day banking is simple.
- No cash.
- New terminals are faster and more reliable.
- Prompt response from Andrew when issues arise.

Bad

- IT issues – terminals shut down.

Training

- Easy to learn.
- All users comfortable using ECR.

Improvements

- Update user manual to explain how to reprint eftpos settlement forms. (Completed 1 November)
- Receipt number to show before receipt prints.
- A cheque reader for the Raglan site.
- A third eftpos terminal.

Te Kauwhata Enterprise Cash Receipting (ECR) feedback notes

Good

- Easy to use.
- Scanning of bar codes.
- Two Citrix terminals using one eftpos terminal.

Bad

- Only having one eftpos machine.

Training

- Easy for new people to learn.

Improvements

- Update user manual to explain how to do full and partial refunds. (Completed 1 November)

Tuakau Enterprise Cash Receipting (ECR) feedback notes

Good

- Pretty simple to user.
- Quick to process receipts
- Outstanding items show all charges owing by customer/property. Especially useful for multiple dogs.
- End of day banking is quick and simple.
- Eftpos terminal is integrated.

Bad

- First transaction of the day is very slow.

Training

- Sandra did a great job of the training and has written trouble shooting notes.

To sort

- Backup support when Andrew is away.
- Library Citrix terminal times out and signs out user.
- Printer error messages (Setups should be like Melissa's).
- Outstanding items not always working. (I've asked the users to watch for these so we can find when the error is occurring.)
- Can take 45 minutes to print dog notices from P&R.

Open Meeting

To	Audit & Risk Committee
From	Sue O’Gorman General Manager Customer Support
Date	28 November 18
Prepared by	Kelly Newell Civil Defence Emergency Management Coordinator
Chief Executive Approved	Y
Reference #	GOV1318 / 2130506
Report Title	Office Lockdown Event September 2018

I. EXECUTIVE SUMMARY

On 18 September 2018 Waikato District Council call centre received a notification from a staff member at the Ministry of Business, Innovation and Employment (“MBIE”) that a threat had been made toward Waikato District Council. This was made during a telephone conversation between the individual and the MBIE staff member who escalated the threat and notified Waikato District Council immediately.

The Incident Management Team was notified by the call centre and as a precaution the decision was made to lock down the Ngaruawahia and Huntly offices. Police were notified and arrived on site at the Ngaruawahia and Huntly offices at approximately 9:45am.

Staff members were asked not leave these two offices and any staff in the field were requested not to return until notified to do so.

Police retained control of the situation and the Ngaruawahia and Huntly office remained in lockdown until it the situation was resolved. Police were able to identify and locate the offender and advised Waikato District Council that they were not considered a threat. The offender was then trespassed from our offices.

A debrief of the incident was undertaken by the Incident Management Team where a number of learnings and actions were identified to improve the process. The debrief points are summarised as:

- Organisational training on handling of concerning behaviour by customers;
- Recording of concerning interactions and behaviours;
- External notifications to outer offices, Waikato District Alliance, CityCare and contractors including procedures for external depots and threats against field staff;
- Management of offenders post threat.

2. RECOMMENDATION

THAT the report from the **General Manager Customer Support** be received.

3. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	29 November 2018
Prepared by	Katja Jenkins Risk Advisor
Chief Executive Approved	Y
Reference #	GOV1318 / 2129791
Report Title	Risk & Assurance Forum Action Outcomes

I. EXECUTIVE SUMMARY

During the September Audit & Risk Committee meeting the Chair communicated themes received from Audit & Risk Committee (“the Committee”) members via the Annual Self Review.

The themes / feedback included:

- More proactivity
- Procurement
- Risk regarding use of external consultants
- Health & Safety
- Staff turnover
- Internal accountability
- Exit Interviews and learnings.

The purpose of this report is to outline where it is considered some of the themes are being addressed, particularly the recent developments in the agenda. These changes have been made in response to the feedback and are an attempt to keep the agenda relevant.

The Committee can consider further opportunities to deliver on the themes if it so wishes.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. DISCUSSION

Council's work-plan and risk assurance activities include:

Procurement Focus

The Committee receives an "unedited" report from the Procurement Manager at each meeting detailing the "health" of procurement. This report ensures that the Committee remains informed on progress, particularly procurement culture. The Committee also continues to promote the use of internal audit to provide assurance and improve Council practices.

Furthermore, KPMG continues to provide an independent spend analysis review that assists in providing the Committee with a view of progress.

It should also be noted that the Office of Auditor General continues to show an interest in Local Government procurement practice, through the audit process, and provides feedback on Councils performance.

Increased Internal Capability

Use of external consultants/advisers was raised as a potential area for business risk, specifically in retaining control of intellectual property. Management recognises that in some areas, such as specialist work or to temporarily fill identified deficits, a need for outsourcing work is likely to remain; however, Consultants will not be enlisted as a default. Instead the organisation has made a commitment to developing internal capability through improved succession planning, training, development and enhanced recruitment procedures, in addition to the recruitment of additional capacity so as to mitigate this risk. This is a key outcome of the Gearing for Growth & Greatness ("G4GG") project.

Health and safety

Assurance in regard to the implementation and application of the Zero Harm framework is communicated through quarterly Zero Harm reports in addition to the involvement in the annual framework review. The Committee will continue to receive transparent and timely communication on significant Zero Harm incidents and the processes and outcomes deployed by the incident management team in the event of an incident e.g. this month's chlorine spill, the recent gun threat.

Internal Accountability

Works associated with improving culture and managing staff turnover continues to be delivered through the G4GG change programme. Regular reporting on the programme will be continued to give the Committee assurance that planned work is progressing and outcomes are being delivered.

In addition, it is recognised that accountability can be better demonstrated through improved reporting capability. Management accepts that data will inform decision making more than it has previously and will consider where metrics can be used to support

reporting. In the People & Capability space this improvement has already been implemented. A dashboard report has been developed to capture information gleaned from exit interviews and to support learnings that may be useful in understanding staff turn-over. This report can be made available to the Committee.

Risk Reporting Framework

The reporting framework was refreshed at the September Audit & Risk Committee meeting. This Framework, among other things was an attempt to be more proactive and forward looking. The framework now includes:

- A Quarterly “Deep Dive” report based on one of Councils key strategic risks.
- A Risk Conversation report that offers an opportunity for the Committee to speak directly and informally to staff to gain an understanding of their business area.
- An Emerging Risks report that demonstrates identification of risks that have potential to impact business. This report is informed by regular monthly and ad-hoc risk meetings with Management.
- A Strategic Risk Register report highlighting risks that are subject to change or instability. This report is also informed through regular ELT meetings and exhibits that the strategic risks are being reviewed to ensure alignment with business direction and to test/explore effectiveness of treatments.
- A Risk Framework report that provides assurance that the framework is suitable for business requirements and meets industry standards.

4. CONCLUSION

In conclusion, some changes have recently been made in conjunction with the Committee Chair in an attempt to remain relevant for the Committee. Any further suggestions to assist in Council’s risk management journey would be appreciated.

5. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	03 December 2018
Prepared by	Sharlene Jenkins Executive Assistant
Chief Executive Approved	Y
Reference #	GOV1318 / 2132400
Report Title	Updated Future Work Plan and Action List

1. EXECUTIVE SUMMARY

The purpose of this report is to present an updated Future Work Plan and Action List for the Audit & Risk Committee's information.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

- Updated Future Work Plan
- Action List

	12 December 2018	13 March 2019 <small>TBC</small>	27 June 2019 <small>TBC</small>	18 Sept 2019 <small>TBC</small>	Standing items for all meetings
Risk	Waikato District Council Health & Safety Framework Review H&S Management framework Risk Appetite Review	Review of Council Controlled Organisations Statements of Intent	Annual Report Risk Assessment Annual Report Programme Compliance Risk Management Framework Review		<ul style="list-style-type: none"> ▪ Strategic Risk Register Update on key strategic risks & associated management actions. ▪ Risk Framework Update on direction risk framework & organizational engagement. ▪ Emerging Risks Opportunity to discuss emerging risks with potential for strategic impact. ▪ Strategic Risk Deep Dive Detailed inspection of a key risk for the purpose of assurance in the context, assessment & mitigation space. ▪ Risk Conversations Opportunity for Committee to dialogue with key staff to obtain assurance that appropriate controls and culture are in place. ▪ Zero Harm Update H&S update on H&S performance against agreed targets, systemic issues identified which can be fed into the risk control framework. To include monthly statistics. ▪ Update on Process Audit and Quality Improvement Rolling review of bylaw & policies – schedule to be agreed. ▪ Post Implementation Reviews and/or Incident Debrief Reports Post project appraisals on key investments. ▪ Update on Progress against Audit Issues Update on progress against Audit management report. ▪ Procurement Update Update on procurement and contract management.
Internal Audit			Procurement and Contract Management Framework Review	Spend Analysis Update	
Insurance	Insurance Policy / Premium Confirmation			Insurance Renewal Process Update Insurance review	
Annual Report	Final Management Report Audit Management Report	Annual Report Project Planning Annual Report Programme		Annual Report	
Other			Zero Harm Site Visit	<ul style="list-style-type: none"> ▪ Audit & Risk Committee Key Achievements Review of Audit & Risk Committee performance against Terms of Reference ▪ Zero Harm Site Visit 	

Strategic Risks

- | | | | |
|---|--|--|--|
| <ul style="list-style-type: none"> ▪ Council Partnerships ▪ Zero Harm ✓ ▪ Asset Management | <ul style="list-style-type: none"> ▪ Waters Social Franchise Model ✓ ▪ Stakeholder Engagement ▪ Economic and Social Development | <ul style="list-style-type: none"> ▪ People and Culture ✓ ▪ Regional / National Strategic Planning ▪ Projects and Initiatives | <ul style="list-style-type: none"> ▪ Compliance Management ▪ Business Resilience ▪ Cyber Security |
|---|--|--|--|

Audit & Risk Committee: Action List

#	Action	Owner	Date Assigned	Date Due	Status
1.	Bella Vista Learnings	Tony Whittaker / Sue O’Gorman	December 2018	March 2019	Staff are preparing for a workshop to be held in February 2019.
2.	Risk Scatter Graph	Tony Whittaker / Katja Jenkins	December 2018	March 2019	Staff are meeting with Audit New Zealand to understand the assessment ratings applied. We will then be in a position to explain Council performance relative to peers.
3.	Member Training and Development	Mayor Allan Sanson	December 2018	June 2019	A training and development plan required for relevant Councillors.

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	20 September 2018
Prepared by	Rose Gray Council Support Manager
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Exclusion of the Public

I. EXECUTIVE SUMMARY

To exclude the public from the whole or part of the proceedings of the meeting to enable the Audit & Risk Committee to deliberate and make decisions in private on public excluded items.

2. RECOMMENDATION

THAT the report of the Chief Executive be received;

AND THAT the public be excluded from the meeting to enable the Audit & Risk Committee to deliberate and make decisions on the following items of business:

Confirmation of Minutes dated Monday 17 September 2018

REPORTS

a. Waikato District Council Zero Harm Safety Management System

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: **Ground(s) under section 48(1) for the passing of this resolution is:**

Section 7(2)(b)(f)(i)(g)(h)(i)(j)

Section 48(1)(3)(d)

b. Waters Social Franchise Model Strategic Risk Deep Dive Report

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(b)(f)

Section 48(1)(3)(d)

c. KPMG Procurement and Contract Management Review

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(b)(ii)(i)

Section 48(1)(3)(d)

d. Procurement Manager Report

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(b)(ii)(i)

Section 48(1)(3)(d)

e. Fraud Declaration

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(a)

Section 48(1)(a)(d)

f. Register of Conflict of Interests

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(f)(i)(h)(i)(j)

Section 48(1)(3)(a)(d)

g. Committee Time with Audit New Zealand

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(f)(g)(h)(i)(j)

Section 48(1)(a)(d)

AND FURTHER THAT Ms Devlin (Chair), Mr Pieterse and Ms Procter (Audit New Zealand) and representatives from KPMG remain in the meeting after the public has been excluded to chair/facilitate the discussion on items in PEX 6 [Public excluded items] in the public excluded section of the meeting.