



Te Kaunihera-ā-Rohe o Ngāmotu

**New Plymouth
District Council**

FINANCE, AUDIT AND RISK COMMITTEE MEETING AGENDA

**Tuesday 6 May 2025
at 2pm**

**Council Chamber
Liardet Street, New Plymouth**

Chairperson:	Cr Amanda	Clinton-Gohdes
Members:	Ms Adrienne	Young-Cooper (Deputy)
	Cr Tony	Bedford
	Cr Max	Brough
	Cr David	Bublitz
	Mr Paul	Conder
	Cr Bali	Haque
	Cr Marie	Pearce
	Mayor Neil	Holdom

COMMITTEE PURPOSE

Purpose of Local Government

The reports contained in this agenda address the requirements of the Local Government Act 2002 in relation to decision making. Unless otherwise stated, the recommended option outlined in each report meets the purpose of local government and:

- Promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
 - Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, or transfer the ownership or control of a strategic asset to or from Council.
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OPENING KARAKIA

Tutawa Mai

Tūtawa mai i runga	I summon from above
Tūtawa mai i raro	I summon from below
Tūtawa mai i roto	I summon from within
Tūtawa mai i waho	I summon from the
Kia tau ai	outside environment
Te mauri tū	to calm and settle
Te mauri ora	the vital inner essence
Ki te katoa	the wellbeing of
Haumi e, hui e, tāiki e!	everyone
	Be joined,
	together united!



Te Kaunihera-ā-Rohe o Ngāmotu

**New Plymouth
District Council**

Health and Safety Message / Te Whaiora me te Marutau

In the event of an emergency, please follow the instructions of Council staff.

Please exit through the main entrance.

Once you reach the footpath please turn right and walk towards Pukekura Park, congregating outside the Spark building. Please do not block the footpath for other users.

Staff will guide you to an alternative route if necessary.

If there is an earthquake – drop, cover and hold where possible. Please be mindful of the glass overhead.

Please remain where you are until further instruction is given.

APOLOGIES / NGĀ MATANGARO

Councillor Bali Haque

CONFLICTS OF INTEREST / NGĀ ARA KŌNATUNATU

People who fill positions of authority must undertake their duties free from real or perceived bias. Elected members must maintain a clear separation between their personal interests and their duties as an elected member. Failure to do so could invalidate a Council decision and leave the elected member open to prosecution and ouster from office.

An elected member is entitled to interact with the Council as a private citizen. However, they cannot use their position as an elected member to gain an advantage not available to the general public.

Elected and appointed members will:

- Declare any interest whether pecuniary or non-pecuniary at a meeting where the interest is relevant to an item on that agenda.
- Exclude themselves from any informal discussions with elected members relating to a matter they have an interest in.
- Seek guidance from the Chief Executive if they are unclear of the extent of any interest.
- Seek guidance or exemption from the Office of the Auditor General if necessary.

INDEPENDENCE

Committee members to confirm their independence and declare any conflicts of interest.

CODE OF CONDUCT / FRAUD FRAMEWORK

Committee members to confirm with Management if there have been any breaches of the Code of Conduct and/or the Fraud or Corruption Policy, and if any protected or other disclosures alleging such breaches have been received. This enquiry is to ensure that such incidents are investigated and reported appropriately.

INTERNAL CONTROL

Note that the committee members will satisfy themselves of the existence and effectiveness of the Council's internal control processes.

Management will ensure that all findings from reviews by internal and external auditors of the Council's processes are reported to the Committee with action plans to remedy identified deficiencies.

Management will confirm that, to the best of its knowledge and noting the exceptions reported in the quarterly legal compliance summary, Council is compliant with legislation relevant to its activities.

ADDRESSING THE MEETING

Requests for public forum and deputations need to be made at least one day prior to the meeting. The Chairperson has authority to approve or decline public comments and deputations in line with the standing order requirements.

PUBLIC FORUM / ĀTEA Ā-WĀNANGA

Public Forums enable members of the public to bring matters to the attention of the committee which are not contained on the meeting agenda. The matters must relate to the meeting's terms of reference. Speakers can speak for up to 5 minutes, with no more than two speakers on behalf of one organisation.

- None advised

DEPUTATIONS / MANUHIRI

Deputations enable a person, group or organisation to speak to the meeting on matters contained on the agenda. An individual speaker can speak for up to 10 minutes. Where there are multiple speakers for one organisation, a total time limit of 15 minutes, for the entire deputation, applies.

- None advised

PRESENTATIONS / WHAKAATURANGA

Presentations enable a person, group, or organisation to speak to the meeting on matters relevant to the committee. The duration of the presentation is at the discretion of the Chair.

- Presentation from New Plymouth District Council's Treasury Advisor Alex Wondergem (PwC) providing an overview of the current global economic situation and its potential impact on NPDC.

PREVIOUS COMMITTEE MINUTES / NGĀ MENETI O MUA

Recommendation

That the minutes of the Finance, Audit and Risk Committee 18 March 2025 (ECM 9466057), and the proceedings of the said meeting, as previously circulated, be taken as read and confirmed as a true and correct record.

REPORTS

ITEMS FOR DECISION BY COMMITTEE

- 1 Update on Outstanding Matters from the 2023/24 Audit New Zealand Management Report
- 2 Historic Landfills Erosion Protection Project – Report on Resolutions from 12 March Meeting
- 3 3 Waters Construction Panel – Financial Assessment
- 4 Risk Management Update – May 2025

ITEMS FOR RECOMMENDATION BY COMMITTEE

- 5 2025 S&P Global Ratings Assessment for New Plymouth District Council
- 6 Additional Borrowing Requirement for 2024/25

UPDATE ON OUTSTANDING MATTERS FROM THE 2023/24 AUDIT NEW ZEALAND MANAGEMENT REPORT

PURPOSE / TE WHĀINGA

1. The purpose of the report is to inform the Finance, Audit and Risk Committee about the outstanding matters raised in the 2023/24 Audit New Zealand management report.

RECOMMENDATION FOR CONSIDERATION / NGĀ WHAIKUPU

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT / KAUPAPA WHAKAHIRAHIRA

2. This report is provided for information purposes only and has been assessed as being of some importance.

EXECUTIVE SUMMARY / WHAKARĀPOPOTOTANGA MATUA

3. The 2023/24 Annual Report has received an unmodified opinion from Audit New Zealand, excluding the Council Services Statement. An unmodified opinion is provided where Auditors believe a report contains no material misstatement.
4. The Council Services Statement has been excluded due to limitations around the performance measure on the percentage of non-notified resource management consents processed within statutory timeframes.
5. Audit New Zealand has provided a report that sets out their findings from the audit. The report draws attention to areas that are being done well and provides recommendations for improvement (three additions this year). Of the 13 prior year recommendations, three have been implemented, nine are considered completed, and the final one is underway.

BACKGROUND / WHAKAPAPA

6. The final Annual Report 2023/24 presented to Council on the 16 December 2024 received an unmodified opinion from Audit New Zealand, excluding the Council Services Statement due to limitations around the performance measure on the percentage of non-notified resource management consents processed within statutory timeframes.
 7. Following the completion of each Annual Report, Audit New Zealand provided a summary of findings and recommendations for improvement. The Audit New Zealand report is included in Appendix 1.
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8. Officers have reviewed the report and determined what actions were required to address the recommendations made by Audit. A summary of the outstanding recommendations, including its status and detailed officers' comments, is presented in Appendix 2.
9. Three new recommendations were introduced by Audit New Zealand, of which two have been completed and the final one to confirm the Perpetual Investment Fund valuation at year-end in a timely manner is in progress (Appendix 2, pages 1 and 2). Of the 13 recommendations brought forward from prior years, three have been successfully implemented, nine are deemed completed and the final one on resource management consents being processed within statutory timeframes is underway (Appendix 2, pages 2 to 6).

Recommendations	Priority			
	Urgent	Necessary	Beneficial	Total
Brought forward from prior years	3	10	0	13
Prior year implemented or closed	0	-3	0	-3
New recommendations	0	3	0	3
Total outstanding	3	10	0	13

CLIMATE CHANGE IMPACT AND CONSIDERATIONS / HURINGA ĀHUARANGI

10. Any climate change impacts will be assessed on a case-by-case basis when responding to matters raised.

NEXT STEPS / HĪKOI I MURI MAI

11. Officers will continue addressing the matters raised in the 2023/24 Audit Management Report.
12. Audit New Zealand will review progress against the open recommendations during the 2024/25 Annual Report audit, with the findings being reported back to the Committee.
13. The Te Ranga Urungi (Executive team) will monitor progress on actions required to close outstanding issues.

FINANCIAL AND RESOURCING IMPLICATIONS / NGĀ HĪRAUNGA Ā-PŪTEA, Ā-RAUEMI

14. Audit New Zealand fees of \$331k (excluding disbursements and GST) were charged for the 2023/24 Annual Report audit. The fees were discounted by Audit; however, these were still \$86k higher than the 2023/24 Annual Plan budget (\$248k). The Audit fees included the preparation of the management report in Appendix 1.
15. A separate paper was presented to the to the Finance and Audit Risk Committee on 05 September 2023, which included Audit New Zealand's discount of \$25k to the original fee, along with an explanation to support the increase.

IMPLICATIONS ASSESSMENT/HĪRANGA AROMATAWAI

16. This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:
 - Council staff have delegated authority for any decisions made;
 - Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
 - Council staff have considered how the matter will promote the social, economic, environmental, and cultural well-being of communities in the present and the future.
 - Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
 - Any decisions made are consistent with the Council's plans and policies; and
 - No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

APPENDICES / NGĀ ĀPITI HANGA

Appendix 1 Audit NZ Report to Council on the audit of the 2024 Annual Report (ECM9476502)

Appendix 2 Officers' comments to audit recommendations (ECM9476501)

Report Details

Prepared By: Loren Moore - Financial Services Lead
Reviewed by: Matthew Thomson - Manager Finance
Team: Financial Services
Approved By: Jacqueline Baker - General Manager Corporate Innovation
Ward/Community: District Wide
Date: 06 April 2025
File Reference: ECM9476503

-----*End of Report*-----

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

**Report to the Council
on the audit of**

New Plymouth District Council

For the year ended 30 June 2024

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Key messages

We have completed the audit for the year ended 30 June 2024. 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 issued an unmodified audit opinion over the District Council's financial statements and a qualified opinion over the Council Services statement on 16 December 2024. The qualified opinion relates to the performance measure on the percentage of non-notified resource management consents processed within statutory timeframes.

Matters identified during the audit

Valuation of the Perpetual Investment Fund

During the audit we identified that there is a three-month lag in the valuations of private equity funds reported to the District Council. At 30 June 2024 this led to a variance of \$2.1 million between the valuation of the funds and the valuation reported by the District Council. Management assessed this variance as immaterial and did not adjust for it in the financial statements. We agreed that for this audit the amount was immaterial for adjustment.

Fair value assessment of property, plant, and equipment (non-revaluation year)

This year was not a valuation year for the District Council. We reviewed the reasonableness of the District Council's fair value assessment including the appropriateness of the assumptions used in the assessment.

We are satisfied that the value of the assets that were not revalued this year approximates their fair value. A full valuation was not required.

Capital projects including work in progress

We continue to identify errors in the District Council's accounting for capital projects. Refer to our findings in section 2.2 and 2.5 and refer to Appendix 1 for recommendations regarding this matter.

Thank you

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



Debbie Perera
Appointed Auditor
4 April 2025

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 use 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
<p>Valuation of the Perpetual Investment Fund</p> <p>Obtain and report the valuation of private equity funds as at 30 June.</p>	3	Necessary
<p>Privileged user accounts in Technology One</p> <p>Review and reduce the number of privileged Technology One user accounts.</p> <p>Establish a regular review process for the number and use of these accounts.</p>	4.3.1	Necessary

Recommendation	Reference	Priority
<p>Unmanaged generic and shared user accounts in Technology One</p> <p>Review and reduce the number of generic Technology One user accounts.</p>	4.3.2	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 2 sets out the status of previous recommendations in detail. We note that two of the urgent issues have been outstanding since 2018 and 2019.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	3	7	-	10
Implemented or closed	-	3	-	3
Total	3	10	-	13

2 Our audit report

2.1 We issued a modified audit report



We issued an unqualified audit opinion over the District Council's financial statements and a qualified opinion over the Council Services statement on 16 December 2024.

This means that we were satisfied that the financial statements present fairly the District Council's activity for the year and its financial position at the end of the year and that the financial statements comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

The qualified opinion relates to the Council Services statement, as there were issues with the accuracy of recorded resource consent processing times. Our testing of resource consents identified that the District Council's system has not accurately recorded resource consent processing times during the year. Due to the extent of the inaccuracies, we were unable to determine whether the District Council's reported result for this measure was materially correct.

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) \$000	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000
Fair value movement in PIF	1	2,106	-	-	(2,106)
Classification of roading expenditure	2	(3,251)	-	-	3,251
Depreciation on roading	3	360	-	-	(360)
Total parent & group		(785)	-	-	785

Explanation of uncorrected misstatements

- 1 To recognise fair value movements in the PIF fund between the valuation (which is as at 31 March) and balance date (30 June).
- 2 To recognise roading operational expenditure which was incorrectly capitalised during the year.

Management comment

The expenditure created capital assets, however, as these assets are owned by NZTA rather than Council they were not eligible for capitalisation in Council's fixed asset register and instead had to be recognised as operational expenditure.

- 3 To reverse the depreciation implications of entry #2 above.

These items were not amended as management assessed that they were not material.

2.3 Uncorrected disclosure deficiencies

There were no uncorrected disclosure deficiencies.

2.4 Uncorrected performance reporting misstatements

There were no uncorrected performance reporting misstatements.

2.5 Corrected misstatements

We also identified misstatements that were corrected by management. These corrected misstatements had the net effect of increasing revenue by \$1,000,000 and to increase the associated asset by the same amount compared to the draft financial statements. The corrected misstatements are listed below.

Current year corrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
		\$000	\$000	\$000	\$000
Roading work-in-progress	1	4,463	-	-	-
Roading assets		(4,463)	-	-	-
Cash	2	2,143	-	-	-
Other receivables		(2,143)	-	-	-
Accrued revenue	3	1,000	-	-	-
Revenue		-	-	-	(1,000)
Total parent & group		1,000	-	-	(1,000)

Explanation of corrected misstatements

- 1 To reverse the incorrect capitalisation of roading assets that were incomplete at year-end.
- 2 To eliminate the overstatement of an amount receivable from NZTA that was actually received prior to year-end.
- 3 To accurately accrue for grant revenue receivable in relation to the Thermal Dryer project.

2.6 Corrected disclosure deficiencies

Detail of disclosure deficiency
Personnel costs – amended disclosures to correctly disclose individuals receiving total remuneration by band, chief executive remuneration, and key management personnel remuneration
Other expenses – amended disclosure on operating leases as lessee to correctly disclose timing of property lease agreements that are not cancellable within 12 months.
Property, plant and equipment – amendments required to correctly disclose a valuation date, classification of work in progress assets, core infrastructure asset disclosures, and capital commitment disclosures.
Borrowings – amendments required to correctly disclose the classification between debenture stock and Local Government Funding Agency borrowings, and to correctly disclose the weighted average interest rate.
Contingent liabilities and assets – addition of the disclosure for the environmental appeal.

Detail of disclosure deficiency
Funding impact statement for whole of council – amendment required to correct fees and charges amount.
Disclosure statement – amendments required to correct errors with the rates increases benchmark, balance budget benchmark, and debt control benchmark.

2.7 Corrected performance reporting misstatements

Detail of misstatement
The percentage of non-notified resource management consents processed within statutory timeframes (page 25) – result amended to correct error in draft result.
Flood protection and control works (page 34) – narrative disclosure added on asset maintenance and renewal to ensure compliance with the Non-Financial Performance Measures Rules 2024.
The number of dry weather sewerage overflows per 1,000 connections to the wastewater system (page 66) – result amended to correct error in draft result.
The number of abatement notices received (page 67) – result amended to nil following confirmation from the Taranaki Regional Council.
Our level of compliance with Part 5 of the Drinking-water Standards (protozoal compliance criteria) (page 70) – result amended to align with reported result from management’s expert.

2.8 Quality and timeliness of information provided for audit



Management needs 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 provided a listing of information we required to management on 19 July 2024. This included the dates we required the information to be provided to us.

Most information was provided on time and the quality was good. This enabled the resourced phase of the audit to proceed efficiently.

3 Matters raised in the Audit Plan



In our Audit Plan of we identified the following matters as the main audit risks and issues:

Audit risk/issue	Our audit response
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:</p> <ul style="list-style-type: none"> • tested the appropriateness of selected journal entries; • reviewed accounting estimates for indications of bias; and • evaluated any unusual or one-off transactions, including those with related parties. <p>Conclusion</p> <p>From our testing we did not identify any issues that indicated management override.</p>
Valuation of the Perpetual Investment Fund	
<p>The Perpetual Investment Fund (PIF) had a carrying value of \$350.8 million at 30 June 2023 and generated income of \$24.3 million for that financial year.</p> <p>This is a significant financial asset for the District Council. Depending on the nature of the investments, the valuation of the various instruments can be complex and require significant judgement where observable market inputs are not readily available.</p>	<p>We obtained assurance that:</p> <ul style="list-style-type: none"> • processes applied to the valuation of investments are designed and operating effectively; • the methodology and source information applied in valuation models is appropriate; • there are effective monitoring processes in place at the District Council to ensure that investments comply with the District Council's investment policies; and • the valuations as at 30 June 2024 are materially correct. <p>Included in the PIF are investments in private equity funds valued at \$94 million. Private equity funds can be complex to value. For these investments we obtained the latest</p>

Audit risk/issue	Our audit response
	<p>audited financial statements for the private equity funds.</p> <p>For private equity funds that had a balance date that differed from the District Council we also obtained quarterly reports for the interim period. This enabled us to obtain assurance that there had not been significant changes in the values of the funds since they were last audited.</p> <p>During the audit we identified that there is a three-month lag in the valuations of private equity funds reported to the District Council (for example at 30 June the investment manager reports the valuation as at 31 March). At 30 June 2024 this led to a variance of \$2.1 million between the valuation of the funds and the valuation reported by the District Council. Management assessed this variance as immaterial and did not adjust for it in the financial statements. We agreed that for this audit the amount was immaterial for adjustment.</p> <p>Conclusion</p> <p>We are satisfied that the values of the financial assets that make up the PIF are fairly stated in the financial statements.</p> <p>Recommendation</p> <p>We recommend that the District Council obtains and reports the valuation of private equity funds as at 30 June.</p> <p>Management comment</p> <p><i>The PIF investment fund manager, Mercer, was unable to deliver the 30 June information in time for officers to complete the Annual Report. Typically, there is at least a quarter delay in reporting private equity (PE) revaluations, which is a standard approach across the country. This is a timing issue where the 30 June PE valuation is accounted for, but earlier in the following financial year.</i></p> <p><i>The variance calculated was \$2.1 million, representing 0.6% of the total fund or 2% of the PE value. At the time, the \$2.1 million was calculated by Audit as a provisional</i></p>

Audit risk/issue	Our audit response
	<p><i>figure and was not based on the final PE revaluation for 30 June, as this report was not yet available.</i></p> <p><i>Market movements are constant, and drawing a line in the sand like this adds no value to the annual report process or the overall earnings of the fund. We will communicate the outcome of this audit to Mercer and emphasise the importance of receiving these reports on time. However, this is ultimately outside of the Council's control.</i></p>
Fair value assessment of property, plant, and equipment (non-revaluation year)	
<p>The District Council's land, buildings, and infrastructure assets were last revalued in 2022. A valuation is not planned this year, but the Council will need to perform a fair value movement assessment to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> • factor in local cost information; • utilise relevant and reliable price movement indicators; and • involve consulting with valuers, if necessary. <p>Alternatively, Council could engage valuers to assist in preparing a fair value assessment.</p>	<p>We reviewed the reasonableness of the District Council's assessment including the appropriateness of the assumptions used in the assessment.</p> <p>The assessment included:</p> <ul style="list-style-type: none"> • factoring in local cost information; • utilising relevant and reliable price movement indicators; and • involved consulting with an external valuer. <p>Conclusion</p> <p>We are satisfied that the value of the assets that were not revalued in the current year approximates their fair value. A full valuation was not required.</p>
"Local Water Done Well" programme	
<p>In February 2024, the Government passed legislation that repealed the affordable waters reform legislation passed into law by the previous Government.</p> <p>The Government intends implementing its Local Water Done Well" through the passing of two further bills through Parliament.</p> <p>The first bill was introduced to Parliament on 30 May 2024 and sets out provisions relating to council service delivery plans, transitional economic regulation and provide for</p>	<p>We reviewed the District Council's disclosures to ensure they accurately reflected the significance and uncertainty of the Local Water Done Well programme on the District Council.</p> <p>Conclusion</p> <p>The District Council has appropriately disclosed the latest information from the Government on the Local Water Done Well programme in the subsequent events note.</p>

Audit risk/issue	Our audit response
<p>streamlining the establishment of CCOs to deliver water should councils desire to do so.</p> <p>A second bill will set out provisions relating to long-term requirements for financial sustainability, provide for a complete economic regulation regime, and a new range of structural and financing tools, including a new type of financially independent council-controlled organisation.</p> <p>The first and second bills are expected to be passed in late 2024 and the middle of 2025 respectively.</p> <p>The Council should ensure that sufficient disclosure about the impact of the programme (to the extent that the impact is known) is included in the annual report.</p>	

Audit risk/issue	Our audit response
Capital projects including Work in Progress (WIP)	
<p>The District Council continues to have a significant ongoing capital programme.</p> <p>Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements. Management and the Council are responsible for managing the financial statement risks associated with capital projects.</p> <p>This includes ensuring:</p> <ul style="list-style-type: none"> • project costs are reviewed to ensure these are appropriately classified as capital or operational in nature; • work in progress (WIP) balances for projects already completed or available for use are transferred to the appropriate class of asset in a timely manner and depreciated accordingly from the date of capitalisation; • WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project. Costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner; • asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion; • the value and remaining useful life (RUL) of existing assets remains appropriate given replacement projects underway; and • capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements. 	<p>We reviewed the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> • reviewing assumptions and judgements used by management in classifying costs as either capital or operational in nature; • that there was an appropriate capitalisation point for completed assets, including transfers from work in progress; • the reasonableness of depreciation rates and useful lives applied to asset components; and • the disclosures included within the financial statements, including those relating to capital commitments. <p>At year-end the District Council had accrued for approximately \$27 million of asset additions that had not yet been entered into fixed asset registers. This is an increase from the prior year and is a significant amount of assets that had not yet been entered into fixed asset registers.</p> <p>We continue to identify errors in the District Council's accounting for capital projects. This includes an unadjusted misstatement in relation to the classification of expenditure on roading (see section 2.2), and an adjusted misstatement in relation to the classification of expenditure on roading (see section 2.3).</p> <p>Conclusion</p> <p>We are satisfied that the value of asset additions, including additions to WIP, are fairly stated in the financial statements.</p>

Audit risk/issue	Our audit response
Drinking water quality performance measures	
<p>Providing safe drinking water is a core function of the council and reporting how Council has performed in respect of this function in the annual report is important performance information.</p> <p>The regulatory regime in place is the Drinking Water Quality Assurance Rules (DWQARs) which came into effect on 14 November 2022.</p> <p>Performance measures regarding the about compliance with the old Drinking Water Quality Standards (DWS) are currently mandated by the Department of Internal Affairs who have issued mandatory performance measures that are required to be reported against in Council's annual report.</p> <p>There are currently no performance measures with respect to the new DWQARs, as measures in the Council's Long Term Plan (and mandated by DIA) relate to the old standards. Despite this it is important that the Council includes appropriate performance information about their compliance with the new DWQARs. This performance information will be subject to audit and therefore it is important that Council is able to support the performance results that they report.</p>	<p>The District Council engaged an expert (Wai Comply) to ensure that they complied with the DWQARs. The expert examined the District Council's processes and confirmed to us whether the standards had been met or not.</p> <p>We assessed the experts work and were satisfied that the work of the expert was suitable to use as audit evidence.</p> <p>Conclusion</p> <p>We are satisfied that the District Council has accurately reported on its compliance with the DWQAR in the annual report.</p>

4 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

4.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy and is the context in which the accounting system and control procedures operate. Management, with the oversight of the Council, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the Council and management to establish and maintain effective management procedures and internal controls.

We consider that a culture of honesty and ethical behaviour has been created. The elements of the control environment provide an appropriate foundation for other components of internal control.

4.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

In performing this assessment, we consider both the “design effectiveness” and “operational effectiveness” of internal control. However, it is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control, but we do report any deficiencies we have identified.

4.3 Review of IT general controls

During our audit we performed procedures to review network, database, and application controls that are relevant to our audit. These are standard audit procedures performed each year. During our review we identified the following findings.

4.3.1 Privileged user accounts in Technology One

Recommendation

We recommend that the District Council reviews and reduces the number of privileged Technology One user accounts. We also recommend that the District Council establish a regular review process for the number and use of these accounts.

Background

There are 29 privileged user accounts in the Technology One system. 14 of these accounts appear to be redundant. The risk of inappropriate use of these accounts is heightened by lack of management over these.

Management comment

A scheduled ticket is logged with our applications team quarterly to review Admin access. We have recently completed this review and currently have 22 accounts with admin access defined. All accounts are in use.

4.3.2 Unmanaged generic and shared user accounts in Technology One

Recommendation

We recommend that the District Council reviews and reduces the number of generic Technology One user accounts. These should be limited to only those that are absolutely required. Regular reviews of use of these accounts should also be undertaken with ownership for these accounts assigned within the business.

Background

There are 77 generic (non-specific to a person) and possibly shared user accounts in the Technology One system. Unmanaged generic accounts raise the risk of inappropriate use of these accounts.

Management comment

A scheduled ticket is logged with our applications team quarterly to review user access. Recent efforts in another project completed last year have significantly reduced the number of shared accounts in active directory (these were what would be synched with TechOne when it was on-premises).

5 Public sector audit



The District Council is accountable to their local 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;
- waste being incurred as a result of any act or failure to act by the District Council;
- 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
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees.

We have no significant matters to bring to your attention.

6 Group audit



The group comprises:

- New Plymouth District Council (parent)
- Papa Rererangi i Puketapu Limited
- New Plymouth PIF Guardians Limited
- Venture Taranaki Trust
- Duthie Joint Venture
- McKay Joint Venture

We have not identified any of the following during our audit for the year ended 30 June 2024:

- 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
Performance reporting	
Performance reporting is an essential part of the public sector's accountability to New Zealanders. Performance reporting is important, but it can also be difficult. This guide is to help those in the public sector who are responsible for preparing performance reports to find and use the many resources the OAG have made available.	On the Office of the Auditor-General's website under publications. Link: A guide to our resources to support better performance reporting
Procurement	
Value for money is an important measure of public sector performance that helps public organisations to strike the right balance between what is spent and what is achieved. In this article, the Auditor-General describes the public sector's challenge with defining, assessing, the reporting on value for money.	On the Office of the Auditor-General's website under publications. Link: Value for money – a simply complex problem
The OAG are continuing their multi-year work programme on procurement. They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened. Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.	On the OAG's website under publications. Links: Strategic suppliers: Understanding and managing the risks of service disruption Strategic suppliers: Understanding and managing the risks of service disruption - follow-up Getting the best from panels of suppliers Local government procurement
The Auditor-General's report on the results of recent audits	
The OAG publishes a report on the results of each cycle of annual audits for the sector.	On the OAG's website under publications. Links: Insights into local government: 2023

Description	Where to find it
Managing conflicts of interest involving council employees	
This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.	On the Office of the Auditor-General's website under publications. Link: Getting it right: Managing conflicts of interest involving council employees
Sensitive expenditure	
The Auditor-General's good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top". It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.	On the Office of the Auditor-General's website under good practice. Link: Sensitive expenditure
Good practice	
The OAG's website contains a range of good practice guidance. This includes resources on: <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	On the OAG's website under good practice. Link: Good practice

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Urgent		
<p>Resource management consents processed within statutory timeframes</p> <p>Implement a system to record all extensions to statutory timeframes, including the agreement from the applicant where agreement is required.</p>	Final 21/22	<p>Outstanding</p> <p>We continued to identify issues this year during our testing of resource consents.</p>
<p>Timely capitalisation and review of work-in-progress (WIP)</p> <p>Implement processes to review projects included in WIP to ensure timely capitalisation.</p>	Final 18/19	<p>In progress</p> <p>We continue to identify errors in the District Council's accounting for capital projects.</p>
<p>Capitalisation of assets into the asset management system</p> <p>Create a report to track movements in work-in-progress at a project level.</p> <p>Implement a formal process, such as a checklist, to ensure all asset additions are added to the asset management system in a timely manner.</p>	Final 17/18	<p>In progress</p> <p>We continue to identify errors in the District Council's accounting for capital projects.</p>
Necessary		
<p>Review users and their access levels in Technology One</p> <p>Implement regular reviews of users and their access levels in Technology One to ensure user access remains appropriate.</p>	Final 22/23	<p>Outstanding</p> <p>Our testing noted that there are privileged and generic user accounts that have not been used for more than three months. This indicates that redundant network accounts are not being removed.</p>

Recommendation	First raised	Status
<p>Deficiencies in sensitive expenditure policies</p> <p>Review sensitive expenditure policies and include a clear limit for all alcoholic beverages at events, and explicit limits for expenditure on meals.</p> <p>Review the reasonableness of limits set several years ago and remind staff of the need to comply with these limits</p>	Final 22/23	Outstanding
<p>No review of Employee Audit Report</p> <p>Review the Employee Audit Report before each payroll pay run. Ensure the review is conducted by a staff member that is independent of the payroll processing.</p>	Final 21/22	<p>In progress</p> <p>Employee Audit Reports are being reviewed but the review is not always being performed in a timely manner. Timely review enables any issues or errors to be resolved quickly and reduces their impact.</p>
<p>Network password settings below NZ Information Security Manual recommendations</p> <p>Improve network password settings to align with good practice.</p>	Final 21/22	Outstanding
<p>Dormant log on accounts in Active Directory</p> <p>We recommend that regular reviews are performed to ensure all redundant network accounts are being removed promptly.</p>	Final 20/21	<p>In progress</p> <p>Our testing noted that there are privileged and generic user accounts that have not been used for more than three months. This indicates that redundant network accounts are not being removed.</p>
<p>Reconciliations</p> <p>Prepare and independently review reconciliations in a timely manner.</p> <p>Follow up and resolve reconciling items.</p> <p>Evidence reviews by a signature and date.</p>	Final 16/17	<p>In progress</p> <p>We noted during our interim audit that reconciliations for suspense accounts and accounts payable accounts were not being reviewed or were being reviewed but not in a timely manner.</p> <p>We will review the progress management has made with improving the reconciliation process as part of our next audit.</p>

Recommendation	First raised	Status
<p>Long outstanding open service desk records</p> <p>Undertake a formal review of long outstanding items and take the appropriate remedial actions.</p>	Interim 16/17	<p>In progress</p> <p>In progress. The IT department is progressing with closing long outstanding items.</p>

Implemented or closed recommendations

Recommendation	First raised	Status
<p>Update to the District Council's security policies</p> <p>Update information security policies.</p>	Final 20/21	<p>Closed</p> <p>Security policies are being updated as time permits and as technology moves to the cloud.</p>
<p>Carry forwards value</p> <p>Monitor the carry forwards and focus on these during the LTP 2021-31 planning to ensure no effect to level of service delivered to ratepayers.</p>	Final 19/20	<p>Closed</p> <p>This recommendation was addressed as part of the 2024-34 Long-term Plan.</p>
<p>Disaster recovery plan needs updating</p> <p>Update the Information Technology Disaster Recovery Plan. The plan should also be regularly tested to ensure it addresses the current and future needs of the District Council and supports the overall business continuity plan.</p>	Interim 17/18	<p>Closed</p> <p>Some tactical initiatives are currently underway at the Infrastructure team level (i.e. technical functionality) to ensure the basic failover activities are understood and functioning.</p> <p>A wider organisational BCP and failover action plan has been raised in the 2024-34 Long-term Plan for approval and resourcing.</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 all instances of misstatement, fraud, irregularity or inefficiency that are 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: <i>International 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 carried out engagements in the areas of the District Council's Long-term Plan and the Debenture Trust Deed. Other than the audit and these engagements we have no relationship with, or interests in, the District Council or its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$330,933, as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$164,300, for the 2024-34 Long-term Plan audit and \$6,000 for the limited assurance engagement related to the District Council's Debenture Trust Deed.</p>
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 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 Council or its subsidiaries during or since the end of the financial year.</p>

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Appendix 2: Officers' comments to audit recommendations.

1. 2023/24 Summary of outstanding recommendations

Three new recommendations were introduced by Audit New Zealand, of which two have been completed and one is in progress. Of the 13 recommendations carried over from prior years, three have been successfully implemented.

Detailed comments regarding all open recommendations are presented below.

Recommendations	Priority			
	Urgent	Necessary	Beneficial	Total
Carried over from prior years	3	10	0	13
Prior year implemented or closed	0	-3	0	-3
Newly recommended	0	3	0	3
Total outstanding	3	10	0	13

2. New recommendations

Priority	Recommendation	Raised	Officers' comments
	<p>Valuation of the Perpetual Investment Fund</p> <p>Obtain and report the valuation of private equity funds as at 30 June.</p>	<p>Final 23/24</p>	<p>In Progress</p> <p>The PIF investment fund manager, Mercer, was unable to deliver the 30 June information in time for officers to complete the Annual Report. Typically, there is at least a quarter delay in reporting private equity (PE) revaluations, which is a standard approach across the country. This is a timing issue where the 30 June PE valuation is accounted for, but earlier in the following financial year.</p> <p>The variance calculated was \$2.1 million of understated gains, representing 0.6% of the total fund or 2% of the PE value. At the time, the \$2.1 million was calculated by Audit as a provisional figure and was not based on the final PE revaluation for 30 June, as this report was not yet available.</p> <p>Market movements are constant and drawing a line in the sand like this adds no value to the annual report process or the overall earnings of the fund. We have communicated the outcome to Mercer and have emphasise the importance of receiving these reports on time. However, this is ultimately outside of the Council's control.</p>

Priority	Recommendation	Raised	Officers' comments
	<p>Privileged user accounts in Technology One</p> <p>Review and reduce the number of privileged Technology One user accounts.</p> <p>Establish a regular review process for the number and use of these accounts.</p>	Final 23/24	<p>Completed</p> <p>A scheduled ticket is logged with our applications team quarterly to review Admin access. We have recently completed this review and currently have 22 accounts with admin access defined. All accounts are in use.</p>
	<p>Unmanaged generic and shared user accounts in Technology One</p> <p>Review and reduce the number of generic Technology One user accounts</p>	Final 23/24	<p>Completed</p> <p>A scheduled ticket is logged with our applications team quarterly to review user access. Recent efforts in another project completed last year have significantly reduced the number of shared accounts in active directory (these were what would be synched with TechOne when it was on-premises).</p>

3. Open recommendations brought forward from prior years

Priority	Recommendation	Raised	Audit NZ Status	Officers' comments
	<p>Resource management consents processed within statutory timeframes</p> <p>Implement a system to record all extensions to statutory timeframes, including the agreement from the applicant where agreement is required.</p>	Final 21/22	<p>Outstanding</p> <p>We continued to identify issues this year during our testing of resource consents.</p>	The team have enacted a rigorous Quality Assurance program over the resource consents process to resolve the audit findings including numerous checks and balances over outcomes (including internal third-party audit oversight of each) to ensure we accurately record all statutory resource consent decision points.
	<p>Timely capitalisation and review of work-in-progress (WIP)</p> <p>Implement processes to review projects included in WIP to ensure timely capitalisation.</p>	Final 18/19	<p>In progress</p> <p>We continue to identify errors in the District Council's accounting for capital projects.</p>	<p>In our opinion this matter has been resolved</p> <p>Our month-end capitalisation process provides excellent visibility for reviewing and tracking WIP movements and projects. This enables the Asset Accountants to consistently follow up with managers, ensuring timely capitalisations of completed projects.</p>

Priority	Recommendation	Raised	Audit NZ Status	Officers' comments
	<p>Capitalisation of assets into the asset management system</p> <p>Create a report to track movements in work-in-progress at a project level.</p> <p>Implement a formal process, such as a checklist, to ensure all asset additions are added to the asset management system in a timely manner.</p>	Final 17/18	<p>In progress</p> <p>We continue to identify errors in the District Council's accounting for capital projects.</p>	<p>In our opinion this matter has been resolved</p> <p>As mentioned above, we have a report to track movements in WIP at project level. This report is revised each month as part of our month-end processes.</p>
	<p>Review users and their access levels in Technology One</p> <p>Implement regular reviews of users and their access levels in Technology One to ensure user access remains appropriate.</p>	Final 22/23	<p>Outstanding</p> <p>Our testing noted that there are privileged and generic user accounts that have not been used for more than three months.</p> <p>This indicates that redundant network accounts are not being removed.</p>	<p>Completed</p> <p>We have now moved to the TechOne SaaS platform. Currently in the SaaS platform, there are 22 roles with 'All Roles' access. These roles are assigned for Service Accounts, IT support staff and vendors carrying out administration tasks necessary to support the system. Regular review tickets are logged quarterly via ServiceNow scheduled jobs to review who admin roles are assigned to, as well as user access.</p>

Priority	Recommendation	Raised	Audit NZ Status	Officers' comments
	<p>Deficiencies in sensitive expenditure policies</p> <p>Review sensitive expenditure policies and include a clear limit for all alcoholic beverages at events, and explicit limits for expenditure on meals.</p> <p>Review the reasonableness of limits set several years ago and remind staff of the need to comply with these limits.</p>	Final 22/23	Outstanding	<p>Completed</p> <p>The Sensitive Expenditure policy has been updated to reflect Audit New Zealand and OAG recommendations. The updated policies were released on the 4th of April 2025.</p>
	<p>No review of Employee Audit Report</p> <p>Review the Employee Audit Report before each payroll pay run. Ensure the review is conducted by a staff member that is independent of the payroll processing.</p>	Final 21/22	<p>In progress</p> <p>Employee Audit Reports are being reviewed but the review is not always being performed in a timely manner.</p> <p>Timely review enables any issues or errors to be resolved quickly and reduces their impact.</p>	<p>Completed</p> <p>The reports have been reviewed monthly since July 2024.</p>

Priority	Recommendation	Raised	Audit NZ Status	Officers' comments
	<p>Network password settings below NZ Information Security manual recommendations</p> <p>Improve network password settings to align with good practice.</p>	<p>Final 21/22</p>	<p>Outstanding</p>	<p>In progress</p> <p>The recommended configuration levels for password complexities and controls have been through numerous internal reviews with some new controls being approved. These changes are on the current workplan to implement.</p>
	<p>Dormant log on accounts in Active Directory</p> <p>We recommend that regular reviews are performed to ensure all redundant network accounts are being removed promptly.</p>	<p>Final 20/21</p>	<p>In progress</p> <p>Our testing noted that there are privileged and generic user accounts that have not been used for more than three months.</p> <p>This indicates that redundant network accounts are not being removed.</p>	<p>Completed</p> <p>We have implemented controls in place to pick up and review dormant accounts.</p>

Priority	Recommendation	Raised	Audit NZ Status	Officers' comments
	<p>Reconciliations</p> <p>Prepare and independently review reconciliations in a timely manner.</p> <p>Follow up and resolve reconciling items.</p> <p>Evidence reviews by a signature and date.</p>	Final 16/17	<p>In progress</p> <p>We noted during our interim audit that reconciliations for suspense accounts and accounts payable accounts were not being reviewed or were being reviewed but not in a timely manner.</p> <p>We will review the progress management has made with improving the reconciliation process as part of our next audit.</p>	<p>Completed</p> <p>The reconciliations for suspense accounts and accounts payable are reviewed and documented at least quarterly for audit purposes.</p> <p>These quarterly reviews provide the necessary information we require to ensure any issues are resolved timely.</p>
	<p>Long outstanding open service desk records</p> <p>Undertake a formal review of long outstanding items and take the appropriate remedial actions.</p>	Interim 16/17	<p>In progress</p> <p>The IT department is progressing with closing long outstanding items.</p>	<p>Completed</p> <p>Regular reviews are now done weekly by the Delivery teams at each team daily (Service Desk) or weekly (Applications) meetings. Any tickets older than a month are either reassigned or escalated, as necessary.</p>

4. Implemented or closed recommendations

Priority	Recommendation	Raised	Officers' comments
	<p>Update to the District Council's security policies</p> <p>Update information security policies.</p>	Final 20/21	<p>Closed</p> <p>Security policies are being updated as time permits and as technology moves to the cloud.</p>
	<p>Carry forwards value</p> <p>Monitor the carry forwards and focus on these during the LTP 2021-31 planning to ensure no effect to level of service delivered to ratepayers.</p>	Final 19/20	<p>Closed</p> <p>This recommendation was addressed as part of the 2024-34 Long-term Plan.</p>
	<p>Disaster recovery plan needs updating</p> <p>Update the Information Technology Disaster Recovery Plan. The plan should also be regularly tested to ensure it addresses the current and future needs of the District Council and supports the overall business continuity plan.</p>	Interim 17/18	<p>Closed</p> <p>Some tactical initiatives are currently underway at the Infrastructure team level (i.e. technical functionality) to ensure the basic failover activities are understood and functioning.</p> <p>A wider organisational BCP and failover action plan has been raised in the 2024-34 Long-term Plan for approval and resourcing.</p>

HISTORIC LANDFILLS EROSION PROTECTION PROJECT – REPORT ON RESOLUTIONS FROM 12 MARCH MEETING

PURPOSE/ TE WHĀINGA

1. The purpose of this report is to respond to the Strategic Projects Committee resolutions relating to the Historic Landfills Erosion Protection Project from 12 March 2025. This interim report is intended to give the committee an opportunity to provide feedback. The Council is currently awaiting additional information and continues to make progress on the project.

RECOMMENDATION / NGĀ WHAIKUPU

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT / TOHUTOHU KAI WHAKAHAERE

2. This report is provided for information purposes only and has been assessed as being of some importance.

EXECUTIVE SUMMARY / WHAKARĀPOPOTOTANGA MATUA

3. This report addresses the Historic Landfills Erosion Protection Project. Following the exposure of an old landfill on the Fox River in 2019, as well as the exposure to the Battiscombe Terrace Landfill in Waitara, the Council initiated a risk assessment of local landfills. This led to the identification of 58 historical dump sites, 28 of which are New Plymouth District Councils (NPDC) responsibility. The Council allocated funding to investigate the risk of exposure and identify erosion protection options.
 4. The initial investigation identified 14 high-priority sites, with 11 undergoing a high-level hazard assessment. Key findings include three critical risk landfills, being the Waitara Farm Dump, Waitara Golf Course and the Battiscombe Terrace/West Beach Landfill.
 5. The Waitara Farm Dump landfill remediation obligations sit solely with the lessee of the land. The Council will monitor the site to ensure any exposed waste on the property or the beach is promptly identified and addressed.
 6. The reserve at Battiscombe Terrace Landfill remains safe for public use. There is no evidence of erosion on the landfill surface, which is the primary risk to the public as it could lead to exposure to landfill materials. Any potential exposure to the shorefront is effectively managed under the Parks Business Continuity Plan.
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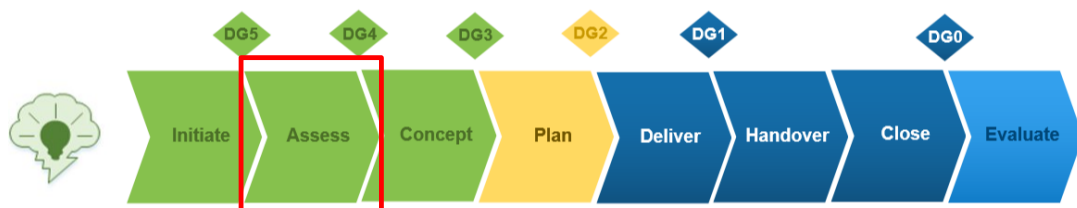
7. Taranaki Regional Council (TRC) have deemed that the current monitoring and collection of any exposed waste by the Council at Battiscombe Terrace Landfill is considered an acceptable approach.
8. The costs for each stage of the project, including relevant assessments, for all landfills are currently being determined. Officers will present the detailed next steps for Council's recommendation in due course.

BACKGROUND / WHAKAPAPA

9. In 2019, after an old landfill was exposed on the Fox River on the West Coast of the South Island, the Council requested a risk assessment of New Plymouth District Landfill and necessary actions. Later that year, an extreme weather event and high tide exposed the Waitara West Reserve (Battiscombe Terrance) landfill, prompting an immediate operational response to clear away exposed refuse and establish an ongoing inspection programme.
10. Council's Executive Leadership Team under delegated authority resolved to implement a proposed action plan to monitor at risk closed landfills in 2019 allocating \$200,000 from the solid waste development fund to investigate site contamination and complete an options assessment for erosion protection in anticipation that remediation works would be included in future Long-Term Plan (LTP) budgets.

Initial Investigation

11. A desktop risk assessment was undertaken to identify any closed landfills that require further investigation or monitoring by the Council in relation to potential erosion, impacts on the environment or public health.
12. There are 58 historical dump sites in the New Plymouth District, 28 of which are the responsibility of Council. 16 of these are maintained as public park or recreation areas, 14 were identified as a priority, 9 of which are on the coast or close to riverbanks and are at risk of erosion.
13. NPDC hold resource consents for five closed landfill sites with are actively monitored by NPDC and the TRC as a part of the consent compliance.
14. The Closed Historic Landfill Project began with the assess phase under the P3M framework to evaluate landfills identified as priorities.



Priority In depth Investigation – Phase One

15. As part of the LTP 2021-2031, an additional \$0.5 million was allocated for further investigation into the historic landfills in the district.
16. In 2021, a high-level hazard assessment of ten closed landfills and one farm dump was undertaken to determine potential risk of exposure from either fluvial or coastal erosion. An assessment was completed as part of this investigation to determine the actual or likely occurrence of erosion at the selected closed landfills.
17. The three landfills that were not evaluated in the high-level hazard assessment, from the 14 high-priority list are Inglewood, Ōkato and Marfell landfills as they are regularly inspected and monitored due to their resource consents.
18. Following the high-level risk assessment review two landfills were identified as critical risks. These were Waitara Farm Dump and the Waitara West Beach Reserve. Since the completion of the report, the Waitara Golf Course has since been elevated to a critical risk.
19. There are two landfills that are considered low risk with risk actively increasing in the mid and long term (10-30 years). These were Otaraoa Road and Urenui Domain.
20. The remaining six landfills investigated were considered low risk with little actively increasing risk (30+ years).
21. Priority was given to the landfills considered to be at critical risk, with further investigations conducted for those sites.
22. A summary of the 11 landfills assessed is provided below, classified by their risk categories.

Low Risk – with little actively increasing risk (30+ years)

Devon/Seaview Road

23. The Devon/Seaview Road Landfill, which is part of the Wiremu Reserve in Marfell, has been assessed as low risk. The assessment identified no evidence of leachate entering the Mangaotuku Stream; however, there is evidence of exposed refuse within the embankments.
 24. The next step recommendation is that a geotechnical assessment is required to assess bank stability on the eastern side before rehabilitation options are further investigated.
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Kaihihi Road

25. The Kaihihi Road site has been assessed as low risk. The historic landfill is located next to a narrow gully along a well-vegetated coastline. The gully has been infilled with concrete and metal.
26. Currently, there is no significant erosion under the existing conditions. It is unlikely that the cliff toe will be exposed to coastal erosion within the next 50 years. No indicators of landfill gas such as cracking or odours, were observed.
27. Management options include a monitoring-based approach with limited or reactive rehabilitation works. The installation of engineering controls, removal of refuse, or a staged removal approach is deemed impractical and not cost-effective due to the relatively small and localised volume of refuse.

Shingle Pit

28. The Shingle Pit located off State Highway 3 has been assessed as low risk. The embankment appears stable but is steep with some areas of subsidence, indicating potential geotechnical stability issues.
29. The next step recommendation is that a geotechnical assessment is required to assess bank stability before rehabilitation options are investigated.

Mōkau/Avenue Road

30. Mōkau/Avenue Road, north of Urenui has been assessed as low risk. The site is believed to be used for end-tipping or domestic refuse. A visual inspection revealed that the cover material is in good condition.
31. Potential risks include erosion and bank stability issues, particularly due to mature trees. In a large flood event, these trees could be transported downstream and potentially accumulate around the bridge structure under the state highway, though this risk is considered low.
32. A monitoring-based approach with limited, reactive rehabilitation works, including vegetation maintenance is recommended. The installation of engineering controls to prevent fluvial erosion is not considered practicable or cost-effective, and the removal of reuse or a staged approach is not considered appropriate for this site.

Okoki Road

33. Okoki Road in Urenui is considered low risk based on the assessment. Exposed refuse is visible at the top of the site. Further investigation may be required to confirm the extent of the waste. Fluvial erosion hazard is assumed to be low, and the embankment appears stable except at the top.
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34. Potential risks include stability issues due to the site's steepness, which could pose a risk to the river if refuse is mobilised down the slope. The toe of the landfill was inaccessible, so leachate seeps and indicators of gas were not investigated. A geotechnical assessment and topographic survey are recommended to better understand the potential risks. Despite the low risk of fluvial erosion, the steep bank could still pose stability issues.
 35. The next step recommendation is that a geotechnical assessment is required to assess bank stability before rehabilitation options are investigated.

Tongapōrutu

36. The Tongapōrutu Landfill off Hutiwai Road has been identified as low risk based on tidal and fluvial factors. While the embankment appears stable, the toe is undercut and likely to continue eroding gradually. Erosion from Hutiwai Road is currently low.
37. Based on the relatively low risk of fluvial erosion and gradual progression of the stream channel eroding at the toe of the embankment, a monitoring-based management approach is recommended. This may include maintenance of vegetation to address aesthetic issues. Proactive rehabilitation works, such as construction of engineering controls, or removal of waste are not considered to be warranted based on the low erosion risk.

Low risk – with risk actively increasing in the mid and long term (10-30 years)

Otaraoa Road

38. Otaraoa Road Landfill, Tikorangi has been assessed as medium risk. The landfill could become unstable due to toe erosion, and by 2050, a large area may be susceptible to coastal erosion and instability.
 39. Minor cracking was observed which could signal stability issues. Erosion was also noted at the base of the stream bank. These findings suggest significant risks by 2050 if no action is taken to mitigate the erosion and potential instability of the landfill.
 40. The next recommended step is to conduct a geotechnical assessment and implement regular monitoring to track coastal erosion. This will help determine options to mitigate the significant risks, including establishing appropriate timeframes for action.
-

Urenui Domain

41. The closed landfill at Urenui Domain is located on the eastern embankment of the Urenui River adjacent to Urenui Beach Road. The potential environmental risk for this site includes evidence of leachate entering the river. Additional investigations will be required to assess the impact of seepage on the receiving environment.
42. The riverbank is affected by fluctuating river levels and tidal movements, posing a risk to the boat wash area due to erosion, which is currently low but likely to increase over time. Other risks for the site include potential instability and sediment mobilisation.
43. Rehabilitation options include leaving the site as is, with monitoring of sediment mobilisation and embankment stability through regular inspection and surveillance. Alternatively, the installation of additional toe protection could be implemented to address the slow rate of erosion and protect the assets present at the site.
44. A removal option is not considered appropriate given the presence of infrastructure, including the road, boat wash, and recreational area.
45. The recommended next step is investigations into the impact of seepage on the receiving environment. Geotechnical assessment is required to assess bank stability before rehabilitation options are investigated.

*Critical Risk – Risk cannot be mitigated, issues emerging**Waitara Golf Course*

46. The landfill and the edge of the Waitara Golf Course has been evaluated as a critical risk. There is refuse that has been end-tipped in several locations along the coastline, with the Waitara River mouth approximately 500m west of the site. Coastal erosion is high in this area, posing a risk of material being released into the environment.
 47. The report presented to the Strategic Projects Committee initially classified the Waitara Golf Course as low risk, with the risk projected to increase in the mid to long term (10-30 years). However, following advice from hapū and subject matter experts, the risk level for the Waitara Golf Course has been elevated to critical.
 48. It is suspected that asbestos-containing materials are present in one of the three identifiable dumping areas of the landfill.
-

-
49. Rehabilitation options include a monitoring-based approach with reactive rehabilitation works such as beach clean ups. Removal of material, either partially or fully, and off-site disposal is also considered. Engineering controls for erosion protection are deemed impracticable or cost-ineffective due to localised volumes.

Waitara Farm Dump

50. Waitara Farm Dump is located on land perpetually leased from Council. Although the unimproved land is vested in NPDC as the successor in title to a number of former local government entities, the land has long been privately leased and is now subject to the New Plymouth District Council (Waitara Lands) Act 2018. The unimproved land only is vested in NPDC, and the lessee owns the registered lease and leasehold title including responsibility of the landfill. Any remediation obligations sit solely with the lessee of the land. The only power Council has to address this issue is through its contractual rights of enforcement against the lessee as stipulated in the lease.
51. The Waitara Farm Dump located on the coastal edge of the property at 57 Richmond Street, Waitara, is highly susceptible to coastal erosion. Farm refuse is exposed and entering the ocean, making it a critical risk. The Council will monitor the site to ensure any exposed waste on the property or the beach is promptly identified and addressed.

Battiscombe Terrace/Waitara West Landfill – Initial Investigation and Phase Two Priority Investigation

52. The closed landfill at Waitara West Reserve, located at Battiscombe Terrace, is at high risk of coastal erosion. The site includes a public carpark and a toilet block, are within the Area Susceptible to Coastal Erosion so mitigation is required before 2050 to ensure their future use. A coastal erosion hazard assessment indicates that the landfill is at immediate risk, with erosion trends likely to continue and worsen due to sea level rise.
53. Given the high-priority status of the Waitara West Landfill, the project initiated further in-depth investigations in 2022, returning to the assess phase under the P3M framework specifically for its options evaluation as part of the business case process.
54. Te Pae o te Rangi (Waitara to Bell Block walkway extension), required the site boundaries to be established as a proposed pathway goes over the Waitara West site. As part of the Consultants investigations, boundaries were established and it was found the site was much larger than originally anticipated (23,000m³).
55. In 2024 a comprehensive report for Waitara West Reserve, including remediation options was published, with all options exceeding budgets.
-

-
56. The consultants reported material can be found at depths of 0.5-2.5m below ground level (BGL) with a thickness of 1-2.5m.
 57. As a part of the investigation test pitting was carried out for the purpose of identifying the extent/edge of the landfill material. Many of these pit tests showed metal concentrations below the protection of human health and environment guidelines. However, in three locations lead was found above the recreational land use criteria. Sediment quality guidelines were exceeded in 18 locations for either cadmium, copper, lead, mercury and zinc.
 58. Asbestos was detected above the acceptance criteria for the protection of human health, in three of the 17 soil locations and in material fragments collected during testing.
 59. Groundwater which has interacted with the landfill contents may be impacted by the landfill contaminants.
 60. The site at Battiscombe Terrace Landfill remains safe for public use. There is no evidence of erosion on the landfill surface, which is the primary risk to the public as it could lead to exposure to landfill materials. Any potential exposure to the shorefront is effectively managed under the Parks Business Continuity Plan.
 61. The report outlined several options for remediation, these options include capping the landfill, coastal erosion protection and continuing reactive clean up, sifting through the landfill and removing hazardous materials, or a full removal. Option estimates range from \$3M through to \$35M.
 62. Te Kōwhatu Tū Moana Trust is the registered owner of West Beach, which is considered a reserve. Therefore, the Council maintains the area, including the Waitara West Landfill.
 63. As a part of initial investigation into the Waitara Landfills, tangata whenua queried the effect of potential hazardous substances including asbestos on the neighbouring reef environment, where people gather kai moana.
 64. Asbestos fibres are very unlikely to be released from the landfills in quantities that would result in measurable concentrations in kai moana. The World Health Organisation has concluded that there is "no consistent evidence that ingested asbestos is hazardous to health". There is no significant asbestos health risk from consumption of kai moana gathered in the vicinity of the landfill.
 65. Based on communication with the TRC in April 2025, it has been determined that, regarding the management of the Battiscombe Terrace Landfill without remediation, the current practice of monitoring and collecting any exposed waste by the Council is deemed acceptable given the low incidence of discharges. However, should erosion result in a significant increase in the rate of discharge, remediation measures will be required.
-

66. A significant increase in the rate of discharge will occur when erosion exposes the landfill to the point that it is constantly losing waste to the beach, necessitating regular clean-up (weekly or daily), which cannot be managed under the Parks Business Continuity Plan. This situation may arise after a large storm event.

Current Status

67. NPDC Parks team, in alignment with the Parks Business Continuity Plan, actively monitor the erosion and have removed the Norfolk pine trees when the erosion undermined the tree roots. Any major rubbish is removed by the Parks team, and an external contractor who is certified to remove asbestos and contaminated material is engaged to disposed of any suspect material.

RISK ANALYSIS / TĀTARITANGA O NGĀ MŌREAREA

68. A risk assessment has been completed for the Battiscombe Terrace Landfill. There is one mitigated high risk for the landfill. A high risk is determined in line with the Corporate Risk Management Framework. This risk is summarised below.

		Mitigated Risk Assessment	
		Consequence	Likelihood
Description	<p>Risk: Erosion pollutes the ground water, waterways, ocean and ecosystems, harming aquatic life and biodiversity.</p> <p>Root Cause: Landfill erosion due to inadequate containment measures, insufficient sediment control and exposure to extreme weather events.</p> <p>Impact: Sediment and contaminants compromise aquatic ecosystems and biodiversity, affecting resources critical for sustainability. Short term effects include decreased habitat availability for kaimoana and reduced species richness and diversity. Waste debris may be ingested or entangled by marine life. Contaminants leaching from the landfill into the ground water and the ocean can bioaccumulate in marine organisms leading to sickness/death and inability to collect kaimoana.</p>	Likely	Moderate
Mitigation	Parks personnel are to promptly clear any exposed material, including asbestos.		

-
69. A copy of the full risk register for Battiscombe Terrace Landfill is attached as Appendix Two.

CLIMATE CHANGE IMPACT AND CONSIDERATIONS / HURINGA ĀHUARANGI

70. Climate change is accelerating beach erosion, significantly impacting coastal communities and ecosystems. Rising sea levels and increased storm frequency intensify wave action, leading to the loss of sandy shorelines. This erosion threatens biodiversity and compromises coastal infrastructure.

NEXT STEPS / HĪKOI I MURI MAI

71. The next steps involve, investigating all remediation options with mana whenua, and preparing a strategic business case. This business case will include multi criteria analysis and more accurate cost estimates to drive a recommended options for all sites mentioned in this report.
72. As multiple assessments were recommended in the initial investigation report, the project will determine the necessity of these assessments, such as geotechnical assessments, and carry them out if required. This will help determine the options assessment for the historic landfills mentioned in this report. Officers are currently seeking cost estimates for these assessments.
73. The costs for each stage of the project for all landfills are currently being determined. Officers will present the detailed next steps for Council's recommendation in due course. The timing of funding may need to be adjusted, if necessary, to ensure there is sufficient budget to continue the project in Financial Year (FY) 26. This may involve carrying forward the remaining budget from FY25 or bringing forward a portion of the FY27 funding. Should additional budget be required above what is approved, Council officers will present a report to the Council for a decision prior to submitting it for budget allocation in the Long-Term Plan (LTP) 2027-2037.
74. The strategic business case will also highlight the process involved in obtaining resource consent and assess the ease or difficulty of securing it for each remediation or erosion protection option for each landfill.
75. As part of the strategic business case, an options assessment is currently being conducted for the Battiscombe Terrace Landfill. Efforts will be made to consolidate remediation activities for both Battiscombe Terrace Landfill and Waitara Golf Course, given their proximity, the similarity of the issues they face, and the high risks associated with them. This approach is supported by hapū. These landfills share common risks, such as coastal erosion and potential environmental contamination, which are considered significant.
-

-
- 76. The strategic business case will include examples of what other councils have done across the country regarding historic landfills, highlighting successful remediation efforts such as full removal or erosion protection.
 - 77. Council officers are collaborating with Health New Zealand to obtain more information regarding the risk to the public associated with the historic landfills.

FINANCIAL AND RESOURCING IMPLICATIONS / NGĀ HĪRAUNGA Ā-PŪTEA, Ā-RAUEMI

- 78. Funding allocated from the LTP 2024-2034 will be utilised to finalise various options for inclusion in the strategic business case. The options assessment will enable the Council to gather comprehensive details for informed decision-making.

Long Term Plan 2024-2034

- 79. Budget was allocated to continue to assess the risk and needs of the individual landfill sites mentioned in this report in Year one of the LTP 2024-2034 for \$0.5M.
- 80. During LTP 2024-2034 deliberations, the Waitara Community Board strongly advocated for funding to be allocated to the investigation into the remediation of the Waitara Landfill. The mayoral recommendation resolved by Council allocated \$1 in Year three of LTP funding to this project.
- 81. All potential remediation options are beyond the current LTP budgets of \$1M in Year three of the LTP 2024-2034.

Contaminated Sites and Vulnerable Landfills Fund

- 82. There is currently available funding through the Ministry for the Environment named the Contaminated Sites and Vulnerable Landfills Fund (CSVLF). The CSVLF aims to reduce the risk to human health and the environment posed by legacy contaminated sites and vulnerable landfills.
 - 83. There is \$30 million available through CSVLF until 2026, or until funds are exhausted. While the deadline is in 2026, the money can be spent in future years. Funding is available for detailed site investigation, remedial planning, and site remediation. Officers are currently aligning the project timelines and refining cost estimates to prepare for the funding application, subject to Council approval.
 - 84. The CSVLF will typically contribute 50 per cent of total project costs, the Council will need to fund the remaining 50 per cent. The CSVLF will not fund "engineered coastal, or waterway protection that functions only to minimise erosional impact on the shorelines and riverbanks".
-

85. Further details on the CSVLF is attached as Appendix Three.

IMPLICATIONS ASSESSMENT / HĪRANGA AROMATAWAI

86. This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have considered how the matter will promote the social, economic, environmental, and cultural well-being of communities in the present and the future.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

APPENDICES / NGĀ ĀPITI HANGA

Appendix One	Historic Landfill Erosion Protection Supporting Information (ECM 9480648)
Appendix Two	Battiscombe Terrace Risk Register (ECM 9480639)
Appendix Three	Contaminated Sites and Vulnerable Landfills Fund Overview (ECM 9480651)

Report Details

Prepared By:	Jane Hickmott (Project Coordinator) and Mikaela Addy (Senior Delivery Planner)
Team:	Project Management Office
Approved By:	Sarah Downs (General Manager Operational Excellence)
Ward/Community:	Waitara/North Ward
Date:	14 April 2025
File Reference:	ECM 9480654

-----End of Report -----



Closed Historic Landfills

Finance Audit and Risk Committee Supporting Information



Te Kaunihera-ā-Rohe o Ngāmotu
**New Plymouth
District Council**

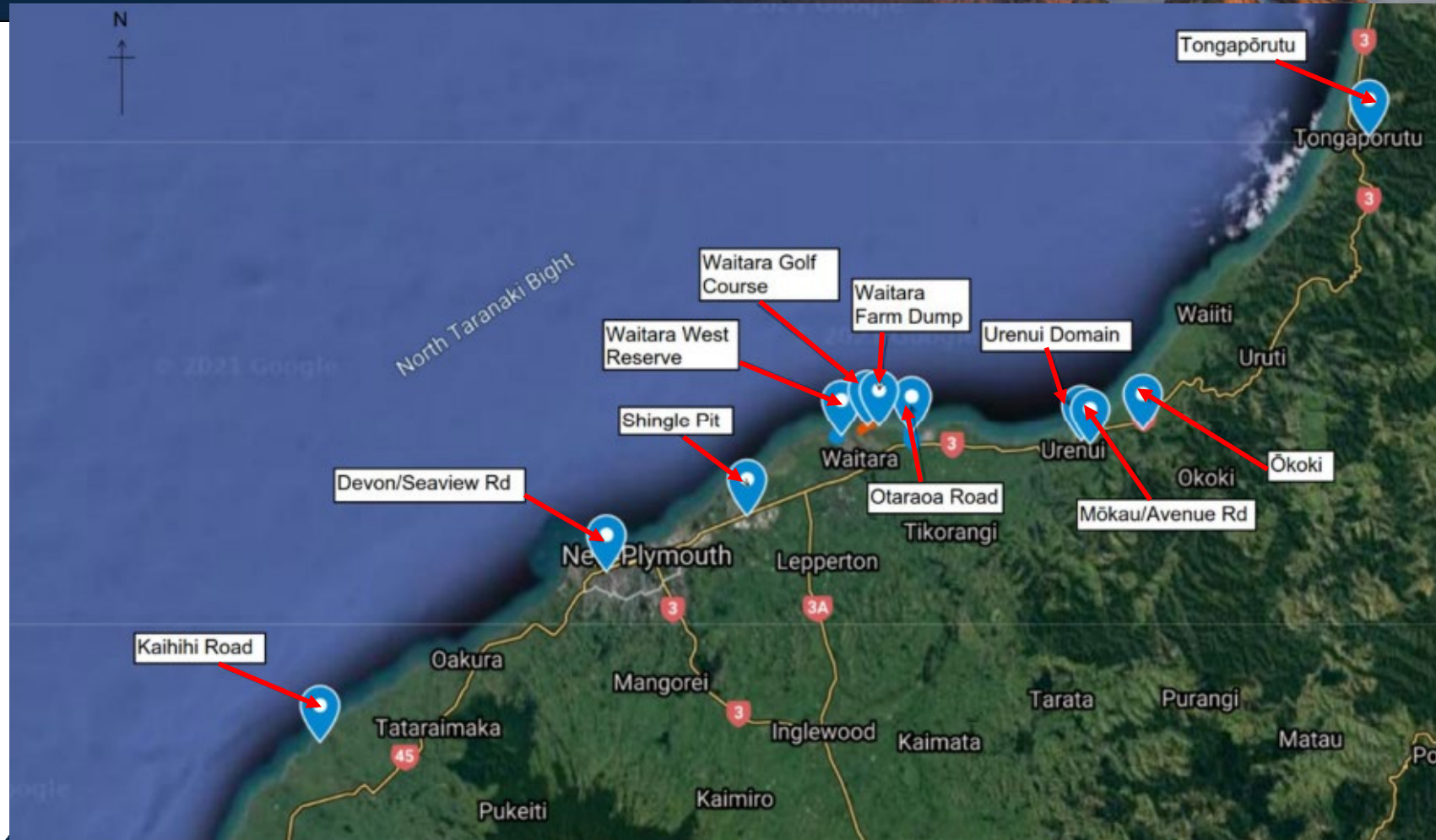
Document Set ID: 9480648
Version: 2, Version Date: 01/05/2025

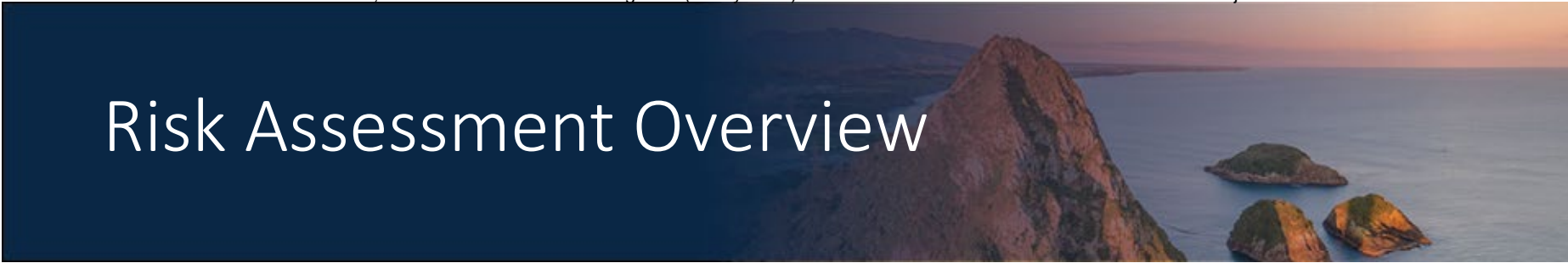
History

- In the late 2010s, a storm exposed a historic landfill on Waitara's foreshore, prompting immediate cleanup and ongoing inspections.
- This led to a review of all historic landfill sites in New Plymouth District.
- Identified 58 sites, with 28 under Council responsibility.
- Fourteen sites were prioritised, including three coastal and six near riverbanks, for long-term protection.



Sites Investigated





Risk Assessment Overview

Low risk, with little actively increasing risk. (30+ years)	Low risk with risk actively increasing in the mid and long term (10-30 years).	Risk cannot be mitigated, issues emerging.
Devon/ Seaview Road, Wiremu Reserve, Marfell	Otaraoa Road	Waitara Farm Dump (leased to private resident)
Kaihihi Road, Ōkato	Urenui Domain	Waitara West Reserve
Mōkau/ Avenue Road		
Ōkoki, Urenui		Waitara Golf Club
Shingle Pit		
Tongapōrutu		

Devon/Seaview Road



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REV	DESCRIPTION	GIS	CHK	DATE

PROJECT No. 1013714	
DESIGNED	ANDO FEB.21
DRAWN	ANDO FEB.21
CHECKED	SIHO FEB.21

CLIENT	NEW PLYMOUTH DISTRICT COUNCIL
PROJECT	ASSESSMENT OF CLOSED LANDFILLS
TITLE	SITE INSPECTION PLAN DEVON / SEAVIEW RD
SCALE (A3)	1:1,300
FIG No.	DRAWING 1.
REV	0

Document Set ID: 9480048
 Version: 2, Version Date: 01/05/2025

Kaihihi Road



Shingle Pit



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0 First version				DESIGNED ANDO FEB.21 DRAWN ANDO FEB.21 CHECKED SIHO FEB.21		PROJECT ASSESSMENT OF CLOSED LANDFILLS	
REV DESCRIPTION GIS CHK DATE				LOCATION PLAN		TITLE SITE INSPECTION PLAN SHINGLE PIT	
ANDO SIHO 21/01/21				APPROVED DATE		SCALE (A3) 1:800 FIG No. DRAWING 6. REV 0	

Mōkau/Avenue Road



NOTES: Basemap Hybrid Reference Layer: Call Community Maps Contributors, LINZ, State NZ, Sage Technology, Esri, HERE, Garmin, NICTD, NAVIA, USGS, aerial, NZ Navigation Map, Sage Technology, LINZ, StateNZ, NINA, Natural Earth, © OpenStreetMap contributors.		PROJECT No. 1013714		CLIENT NEW PLYMOUTH DISTRICT COUNCIL	
DESIGNED ANDO FEB 21 DRAWN ANDO FEB 21		PROJECT ASSESSMENT OF CLOSED LANDFILLS		TITLE SITE INSPECTION PLAN MOKAU RD / AVENUE RD	
REV 0 Final version ANDO SHD 21/01/21		LOCATION PLAN		SCALE (AS) 1:300	
REV DESCRIPTION GS DK DATE		APPROVED DATE		FIG No. DRAWING 3.	

Okoki Road



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Otaraoa Road

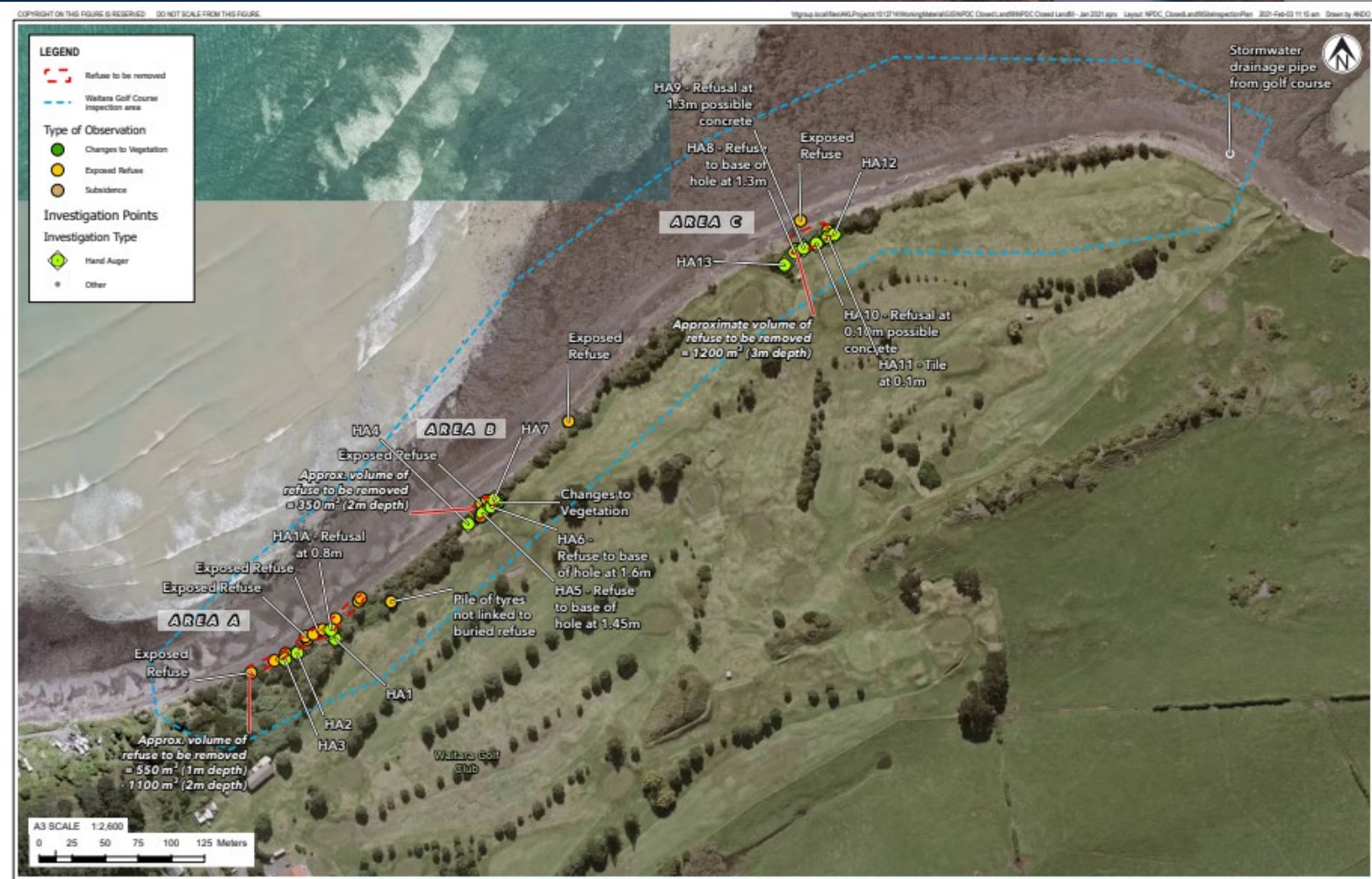


Tongapōrutu



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Waitara Golf Course



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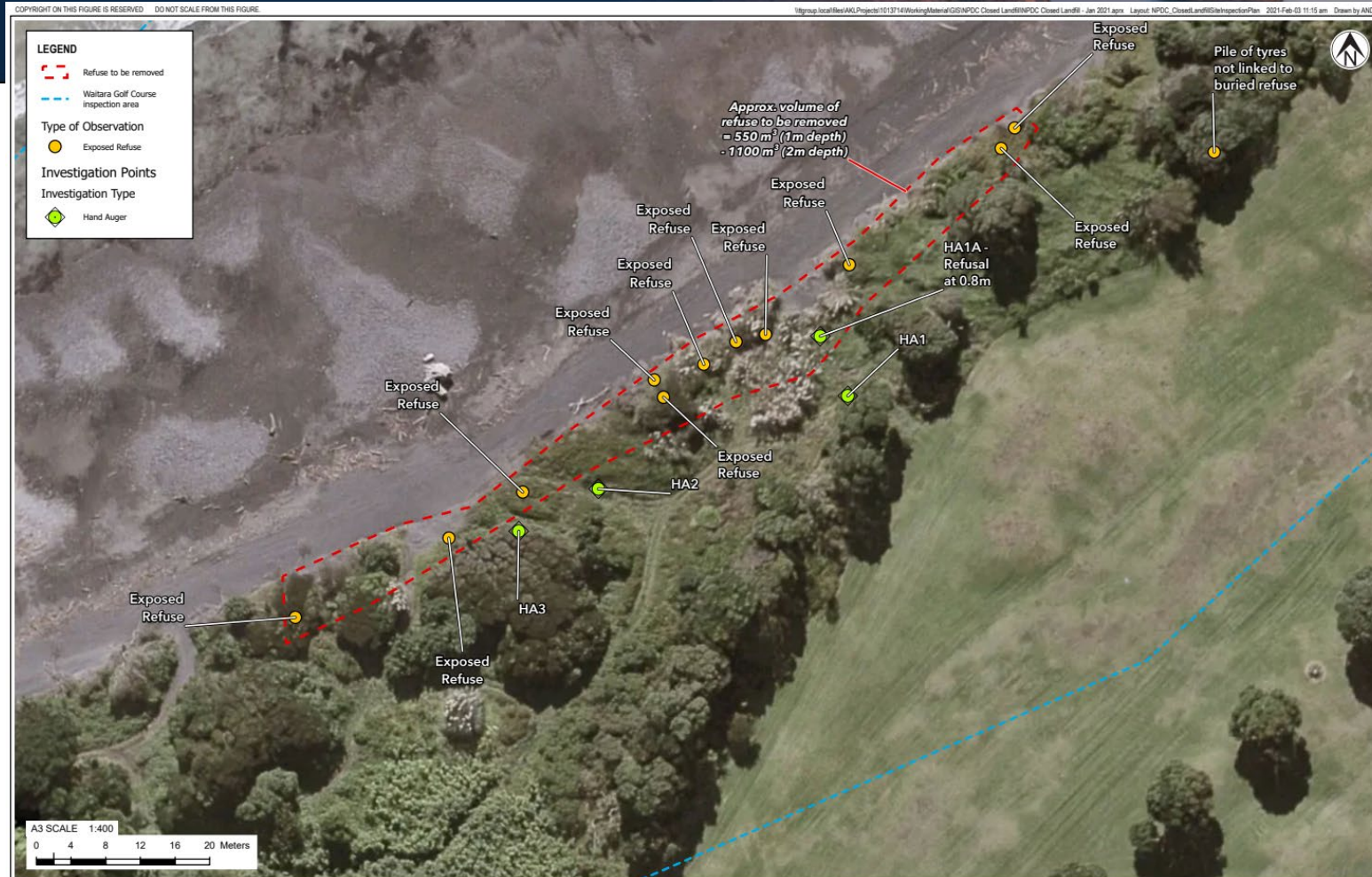
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DESIGNED	ANDO	FEB.21
DRAWN	ANDO	FEB.21
CHECKED	SIHO	FEB.21

REV	DESCRIPTION	GIS	CHK	DATE	LOCATION PLAN	APPROVED	DATE
0	First version			21/01/21			

PROJECT No.	1012714
CLIENT	NEW PLYMOUTH DISTRICT COUNCIL
PROJECT	ASSESSMENT OF CLOSED LANDFILLS
TITLE	SITE INSPECTION PLAN WAITARA GOLF COURSE - OVERVIEW
SCALE (A3)	1:2,600
FIG No.	DRAWING 10.
REV	0

Waitara Golf Course



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0 First version		ANDO	SIHD	21/01/21	DESIGNED ANDO FEB.21 DRAWN ANDO FEB.21 CHECKED SIHD FEB.21	PROJECT ASSESSMENT OF CLOSED LANDFILLS	
REV DESCRIPTION GIS CHK DATE LOCATION PLAN APPROVED DATE				TITLE SITE INSPECTION PLAN WAITARA GOLF COURSE - AREA A			
				SCALE (A3) 1:400		FIG No. DRAWING 11.	
						REV 0	

Waitara Golf Course



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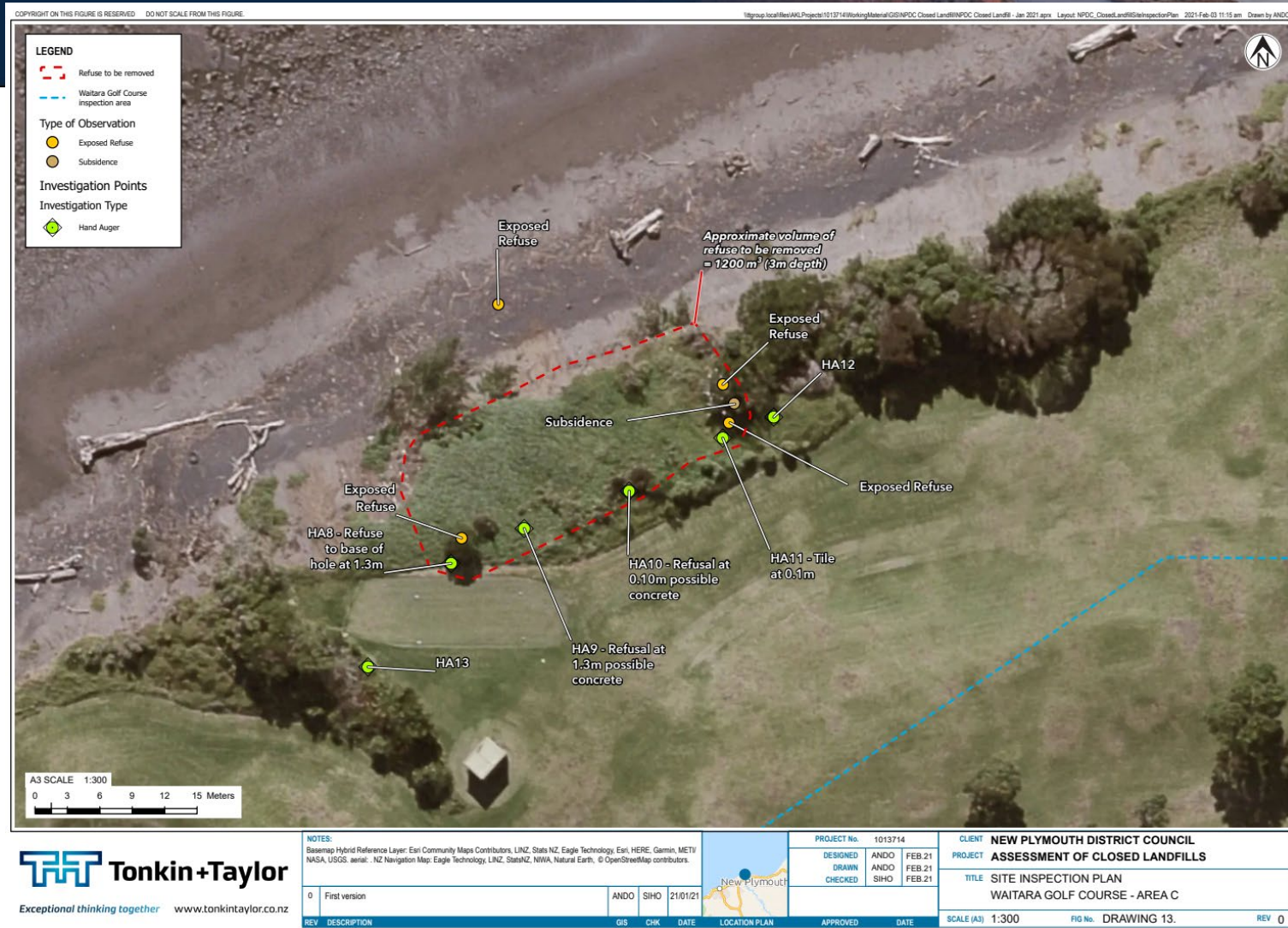
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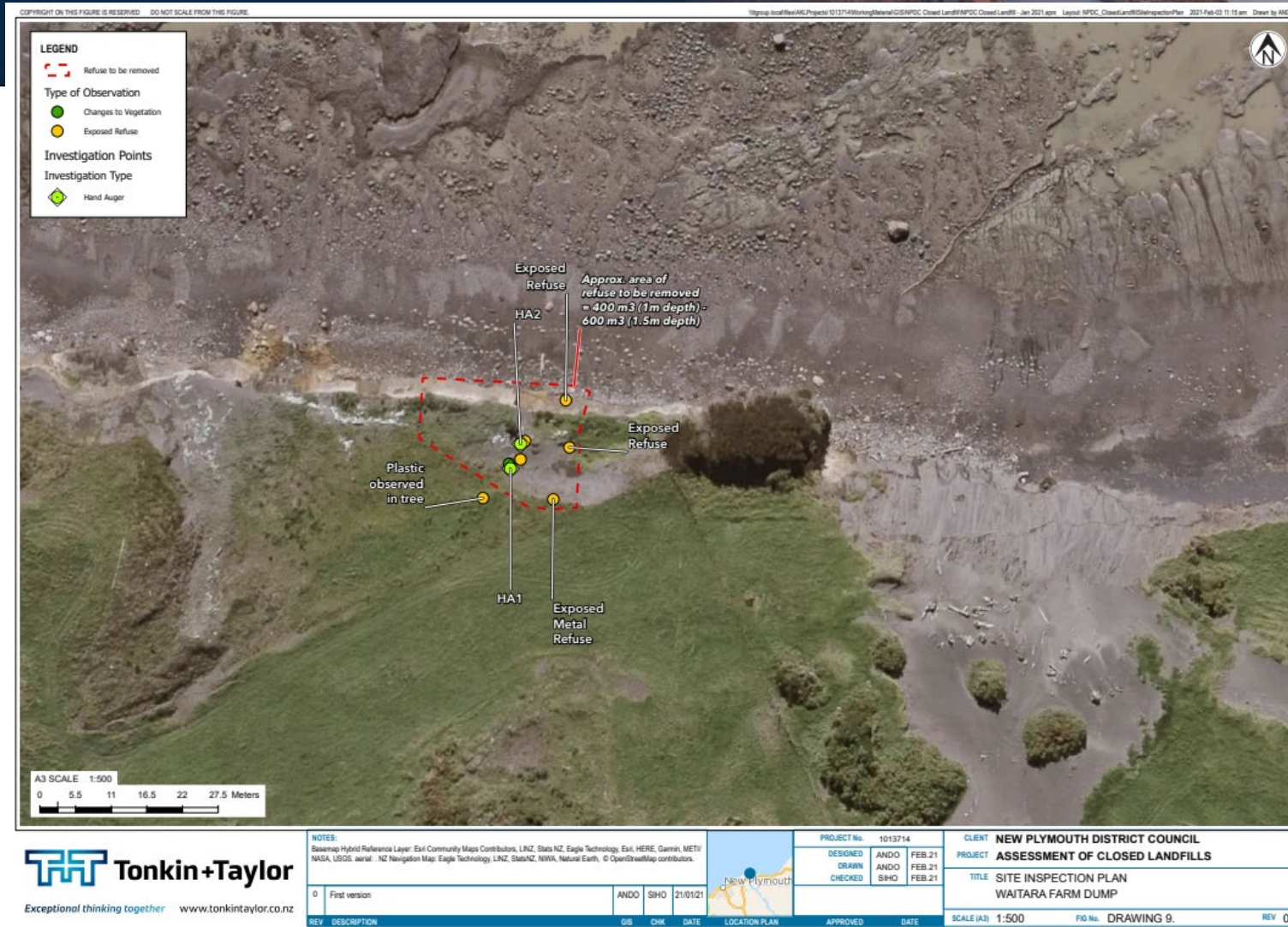
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DRAWN	ANDO FEB.21
CHECKED	SIHO FEB.21

CLIENT	NEW PLYMOUTH DISTRICT COUNCIL
PROJECT	ASSESSMENT OF CLOSED LANDFILLS
TITLE	SITE INSPECTION PLAN WAITARA GOLF COURSE - AREA B
SCALE (A3)	1:400
FIG No.	DRAWING 12.
REV	0

Waitara Golf Course



Waitara Farm Dump



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Project Recap

Mana whenua engagement

- Sites at Tongapōrutu, Urenui, Waitara.
- Ngāti Mutunga consulted.
- Ngāti Rahiri consulted.
- Waitara golf club included.
- Risk assessment on 10 sites.
- Asbestos report on affects on kai moana.
- Decision to perform invasive site investigation at Waitara sites.

2021



Sites separated for investigation

- Difference of opinion between hapu at Waitara East – remove or leave.
- Consultant engaged for site investigation at Waitara West.
- Resource Consent application and Archaeological Authority for Waitara West submitted.
- Golf club frontage discussed with hapu

2022



Focus on Waitara West

- Shift from managing erosion to rehabilitation informally accepted by NPDC and mana whenua
- Resource Consent and Archaeological Authority approved.
- Investigation and report on Waitara West which includes remediation options which exceed budget.

2023



Walkway project overlaps

- Walkway extension intends to build over Waitara West site.
- Require site boundaries of historic landfill to be identified.
- Consultants contracted to identify site boundary.
- Scope of report expanded to include options supporting the installation of the Walkway.

2024



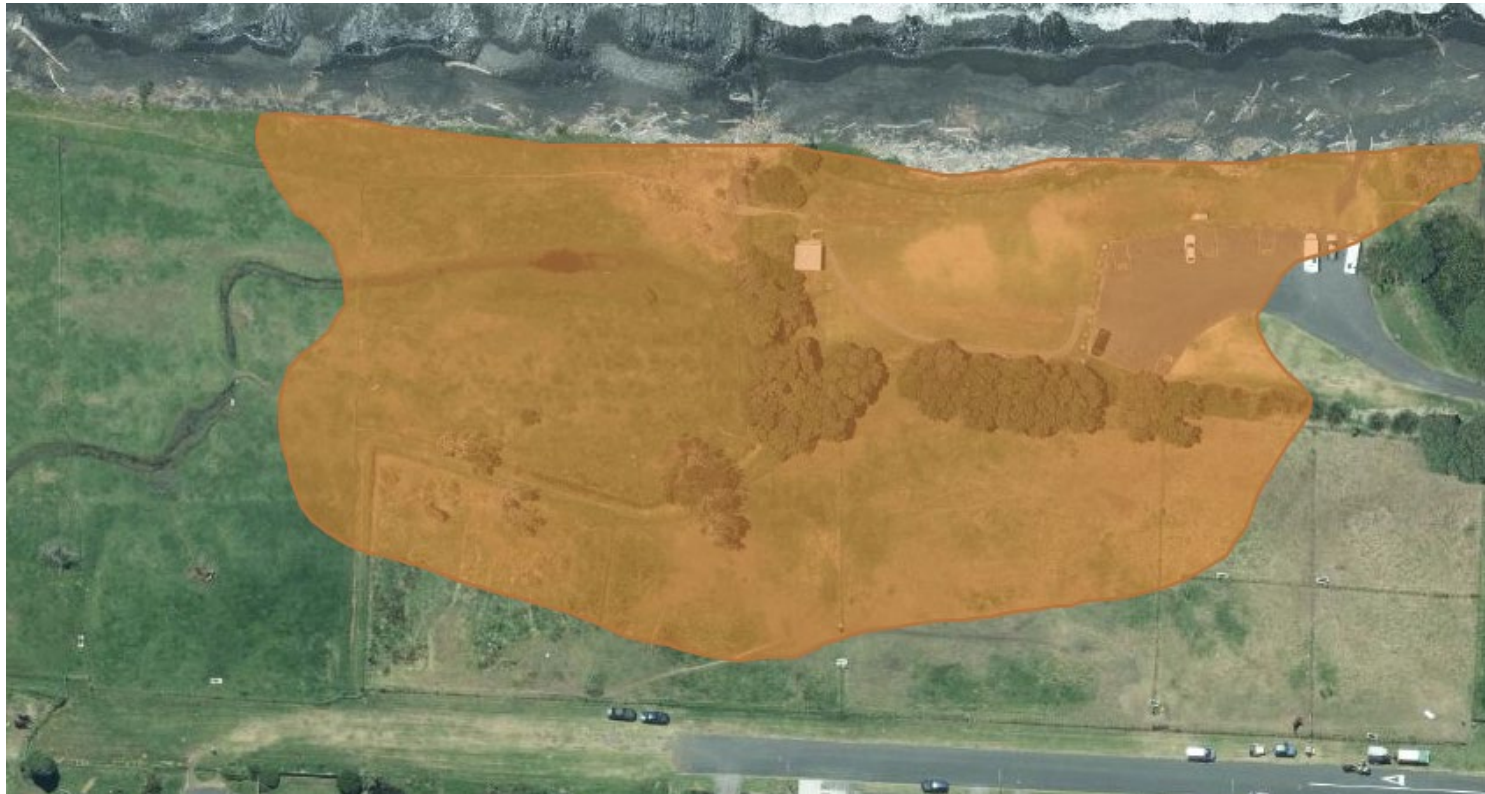
Extended site investigation

- RMA application and approval for extension of the site investigation.
- Site testing to establish landfill boundary.
- Report updated.

Waitara West Landfill



Approximate extent of landfill



Report Summary on Waitara West Landfill

- Volume of landfill material is estimated at 23,000m³.
- There is an immediate erosion risk.
- The cost of all options for the project is beyond the current LTP budget of \$1M in Year 3 of LTP24-34.
- Adjacent toilet block area is subsiding which may impact the public toilets.
- Material observed at depths of 0.5 - 2.5m bgl with a thickness of 1 – 2.5m.

Contaminants

- Lead was found above the recreational land use criteria in three sample locations.
- Sediment quality guidelines were exceeded for cadmium, copper, lead, mercury and zinc in 18 samples.
- Asbestos was detected in three of the 17 soil samples that were above the acceptance criteria for the protection of human health of 0.001% w/w.
- Groundwater which has interacted with the landfill contents may be impacted by the landfill contaminants.

Report Summary Options





Options	Description	Estimated Cost
Option A	Monitoring and reactive clean up	\$0 - \$10K/yr + \$7.2M for capping of landfill
Option B1	Landfill removal to edge of carpark and coastal protection	\$9.3M including capping of landfill
Option B2	Landfill removal to Southern Reserve Treeline	\$15.6M - including capping of landfill
Option B3	Full removal of landfill	\$32.9M - no capping required
Option C	Construct a seawall	\$8-9M – including capping of landfill
Option D	Sift through landfill and only remove hazardous and synthetic material	Unknown + capping of landfill

Note that these are preliminary cost estimates (Class 5), and further work is needed to refine them

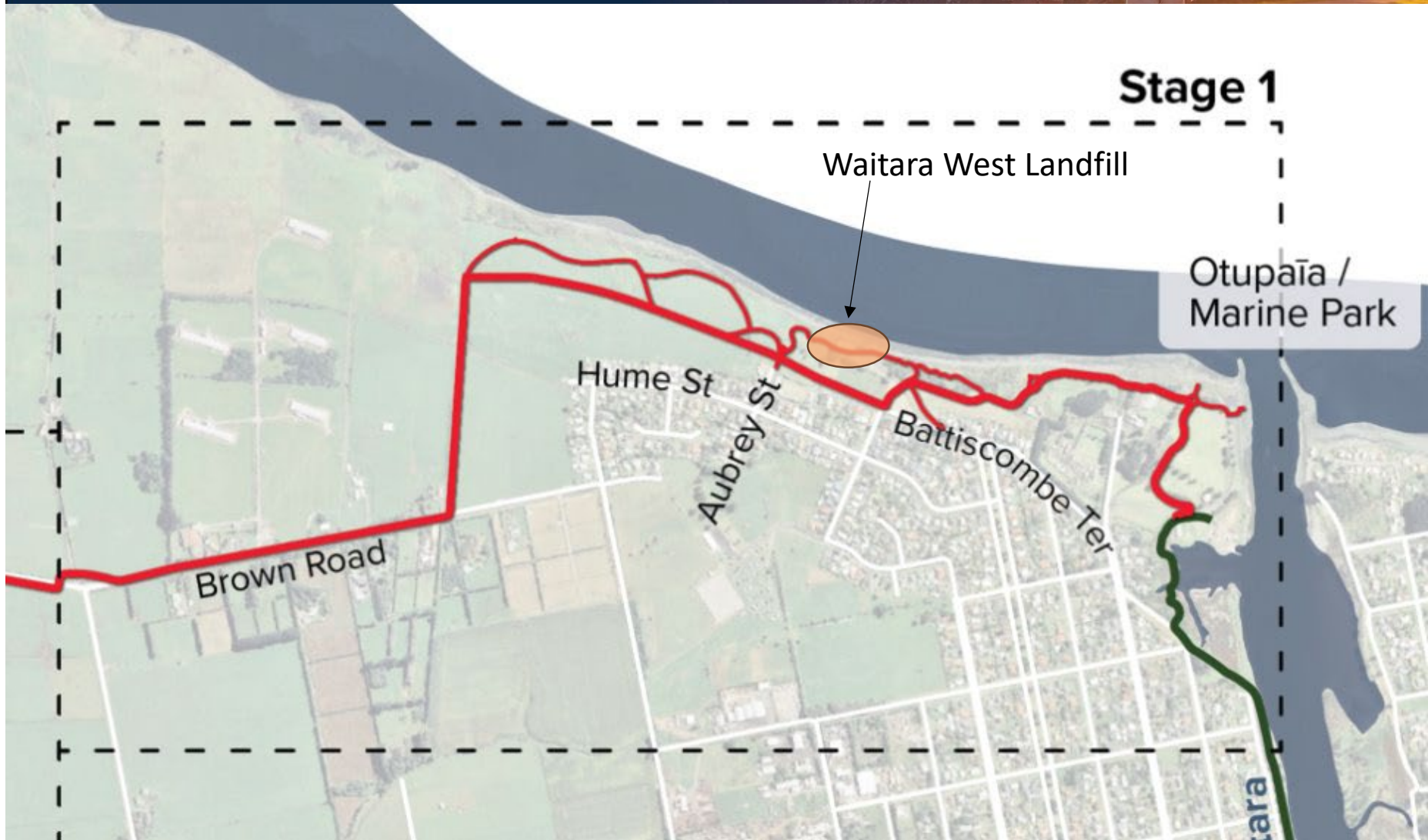


Approximate Boundaries of Options



-  Option B1 – Removal to edge of carpark
-  Option B2 – Removal to tree line
-  Option B3 – Full removal
-  Option C – Coastal protection
- Option D - Extent has not been determined

Te Pae o te Rangi





Te Pae o te Rangi



Legend:

- Extent of historic landfill
- Boardwalk portion on hold
- Large rest area
- Existing grass walkway
- Te Pae o te Rangi Walkway
- Planting

Te Pae o te Rangi

- Work on this section of the pathway and associated works will start mid 2025.
- We have put a hold on the boardwalk over the landfill until it is resolved.
- A temporary solution is to use the existing grass path and connect the rest area to this.
- Once the area is resolved Te Pae o te Rangi project can come back and build the boardwalk.
- We have ringfenced this portion of budget until July 2027.

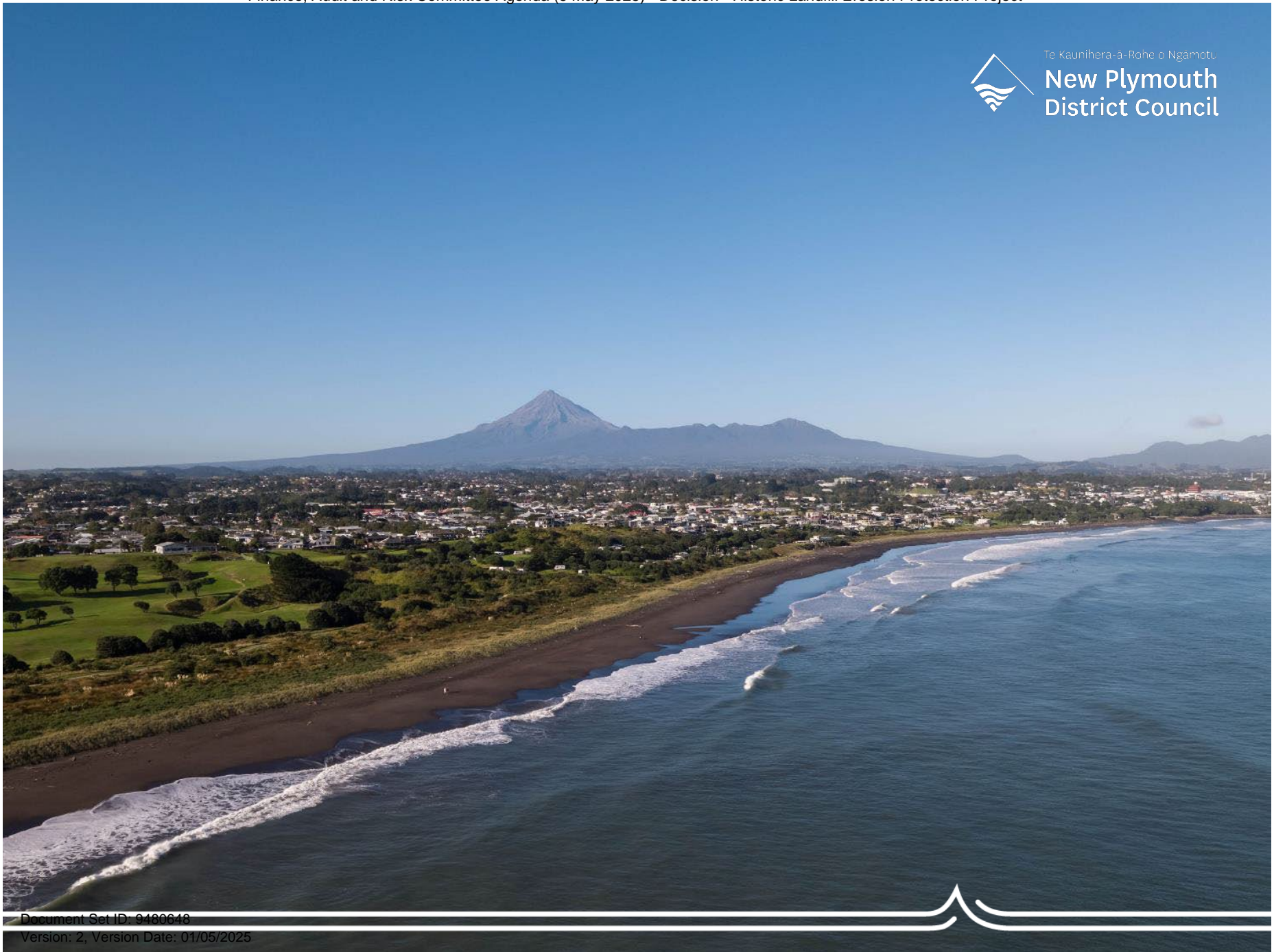
Next Steps

- 1. Investigate Remediation Options:** Collaborate with mana whenua and prepare a strategic business case with multi-criteria analysis and accurate cost estimates.
- 2. Assessments:** Determine and conduct necessary assessments (e.g., geotechnical) to inform options for historic landfills.
- 3. Cost Determination:** Establish costs for each project stage and adjust funding as needed for FY26, potentially carrying forward or advancing budget allocations.
- 4. Resource Consent:** Outline the process and challenges of obtaining resource consent for remediation or erosion protection.
- 5. Options Assessment:** Conduct assessments for Battiscombe Terrace and Waitara Golf Course landfills, consolidating activities due to shared risks and proximity.
- 6. Case Studies:** Include examples of successful remediation efforts by other councils.
- 7. Public Health Collaboration:** Work with Health New Zealand to assess public risk from historic landfills.



Te Kaunihera-a-Rohe o Ngamotu

New Plymouth
District Council



Historic Landfills - Corporate Risk Register - Battiscombe Terrace Landfill

Project Number: WM001 - Historic Landfills Erosion Protection
 Date : 8/04/2025
 Revision : A
 Issued for :
 Updates :

No.	Risk Category	Risk Description (actual or potential)	Date Created	Before Mitigation			Mitigation	Risk Owner	Status	After Mitigation		
				Likelihood	Consequence	Risk Level				Likelihood	Consequence	Risk Level
Immediate Risks												
1	Health, Safety and Wellbeing	<p>Risk: Erosion at Battiscombe Terrace Landfill threatens community health and safety.</p> <p>Root Cause: Landfill erosion due to inadequate containment measures and exposure to extreme weather events.</p> <p>Impact: Hazardous substances may leach into soil and waterways, exposing the public to harmful chemicals. Additionally, exposed waste increases injury risks, particularly from sharp objects, posing immediate and long-term health concerns. Air-borne contaminants including asbestos and dust pose health risks to the public if disturbed</p>	08-Apr-2025	Possible	Moderate	Medium	Immediate clearance of any exposed materials, including asbestos, from the beach and reserve area. Maintaining the area with healthy grass and that there are no areas of disturbance.	Parks & Reserves	Ongoing	Possible	Moderate	Medium
2	Environmental and Sustainability	<p>Risk: Erosion pollutes the ground water, waterways, ocean and ecosystems, harming aquatic life and biodiversity.</p> <p>Root Cause: Landfill erosion due to inadequate containment measures, insufficient sediment control and exposure to extreme weather events.</p> <p>Impact: Sediment and contaminants compromise aquatic ecosystems and biodiversity, affecting resources critical for sustainability. Short term effects include decreased habitat availability for kaimoana and reduced species richness and diversity. Waste debris may be ingested or entangled by marine life. Contaminants leaching from the landfill into the ground water and the ocean can bioaccumulate in marine organisms leading to sickness/death and inability to collect kaimoana.</p>	08-Apr-2025	Likely	Moderate	High	Ensuring, as best as possible, the establishment and maintenance of a vegetated scab for erosion protection.	Parks & Reserves	Ongoing	Likely	Moderate	High
3	Reputational Risk	<p>Risk: Erosion and pollution may damage public trust and harm the reputation of Council.</p> <p>Root Cause: Ineffective landfill management and delayed responses to environmental concerns.</p> <p>Impact: Negative media coverage and reduced stakeholder confidence may lead to stricter regulatory scrutiny. Public perception of neglect could erode trust and support for future initiatives.</p>	08-Apr-2025	Almost Certain	Moderate	High	Communicate regularly with the Elected Members, Waitara Community Board and mana whenua and maintain ongoing discussions with key stakeholders	Project Management Office	Ongoing	Almost Certain	Minor	Medium
4	Legislative Compliance & Control	<p>Risk: Erosion risks breaches of environmental laws, leading to penalties and increased oversight.</p> <p>Root Cause: Non-compliance with regulations due to lack of remediation or erosion protection.</p> <p>Impact: Legal penalties and stricter environmental controls may result. Long-term reputational damage could harm regulatory relationships, impacting compliance in future initiatives.</p>	08-Apr-2025	Unlikely	Moderate	Medium	Maintain ongoing communication with the Taranaki Regional Council (TRC) and continue regular monitoring of the site.	Project Management Office	Ongoing	Unlikely	Moderate	Medium
5	Planning and Strategy	<p>Risk: Landfill remediation delivery timeframes disrupts long-term planning and deliverability of other projects.</p> <p>Root Cause: Delay in decision making for remediation or erosion protection options for the landfill.</p> <p>Impact: Projects may face delays, resulting in diminished community benefits and an inability to enhance service levels through other initiatives.</p>	08-Apr-2025	Likely	Minor	Medium	Communicate regularly with the Elected Members, Waitara Community Board and mana whenua and maintain ongoing discussions with key stakeholders. Ensure that the timeframes of all projects are aligned and that the options analysis for the landfill incorporates other ongoing projects to achieve combined objectives.	Project Management Office	Ongoing	Moderate	Minor	Medium

Historic Landfills - Corporate Risk Register - Battiscombe Terrace Landfill

Project Number: WM001 - Historic Landfills Erosion Protection
 Date : 8/04/2025
 Revision : A
 Issued for :
 Updates :

No.	Risk Category	Risk Description (actual or potential)	Date Created	Before Mitigation			Mitigation	Risk Owner	Status	After Mitigation		
				Likelihood	Consequence	Risk Level				Likelihood	Consequence	Risk Level
6	Financial and Economic	<p>Risk: If a major weather event occurs, we will need to remediate the landfill.</p> <p>Root Cause: The landfill remediation is not currently budgeted</p> <p>Impact: Unplanned remediation efforts could lead to significant financial strain and potential delays in other projects.</p>	08-Apr-2025	Rare	Catastrophic	Medium	In the event of an emergency declaration, there is potential for financial support from the national government. Immediate mitigation measures can be implemented if necessary, followed by cleanup operations as required.	Emergency Management	Event-driven	Unlikely	Catastrophic	Medium
7	Financial and Economic	<p>Risk: Increased costs for maintenance work on the carpark or toilets</p> <p>Root Cause: Presence of asbestos and contaminated material</p> <p>Impact: Higher expenses due to the need for specialised contractors and disposal of hazardous materials.</p>	08-Apr-2025	Possible	Low	Low	Implement a comprehensive Health and Safety Plan to effectively manage asbestos and contaminated materials	Parks & Reserves	Ongoing	Possible	Low	Low
8	Property and Assets	<p>Risk: Public taking remediation into their own hands and attempting to remove landfill material or prevent erosion along the coast</p> <p>Root Cause: Lack of awareness or dissatisfaction with official remediation efforts and erosion control measures</p> <p>Impact: Potential for improper handling of hazardous materials, leading to health and safety risks. Increased environmental damage due to unregulated and unprofessional remediation attempts. Legal and regulatory complications arising from unauthorised actions. Additional costs and delays in official remediation and erosion control projects.</p>	08-Apr-2025	Unlikely	Moderate	Medium	Communicate regularly with the Elected Members, Waitara Community Board and mana whenua and maintain ongoing discussions with key stakeholders	Project Management Office	Event-driven	Rare	Moderate	Medium
9	Reputational Risk	<p>Risk: Misinformation and disinformation regarding erosion impacts and remediation efforts impose significant challenges, including undermining public trust, delaying critical action, and creating financial inefficiencies.</p> <p>Root Cause: The spread of inaccurate or misleading information about erosion risks and landfill contaminants, remediation strategies, and funding gaps. This may result from inadequate communication, a lack of accessible data, or intentional dissemination of disinformation by individuals or groups.</p> <p>Impact: Delayed or poorly informed decision-making could lead to financial loss and additional costs within existing resources, including health interventions, legal disputes, and infrastructure repairs. Misrepresentation of funding needs, such as the absence of a landfill remediation budget, may hinder efforts to secure appropriate financial support and disrupt planned initiatives. Public confusion and scepticism may strain community engagement and collaboration, further complicating effective erosion and pollution management.</p>	08-Apr-2025	Likely	Moderate	High	Communicate regularly with the Elected Members, Waitara Community Board and mana whenua and maintain ongoing discussions with key stakeholders	Project Management Office	Ongoing	Possible	Moderate	Medium

Risk Matrix

Likelihood Consequence	Rare	Unlikely	Possible	Likely	Almost Certain
Catastrophic	M	H	H	E	E
Major	M	M	H	H	E
Moderate	L	M	M	H	H
Minor	VL	L	M	M	M
Insignificant	VL	VL	L	L	M

E	Extreme
H	High
M	Medium
L	Low
VL	Very Low

Table 2: Likelihood of Occurrence

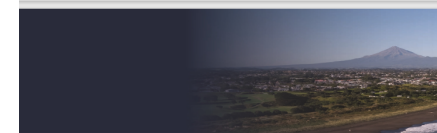
Likelihood Rating	Probability of the risk occurring
Almost Certain	<ul style="list-style-type: none"> Expected to occur more than once in the next year. Likely to occur multiple times during a project. Over 90% probability.
Likely	<ul style="list-style-type: none"> Expected to occur once in the next year. Has occurred in similar projects. Between 75-90% probability.
Possible	<ul style="list-style-type: none"> Could occur at least once in the next three years. Has occurred in a small number of similar projects. Between 25-75% probability.
Unlikely	<ul style="list-style-type: none"> Could occur at least once in the next five years. Could occur but has not in similar projects. Between 1-25% probability.
Rare	<ul style="list-style-type: none"> Not expected to occur in the next five years and beyond, or during the project. Less than 1% probability.

Consequence	Catastrophic	Medium	High	High	Extreme	Extreme
	Major	Medium	Medium	High	High	High
	Moderate	Low	Medium	Medium	High	High
	Minor	Very Low	Low	Medium	Medium	Medium
	Insignificant	Very Low	Very Low	Low	Low	Medium
		Rare	Unlikely	Possible	Likely	Almost Certain
		Likelihood				

Table 1: Consequence Rating

Consequence	Factor: Financial
Insignificant	<ul style="list-style-type: none"> Impact can be managed within existing resources. Loss/additional cost of less than \$50k. Rate increase of 1%
Minor	<ul style="list-style-type: none"> Impacts can be managed within existing resources with some reallocation. Loss/additional cost of between \$50k and \$500k. Rate increase of 2%

ment Set ID: 1479536
on 26, Version Date: 18/12/2024



Moderate	<ul style="list-style-type: none"> Impact can be managed with some additional financial or human resources, and reallocation. Loss/additional cost of between \$500k and \$1m. Rate increase of 3%
Major	<ul style="list-style-type: none"> Impact cannot be managed without re-prioritising work programmes. Loss/additional cost of between \$1m and \$5m. Rate increase of 4%
Catastrophic	<ul style="list-style-type: none"> Impact cannot be managed without seeking additional funding approval from Council, and significant re-prioritisation of work programmes. Loss/additional cost of over \$5m. Rate increase of 5%

Appendix B: Sources of risk and their consequences

Source of risk	Consequence rating				
	Low	Minor	Moderate	Major	Catastrophic
Environment	Little or no impact on the environment.	Short-term or minor impact on the environment.	Serious damage of local importance with possible regulatory intervention.	Serious damage of regional importance with regulatory intervention.	Permanent damage requiring ongoing remediation and monitoring with regulatory involvement.
Financial	Loss of less than \$100k.	Loss of between \$100k and \$1m.	Loss of between \$1m and \$5m.	Loss of between \$5m and \$10m.	Loss of over \$10m.
Governance	No impact on public confidence or media attention.	Minor impact on public confidence and media attention. May be some local coverage - not front page.	Some impact on public confidence, reflected by local media and community interest in the Council's performance.	Major impact on public confidence resulting in some national media coverage. Prosecution action taken against Council.	Critical impact on public confidence, resulting in significant national media and Central Government attention e.g. through an inquiry and/or appointment of a Commissioner.
Health, safety and wellbeing	Near miss, or minor medical treatment required (including first aid). No days off work.	Medical treatment or restricted work injury. Less than seven days off work. Minor public health impact i.e. some cases of water-borne illness.	Serious or permanent injury/illness requiring hospitalisation or extensive medical treatment (e.g. surgery). Event notifiable to WorkSafe. Moderate public health impact i.e. tens of cases of water-borne illness.	Single fatality or permanent total disability. Major public health impact i.e. hundreds of cases of water-borne illness.	Multiple fatalities. Widespread public health impact involving thousands of cases of water-borne illness.
Information management	Isolated equipment failure	Compromise of user password impacting the confidentiality and integrity of data.	Exploitation of application security flaws compromising the confidentiality and integrity of data.	Loss or theft of USB/laptop/other device compromising confidentiality. Loss of a core system for an extended period.	Loss of infrastructure for an extended period.
Legislative compliance and control	Isolated issues or non-compliance, or negligible incidents, with little to no impact on public confidence, security or levels of service.	Minor issues or non-compliance that can be managed as part of business as usual, with short-term (<1 day) or minor impact on levels of service and public perception.	Moderate issues or non-compliance that result in service delivery delays that may impact on levels of service and compliance, and reduce public confidence due to negative local media attention.	Major issues or non-compliance that result in non-delivery of core activities that impact on levels of service and compliance, and heavily reduce public confidence due to ongoing negative local media coverage and some national coverage. Prosecution action taken against Council. Professional sanctions for Officers such as loss of memberships.	Critical issues or non-compliance that result in ongoing non-delivery of core activities that impact on levels of services across a range of categories, and drastically reduce public confidence due to significant national media and Central Government attention and/or intervention. Prosecution actions taken against Council and potential revocation of associations' membership of Officers.
Operations and service delivery	Temporary disruption in servicing a small number of customers.	Disruption affecting some areas for less than a day.	Disruption to a community for more than two hours or some areas for more than a day.	Disruption to a community for more than a day or some areas for more than two weeks.	Disruption to a community for more than a week.
People and knowledge	Individual significance or concern that can be managed as part of business as usual.	Minor disruption to the organisation that can be managed as part of business as usual.	Moderate disruption to the organisation resulting in reduced performance.	Major disruption to the organisation resulting in the failure of core activities.	Critical disruption to the organisation resulting in the ongoing failure to deliver core activities.
Planning and strategy	Negligible impact on outcomes and handled within normal operations.	Temporary impact on long-term levels of service, with limited community interest and media attention.	Noticeable impact on long-term levels of service, being consistently below expectations in one or more outcome categories. Some community interest and media attention.	Levels of service significantly below expectations in one or more outcome categories, bringing significant negative community and media attention.	Levels of service in significant decline across all outcome categories. Widespread negative commentary attracts Central Government attention e.g. through an inquiry and/or appointment of a Commissioner.
Project/quality management	Project overspend of less than 5%. Quality is lower than planned but still meets the project's requirements or product specification. Delay of 1-2 weeks.	Project overspend of between 5-10%. Quality is lower than planned but still meets the project's mandatory requirements or product specification. Delay of 2-4 weeks.	Project overspend of between 10-50%. Quality and mandatory requirements compromised. Requirements can still be met by relaxing them or modifying scope. Delay of 4-8 weeks.	Project overspend of between 50-100%. Quality is compromised but requirements can be met with increases in cost, time, or scope. Quarantined product could be reworked. Delay of 8-16 weeks.	Project overspend of over 100%. Quality is compromised and unrecoverable. Requirements cannot be met within increased cost, time or scope, or product must be disposed of. Delay of 16+ weeks.
Property and assets	Insignificant incident that causes no disruption to services.	Isolated damage not requiring relocation of services to an alternative site.	Damage to property that requires the relocation of some services to an alternative site.	Damage to property that requires the relocation of all services for a short period.	Damage to property that requires the relocation of all services for an extended period.



Contaminated Sites and Vulnerable Landfills Fund (CSVLF)

Application Overview and Requirements

Purpose of CSVLF

- The CSVLF aims to reduce the harm and risk posed to human health and/or the environment from exposure to contamination and waste from high-risk legacy contaminated sites and closed landfills that are vulnerable to erosion or water inundation.



Funding Process

- Step 1: Contact Regional Council
- Step 2: Prepare Application
- Step 3: Submit Application
- Step 4: Review and Approval
- Step 5: Contracting Stage
- Step 6: Project Execution
- Step 7: Reporting and Compliance



Eligibility

- Regional councils, territorial authorities, and unitary authorities can apply for funding.
- Applications can be made for sites they own or on behalf of other landowners.
- Sites must meet the eligibility criteria related to contamination history and enforcement actions.





Phases

Phases	CSVLF Funded (Yes/No)
Phase 1 – Preliminary Site Investigations	No
Phase 2 – Detailed Site Investigation	Yes
Phase 3 – Remedial Planning	Yes
Phase 4 – Site Remediation	Yes



Funding Amount and Criteria

- Total Funding: \$30 million until 2026
- Typical Contribution: 50% of project costs
- Criteria:
 - Applicant's resources (e.g. Number of ratepayers)
 - Project size and value
 - Scale and Size of benefits to New Zealand
 - Remaining availability of funding



Funding: Covered vs not covered



Funded Under CSVLF	Not Funded Under CSVLF
Consultants and Contractors used for Phases 2,3 & 4 and peer reviews	In-kind costs including internal staff time
Equipment and Plant Hire	Phase 1 – Preliminary Site Investigations
Financial, Legal, IT Services, Project Management Costs	Retrospective Costs
Health and Safety Equipment	Business as usual costs
	Site reinstatement costs or improvements to sites for purposes other than remediation
	Engineered coastal, or waterway protection that functions only to minimise erosional impact on the shorelines and riverbanks.



Application Process

- 1.Reach Out:** Contact your local regional council to discuss eligibility and the application process.
- 2.Prepare Application:** Complete the application form with detailed information about the project, including the nature and extent of contamination, proposed remedial actions, and budget.
- 3.Submit Application:** Submit the application form to CSVLF@mfe.govt.nz with any supporting documents.
- 4.Review and Approval:** Ministry for the Environment will review application
- 5. Contracting Stage:** If approved, submit a detailed project plan and budget
- 6.Project Execution:** Based on approved project plan



Key Terms in the Deed of Funding

1. Project Plan and Budget:

- Detailed project plan and budget submission.
- Guidance from the investment manager.

2. Detailed Site Investigation (DSI):

- For Phase 2 projects, a DSI report is required to confirm the nature and extent of contamination.

3. Remedial Action Plan (RAP):

- For Phase 3 projects, an assessment of remedial options (ARO) and a RAP are required.

4. Site Validation Report:

- For Phase 4 projects, a site validation report confirming that the site has been remediated to the required standards is needed.



Key Terms in the Deed of Funding

5. Peer Reviews:

- All technical reports must be peer-reviewed by an independent suitably qualified and experienced practitioner (SQEP) to confirm compliance with Contaminated Land Management Guidelines (CLMG) 1 and 5.

6. Firming Up Costs:

- Finalising and confirming project costs.
- Ensuring all costs are accounted for and justified.

7. Meeting Conditions:

- Compliance with any specific conditions set by the Ministry for the Environment.

8. Agreeing to Terms:

- Agreement to the terms outlined in the deed of funding.



Key Terms in the Deed of Funding

9. Signing the Deed of Funding:

- Formalises the funding agreement and activates the project.

10. Reporting Requirements:

- Regular progress reports and financial statements may be required.
- Compliance with all relevant environmental and safety regulations.

11. Audit and Review:

- The Ministry for the Environment may conduct audits and reviews.

12. Termination Clauses:

- Conditions under which the funding agreement may be terminated.



More Information

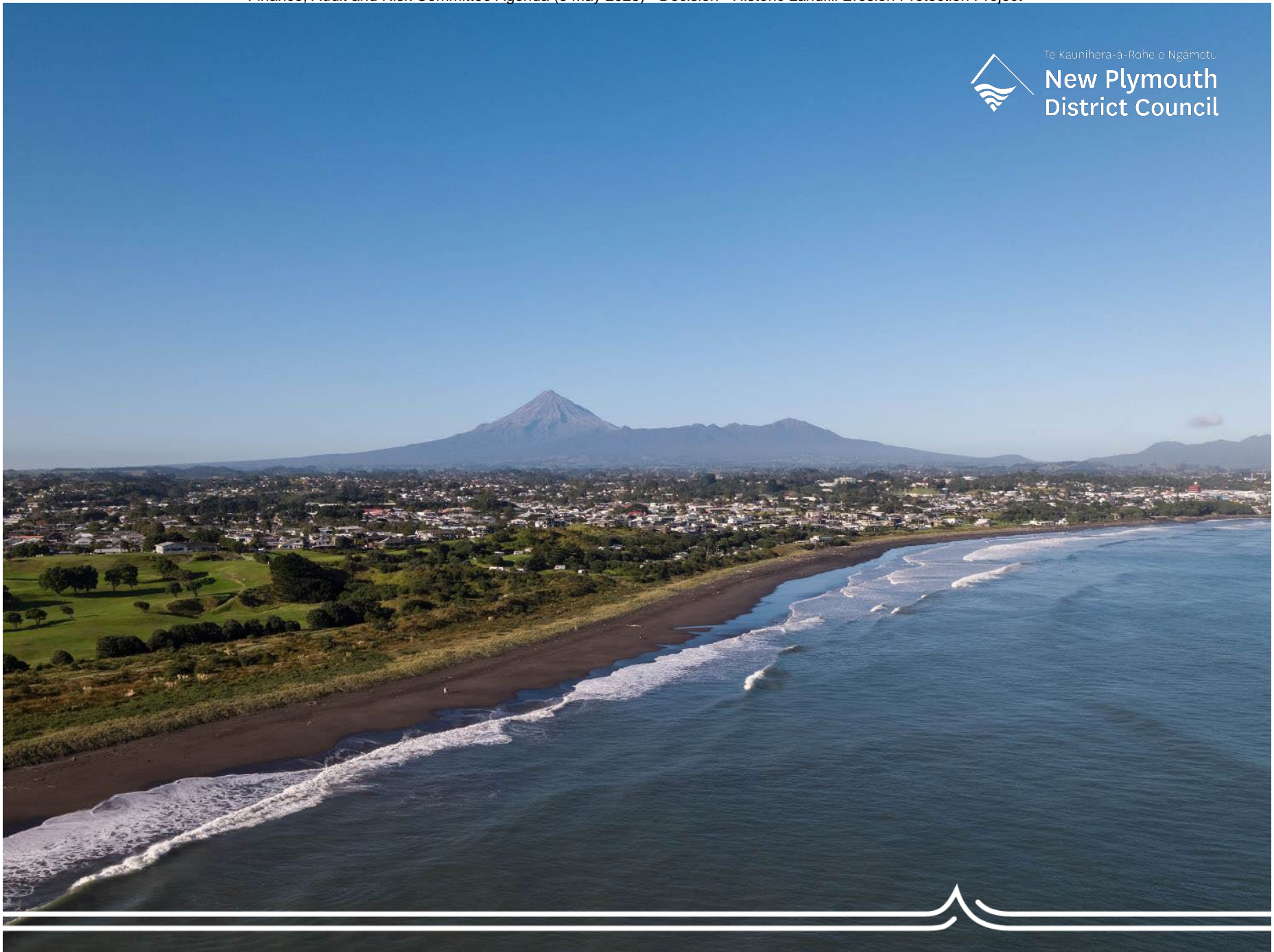
- [CSVLF-Guide-for-applicants.pdf](#)
- [Contaminated Sites and Vulnerable Landfills Fund | Ministry for the Environment](#)





Te Kaunihera-a-Rohe o Ngamotu

New Plymouth
District Council



3 WATERS CONSTRUCTION PANEL – FINANCIAL ASSESSMENT

PURPOSE/ TE WHĀINGA

1. The purpose of this report is to summarise how NPDC's 3 Waters construction panel is performing financially and compare this data against the other councils analysed in the recent AECOM Report.

RECOMMENDATION / NGĀ WHAIKUPU

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT / TOHUTOHU KAI WHAKAHAERE

2. This report is provided for information purposes only, and has been assessed as being of some importance.

BACKGROUND / WHAKAPAPA

3. Wellington Water recently commissioned AECOM to produce a [report](#), which includes comparison of construction and maintenance costs for water services over various Councils.
 4. Council Officers applied NPDC data to this report to assess our outcomes against the metrics used, even though New Plymouth was not one of the identified Councils in the original report.
 5. This information has been reported in the memo in Appendix 1, and shared with NPDC senior leadership and elected members.
 6. The assessment showed that when compared with the other councils in the AECOM report, in terms of installation cost per metre of pipe renewed, NPDC is:
 - a) performing favourably for water reticulation renewals.
 - b) performing comparably for wastewater renewals though at the higher end of the range.
 7. The assessment also showed that when compared with the other councils in the AECOM report, in terms of annual cost of unplanned maintenance as a ratio of the size of the overall network, NPDC performed favourably.
 8. The memo in Appendix 1 notes a number of uncertainties and assumptions around the data in the AECOM report, which mean that this comparison should not be relied upon as fact, but as an indication of performance only.
-

CLIMATE CHANGE IMPACT AND CONSIDERATIONS / HURINGA ĀHUARANGI

9. This report is administrative in nature, and therefore there are no impacts on climate change adaptation.

NEXT STEPS / HĪKOI I MURI MAI

10. NPDC officers will continue to procure 3 waters construction projects through the 3W construction panel, while continuing to focus on delivering these works as cost efficiently as possible.

FINANCIAL AND RESOURCING IMPLICATIONS / NGĀ HĪRAUNGA Ā-PŪTEA, Ā-RAUEMI

11. There are no financial or resourcing implications with regard to the contents of this report.

IMPLICATIONS ASSESSMENT / HĪRANGA AROMATAWAI

12. This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:
- Council staff have delegated authority for any decisions made;
 - Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
 - Council staff have considered how the matter will promote the social, economic, environmental, and cultural well-being of communities in the present and the future.
 - Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
 - Any decisions made are consistent with the Council's plans and policies; and
 - No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

APPENDICES / NGĀ ĀPITI HANGA

- Appendix 1 Memo - 3W Construction Panel Financial Comparison with AECOM Report (ECM 9477518)
-

Report Details

Prepared By: Gordon Davenport (Project Manager Lead)
Team: Project Management Office
Approved By: Raymond Teunissen (Manager Project Management Office)
Ward/Community: District Wide
Date: 14 April 2025
File Reference: ECM 9481594

-----*End of Report*-----



When replying please quote: 9477518

Date: 7 April 2025

To: Gareth Green, Helena Williams, Raymond Teunissen

CC: Sean Cressy, Sudeha Hennayaka

SUBJECT: 3W CONSTRUCTION PANEL FINANCIAL COMPARISON WITH AECOM REPORT

Background

The aim of this memo is to summarise how NPDC's 3 Waters construction panel is performing financially and compare this data against the other councils analysed in the recent AECOM Report which analysed Wellington Water panel costs.

Is the 3W construction panel performing financially?

To determine whether the 3W construction panel is providing value for money, we have compared the rates per kilometre of pipe renewed against the other councils compared in AECOM's 'Wellington Water' report and included NPDC's results in the graphs below. This analysis shows that NPDC's 3W construction panel is realising good value for money across Water and Wastewater reticulation renewals. We are yet to complete any significant Stormwater construction through this panel, so this was not analysed.

It is important to point out that there is a significant amount of uncertainty about the figures calculated as part of AECOM's report, and this report itself had a large number of disclaimers around the accuracy of the data. With a high degree of uncertainty, it is difficult to have certainty around whether this is a fair comparison.

Some of the key uncertainties around the data include:

1. AECOM's exact method of calculating a \$/km rate is not stated, so has been assumed and that assumption applied to NPDC's calculations
2. AECOM's exact method of calculating an average across the included projects is not stated, so has been assumed and that assumption applied to NPDC's calculations
3. AECOM's report contains many significant disclaimers but to summarise, the executive summary states that *'Limitations in data and timeframes has constrained the analysis and confidence in the outputs, although we believe that the outputs remain useful provided care is taken with their use, including use of independently sourced corroborating information. The report recommends further analysis to increase confidence in the outputs, should this be desired.'*
4. **Context.** The data does not include context for the works; hence it is difficult to assess whether the total charges for the individual projects are fair and reasonable. Factors such as topography, geotechnical conditions, traffic management



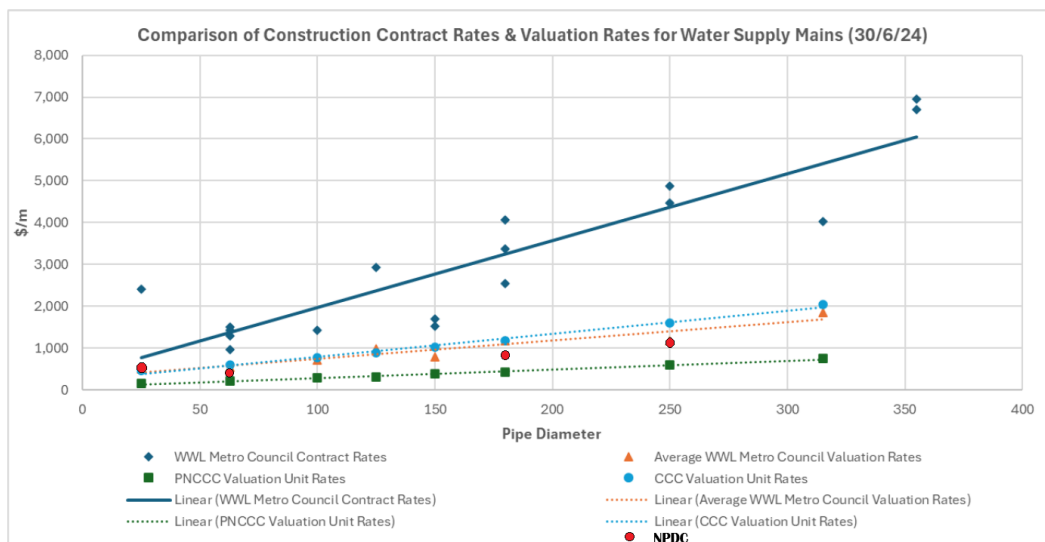
requirements, depth of the pipe etc can have a considerable impact on the cost of a project.

5. **Economies of Scale.** While much of the information on the sample projects provided into AECOM’s report by other councils has been redacted, we can see that the overall value of the projects provided is significantly higher than the projects analysed by NPDC. Palmerston North City Council’s projects had an average total value of \$3.72m per project (for example) where NPDC’s projects had an average value of \$942,000. Due to economies of scale, a larger project will attract a lower per km rate.
6. **Escalation.** It is unclear when the sample projects from other councils were completed. All of the projects used in NPDC’s sample are from the last 18 months. The market has seen significant escalation in the last 5 years so this could be affecting the calculated rate for other councils
7. **Quality.** The assessment focuses purely on costs of installation, not whole life costs.

Conclusions

Water Renewals

The below graph compares different councils’ average construction costs per metre of water reticulation pipes renewed. As the raw data from the Aecom report isn’t available, a screenshot of this graph has been taken from the report and NPDC averages have been added in red. The most commonly installed pipe diameter is 180mm and NPDC’s average rate to install this diameter pipe is \$839.18 per lineal metre. This appears to be around the same order as the comparison councils.

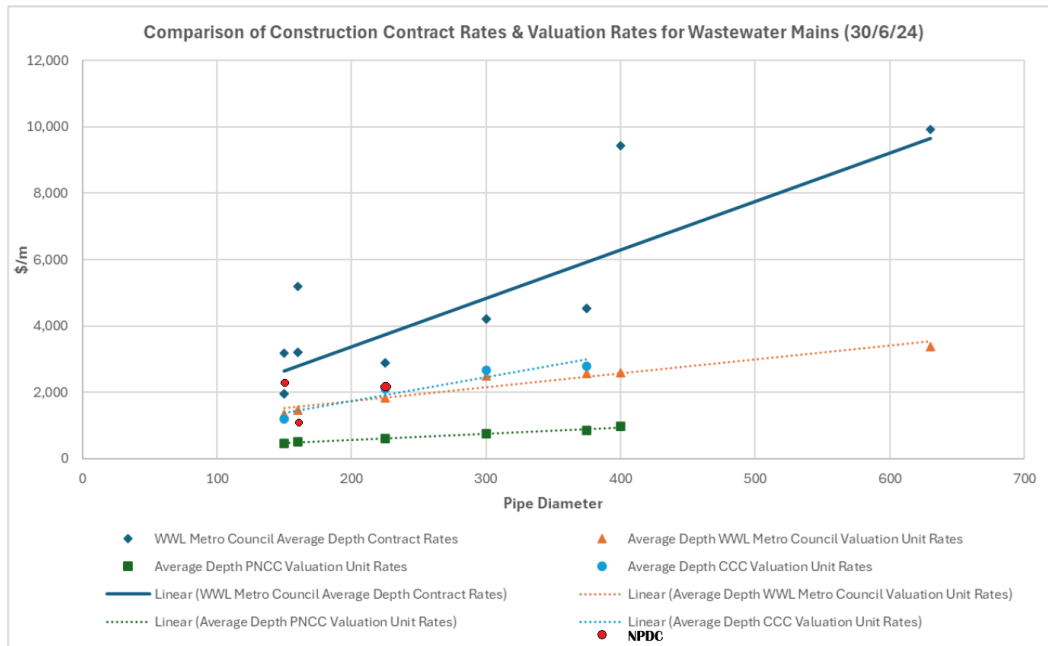


Wastewater Renewals

The below graph compares different councils’ average construction costs per metre of wastewater reticulation pipes renewed. As above, a screenshot of this graph has been taken from the report and NPDC averages have been added in red. The most commonly installed pipe diameter is 150mm and NPDC’s average rate to install this diameter pipe is \$2,332.56 per lineal metre. This compares favourably with the Wellington Water costs but is higher

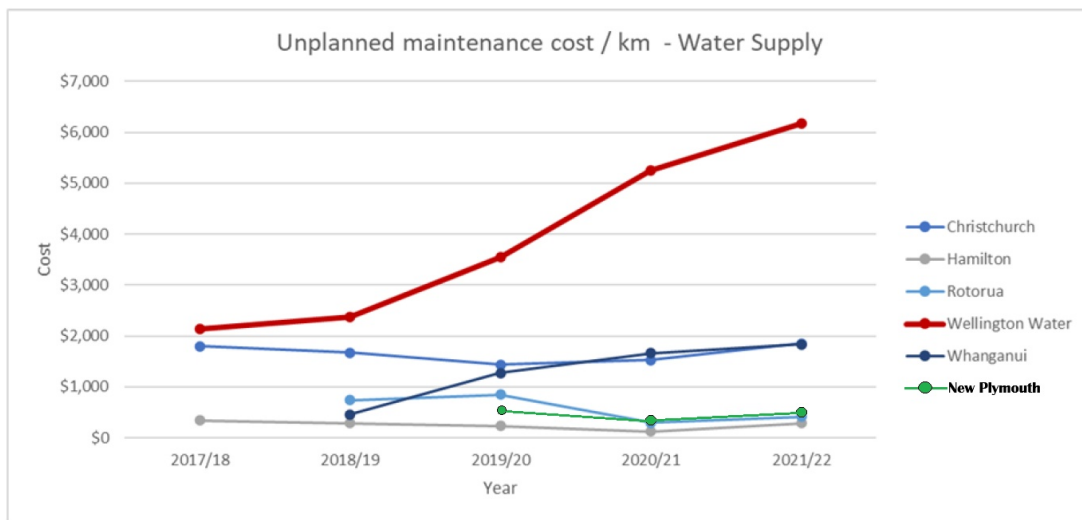


than the other three councils (noting we can't be sure of an apples with apples comparison). The Palmerston North values appear particularly low and may be skewed by a single large contract.



Unplanned Maintenance (Water)

The below graph was referred to in the media. What this graph shows is the annual spend on unplanned maintenance (repairing pipe bursts etc) divided by the total kilometres of pipe network. Total absolute annual cost of unplanned maintenance alone is not a fair metric to compare across different councils, as a larger network will obviously require a larger maintenance spend. Therefore, to compare across different councils fairly, the annual cost is presented as a ratio of the total kilometres of pipe network. As above, a screenshot of this graph has been taken from the report and NPDC figures are shown in green for FY20 FY21 and FY22. This shows NPDC unplanned maintenance costs compare favourably against the others.



Prepared
 Gordon Davenport
 PMO Lead – 3 Waters and Transportation Team

Approved
 Mark Hall
 Three Waters Manager

RISK MANAGEMENT UPDATE MAY 2025

PURPOSE/ TE WHĀINGA

1. This report provides an update of risk management activities for monitoring and review purposes, with a focus on ensuring consistency and relevance across organisational risks.

RECOMMENDATION / NGĀ WHAIKUPU

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT / TOHUTOHU KAI WHAKAHAERE

2. This report is provided for information purposes only, and has been assessed as being of some importance.

EXECUTIVE SUMMARY / WHAKARĀPOPOTOTANGA MATUA

3. Since adopting the Risk Management Framework in December 2024, Council risks have been analysed for consolidation or closure, ensuring alignment with organizational needs through workshops and consultations.
4. Significant progress has been made in aligning strategic risks with Council priorities, refining risk descriptions, and reviewing controls. Many corporate risks have been consolidated into strategic risks.
5. Risk assessments are continuing with an aim to refresh and identify critical risks, with findings to be presented on 5 August, 2025.

BACKGROUND / WHAKAPAPA

6. Following the Council's resolution to adopt the current Risk Management Framework for monitoring, review and action on 10 December 2024, this report updates the developments since the last risk management update report (December 2024).
7. Using ISO 31000 standards, we analysed all Council risks to identify those for consolidation, rewording, or closure. This ensured a comprehensive, best-practice approach to risk identification, assessment, and prioritisation. Workshops and consultations with risk owners ensured alignment with organisational needs, capturing valuable insights for improved risk management. Key changes were:

-
- a) **Closure of redundant risks:** Eliminated risks overlapping with strategic ones to focus on critical threats.
 - b) **Consolidation of similar risks:** Streamlined overlapping risks to improve efficiency and simplify practices.
8. These changes align risks with the Long-Term Plan 2024–2034 and Strategic Priorities, supported by positive stakeholder feedback and integrated into our Pinnacle system.

Strategic risks

9. Significant progress has been made in aligning strategic risks with the Council's strategic priorities. Risk descriptions have been refined to clearly identify the risks, potential causes, and impacts, ensuring they are understandable at all levels. Additionally, controls have been reviewed to ensure they are current, relevant, and effective.
10. Most of the organisational risks (previously corporate risks) that have been reported to the Finance, Audit and Risk Committee were closed as they are now encompassed within strategic risks. Appendix 1 provides detailed observations on these risks, the benefits of their consolidation, and the overarching themes.

Organisational risks (Previously Corporate risks)

11. A key focus for organisational risks has been to ensure consistency and relevance across the organisation. Risk assessments are currently being conducted to refresh and identify critical risks. As part of this process, risk owners have been asked to outline key roles, responsibilities, and deliverables within their areas to pinpoint significant risks. This work will be presented at the next Risk Management update meeting scheduled for 5th August 2025.
12. As this work is currently in progress, there is no high residual risk appendix included in this meeting round, unlike previous updates.

Emerging risks

13. The erosion at historic landfills has been identified as an emerging risk with information being seen as another item within this agenda.

CLIMATE CHANGE IMPACT AND CONSIDERATIONS / HURINGA ĀHUARANGI

14. Council's Strategic Framework identifies Sustainability (nurturing our environment, mitigating our impact, and adapting to climate change) as a community outcome and goal.
15. The implications to Council of its risks that have climate change impacts are recorded in the corporate risk module of Pinnacle. The management of climate change related risks with a high residual risk rating (or any rated extreme now or in the future) and risks of strategic importance are routinely provided to the Finance, Audit and Risk Committee as part of risk management update reports for monitoring and assurance purposes.
16. Council has been working on identifying and analysing climate risks to the organisation and its community assets. This work is ongoing and is reflected in the strategic risk in Appendix 2.

NEXT STEPS / HĪKOI I MURI MAI

17. Current risk assessments are being conducted to refresh and identify critical risks, with risk owners outlining key roles and responsibilities. Findings will be presented at the Finance, Audit and Risk Committee meeting on 5th August 2025.
18. Next steps are to finalise the new Organisational Risk Register and then initiate the development of team risk registers. Team risk registers will identify risks that may not have an organisational impact but could affect team objectives. While these risks will be managed by the teams as part of their business-as-usual activities, relevant risks (e.g., risks with a high residual risk rating, risks with ineffective controls or risks that are emerging) will still be reported to the Finance, Audit, and Risk Committee.

FINANCIAL AND RESOURCING IMPLICATIONS / NGĀ HĪRAUNGA Ā-PŪTEA, Ā-RAUEMI

19. Any financial and resourcing implications resulting from risk mitigation measures that are outside staff delegations will be reported and require approval from the Council before being incurred. No such implications have been identified to date.

IMPLICATIONS ASSESSMENT / HĪRANGA AROMATAWAI

20. This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:
- Council staff have delegated authority for any decisions made;
 - Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
 - Any decisions made are consistent with the Council's plans and policies; and
 - No decisions have been made that would significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

APPENDICES / NGĀ ĀPITI HANGA

Appendix 1 Updates to Councils Strategic Risk Register (ECM 9480717)

Appendix 2 Strategic Risks May 2025 (ECM 9480715)

Report Details

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Ward/Community:	District-wide
Date:	14 April 2025
File Reference:	ECM 9480716

-----*End of Report*-----



Risk Management Update

Risk Review, Closures, Creation and Risk Consolidation



Te Kaunihera-ā-Rohe o Ngāmotu

**New Plymouth
District Council**

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Executive Summary

Risk Management: The Next Chapter

This report provides an overview of recent changes in our risk management processes. It covers the review, closure, creation, and consolidation of risks, assesses the impact of these changes, aligns them with our strategic goals, and outlines future risk management efforts.

Key Changes

- **Risk Review** We conducted a comprehensive review of existing risks using a standardised process that includes risk identification, assessment, and prioritisation. Criteria such as likelihood, impact, and mitigation effectiveness were used to evaluate each risk.
- **Risk Closure** Certain risks were closed based on criteria such as mitigation success, reduced likelihood, or diminished impact. The rationale for closing these risks includes successful implementation of controls and changes in the external environment.
- **Risk Creation** New risks were identified in response to emerging threats and opportunities. These include technological advancements, regulatory changes, and market dynamics. Each new risk was assessed for its potential impact and likelihood.
- **Risk Consolidation** To streamline management, similar or overlapping risks were consolidated. This involved grouping risks with common causes or effects, thereby simplifying monitoring and mitigation efforts.

Impact Assessment

The changes have resulted in a more focused risk profile, with reduced redundancy and improved clarity. The overall risk exposure has been recalibrated, ensuring that high-priority risks receive adequate attention and resources.

Strategic Alignment

These changes align with our strategic priorities by ensuring that risk management efforts support our long-term objectives. By focusing on strategic risks, we enhance our ability to achieve key business outcomes and maintain a competitive edge.

Future Outlook

Looking ahead, we will continue to refine our risk management processes. This includes ongoing monitoring, periodic reviews, and adapting to new challenges. We anticipate further enhancements in risk identification and mitigation strategies including a controls library and moving towards control effectiveness-based reviews.

Conclusion

In summary, the recent changes in our risk profile have strengthened our overall risk posture. We recommend continued vigilance and proactive management to address future risks effectively.

Background

Navigating Change: NPDC's Risk Management Evolution

Context and Rationale

Over the past 18+ months, the New Plymouth District Council (NPDC) has embarked on a transformative journey. With the introduction of a new executive leadership team, Te Ranga Urungi, and a revamped organisational structure, NPDC has also embraced an updated strategic vision. These significant changes have necessitated adjustments to our Long-Term Plan, driven by economic shifts, community feedback, and strategic priorities. In response, we have refreshed our Risk Management Framework and developed a future roadmap for risk management.

Objectives

In December 2024, we presented a risk management report to the Finance, Audit, and Risk Committee. This report aims to highlight high-rated residual risks, their mitigation strategies, and proposed closures aligned with our strategic risks. Our objectives were clear: to enhance our risk identification processes, streamline risk management practices, and ensure alignment with our strategic vision.

Process Overview

To achieve these objectives, we employed a robust methodology based on ISO 31000 standards. This involved a thorough analysis of all Council risks, leading to the identification of risks for consolidation, rewording, or closure due to irrelevance. We took deliberate steps to identify, assess, and prioritise risks, ensuring that our approach was comprehensive and aligned with best practices.

Key Changes

Our analysis led to several significant changes in our risk management framework:

- Closure of Redundant Risks: We eliminated risks that were similar to strategic ones, ensuring that our focus remained on the most critical threats.
- Consolidation of Similar Risks: We merged overlapping organisational risks, streamlining our risk management practices and improving efficiency.

These changes were driven by the need to refine our strategic risks to better align with the Long-Term Plan 2024-2034 and our Strategic Priorities. Positive feedback from stakeholders encouraged the integration of these changes into our risk management system, Pinnacle.

Stakeholder Involvement

Engagement with key stakeholders, including risk owners and committees, was a cornerstone of our process. Through workshops and consultations, we gathered valuable insights and feedback, ensuring that our risk management practices were comprehensive and aligned with organisational needs.

Stakeholder feedback was instrumental in refining our approach, ensuring that everyone was on board and comfortable with the changes.

Impact and Benefits

The changes we implemented have had a profound impact on our organisation's risk profile. By closing redundant risks and consolidating similar ones, we have created a more focused and manageable risk landscape. This has resulted in improved operational efficiency, better alignment with our strategic goals, and a more resilient organisational structure.

Future Outlook

Looking ahead, our vision for ongoing risk management efforts includes continuous improvement of our practices, regular reviews, and adaptation to new challenges. We plan to conduct periodic reviews and updates to ensure our risk management framework remains robust and effective.

Strategic Risks

Strategic Shifts: Charting the Course of Risk Register Transformations

NPDC had 13 Strategic Risks documented as follows, however, after reviewing and refreshing there are now 11. These are documented below:

1.1. Environmental Risk

Inherent Risk Rating	Extreme
Residual Risk Rating	High
Strategic Risk Description	An environmentally damaging event occurs because of Council action or inaction, resulting in negative impacts on human health and potentially prosecution action.
Observation	<p>Synergies between this risk and 6 organisational risks within the Organisational Risk Register. Consolidating these risks will create a more integrated, efficient, and effective risk management strategy.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Holistic Approach: Integrates risks related to public health emergencies, and waste management to create a unified response strategy that addresses immediate environmental hazards. • Improved Communication: Ensures consistent messaging about environmental goals and risks to both the Council and the public, fostering a clearer understanding of priorities. • Enhanced Preparedness: Strengthens the Council's ability to anticipate, plan for, and respond to environmental incidents such as landfill erosion or hazardous waste spills. • Regulatory Compliance: Aligns activities with legal standards, minimising non-compliance risks like leachate leaks or backwash tank overflow.
Risk Consolidations	<p>The 6 organisational risk themes were:</p> <p>Public Health Emergencies:</p> <ul style="list-style-type: none"> • Service delivery failures at Waste Water or Water Treatment Plants due to severe weather, natural disasters, fires, chemical spills, or malicious actions, resulting in poor health outcomes.

	<p>Waste Management:</p> <ul style="list-style-type: none"> • Improper handling of materials and packaging at the Hobson Street depot, leading to unnecessary environmental impact. • Inadequate management of discharges from vehicles or equipment at the Hobson Street depot, causing environmental damage. <p>Former Landfill Sites:</p> <ul style="list-style-type: none"> • Erosion uncovering former landfill sites, resulting in environmental damage and financial remediation costs. <p>Leachate Management:</p> <ul style="list-style-type: none"> • Leachate escape from Colson Road Landfill due to underliner leaks, causing environmental damage and non-compliance. <p>Water Safety:</p> <ul style="list-style-type: none"> • Overflow or failure of the backwash tank at Inglewood Water Treatment Plant during significant rainfall, leading to discharge consent breaches.
<p>Revised Strategic Risk Description</p>	<p>1. Environmentally Damaging Event: An environmentally harmful incident occurs.</p> <p>Root Causes:</p> <ul style="list-style-type: none"> • Council action or inaction, competing priorities, limited resources, or misaligned strategic focus. <p>Impact: Reputational, financial, environmental, health, and safety consequences.</p>

1.2. Health, Safety and Wellbeing Risk

Inherent Risk Rating	Extreme
Residual Risk Rating	High
Strategic Risk Description	A member of the public, a Council employee, or contractor working on Council’s behalf is exposed to a critical risk because of the action or inaction of Council, resulting in serious harm or death.
Observation	<p>The Organisational Risk Register (formerly Corporate Risk Register) identified 35 risks that could be consolidated into strategic risks or were too detailed for high-level oversight. Streamlining these risks will enhance the Council's risk management, safeguarding health, safety, and wellbeing.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Strategic Alignment: Consolidates a wide range of health and safety risks into a unified framework, ensuring the Council's actions align with overarching priorities like legislative compliance and public safety. • Simplified Management: Transfers highly detailed operational risks (e.g., site-specific incidents) to team-level registers, allowing Council leadership to focus on strategic health and safety oversight. • Resource Optimisation: Streamlines the allocation of resources to better address critical risks like hazardous material exposure and mental health challenges. • Empowered Teams: Delegates responsibility to team-specific levels, empowering departments to manage detailed risks more effectively while ensuring consistency with overarching goals. • Compliance Assurance: Addresses WorkSafe and health regulations comprehensively, reducing the risk of prosecution or legal complications. • Strengthened Trust: Demonstrates a commitment to the health, safety, and wellbeing of workers, contractors, and the public, fostering stronger relationships and confidence.
Risk Consolidations	<p>The 35 risks include:</p> <p>Health and Safety:</p> <ul style="list-style-type: none"> • Serious harm or death of workers, public, and contractors. • Exposure to hazardous materials. • Incidents from inadequate safety measures.

<p>Revised Strategic Risk Description</p>	<p>Operational Risks:</p> <ul style="list-style-type: none"> • Site-specific incidents. • Risks from poor maintenance, communication, and non-compliance. <p>Mental Wellbeing:</p> <ul style="list-style-type: none"> • Work-related stress, fatigue, and mental health issues. • Risks from difficult interactions and legislative changes. <p>Regulatory and Legal Risks:</p> <ul style="list-style-type: none"> • Potential prosecution by WorkSafe. • Compliance with safety regulations. <p>Environmental and Infrastructure Risks:</p> <ul style="list-style-type: none"> • Natural disasters. • Infrastructure deficiencies. <p>Security and Public Safety:</p> <ul style="list-style-type: none"> • Security of people and facilities. • Incidents involving public access to high-risk areas. <hr/> <p>There is a risk of Council operations not complying with Health and Safety legislative requirements and duties under the health and safety at Work Act 2015, for employees, contractors, volunteers and public in workplaces and public spaces operated by council resulting in unsafe working environment.</p> <p>Root Causes:</p> <ul style="list-style-type: none"> • Council action or inaction, inadequate safety measures, insufficient training, under reporting of near misses/incidents, miss management of hazards and critical risks, inadequate processes, lack of engagement with H&S. <p>Impact:</p> <ul style="list-style-type: none"> • Health, safety and wellbeing, reputational, and financial consequences, including potential loss of life, serious injury/permanent disability, legal implications/prosecutions and difficulty retaining staff.
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1.3. Emergency Preparedness Risk

Inherent Risk Rating	High
Residual Risk Rating	Medium
Strategic Risk Description	Council is unable to respond and recover effectively and efficiently from events that disrupt service delivery (including more frequent extreme weather events, natural disasters, fires, chemical spills, malicious actions, and the failure of a key delivery partner), because we are insufficiently prepared, resulting in critical services being unavailable for a prolonged period.
Observation	<p>Eight organisational risks were closed, enhancing the Council's preparedness and risk management strategy.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Strategic Oversight: Enables focused oversight on major preparedness issues such as emergency response, water supply continuity, and resilience planning for lifeline utilities. • Clearer Accountability: Assigns responsibility for preparedness efforts at a strategic level, improving clarity and ownership. • Resource Efficiency: Consolidates resource allocation for risks like climate hazard impacts and impoundment flooding, ensuring more coordinated responses. • Robust Planning: Encourages detailed and cohesive continuity and disaster recovery plans across all impacted areas, such as drinking water regulations and coastal asset management.
Risk Consolidations	<p>The risks include:</p> <ul style="list-style-type: none"> • Emergency Response: Inadequate planning for emergency response and business continuity, leading to significant service disruption. • Water Supply: Fixed supply levels causing potential shortages and need for rationing. • Lifeline Utilities: Lack of planning for Civil Defence events, delaying response and recovery. • Climate Hazards: Damage to coastal and storm-exposed assets, leading to public expectation for indefinite repairs or engineered solutions. • Impoundment Area: Isolated functions leading to flooding and potential claims against the Council.

	<ul style="list-style-type: none"> • Coastal Erosion: Damage to assets with public expectation for repairs, noted in both Infrastructure and Parks registers. • Drinking Water: Potential shortages due to regulatory conditions on water take during low flows. • Coastal Protection: Strategy not managing public expectations about maintenance of coastal structures, leading to community discontent.
<p>Revised Strategic Risk Description</p>	<ol style="list-style-type: none"> 1. Emergency Events: Disruptions caused by extreme weather events, natural disasters, fires, chemical spills, or malicious actions. 2. Delivery Partner Failures: Service interruptions due to the failure of a key delivery partner. 3. Insufficient Preparedness: Council’s limited readiness to respond and recover effectively. <p>Root Causes</p> <ul style="list-style-type: none"> • Inadequate planning or preparation. • Insufficient training, resources, or communication. • Lack of coordination with key delivery partners. <p>Impact</p> <ul style="list-style-type: none"> • Prolonged unavailability of critical services. • Reputational, financial, health, and safety consequences.

1.4. Regulatory and Legislative Risk

Inherent Risk Rating	High
Residual Risk Rating	Medium
Strategic Risk Description	We breach legislation (e.g. Local Government Act, Privacy Act and Health and Safety at Work Act) or fail to meet critical regulatory standards (e.g. drinking water standards) because of flawed internal processes, resulting in legal challenges to our decision-making, potential Central Government intervention, potential loss of accreditation, and reputational damage.
Observation	<p>Seven organisational risks were identified as being covered under the strategic risk and were therefore closed. By consolidating these risks into the strategic risk, the Council can streamline its risk management processes, ensuring a more integrated and effective approach to safeguarding legal and regulatory compliance.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Improved Risk Visibility: Combines risks like consent breaches and non-compliance into a single category, making it easier to track and mitigate legal challenges. • Strategic Oversight: Focuses efforts on legislative adherence across critical areas, ensuring regulatory compliance in infrastructure, drinking water standards, and waste management. • Resource Focus: Reduces redundancy by eliminating isolated risks, enabling focused efforts to address high-priority compliance areas. • Reduced Legal Exposure: Enhances Council's ability to meet legal obligations, lowering the risk of lawsuits, fines, or accreditation loss.
Risk Consolidations	<p>The risk themes were:</p> <ul style="list-style-type: none"> • Legal Advice Not Followed: Unnecessary exposure to legal action due to not following the Legal Team's opinion, resulting in financial and reputational damage. • Legal Advice Not Sought: Unnecessary exposure to legal action because staff do not seek or are unaware of the need to seek legal advice, resulting in financial and reputational damage. • Legislative Non-Compliance: Non-compliance with legislative or consent obligations, leading to flawed and challengeable Council decisions.

<p>Revised Strategic Risk Description</p>	<ul style="list-style-type: none"> • Regulatory Standards Maintenance: Failure to maintain regulatory standards, resulting in significant legal action, financial damage, and potential loss of accreditation. • Statutory Requirements: Failure to meet statutory requirements, attracting central government attention and causing reputational damage. • Decision-Making Compliance: Non-compliant decision-making processes, leading to legal action and reputational damage. • Consent Breaches: Breaches of consent terms, regulations, or standards related to drinking water, waste, stormwater, or infrastructure, resulting in legal consequences, revoked accreditation, adverse media attention, or public health issues.
	<ol style="list-style-type: none"> 1. Breach of Legislation: Failure to adhere to legal obligations due to flawed internal processes. 2. Failure to Meet Regulatory Standards: Inability to comply with critical standards, jeopardising operations and credibility. <p>Root Causes</p> <ul style="list-style-type: none"> • Ineffective internal processes and controls. • Lack of regular compliance monitoring. • Insufficient staff training or awareness of legislative and regulatory requirements. <p>Impact</p> <ul style="list-style-type: none"> • Legal challenges and penalties. • Intervention from Central Government. • Loss of accreditation or operational certifications. • Significant reputational damage.

1.5. Human Resource Risk

Inherent Risk Rating	Extreme
Residual Risk Rating	High
Strategic Risk Description	<p>Council is unable to deliver the Long-Term Plan (especially critical services) because it does not have the right people, in the right place, at the right time, resulting in service disruption, decreased levels of service as key infrastructure fails, community discontent, and possible prosecution if a disruption results in non-compliance.</p> <p>Issues here are associated with adapting to sector-level changes generated by reforms that may lead to amalgamations, managing changes to organisational structure, financial management, talent recruitment and retention, a competitive market for the skills we need to deliver, a need for effective and role-specific training, strained mental wellbeing (burnout) of stretched teams/key people, low staff engagement, a drop in productivity, and challenges maintaining service delivery during transitions.</p> <p>This may result in Council losing the social license to operate, with low public trust in our ability to deliver in line with the majority of community views and preferences. Council needs to ensure that it does not become insular from our communities and to be mindful that some feel disenfranchised and distrustful of authority, with diminishing community cohesion and growing social division. Council needs believable goals rather than undeliverable aspirations, and to have organisational processes that enable the achievement of the strategic objectives.</p>
Observation	<p>The original risk description was lengthy and lacked strategic focus, prompting a revision so has therefore, been updated to be more concise. Upon reviewing the organisational risk register, we identified nine synergistic risks, which were consolidated and subsequently closed.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Enhanced Workforce Planning: Combines staffing shortages and training deficiencies to streamline workforce development efforts, improving recruitment, retention, and engagement. • Focused Resource Allocation: Shifts resources strategically to address critical gaps in skills and equipment, reducing the risk of service disruptions. • Continuity Improvements: Incorporates knowledge retention strategies to ensure that transitions (e.g., organisational reforms or restructuring) don't disrupt operational capabilities.

	<ul style="list-style-type: none"> • Clearer Objectives: Refines strategic planning to develop achievable goals and streamline Council operations, reducing community discontent.
<p>Risk Consolidations</p>	<p>The risk themes were:</p> <p>Knowledge Management and Workforce Dependence:</p> <ul style="list-style-type: none"> • Loss of institutional knowledge due to reliance on key individuals. • Challenges in recruiting and retaining qualified staff. • Difficulty with workforce planning and succession strategies. <p>Legislative and Regulatory Compliance:</p> <ul style="list-style-type: none"> • Challenges in meeting obligations around Māori representation and decision-making. <p>Service Delivery and Operational Resilience:</p> <ul style="list-style-type: none"> • Risk of major service delivery failures due to inadequate staffing, resourcing, or training. • Inability to maintain facilities and services due to skills shortages. <p>Strategic Adaptability:</p> <ul style="list-style-type: none"> • Struggles to adapt to legislative and structural reforms imposed by central government due to inadequate staffing and resourcing. • Disconnect between current workforce capabilities and future needs outlined in strategic plans. <p>System Dependence and Vulnerabilities:</p> <ul style="list-style-type: none"> • Over-reliance on specific staff for critical systems like HR and financial processes, leading to operational disruptions.
<p>Revised Strategic Risk Description</p>	<ol style="list-style-type: none"> 1. Staffing Shortages: Insufficient staffing and skills undermine the ability to deliver essential services effectively. 2. Resource Constraints: Limited resources impede optimal service delivery and organisational performance. <p>Root Causes</p> <ul style="list-style-type: none"> • Inadequate staff recruitment and retention strategies. • Insufficient training and professional development opportunities. • Ineffective resource allocation processes.

	<p>Impact</p> <ul style="list-style-type: none">• Service disruptions and reduced service levels.• Increased employee turnover.• Community dissatisfaction and loss of trust.• Potential legal challenges and liabilities.
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1.6. Technology and Cybersecurity Risk

Inherent Risk Rating	Extreme
Residual Risk Rating	High
Strategic Risk Description	<p>Council is unable to respond and recover effectively and efficiently from events that disrupt service delivery (including more frequent extreme weather events, natural disasters, fires, chemical spills, malicious actions, and the failure of a key delivery partner), because we are insufficiently prepared, resulting in critical services being unavailable for a prolonged period.</p>
Observation	<p>Synergies between this risk and the cyber strategic risk led to the consolidation of these risks into a single strategic risk. The strategic risk description was reviewed and amended to reflect this consolidation while ensuring each risk is clearly communicated. Additionally, nine technology and cyber-related organisational risks were closed.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Unified Oversight: Combines technology and cyber risks into a single strategic category, enabling a more integrated approach to secure Council systems and tools. • Proactive Mitigation: Encourages regular updates to disaster recovery plans and security protocols, reducing the risk of major data breaches or service disruptions. • Optimised Investment: Directs resources to modernize systems and strengthen cybersecurity measures, ensuring tools meet service delivery requirements. • Efficient Communication: Improves organisation-wide awareness of technology-related risks, encouraging consistent practices and standards.
Risk Consolidations	<p>Strategic Risk 9: Council suffers a significant cyber incident because of inadequate security arrangements, resulting in extended internal and external service disruption.</p> <p>The organisational risk themes were:</p> <p>System Reliability and Continuity</p> <ul style="list-style-type: none"> • Unplanned System Outages: Risks such as equipment failure, loss of data centre capability, and library system disruptions are tied to

	<p>maintaining reliable system operations and service continuity during unforeseen events.</p> <ul style="list-style-type: none"> • Disruption of Operations: A common theme involves interruptions to critical Council activities, such as transactional information loss and service availability issues. <p>Data Integrity and Accessibility</p> <ul style="list-style-type: none"> • Data Loss Risks: Concerns related to staff storing data on local drives rather than centralised systems (e.g., ECM) highlight vulnerabilities in ensuring data availability and integrity. • Disconnected Systems: Risks associated with multiple disconnected systems can lead to incomplete or unreliable information. <p>Cybersecurity and Protection</p> <ul style="list-style-type: none"> • Unauthorised Access: Risks tied to the lack of a security framework expose the Council to external threats, such as unauthorised access to data, financial loss, and reputational harm. • External Attacks: Vulnerabilities due to inconsistent security standards leave public-facing services at risk of external attacks, malware disruptions, and loss of sensitive data. <p>Disaster Preparedness and Recovery</p> <ul style="list-style-type: none"> • Environmental and Sabotage Risks: Risks including flood, fire, and sabotage highlight the need for robust disaster recovery and business continuity planning. • Extended Service Disruptions: Failure to recover from major disruptions can lead to prolonged inability to deliver Council services.
<p>Revised Strategic Risk Description</p>	<ol style="list-style-type: none"> 1. Inadequate Technology and Tools: Outdated or insufficient technology and tools hinder the effective delivery of Council services. 2. Cybersecurity Vulnerabilities: Weak cybersecurity arrangements increase the risk of significant cyber incidents and data breaches. <p>Root Causes</p> <ul style="list-style-type: none"> • Outdated systems. • Lack of investment in modern technology and tools. • Insufficient cybersecurity protocols and monitoring. <p>Impact</p> <ul style="list-style-type: none"> • Disruptions to the delivery of Council services. • Poor customer service outcomes and reduced satisfaction. • Community discontent and loss of trust. • Potential data breaches with legal and reputational consequences.

1.7. Governance Risk

Inherent Risk Rating	High
Residual Risk Rating	Medium
Strategic Risk Description	<p>There are regular changes in the political environment at both Local and Central Government levels because of their three-year election cycles, resulting in short-term and reactive decision-making, and difficulty managing competing interests/priorities.</p>
Observation	<p>Upon reviewing the risk, we found the wording to be satisfactory, requiring only minor amendments. Additionally, we identified that five organisational risks had synergies with this strategic risk and were subsequently closed.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Holistic Risk Management: Combines risks related to misalignment, community expectations, and negative media coverage into a single framework, fostering a comprehensive approach to governance challenges. • Strategic Decision-Making: Prioritises long-term planning over reactive measures, allowing Council to better balance competing interests. • Streamlined Collaboration: Strengthens alignment between elected members, staff, and community expectations, reducing dysfunction or miscommunication. • Informed Leadership: Enhances decision-making by consolidating insights into political and operational impacts, such as the consequences of legislative reforms.
Risk Consolidations	<p>The risk themes were:</p> <p>Misalignment and Dysfunctional Relationships:</p> <ul style="list-style-type: none"> • Misalignment Between Officers and Elected Members: Misalignment between elected members' expectations and officers' delivery priorities, resulting in difficulty implementing the Long-Term Plan work programme. • Dysfunctional Relationships: Dysfunctional relationships between elected members and management/key staff, leading to reputational damage, undermining of management decisions, or the appointment of a Crown Manager.

	<p>Community Expectations and Communication:</p> <ul style="list-style-type: none"> • Community Expectations and District Plan Outcomes: Disconnect between community expectations and the Council's ability to meet them through the District Plan, resulting in community discontent, disengagement, potential legal challenges, and reputational damage. • Negative Media Coverage: Negative media or social media coverage due to NPDC's actions or inactions, causing reputational damage and undermining the Council's message. <p>Legislative and Structural Reforms:</p> <ul style="list-style-type: none"> • Legislative and Structural Reforms: Core activities removed from Council's control or significant adjustments required due to Central Government reforms, necessitating reorganisation of Council operations to match revised service delivery.
<p>Revised Strategic Risk Description</p>	<p>Frequent changes in the political environment at Local and Central Government levels lead to short-term and reactive decision-making, complicating the management of competing interests and priorities.</p> <p>Root Causes:</p> <ul style="list-style-type: none"> • Shifting political priorities. • Lack of long-term policy consistency. • High turnover of key decision-makers. • Pressure to address competing stakeholder demands. <p>Impact:</p> <ul style="list-style-type: none"> • Difficulty in setting and achieving long-term goals. • Inefficient resource allocation. • Erosion of public trust in governance. • Increased operational disruptions for Council services.

1.8. Treaty Principles Risk

Inherent Risk Rating	Extreme
Residual Risk Rating	Medium
Strategic Risk Description	<p>Council's unable to progress Long-Term and Annual Plan projects stems from processes that fail to identify matters significant to tangata whenua. This disconnect challenges the principle of partnership under the Treaty of Waitangi.</p> <p>A shared understanding of Council's capabilities and consistent application across the organisation is essential. Weak relationships may result from gaps in cultural competency within Council.</p>
Observation	<p>The original risk description was too broad and included multiple components, making it less effective. We have reworded the risk description to be more concise and focused on the key issues. Additionally, we identified 10 risks within our organisational risk register that had synergies with this strategic risk, and the documented controls were aligned accordingly.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Cultural Competency: Focuses efforts on building meaningful partnerships with tangata whenua and addressing challenges in capacity or engagement processes. • Enhanced Compliance: Strengthens adherence to Treaty of Waitangi obligations, reducing the risk of legal action and improving relationships with Māori kaitiaki. • Resource Coordination: Directs resources to areas critical for upholding Treaty principles, such as accurate identification of culturally significant sites. • Community Alignment: Aligns Council initiatives with hapu/iwi expectations, fostering stronger community relationships and reducing discontent.
Risk Consolidations	<p>The risk themes were:</p> <p>Compliance and Legal Risks:</p> <ul style="list-style-type: none"> • Non-Compliance with Legislation: Risks related to the Council's interpretation and adherence to legislative requirements and

	<p>commitments, including those under iwi Deeds of Settlement and the Treaty of Waitangi.</p> <ul style="list-style-type: none"> • Legal Challenges: Potential for legal action due to non-compliance or inadequate engagement with Māori and other stakeholders. <p>Governance and Relationship Management:</p> <ul style="list-style-type: none"> • Relationships with Māori: Risks affecting the Council's relationship with Māori, including inadequate involvement in decision-making processes, capacity challenges, and engagement issues. • Internal Relationships: Risks related to the relationships between staff, Councillors, and the community, including the impact of resource reprioritisation and isolated operations within the Council. <p>Community Expectations and Engagement:</p> <ul style="list-style-type: none"> • Community Discontent: Risks arising from a disconnect between community expectations and the Council's ability to meet them, particularly regarding the District Plan and other strategic initiatives. • Stakeholder Engagement: Challenges in effectively engaging with hapu/iwi and other stakeholders, leading to potential dissatisfaction and disengagement. <p>Operational and Strategic Alignment:</p> <ul style="list-style-type: none"> • Implementation of Strategies: Risks related to the implementation of Council strategies and the alignment of individual parts of the Council with overall strategic goals. • Resource Allocation: Issues stemming from the reprioritisation of resources and the impact on strategic initiatives and service delivery. <p>Cultural and Environmental Protection:</p> <ul style="list-style-type: none"> • Protection of Waahi Taonga Sites: Risks associated with the absence of accurate information on culturally significant sites and the impact on these sites. • Environmental and Cultural Engagement: Challenges in aligning Council projects with iwi expectations regarding environmental protection and wahi tapu, particularly in projects involving excavation.
<p>Revised Strategic Risk Description</p>	<p>1. Failure to Recognise Tangata Whenua Significance: Council's processes fail to identify and address matters of importance to tangata whenua.</p>

2. **Challenges Upholding Treaty Principles:** Inadequate engagement and consideration result in difficulty upholding the principles of the Treaty of Waitangi.

Root Causes

- Lack of robust engagement frameworks and processes.
- Insufficient understanding or prioritisation of tangata whenua concerns.
- Resource constraints impacting meaningful collaboration.

Impact

- Strained relationships with tangata whenua.
 - Breach of obligations under the Treaty of Waitangi.
 - Reputational damage and loss of trust within the community.
 - Legal or procedural challenges arising from inadequate consultation.
-

1.9. Strategic Projects Risk

Inherent Risk Rating	High
Residual Risk Rating	High
Strategic Risk Description	A major project fails because of reasons including poor project management planning and control, economic headwinds, unrealistic capex expectations, supply chain disruptions, inflation, cost overruns, and political fallout, resulting in financial and reputational damage.
Observation	The original risk description did not adequately address the key risks within the project management space. Therefore, it has been updated to be more concise and comprehensive. During the review of the organisational risk register, we identified two synergistic risks with similar wording and controls. These risks were consolidated and subsequently closed.
Revised Strategic Risk Description	<ol style="list-style-type: none"> 1. Four Pillars of Project Completion: Major projects fail to meet key objectives related to time, scope, budget, or benefits, leading to incomplete or unsatisfactory outcomes. 2. Planning and Consent Delays: Insufficient or delayed planning processes, consent approvals, or property acquisition impact project timelines and execution. 3. Supply Chain Disruptions: Global or local supply chain issues hinder the availability of resources and materials required for timely project delivery. 4. Stakeholder Alignment: Political fallout, stakeholder conflicts, or misaligned priorities undermine effective project implementation and completion. <p>Root Causes</p> <ul style="list-style-type: none"> • Poor planning processes and unrealistic timeframes or scopes. • Delays in obtaining consents and acquiring necessary properties. • Unforeseen supply chain disruptions causing resource shortages. • Stakeholder misalignment and conflicts. <p>Impact</p> <ul style="list-style-type: none"> • Failure to deliver projects within agreed timeframes, budgets, or scopes. • Reduced ability to achieve intended project benefits. • Financial losses and budget overruns. • Reputational damage and erosion of public trust.

1.10. Financial and Economic Risk

Inherent Risk Rating	Extreme
Residual Risk Rating	High
Strategic Risk Description	<p>Council faces significant financial challenges because of increased interest costs, reduction in Central Government financial support, capital overspends, insufficient reserves, and Council assuming unfunded mandates from Central Government, resulting in questions about rates affordability (given current economic challenges for our community), the place of the Perpetual Investment Fund, and increased internal and external fraud risk.</p>
Observation	<p>The original risk description wasn't necessarily addressing the key components of a financial strategic risk and has therefore been reworded to ensure it is covering the key risks.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Strategic Financial Oversight: Combines risks like rate increases, fraud, and external economic pressures into a single framework for better monitoring and planning. • Proactive Governance: Encourages the use of foresight to manage risks such as Central Government mandates and reduced financial support. • Fraud Prevention: Centralizes efforts to address internal and external fraud vulnerabilities, protecting financial integrity. • Community Confidence: Enhances public trust by showcasing robust financial planning and responsible resource management.
Risk Consolidations	<p>The risk themes were:</p> <p>Financial Management: This includes risks related to budget adherence, credit rating impact, and investment performance. Poor financial planning, liquidity issues, and economic downturns are central to this theme.</p> <p>Operational Governance: Risks tied to planning, management, and oversight, such as fraud due to weak controls or failure to operate within budgets, fall under this category.</p>

<p>Revised Strategic Risk Description</p>	<p>Legal Exposure and Liability: This encompasses the risk of lawsuits or claims against the Council, especially due to negligence, leading to financial loss.</p> <p>Economic and Market Fluctuations: Factors outside the Council's direct control, like adverse movements in interest rates or broader economic changes, impact finances and investment returns.</p> <p>Reputation and Public Confidence: Many of these risks, such as rate increases, poor financial decisions, or legal losses, directly threaten the Council's reputation and the trust of its stakeholders.</p>
	<ol style="list-style-type: none"> 1. Escalating Costs and Overspending: Increased operational and capital costs, coupled with budget overspends, place strain on Council resources. 2. Insufficient Financial Reserves: Limited reserves reduce Council's capacity to manage financial shocks or unplanned expenditures. 3. Fraud and Corruption Risks: Acts of fraud or corruption compromise financial integrity and trust. 4. Unfunded Mandates: Mandates without adequate funding exacerbate financial strain and resource limitations. <p>Root Causes</p> <ul style="list-style-type: none"> • Ineffective financial planning and cost controls. • Unanticipated external economic pressures or mandates. • Gaps in fraud detection and mitigation processes. <p>Impact</p> <ul style="list-style-type: none"> • Rate increases causing financial stress and community dissatisfaction. • Heightened risk of fraud undermining Council's reputation and financial integrity. • Limited funding for essential services and future projects, threatening sustainability. • Reputational damage and loss of public trust due to financial mismanagement.

1.11. Climate Change Risk

Inherent Risk Rating	Extreme
Residual Risk Rating	High
Strategic Risk Description	Council and the community are not ready for the impacts of climate change, because neither mitigation or adaptation approaches are adequately defined or communicated, resulting in more significant negative impacts than if Council and the community were better prepared.
Observation	<p>Synergies between this risk and 5 organisational risks within the Organisational Risk Register. Consolidating these risks will create a more integrated, efficient, and effective risk management strategy.</p> <p>Benefits of Consolidation:</p> <ul style="list-style-type: none"> • Holistic Approach: Integrates risks related to climate hazards to create a unified response strategy that addresses both immediate environmental hazards and long-term climate impacts. • Resource Efficiency: Reduces duplication by combining overlapping climate-related efforts, allowing for better allocation of resources to mitigate risks like coastal erosion. • Improved Communication: Ensures consistent messaging about climate change goals and risks to both the Council and the public, fostering a clearer understanding of priorities.
Risk Consolidations	<p>The main risk themes were:</p> <p>Climate Hazards:</p> <ul style="list-style-type: none"> • Damage or loss of coastal, low-lying, and storm-exposed assets due to climate hazards (e.g., coastal erosion). • Public expectation for indefinite repair or replacement, or introduction of engineered solutions (e.g., sea walls).
Revised Strategic Risk Description	<ol style="list-style-type: none"> 1. Emission Reduction Failure: Council fails to meet climate change emission reduction targets. 2. Climate Adaptation Failure: Council fails to adapt effectively to climate change. <p>Root Causes:</p> <ul style="list-style-type: none"> • Council action or inaction, competing priorities, limited resources, or misaligned strategic focus.

Impact: Reputational, financial, environmental, health, and safety consequences.

Risk Refresh Summary

Scope

The task involved reviewing and refining ten strategic risks identified by the Council to enhance their conciseness, clarity, and flow. Each risk included elements such as strategic descriptions, observations, benefits of consolidation, root causes, and impacts. Specific focus was given to tailoring the **Benefits of Consolidation** for each risk.

Key Actions Taken

1. **Refinement of Content:** The strategic risks were revised to remove unnecessary repetition, simplify complex sentences, and ensure a consistent structure across all risks.
2. **Improved Flow and Clarity:** Repetitive sections were condensed, and the tone was adjusted to make the document more engaging, professional, and easier to understand.
3. **Preservation of Strategic Elements:** The revised risk descriptions were left unchanged as per the user's request, retaining their detailed articulation for clarity.

Summary of Revisions by Risk

1. **Environmental Risk:** Consolidation highlighted synergies between waste management, and public health risks, with benefits focused on resource efficiency, communication, and regulatory compliance.
2. **Health, Safety, and Wellbeing Risk:** Streamlined management, empowered teams, and compliance assurance were emphasized to prioritize legislative adherence and safeguard stakeholders.
3. **Preparedness Risk:** Consolidation enabled focused oversight and robust disaster recovery plans to enhance Council preparedness.
4. **Regulatory and Legislative Risk:** Improved visibility of risks like non-compliance and legal challenges, with benefits centred on reducing redundancy and legal exposure.
5. **Resource Risk:** Efforts targeted workforce planning, resource allocation, and continuity improvements to address staffing shortages and organizational transitions.
6. **Technology and Cybersecurity Risk:** Unified technology and cyber risks, with proactive mitigation measures for data security and disaster recovery planning.
7. **Governance Risk:** Benefits highlighted long-term strategic planning, streamlined collaboration, and reduced dysfunction between stakeholders.
8. **Treaty Principles Risk:** Consolidation supported cultural competency, enhanced compliance with Treaty obligations, and meaningful engagement with tangata whenua.
9. **Significant Projects Risk:** Benefits focused on planning oversight, streamlined processes, and reduced financial strain to ensure project success.

10. **Financial and Economic Risk:** Strategic financial oversight and proactive governance measures were key to addressing financial pressures and fraud prevention.
11. **Climate Change Risk:** Consolidation emphasised a holistic response to climate hazards, improved communication of climate goals, and resource efficiency to mitigate risks like coastal erosion. Focus areas include emission reduction failure and climate adaptation failure, with impacts spanning reputational, financial, environmental, and safety consequences.

Outcome

The final strategic risk document now provides a cohesive, streamlined, and professional presentation of the eleven strategic risks. Each risk is detailed clearly, with enhanced and tailored consolidation benefits that improve readability and decision-making utility for the Council.



STRATEGIC RISKS 2025

Key Council objectives

Council should:

- Act as kaitiaki/intergenerational guardian for our district – protecting the community, taonga, environment, democracy, assets.
- Design and deliver services that support the four wellbeing pillars (social, economic, environmental, and cultural) across the district in a way that is effective, efficient, sustainable, legally compliant, and measurable through realistic Long-Term Plan Key Performance Indicators.
- Build partnerships – with tangata whenua and other key partners such as Central Government agencies.
- Make this a better place – grow public wealth and support a prosperous community.
- Advocate for Taranaki nationally and globally.

Opportunities

- Adapting our approach to engagement with our diverse community, gaining more creative and diverse ideas through modern communication methods. Being bold and innovative, while balancing political and personal risk, when seeking community feedback on its needs and wants. There's a need for more regular and personal contact with the community when seeking feedback.
- Challenging economic conditions force us to rethink about how we can operate financially more effectively and efficiently, and deliver more or the same with less e.g. leveraging off the PIF, CCO performance, and accessing Central Government funding when it makes sense to do so. A continuous improvement focus.
- The changing face of NPDC. Central Government reforms and the Future for Local Government review outcomes require a rethink of what Council delivers via Long-Term Plans and how, ensuring a robust and enduring strategy to drive a reshaped organisation supported by the right processes, and technology and tools. This involves building leadership capability via the Learning and Development Framework, and implementing an Attraction Strategy (Employee Value Proposition) and Wellbeing Strategy to optimise talent recruitment and retention in a competitive market. It also needs tangible action on staff engagement survey findings, and building the organisation's culture to improve the delivery of services to our community, and improving the alignment of individual performance goals with the Corporate Plan.
- The need to build more robust and trusted partnerships with tangata whenua and all key partners. This will help to lower transaction costs and improve performance.
- Transforming our economy to a low emissions future and advocating/driving economic growth for the region (Team Taranaki). Increasing economic development grows the community's standard of living.
- Building back better when recovering from a widespread damaging event caused by the impacts of climate change and other natural disasters. Factoring resilience into asset management decisions and practices.

Strategic risks that could prevent the achievement of Council's objectives

For ease of reference each risk is numbered but is in no particular order. Some of the risks have more than one type associated with them, but generally the risks are generally assigned to a 'primary' type rather than duplicated.

The intention is that the focus should be on the residual risk and whether it is acceptable based on Council's risk appetite. If not acceptable, then additional treatments and timing are noted (when known) that are designed to reduce the risk to as low as reasonably practicable within existing resourcing. If the implementation of treatments is to be accelerated to reduce the residual risk to within risk appetite sooner, then the allocation of more resources may be needed.

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
Strategic Risk 1 Environmental Risk Environmental and Sustainability Planning and Strategy	1. Environmentally Damaging Event: An environmentally harmful incident occurs. Root Causes: <ul style="list-style-type: none"> Council action or inaction, competing priorities, limited resources, or misaligned strategic focus. Impact: Reputational, financial, environmental, health, and safety consequences.	Extreme	Risk 1: Environmentally Damaging Event <ul style="list-style-type: none"> Incident Response Plans: Robust compliance systems and a dedicated Three Waters compliance team. Dam Safety Management: Compliance work on flood detention dams under Dam Safety Regulations 2022. Annual Safety Inspections: Regular monitoring, inspections, and remedial action. Environmental Damage Response: Proactive incident reporting and justifiable remedial cases. Spill Containment Kits: Spill containment resources across parks and fleet vehicles. 	High	For Risk 1: <ul style="list-style-type: none"> Projects: There are currently multiple projects in the Long-Term Plan that will assist in the mitigation of this risk. This includes but is not limited to: Fish Screening Project, Landfill Erosion Project, Mangati Pump Station Project and West Quay Pump Station Project. Ongoing Dam Management: Continued development of safety management systems for compliance with evolving regulations.
		Likelihood: Likely Consequence: Catastrophic		Likelihood: Unlikely Consequence: Catastrophic	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p>Strategic Risk 2</p> <p>Health, Safety and Wellbeing Risk</p> <p>Environmental and Sustainability</p> <p>Planning and Strategy</p>	<p>There is a risk of Council operations not complying with Health and Safety legislative requirements and duties under the health and safety at Work Act 2015, for employees, contractors, volunteers and public in workplaces and public spaces operated by council resulting in unsafe working environment.</p> <p>Root Causes:</p> <ul style="list-style-type: none"> Council action or inaction, inadequate safety measures, insufficient training, under reporting of near misses/incidents, mismanagement of hazards and critical risks, inadequate processes, lack of engagement with H&S. <p>Impact:</p> <ul style="list-style-type: none"> Health, safety and wellbeing, reputational, and financial consequences, including potential loss of life, serious injury/permanent disability, legal implications/prosecutions and difficulty retaining staff. 	<p>Extreme</p>	<p>HSW Framework & Strategy:</p> <ul style="list-style-type: none"> Promotes a structured approach to Health and safety management across the organisation and clear objectives. H&S executive and functional committees. Quarterly reporting to Council officers. Continuous review of legislative updates. Organisational policies and procedures are regularly reviewed and circulated. <p>Contractor management:</p> <ul style="list-style-type: none"> Comprehensive contractor pre-qualification processes verified by third party accredited providers, and site inductions. H&S contractor agreement. Safety conversations, site visits and audits as well as contractor review meetings. <p>Competencies and training:</p> <ul style="list-style-type: none"> Identifies H&S competencies and training required to manage H&S practices effectively. The implementation of several health and safety training courses <p>Hazard and risk management:</p> <ul style="list-style-type: none"> Adherence to codes of practice, hazard and risk identification and management system, standard operating procedures. Annual injury reduction targets. Development of the Health Risk assessment protocols that includes health exposures. Ongoing assessment of injury management practices through the ACC AEP audit process. <p>Wellbeing Initiatives:</p> <ul style="list-style-type: none"> Offer comprehensive wellbeing calendar and mental health support and include strategies for managing workplace stress. Inclusion of the psychological harm reporting template to categorise where mental health has been impacted. <p>People at the centre:</p> <ul style="list-style-type: none"> Cultivate a safety culture where staff feel empowered to report H&S concerns. Learning from incidents to prevent recurrence and share lessons with wider organisation. 	<p>High</p>	<p>Critical Risk Deep Dive Audit Programme:</p> <ul style="list-style-type: none"> Continue and complete the current deep dive audits on critical risks. <p>Health Risk Assessments:</p> <ul style="list-style-type: none"> Finalise ongoing health risk assessments to ensure comprehensive risk management. <p>Online Training:</p> <ul style="list-style-type: none"> Complete the implementation of online training modules to enhance H&S capability, education and compliance. <p>Implementation of Deloitte Review Recommendations:</p> <ul style="list-style-type: none"> Complete the outstanding Deloitte Health and Safety review recommendations by Q3 2024/25 <p>Standardising Safety Processes:</p> <ul style="list-style-type: none"> Gain consistency across council with the implementation of the assurance standard to support regular auditing, monitoring and review of H&S practices within functions and sites. <p>Implement Human and organisation performance principles.</p> <ul style="list-style-type: none"> Understanding "work as done" and gaining assurance risks are being managed.
		<p>Likelihood: Likely</p> <p>Consequence: Catastrophic</p>		<p>Likelihood: Unlikely</p> <p>Consequence: Catastrophic</p>	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p>Strategic Risk 3</p> <p>Emergency Preparedness Risk</p> <p>Environmental and Sustainability</p> <p>Planning and Strategy</p>	<ol style="list-style-type: none"> Emergency Events: Disruptions caused by extreme weather events, natural disasters, fires, chemical spills, or malicious actions. Delivery Partner Failures: Service interruptions due to the failure of a key delivery partner. Insufficient Preparedness: Council's limited readiness to respond and recover effectively. <p>Root Causes</p> <ul style="list-style-type: none"> Inadequate planning or preparation. Insufficient training, resources, or communication. Lack of coordination with key delivery partners. <p>Impact</p> <ul style="list-style-type: none"> Prolonged unavailability of critical services. Reputational, financial, health, and safety consequences. 	<p>High</p> <p>Likelihood: Likely</p> <p>Consequence: Major</p>	<p>Risk 1: Event Response Failure</p> <ul style="list-style-type: none"> Emergency Operations Centre (EOC): Established at TSB Stadium in 2018, using the Co-ordinated Incident Management System (CIMS) for Civil Defence and business continuity, supported by a maintained CIMS-trained staff and volunteer database. Enhanced Capacity: Increased controllers and recovery managers post-organisational transformation. Incident Management Protocols: Developed and regularly tested to ensure readiness. <p>Risk 2: Prolonged Service Disruption</p> <ul style="list-style-type: none"> Business Continuity Plans (BCP): Reviewed in 2024, ensuring service continuity during disruptions. Group Plan Development: Ongoing work to identify and prioritise critical routes regionally. Community Volunteer Training: Active recruitment and training initiatives to bolster emergency response. Insurance Coverage: Comprehensive coverage reduces reliance on ratepayers and ensures funding for recovery efforts. Incident Compliance: Robust monitoring under Three Waters, with approved Water Safety Plans and Drinking Water Supply Safety Quality Systems ensuring compliance with the Water Services Act. Marae Capability Support: Collaboration with Nga Iwi o Taranaki strengthens community emergency response capacity. Risk Assessment: Continual evaluation to address preparedness gaps and align response capabilities with emerging risks. <p>Risk 3: Insufficient Preparedness</p> <ul style="list-style-type: none"> Emergency Operations Centre (EOC): As detailed under Risk 1, supports readiness through CIMS and an updated volunteer database. Expanded Capacity: Strengthened controllers and recovery managers post-organisational changes. Business Continuity Plans (BCP): Addressed under Risk 2, ensuring operational effectiveness. Regional Priority Routes: Group Plan work underway to improve preparedness. 	<p>Medium</p> <p>Likelihood: Unlikely</p> <p>Consequence: Major</p>	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
Strategic Risk 3 Environmental and Sustainability Planning and Strategy	Emergency Preparedness Risk Continued	High	<ul style="list-style-type: none"> • Community Volunteer Engagement: Reinforced training programs as outlined in Risk 2. • Insurance Preparedness: As noted in Risk 2, robust coverage ensures financial readiness. • Regulatory Compliance: Three Waters monitoring ensures adherence to the Water Services Act. • Marae Emergency Response: Collaborations enhancing resilience, consistent with Risk 2 controls. 	Medium	
		Likelihood: Likely Consequence: Major		Likelihood: Unlikely Consequence: Major	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
Strategic Risk 4 Regulatory and Legislative Risk Governance and Reputation Legislative Compliance and Control	<ol style="list-style-type: none"> 1. Breach of Legislation: Failure to adhere to legal obligations due to flawed internal processes. 2. Failure to Meet Regulatory Standards: Inability to comply with critical standards, jeopardising operations and credibility. <p>Root Causes</p> <ul style="list-style-type: none"> • Ineffective internal processes and controls. • Lack of regular compliance monitoring. • Insufficient staff training or awareness of legislative and regulatory requirements. <p>Impact</p> <ul style="list-style-type: none"> • Legal challenges and penalties. • Intervention from Central Government. • Loss of accreditation or operational certifications. • Significant reputational damage. 	High	Risk 1: Breach of Legislation <ul style="list-style-type: none"> • Financial Controls: Strong control environment for financial systems, insurance, and financial monitoring. Qualified personnel and audit recommendations strengthen controls. • Policies and Training: Comprehensive policies, procedures, and training supported by internal and external resources. Annual external audits, ACC Partnership Programme audits, and internal audits ensure compliance. Legislative updates through legal advice, conferences, and memberships. Non-compliance reporting conducted quarterly. • Documentation and Processes: Documented procedures aligned with the information management strategy. Supported by regular internal audits, staff training, team collaboration, and quality assurance processes. • Consent Data Monitoring: Monitoring of consent data informs planning. Staff trained on legislative changes. • Compliance Audits: Regular audits for Building Consent Authority and Food Act compliance, aligned with the Quality Management System. 	Medium	Many of the current treatments are ongoing activities, especially those relating to providing assurance that controls are effective. The outcomes of those activities will continue to be reported at relevant governance forums. This will be supplemented by activities that will flow from the Corporate Assurance Framework.
		Likelihood: Possible Consequence: Major		Likelihood: Unlikely Consequence: Major	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p><u>Strategic Risk</u> 4</p> <p>Governance and Reputation</p> <p>Legislative Compliance and Control</p>	<p>Regulatory and Legislative Risk Continued</p>	<p>High</p> <p>Likelihood: Possible</p> <p>Consequence: Major</p>	<p>Risk 2: Failure to Meet Regulatory Standards</p> <ul style="list-style-type: none"> • Procurement Management: Procurement plans developed and used according to the Procurement Manual. Project managers trained to create and implement plans effectively. • Documented Procurement Process: Procurement processes documented and aligned with the Procurement Manual. Supported by staff training. • Approvals Process: Documented and mapped approvals process established. Ongoing training ensures effective implementation. • Contract and Procurement Reviews: Internal audits on contract management and procurement conducted. Positive audit results from Waka Kotahi investment assurance work. • Election Process Oversight: Election process outsourced to Independent Election Services Limited under the supervision of the Governance Lead. 	<p>Medium</p> <p>Likelihood: Unlikely</p> <p>Consequence: Major</p>	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p>Strategic Risk <u>5</u></p> <p>Human Resource Risk</p> <p>Governance and Reputation</p> <p>Legislative Compliance and Control</p>	<p>1. Staffing Shortages: Insufficient staffing and skills undermine the ability to deliver essential services effectively.</p> <p>2. Resource Constraints: Limited resources impede optimal service delivery and organisational performance.</p> <p>Root Causes</p> <ul style="list-style-type: none"> Inadequate staff recruitment and retention strategies. Insufficient training and professional development opportunities. Ineffective resource allocation processes. <p>Impact</p> <ul style="list-style-type: none"> Service disruptions and reduced service levels. Increased employee turnover. Community dissatisfaction and loss of trust. Potential legal challenges and liabilities. 	<p>Extreme</p> <p>Likelihood: Almost Certain</p> <p>Consequence: Catastrophic</p>	<p>Risk 1: Staffing Shortages</p> <ul style="list-style-type: none"> Workforce Planning and Succession Management: Frameworks to support talent management, attraction, and retention, ensuring continuity in critical roles. Training and Support: Documented onboarding processes and professional development initiatives to enhance skills and capacity. Knowledge Sharing: Training multiple staff members in key processes to mitigate knowledge silos and improve operational resilience. Engagement Strategies: Utilization of the "Our People Package" to provide staff benefits, improve engagement, and enhance retention rates. Organisational Frameworks: Established policies, procedures, and training on engagement and remuneration, supported by automation via the Ōku Wāhi system and a dedicated Talent Advisor. <p>Risk 2: Resource Constraints</p> <ul style="list-style-type: none"> Reform Collaboration: Active engagement with neighbouring authorities to establish processes and schedules for reform initiatives such as the Affordable Waters program. Stakeholder Monitoring: Participation with Taituarā, LGNZ, Central Government, and local stakeholders to track reforms and their impact on resources. Performance Monitoring: Regular tracking of Key Performance Indicators to evaluate resource allocation and ensure alignment with organisational goals. Reporting Frameworks: Quarterly and annual reporting systems implemented to maintain accountability and identify resource gaps proactively. 	<p>High</p> <p>Likelihood: Unlikely</p> <p>Consequence: Catastrophic</p>	<p>Workforce Planning and Succession Management:</p> <ul style="list-style-type: none"> Continue collaborating with Senior Leaders to align People Plans with the organisational strategy rollout and integrate succession planning into these plans. <p>Employee Engagement and Development:</p> <ul style="list-style-type: none"> Implement outcomes from the annual staff engagement survey to develop Organisational and Team Action Plans. <p>Recruitment and Learning Initiatives:</p> <ul style="list-style-type: none"> Strengthen the Learning & Development strategy to enhance induction, systems training, and leadership development. <p>Government Reforms Engagement:</p> <ul style="list-style-type: none"> Maintain active contributions and responses to Central Government proposals, including Affordable Waters reform. <p>Reforms Transition Project:</p> <ul style="list-style-type: none"> Monitor and position the Council for upcoming reforms and strategic initiatives.

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p>Strategic Risk 6</p> <p>Technology and Cybersecurity Risk</p> <p>Information Management</p>	<p>1. Inadequate Technology and Tools: Outdated or insufficient technology and tools hinder the effective delivery of Council services.</p> <p>2. Cybersecurity Vulnerabilities: Weak cybersecurity arrangements increase the risk of significant cyber incidents and data breaches.</p> <p>Root Causes</p> <ul style="list-style-type: none"> Outdated systems. Lack of investment in modern technology and tools. Insufficient cybersecurity protocols and monitoring. <p>Impact</p> <ul style="list-style-type: none"> Disruptions to the delivery of Council services. Poor customer service outcomes and reduced satisfaction. Community discontent and loss of trust. Potential data breaches with legal and reputational consequences. 	<p>Extreme</p> <p>Likelihood: Almost Certain</p> <p>Consequence: Catastrophic</p>	<p>Risk 1: Inadequate Technology and Tools</p> <ul style="list-style-type: none"> Vendor and Third-Party Risk Management: Active management of vendor relationships with annual contract reviews to ensure alignment and performance. Security audits and penetration testing conducted on critical third-party vendors and contractors with access to sensitive data and systems. Computing Environment Upgrades: The computing environment updated as part of the Pakiaka Project, with a five-year renewal policy and funding in place for equipment updates. Dual data centres implemented in New Plymouth and Hamilton to enhance resilience, mitigating impacts from localised events such as fires or floods. Disaster Recovery Planning and Backup Systems: End-to-end processes in data centres mapped and regularly tested for effective disaster recovery. Full backup capabilities in place, with proactive system monitoring to ensure data integrity and security. Backups securely stored off-site in dual data centres. Disaster recovery plans tested for resilience, including data restoration and recovery processes. Asset Management and Data Collection: Near-complete, high-quality asset inventory data informs renewal budget forecasts where condition rating data is unavailable. CCTV inspections of stormwater assets reintroduced in the 2020/21 Annual Plan, addressing major data gaps. Preventive maintenance initiatives include asset management plans and regular inspections. <p>Risk 2: Cybersecurity Vulnerabilities</p> <ul style="list-style-type: none"> Digital Security Oversight: Managed by the Digital Enablement Manager. Security consultants audit new websites and conduct penetration testing. IS standards are reviewed and aligned with technology changes, ensuring alignment with the NPDC-selected framework. Annual external audits ensure best practices and industry standards are applied. 	<p>High</p> <p>Likelihood: Unlikely</p> <p>Consequence: Catastrophic</p>	<p>TechOne Upgrade:</p> <ul style="list-style-type: none"> Formal engagement with Technology One began on 6th March 2024. Existing reports are being reviewed and audited to refine them and minimise unnecessary work during the lift and shift process. <p>Data Centre Failover Testing:</p> <ul style="list-style-type: none"> Due to complexity, a complete failover to the remote data centre has not yet been implemented. Singular components have been tested in isolation to ensure they perform well individually before testing them all together. <p>Asset Management Software:</p> <ul style="list-style-type: none"> The use of an asset management software system is being considered to allow data to be directly entered via mobile devices during field inspections, avoiding data transcription errors introduced by double handling. <p>Security Program:</p> <ul style="list-style-type: none"> The need for improved security, standards, policies, and guidelines for the Council has been identified. A security program has been initiated to align Council with industry best practices, including measures to counter malware and phishing attacks.

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p>Strategic Risk <u>6</u></p> <p>Governance and Reputation</p> <p>Legislative Compliance and Control</p> <p>People and Knowledge</p>	<p>Technology and Cybersecurity Risk Continued</p>	<p>Extreme</p>	<ul style="list-style-type: none"> • Cybersecurity Training and Incident Response: Mandatory staff training provided (e.g., phishing training), alongside deployment of Microsoft Defender for Identity. A clear incident response plan for cyber threats is implemented, detailing roles, responsibilities, and escalation processes. Compliance audits by Audit NZ ensure adherence to security policies and regulations such as the Privacy Act and Cybersecurity Act. • Access Management Controls: Secure password policy and robust authentication practices, including multi-factor authentication, are enforced across all systems and users. • Continuous Monitoring: 24/7 monitoring for key systems and data in place to detect and respond to anomalies in real time. Automated tools for vulnerability scanning and patch management promptly address system vulnerabilities. 	<p>High</p>	
		<p>Likelihood: Almost Certain</p> <p>Consequence: Catastrophic</p>		<p>Likelihood: Unlikely</p> <p>Consequence: Catastrophic</p>	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p>Strategic Risk <u>7</u></p> <p>Governance Risk</p> <p>Governance and Reputation</p>	<p>Frequent changes in the political environment at Local and Central Government levels lead to short-term and reactive decision-making, complicating the management of competing interests and priorities.</p> <p>Root Causes:</p> <ul style="list-style-type: none"> • Shifting political priorities. • Lack of long-term policy consistency. • High turnover of key decision-makers. • Pressure to address competing stakeholder demands. <p>Impact:</p> <ul style="list-style-type: none"> • Difficulty in setting and achieving long-term goals. • Inefficient resource allocation. • Erosion of public trust in governance. • Increased operational disruptions for Council services. 	<p>High</p>	<p>Election Process Management:</p> <ul style="list-style-type: none"> • Election process outsourced to Independent Election Services Limited, with oversight by the Governance Lead. <p>Induction Program for Elected Members:</p> <ul style="list-style-type: none"> • Comprehensive induction program provided to new Elected Members each triennium, focusing on roles of management and governance. • Program fosters trust, mutual respect, and a "no surprises" approach, supported by a strong organisational culture and core values. <p>Reporting and Decision Support:</p> <ul style="list-style-type: none"> • Delivery of timely, accurate, and actionable reports to empower decision-makers. Clear metrics and simplification of complex information, supporting confident and strategic choices. Regular updates track risks, impacts, and performance trends, fostering transparency and accountability with stakeholders and the community. 	<p>Medium</p>	<p>Many of the current treatments are ongoing activities, especially those relating to providing assurance that controls are effective. The outcomes of those activities will continue to be reported at relevant governance forums. This will be supplemented by activities that will flow from the Corporate Assurance Framework.</p>
		<p>Likelihood: Likely</p> <p>Consequence: Major</p>		<p>Likelihood: Unlikely</p> <p>Consequence: Major</p>	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p>Strategic Risk 8</p> <p>Treaty Principles Risk</p> <p>Financial and Economic</p> <p>Governance and Reputation</p> <p>Operations and Service Delivery</p> <p>Planning and Strategy</p>	<p>1. Failure to Recognise Tangata Whenua Significance: Council's processes fail to identify and address matters of importance to tangata whenua.</p> <p>2. Challenges Upholding Treaty Principles: Inadequate engagement and consideration result in difficulty upholding the principles of the Treaty of Waitangi.</p> <p>Root Causes</p> <ul style="list-style-type: none"> Lack of robust engagement frameworks and processes. Insufficient understanding or prioritization of tangata whenua concerns. Resource constraints impacting meaningful collaboration. <p>Impact</p> <ul style="list-style-type: none"> Strained relationships with tangata whenua. Breach of obligations under the Treaty of Waitangi. Reputational damage and loss of trust within the community. Legal or procedural challenges arising from inadequate consultation. 	<p>Extreme</p>	<p>Risk 1: Failure to Recognise Tangata Whenua Significance</p> <ul style="list-style-type: none"> Significance and Engagement Policy: Outlines how NPDC determines the significance of issues and the required level of engagement with Iwi-Māori and stakeholders. Ensures consistent involvement of Māori in decision-making through meaningful opportunities for contribution, engagement on matters affecting their relationship with ancestral land, water, taonga, and traditions, and consideration of other relevant issues. Legislative Requirements: The Local Government Act 2002 and Resource Management Act 1991 mandate Māori participation in decision-making processes. Māori Committees: Various committees, including Te Rewarewa working group, He Puna Wai, and Te Huinga Taumatua, integrate Māori perspectives into Council work. Iwi Relationships Team: Facilitates communication and builds partnerships to ensure Māori have a strong voice in Council decision-making, supported by early engagement with tangata whenua to enhance understanding of issues and opportunities. <p>Risk 2: Challenges Upholding Treaty Principles</p> <ul style="list-style-type: none"> Collaborative Partnerships: Established partnerships in areas such as Three Waters, Events, and the airport terminal redevelopment to foster cooperative engagement. Māori Ward Establishment: Te Huinga Taumatua's involvement led to a Council resolution in July 2020 to establish a Māori ward for the 2022 local triennial elections. Continuing exploration of ways to strengthen Te Huinga Taumatua's relationships, influence, and reporting on topics of relevance to Māori. Te Ranga Urungi Engagement: Quarterly meetings with Iwi Chairs and participation from Iwi and Hapu Chairs in the Mayoral Forum. Iwi representation included in all significant regional projects. Te Tiriti Strategy and Audit: Adoption of the Te Tiriti Strategy in 2024 and completion of a Tiriti o Waitangi Audit in March 2025, with findings to be reported back to FAR. 	<p>Medium</p>	
		<p>Likelihood: Almost Certain</p> <p>Consequence: Major</p>		<p>Likelihood: Possible</p> <p>Consequence: Moderate</p>	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p>Strategic Risk 2</p> <p>Strategic Projects Risk</p> <p>Project/Quality Management</p>	<ol style="list-style-type: none"> Four Pillars of Project Completion: Major projects fail to meet key objectives related to time, scope, budget, or benefits, leading to incomplete or unsatisfactory outcomes. Planning and Consent Delays: Insufficient or delayed planning processes, consent approvals, or property acquisition impact project timelines and execution. Supply Chain Disruptions: Global or local supply chain issues hinder the availability of resources and materials required for timely project delivery. Stakeholder Alignment: Political fallout, stakeholder conflicts, or misaligned priorities undermine effective project implementation and completion. <p>Root Causes</p> <ul style="list-style-type: none"> Poor planning processes and unrealistic timeframes or scopes. Delays in obtaining consents and acquiring necessary properties. Unforeseen supply chain disruptions causing resource shortages. Stakeholder misalignment and conflicts. <p>Impact</p> <ul style="list-style-type: none"> Failure to deliver projects within agreed timeframes, budgets, or scopes. Reduced ability to achieve intended project benefits. Financial losses and budget overruns. Reputational damage and erosion of public trust. 	<p>High</p> <p>Likelihood: Likely</p> <p>Consequence: Major</p>	<p>Risk 1: Four Pillars of Project Completion</p> <ul style="list-style-type: none"> Project Management Practices: Robust frameworks for project scoping, budget definition, contingency planning, and risk mitigation to ensure alignment with time, scope, budget, and benefit objectives. Project Budget Classification: Adoption of a class 1-5 budget system with peer reviews for major projects, ensuring only class 1 and 2 budget projects are prioritized for inclusion in the Long-Term Plan. Contingency Management: Standardized contingency-setting processes, supported by a contingency calculator database to improve forecasting and cost control. Early Contractor Involvement (ECI): ECI approaches introduced to incorporate contractor input in the early stages of projects, enhancing feasibility and design accuracy. <p>Risk 2: Planning and Consent Delays</p> <ul style="list-style-type: none"> Governance Oversight: Strategic Projects Committee provides oversight, supported by internal Project Steering Groups and Project Lead roles to manage portfolios and address planning challenges. Assurance and Reporting Frameworks: Enhanced CAPEX forecasting and reporting systems implemented, with Deloitte's report confirming progress toward a well-controlled project environment. Property Acquisition Processes: Streamlined property acquisition workflows established to minimize delays affecting project timelines. <p>Risk 3: Supply Chain Disruptions</p> <ul style="list-style-type: none"> Supply Chain Resilience: Collaboration with suppliers and contractors to identify vulnerabilities and establish mitigation strategies for global and local disruptions. Risk Mitigation Frameworks: Comprehensive frameworks for risk assessment and supply chain oversight, ensuring minimal impact on resource availability. 	<p>High</p> <p>Likelihood: Possible</p> <p>Consequence: Major</p>	<p>The Project Management Office will undertake more pre-planning over major capital projects to enable more robust cost estimates in future Long-Term Plan processes.</p>

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p><u>Strategic Risk 9</u></p> <p>Project/Quality Management</p>	<p>Strategic Projects Risk Continued</p>	<p>High</p> <p>Likelihood: Likely</p> <p>Consequence: Major</p>	<ul style="list-style-type: none"> Vendor and Third-Party Management: Annual contract reviews, security audits, and penetration testing conducted for vendors and contractors with critical roles in projects. <p>Risk 4: Stakeholder Alignment</p> <ul style="list-style-type: none"> Stakeholder Engagement Strategies: Early engagement with stakeholders, including political actors, to align priorities and mitigate conflicts. Project Portfolio Management (P3M): Utilization of P3M software disciplines to improve visibility and foster alignment across monthly reporting and decision-making processes. Governance and Collaboration: Strong governance structures with collaborative oversight to address stakeholder misalignment and manage competing priorities. 	<p>High</p> <p>Likelihood: Possible</p> <p>Consequence: Major</p>	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p><u>Strategic Risk 10</u></p> <p><u>Financial and Economic Risk</u></p> <p>Financial and Economic</p>	<ol style="list-style-type: none"> Escalating Costs and Overspending: Increased operational and capital costs, coupled with budget overspends, place strain on Council resources. Insufficient Financial Reserves: Limited reserves reduce Council's capacity to manage financial shocks or unplanned expenditures. Fraud and Corruption Risks: Acts of fraud or corruption compromise financial integrity and trust. Unfunded Mandates: Mandates without adequate funding exacerbate financial strain and resource limitations. <p>Root Causes</p> <ul style="list-style-type: none"> Ineffective financial planning and cost controls. Unanticipated external economic pressures or mandates. Gaps in fraud detection and mitigation processes. <p>Impact</p> <ul style="list-style-type: none"> Rate increases causing financial stress and community dissatisfaction. Heightened risk of fraud undermining Council's reputation and financial integrity. Limited funding for essential services and future projects, threatening sustainability. Reputational damage and loss of public trust due to financial mismanagement. 	<p>Extreme</p> <p>Likelihood: Almost Certain</p> <p>Consequence: Catastrophic</p>	<p>Risk 1: Escalating Costs and Overspending</p> <ul style="list-style-type: none"> Operational Budget Controls: Strong controls over operational budgets enforced through regular reporting and detailed analysis to ensure financial discipline. Capital Works Reporting: Heightened focus on capital works reporting due to previous challenges with project completion, ensuring accurate tracking and oversight. Budget Monitoring and Controls: Regular budget forecasting and updates on capital works provide tight monitoring to prevent overspending. <p>Risk 2: Insufficient Financial Reserves and Borrowing Capacity</p> <ul style="list-style-type: none"> Financial Reserves Management: Asset Management Plans for each category reviewed regularly to ensure adequate renewal funding. Reserves assessed and managed annually to maintain financial stability. Borrowing Capacity: Borrowing capacity maintained, offering financial flexibility to address unforeseen costs or emergencies. 	<p>High</p> <p>Likelihood: Possible</p> <p>Consequence: Catastrophic</p>	<p>It is important to note that we are consistently engaging with Central Government regarding funding, particularly considering the combined challenges of revenue reduction and increasing compliance costs.</p> <p>Additionally, we are in discussions with NZTA to understand the potential consequences for the Council if our district were to experience an event necessitating emergency funding.</p>

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p><u>Strategic Risk</u> <u>10</u></p> <p>Financial and Economic</p>	<p>Financial and Economic Risk Continued</p>	<p>Extreme</p> <p>Likelihood: Almost Certain</p> <p>Consequence: Catastrophic</p>	<p>Risk 3: Fraud and Corruption Risks</p> <ul style="list-style-type: none"> Fraud Prevention and Detection: Internal controls, anti-fraud policies, and regular external audits safeguard against fraudulent activities. Training programs, including sessions provided by Deloitte, reinforce awareness and detection capabilities. Internal Audits: Comprehensive internal audits and fraud awareness programs support ongoing prevention measures. <p>Risk 4: Unfunded Mandates</p> <ul style="list-style-type: none"> Governance Oversight: The Strategic Projects Committee and Finance, Audit, and Risk Committee provide strong governance, ensuring mandates are assessed and financial implications are managed. Legislative Compliance: Council maintains compliance with legislative requirements, supported by flexible financial strategies to address unfunded mandates and mitigate resource strain. 	<p>High</p> <p>Likelihood: Possible</p> <p>Consequence: Catastrophic</p>	

TYPE(S) OF RISK	RISK DESCRIPTION	PRE-MITIGATION	CURRENT CONTROLS	POST-MITIGATION	ADDITIONAL CONTROLS
		INHERENT RISK RATING		RESIDUAL RISK LEVEL	
<p>Strategic Risk 11 Climate Change Risk</p> <p>Environmental and Sustainability Planning and Strategy</p>	<p>1. Emission Reduction Failure: Council fails to meet climate change emission reduction targets.</p> <p>2. Climate Adaptation Failure: Council fails to adapt effectively to climate change.</p> <p>Root Causes:</p> <ul style="list-style-type: none"> Council action or inaction, competing priorities, limited resources, or misaligned strategic focus. <p>Impact: Reputational, financial, environmental, health, and safety consequences.</p>	<p>Extreme</p> <p>Likelihood: Likely</p> <p>Consequence: Catastrophic</p>	<p>Risk 1: Emission Reduction Failure</p> <ul style="list-style-type: none"> Net Zero Emission Plan (2050): Projects such as EV implementation and energy management. Community Programs: Zero Waste, Wai Warrior, and water conservation initiatives. District Plan: Medium-density zoning and coastal planning per Climate Action Framework. Strategic Frameworks: Environmental Sustainability Policy and Infrastructure and Emission Reduction Plans approved. <p>Risk 2: Climate Adaptation Failure</p> <ul style="list-style-type: none"> Coastal Erosion Strategy: Guiding interventions and seawall maintenance. Risk & Resilience Planning: Climate risk assessments integrated into asset management and infrastructure plans. Infrastructure Protection: Mitigating coastal erosion risks, including landfill assessments. Waitara Stormwater Plans: Considering climate forecasts for flood risk mitigation. Infrastructure Resilience: Exposure zones mapped, and investments planned. Natural Area Protection: Efforts to prevent deforestation and maintain carbon sinks. Preparedness: Enhanced disaster readiness with Business Continuity Plans and insurance coverage. Adaptation Plan Role: Dedicated climate adaptation role to ensure implementation in future Long-Term Plans. 	<p>High</p> <p>Likelihood: Unlikely</p> <p>Consequence: Catastrophic</p>	<p>For Risk 1:</p> <ul style="list-style-type: none"> Future Feasibility Studies: Additional projects for emission reduction under assessment. <p>For Risk 2:</p> <ul style="list-style-type: none"> Resilience Investments: Implementation of planned resilience measures based on critical infrastructure mapping. Adaptation Strategy Updates: Periodic updates to align with new climate data and risks.

2025 S&P GLOBAL RATINGS ASSESSMENT FOR NEW PLYMOUTH DISTRICT COUNCIL

PURPOSE/ TE WHĀINGA

1. The purpose of this report is to present the recent credit rating update provided by S&P Global Ratings (S&P), including an overview of the rating, outlook, rationale, key statistics, and implications for the Council.

RECOMMENDATION / NGĀ WHAIKUPU

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT / TOHUTOHU KAI WHAKAHAERE

2. This report is provided for information purposes only, and has been assessed as being of some importance.

EXECUTIVE SUMMARY / WHAKARĀPOPOTOTANGA MATUA

3. The report serves as a guide to understanding the underlying factors contributing to the Council's credit rating downgrade and the move to a stable outlook, so that necessary actions are taken to address the identified challenges and maintain the Council's creditworthiness amidst the evolving economic landscape.
4. S&P has issued a downgrade in the credit rating of the Council from 'AA+/A-1+' with a negative outlook to 'AA/A-1+' with a stable outlook.
5. The downgrade has no impact on the interest rate margins offered by the Local Government Funding Agency (LGFA) to the Council.
6. The basis for the downgrade was driven by the lowering of S&P's Institutional Framework Assessment for New Zealand Local Councils from extremely predictable and a weakening trend to very predictable and well-balanced with a stable trend.
7. The downgrade to the Institutional Framework Assessment resulted in the lowering of credit ratings for 18 of the 25 New Zealand local councils that S&P rates.

BACKGROUND / WHAKAPAPA

8. There are three major internationally recognised credit rating agencies: S&P Global Ratings (S&P), Moody's Investors Service and Fitch Ratings. Council has engaged S&P for several years to provide an opinion on its credit-worthiness, which reflects Council's ability to meet its financial obligations in full and on time.
 9. Rated councils benefit from borrowing from the LGFA at competitive rates and have different financial covenants compared to non-rated councils.
 10. The credit rating communicated by S&P on 18 March 2025 and confirmed in their 14 April 2025 report, after completing their annual review, is a downgrade in the credit rating of the Council from 'AA+/A-1+' with a negative outlook to 'AA/A-1+' with a stable outlook. The downgrade has no impact on the interest rate margins offered by the LGFA to the Council.
 11. The 18 March 2025 announcement was driven by the lowering of the Institutional Framework Assessment for New Zealand Local Councils from extremely predictable and a weakening trend to very predictable and well-balanced with a stable trend. Although the Local Government sector remains highly transparent and accountable, the downgrade reflects the sectors ability to raise revenue to keep pace with growing operational and capital expenditure needs, ageing infrastructure and Central Government reforms.
 12. The downgrade to the Institutional Framework Assessment resulted in the lowering of credit ratings for 18 of the 25 New Zealand Local Councils that S&P rates. All 18 downgraded councils previously carried a negative outlook which signalled a likely downgrade if the Institutional Framework Assessment was lowered.
 13. The Council's credit rating update by S&P does provide valuable insights into its financial standing. Compared to its peers, the Council exhibits notable strengths in several key areas, including financial management, liquidity, and economic resilience.
 14. The positioning of the rating and outlook underscores the Council's proactive approach to fiscal management, via the Treasury Management Policy, and its ability to navigate economic uncertainties effectively while maintaining liquidity that is underpinned by the Perpetual Investment Fund.
 15. The report does highlight a downside scenario. S&P notes that this could occur if the Council does not implement property rate increases it has proposed, planned operational savings are not realised, or if capital expenditure exceeds expectations.
-

CLIMATE CHANGE IMPACT AND CONSIDERATIONS / HURINGA ĀHUARANGI

16. Council is expected to consider environmental implications of its activities, including climate change impacts in responsible borrowing and investing activities. There are no immediate and direct climate change impacts associated with this report.

NEXT STEPS / HĪKOI I MURI MAI

17. In response to the credit rating results and outlook, Council officers will ensure that the following recommendation continues to be addressed:
- a) Continue to monitor fiscal performance to enhance opportunities and mitigate risks in accordance with the Finance Strategy, Revenue and Finance Policy and Treasury Management Policy.

FINANCIAL AND RESOURCING IMPLICATIONS / NGĀ HĪRAUNGA Ā-PŪTEA, Ā-RAUEMI

18. This report is produced within existing resources and budgets.

IMPLICATIONS ASSESSMENT / HĪRANGA AROMATAWAI

19. This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:
- Council staff have delegated authority for any decisions made;
 - Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
 - Council staff have considered how the matter will promote the social, economic, environmental, and cultural well-being of communities in the present and the future.
 - Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
 - Any decisions made are consistent with the Council's plans and policies; and
 - No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

APPENDICES

Appendix 1 S&P Global Ratings Assessment NPDC April 2025 (ECM 9480806)

Report Details

Prepared By:	Matthew Thomson (Manager Finance)
Team:	Corporate Innovation
Approved By:	Jacqueline Baker (General Manager Corporate Innovation)
Ward/Community:	District wide
Date:	14 April 2025
File Reference:	ECM 9480561

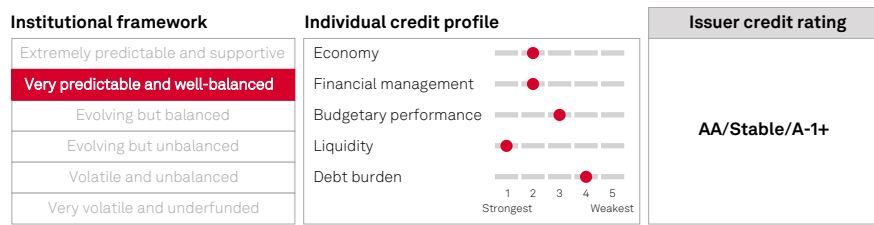
-----*End of Report*-----

New Plymouth District Council

April 13, 2025

This report does not constitute a rating action.

Ratings Score Snapshot



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Credit Highlights

Overview

Credit context and assumptions

Sound and diversified economy, though hampered by a slightly weaker demographic profile than peers.

Solid financial management.

New Zealand's institutional framework settings are strong, albeit weaker than in the past.

Base-case expectations

Large after capital account deficits to narrow as council receives capital funding for a thermal dryer project and boosts cash operating margins with historically large rates increases.

Debt burden to stabilize as council increases operating revenues.

Liquidity will remain a key credit strength, buttressed by the council's large Perpetual Investment Fund.

Our long-term issuer credit rating on New Plymouth District Council, a New Zealand local government, is 'AA'. The rating balances the council's exceptional liquidity, strong financial management, and wealthy economy against its large deficits and rising debt levels. We have updated our analysis through to fiscal 2027 following the release of the council's 2024 annual report and draft 2026 annual plan.

New Plymouth will likely strengthen its cash operating margins from fiscal 2025 (ending June 30). A larger increase in rates and user charges than in the past outlined in its 2026 annual plan, in tandem with easing inflationary pressures and cost savings from an organizational restructure will support this.

New Plymouth District Council

We expect wider operating margins to help reduce New Plymouth's large after capital account deficits. The council will also receive sizable capital grants related to the thermal dryer project in fiscal 2025. We expect after capital account deficits to reduce to about 12% of total revenues across fiscals 2025-2027.

Debt is rising to midrange levels for domestic peers, but remains elevated on a global scale.

The principal driver of the rise is higher infrastructure spending. Nevertheless, revenue increases should keep pace with new debt accumulation and help to stabilize the debt burden. We project total tax-supported debt at 165% of operating revenue by fiscal 2027, similar to the level in fiscal 2024.

Under our base-case assumptions, New Plymouth will continue to deliver all water-related services. In December 2024, the New Zealand central government (the Crown) passed the second of two planned pieces of legislation to implement its "Local Water Done Well" reforms. The reforms give councils the option to shift drinking water, wastewater, and stormwater assets into new water utilities, which may be owned by one or more councils or consumer trusts. The reforms could change the composition of New Plymouth's revenues, expenses, and debt, depending on their final form.

Outlook

The stable outlook reflects our expectation that New Plymouth will prudently manage its budgetary performance and debt burden as it increases its capital expenditure (capex). Although debt will rise, the council's large investment fund helps sustain a very high level of liquidity.

Downside scenario

We could lower our ratings on New Plymouth if deficits after capital accounts rise. This could occur if the council doesn't implement large property rate increases it has proposed or planned operational savings, or if its capex exceeds our expectations.

Upside scenario

We could raise our ratings on New Plymouth if we see a sustained upturn in its budgetary performance, leading to a declining debt burden.

Rationale

New Zealand's institutional settings have weakened; a resilient local economy and solid financial management support the ratings

The institutional framework in which New Zealand councils operate is a key credit strength supporting New Plymouth's creditworthiness despite having weakened this year. We believe the sector's revenue and expenditure imbalance has widened and the predictability of its policy settings, while high on a global scale, has weakened compared with in the past. In our view, this framework is strong compared with those of global peers, ranking the second-highest assessment on our six-point scale (see "New Zealand Local Governments Face Rising Fiscal Imbalances And Less Certain Policy Settings," published March 17, 2025).

New Plymouth District Council

New Plymouth has one of the wealthier economies across New Zealand, due in part to the district's large oil and gas sector. According to economics consultancy Infometrics, the district had a GDP per capita of about NZ\$87,500 as of March 2024. New Plymouth's demographic profile is slightly weaker than the New Zealand average, with 19.6% of its population aged 65 and above, compared with 16.6% nationally. Mean household income was about NZ\$117,000 as of March 2024, about NZ\$15,000 lower than the national average. The district had a population of about 90,000 people as of June 2024.

We consider New Plymouth's fiscal processes to be credible and well established. The council prepares long-term plans every three years, annual plans in the intervening years, and audited end-of-year annual reports, in line with New Zealand requirements. It has internal policies that set prudent limits on external borrowing, liquidity, and interest-rate risk. New Plymouth borrows only in the local currency, in accordance with legislation. The council is currently consulting with the public on its draft 2025-2026 annual plan.

Like all New Zealand councils, New Plymouth is governed by an elected group of councilors. Day-to-day management is delegated to a full-time chief executive. The council completed a comprehensive organizational restructure, which resulted in the disestablishment of three tier-two executive roles and about 20 tier-three management positions. The overall headcount at the council reduced by about 10% following the restructure. Reductions in headcount and consolidation of business units account for most of the council's NZ\$10 million annual operational savings.

New Plymouth's prudent management of the Perpetual Investment Fund (PIF) supports our strong financial management assessment. Assets are diversified across listed equities, fixed income, alternative assets, private equity, and cash. The council has outsourced management to Mercer (N.Z.) Ltd., and an independent "board of guardians" monitors the PIF. The New Plymouth District Council (Perpetual Investment Fund) Act 2023 was passed in the New Zealand Parliament in July 2023. The Act aims to ringfence the benefits from the PIF to current New Plymouth residents. The bill also outlines general principles for sustainable management of the fund.

Increased capex pipeline will result in moderate deficits; this is counterbalanced by New Plymouth's exceptional liquidity.

New Plymouth's cash operating margins are healthy, but weaker than we previously forecast. In 2024, operating margins were about 10% of operating revenues--nearly half our previous forecasts. This was due to a combination of lower ancillary revenues against a weaker economic backdrop nationally, additional maintenance works from weather events, and delays in realizing operational savings from the organizational restructure.

We expect cash operating margins to return to historic very strong levels from fiscal 2025. We forecast operating surpluses will average about 24% of operating revenue across fiscals 2025-2027. Our assessment is based on large rates increases, including a 9.9% increase in fiscal 2026, and lower operating expenditure following the organizational restructure.

New Plymouth's PIF also bolsters its operating revenues. The fund had a balance of NZ\$399 million as of January 2025, which would be enough in itself to finance about two years of the council's operating expenses. PIF targets a total return on its portfolio over the medium term of 3.3% a year plus inflation. This allows it to pay an annual "release" to the council to subsidize the latter's budgets. The cash release will be about NZ\$12.2 million in fiscal 2026, in our estimation.

New Plymouth District Council

We forecast New Plymouth's after capital deficits will narrow to about 12% of total revenues over the next three fiscal years. This is because we expect cash operating margins to improve, capex growth to moderate, and the council to recoup significant capital funding for the thermal dryer project in fiscal 2025.

We project annual capex to reach NZ\$130 million by fiscal 2027, compared with NZ\$86 million spent in fiscal 2023. Our forecasts incorporate a 10%-15% haircut compared with the council's estimates, reflecting historical underspending compared with the budget. We assess New Plymouth on a group basis and consolidate Papa Rererangi i Puketapu Ltd. (PRIP; New Plymouth Airport).

New Plymouth's 2024-2034 long-term plan outlines a large budget for upgrades to the district's water network, including the construction of a new thermal dryer for wastewater treatment and the last stages of a water meter rollout for residents. The thermal dryer project was originally budgeted for NZ\$45 million in 2021 with NZ\$38 million funded from the Crown.

Rescoping of the project design and rising construction costs mean the project will now cost about NZ\$75 million in total, with the shortfall to be covered by the council. The council will recoup significant capital funding for the project in fiscal 2025, which will support budgetary outcomes.

We believe New Plymouth has strong flexibility to adjust its budget compared with global peers. The council's largest source of revenue is rates, which can be readily adjusted and are relatively immune to economic downturns. Furthermore, the PIF provides the council with an additional source of income and contingency funding in the case of a major natural disaster or other crisis.

The council's gross debt ratio should remain steady, reaching 165% of operating revenues by fiscal 2027. This debt burden is high in a global context, despite being at the mid-range of domestic peers. Our measure of total tax-supported debt includes NZ\$33 million borrowed by the council and on-lent to PRIP. We estimate interest expenses will average about 5.8% of operating revenue over fiscals 2024-2026. New Plymouth had negligible contingent liabilities as of June 30, 2024.

New Plymouth's PIF underpins its exceptional liquidity coverage. The council's total free cash position--after applying our standard haircuts to noncash assets, and after budget needs--should be sufficient to cover about 220% of debt service during the next 12 months. Upcoming debt-servicing needs include NZ\$21 million in term debt maturing in April 2025, which has been prefunded, NZ\$29 million in short-dated commercial paper, and about NZ\$13 million in annual interest payments. In addition, New Plymouth has access to undrawn committed standby facilities totaling NZ\$20 million.

The New Zealand Local Government Funding Agency (LGFA) provides New Plymouth, and most of its domestic peers, with strong access to a well-established source of external liquidity. In our view, LGFA benefits from an extremely high likelihood of extraordinary central government support (see "New Zealand Local Government Funding Agency Ltd. Ratings Affirmed; Outlook Stable," published March 17, 2025). The agency has helped councils to both lengthen their maturity profiles and reduce borrowing costs.

New Plymouth District Council Selected Indicators

Mil. NZ\$	2022	2023	2024	2025bc	2026bc	2027bc
Operating revenue	159	181	191	229	248	260
Operating expenditure	147	164	172	177	191	195

New Plymouth District Council
New Plymouth District Council Selected Indicators

Operating balance	12	16	20	53	58	66
Operating balance (% of operating revenue)	7.7	9.1	10.3	22.9	23.2	25.2
Capital revenue	23	23	26	41	27	35
Capital expenditure	61	87	115	126	120	130
Balance after capital accounts	(25)	(48)	(70)	(33)	(36)	(30)
Balance after capital accounts (% of total revenue)	(14.0)	(23.5)	(32.3)	(12.1)	(13.0)	(10.0)
Debt repaid	11	40	16	22	62	66
Gross borrowings	11	100	81	54	97	95
Balance after borrowings	(26)	12	(5)	(1)	(1)	(1)
Tax-supported debt (outstanding at year-end)	204	264	332	364	400	430
Tax-supported debt (% of consolidated operating revenue)	128.0	146.3	173.5	158.8	161.1	165.0
Interest (% of operating revenue)	3.9	4.9	6.2	5.7	5.7	5.9
National GDP per capita (\$)	N/A	52,637.2	48,760.1	48,911.2	49,069.1	50,856.3

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. NZ\$--New Zealand dollar. \$--U.S. dollar.

Rating Component Scores

Key rating factors	Scores
Institutional framework	2
Economy	2
Financial management	2
Budgetary performance	3
Liquidity	1
Debt burden	4
Stand-alone credit profile	aa
Issuer credit rating	AA

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

Key Sovereign Statistics

- Sovereign Risk Indicators. An interactive version is available at <http://www.spratings.com/sri>

New Plymouth District Council

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- New Zealand Local Government Funding Agency Ltd. Ratings Affirmed; Outlook Stable, March 17, 2025
- Various Rating Actions Taken On New Zealand Councils On Lower Institutional Framework Assessment, March 18, 2025
- New Zealand Local Governments Face Rising Fiscal Imbalances And Less Certain Policy Settings, March 17, 2025
- A Closer Look At Our Downgrades Of 18 New Zealand Councils, March 18, 2025
- Subnational Government Outlook 2025: Developed Markets' Regional Differences Intensify, Jan. 16, 2025
- Economic Outlook Asia-Pacific Q1 2025: U.S. Trade Shift Blurs The Horizon, Nov. 24, 2024
- 2023 Annual International Public Finance Default And Rating Transition Study, Aug. 20, 2024
- Global Ratings List: International Public Finance Entities July 2024, July 30, 2024
- Global LRGs Rating History List, June 18, 2024

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

New Plymouth District Council

Ratings Detail (as of April 13, 2025)*

New Plymouth District Council

Issuer Credit Rating	AA/Stable/A-1+
Commercial Paper	
<i>Local Currency</i>	A-1+
Issuer Credit Ratings History	
18-Mar-2025	AA/Stable/A-1+
18-Feb-2024	AA+/Negative/A-1+
22-Feb-2021	AA+/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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New Plymouth District Council

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ADDITIONAL BORROWING REQUIREMENT FOR 2024/25

MATTER / TE WHĀINGA

- The matter for consideration by the Council is to consider and approve additional borrowings for the 2024/25 financial year.

RECOMMENDATION FOR CONSIDERATION / NGĀ WHAIKUPU

That having considered all matters raised in the report, Council approve an increase of \$32m in the borrowing limit for 2024/25.

COMPLIANCE / TŪTOHU	
Significance	This matter is assessed as being significant.
Options	<p>This report identifies and assesses the following reasonably practicable options for addressing the matter:</p> <ol style="list-style-type: none"> Approve an increase of \$32m in the 2024/25 borrowing limit, from the Long-Term Plan 2024/25 budget of \$374m to a new limit of \$406m. This allows for \$19m of on-lending to Papa Rererangi i Puketapu (PRIP), \$8m for accelerated delivery of capital projects, and \$5m for operational management. Do nothing.
Affected persons	The persons who are affected by or interested in this matter are all residents of New Plymouth district.
Recommendation	This report recommends option one for addressing the matter.
Long-Term Plan / Annual Plan Implications	Yes. The Local Government Act 2002 requires that borrowings outside the Long-Term Plan be approved by Council.
Significant Policy and Plan Inconsistencies	Yes

EXECUTIVE SUMMARY / WHAKARĀPOPOTOTANGA MATUA

- Council Officers are currently permitted to borrow up to the forecast balance approved by Council in the Long-Term Plan (LTP). Officers recommend that Council approve an increased borrowing limit. The requested increase is necessary in order to implement Council decisions.
-

3. The increase in borrowing limit is required to cover:
 - a) \$19m of on-lending to PRIP for their solar farm project. This on-lending is cost neutral to Council and does not impact on compliance with the Financial Strategy or Treasury Management Policy borrowing benchmarks;
 - b) \$8m for accelerated delivery of debt funded capital projects, primarily relating to the Thermal Dryer Facility (TDF) and Tūparikino Active Community Hub (TACH)); and
 - c) \$5m allowed for additional borrowing so that Council can meet its liability obligations through to June 2025 in a cost-efficient manner.
4. Council Officers have approached this request conservatively, to ensure sufficient funds are available to manage cashflow requirements. Consequently, the full amount requested may not be drawn down.
5. Council Officers will implement additional internal controls to reduce the risk of requiring additional borrowings in future years – instituting quarterly treasury conversations with NPDC’s Council-Controlled Organisations (CCOs) to identify forecast borrowing needs early, and working with PRIP to incorporate the impact of forecast debt repayments into Council’s borrowing program.

BACKGROUND / WHAKAPAPA

6. Council Officers are currently permitted to borrow up to the forecast balance approved by Council in the LTP.
 7. The requested increase in borrowing limit is required to cover:
 - a) \$19m of on-lending to PRIP, primarily relating to their solar farm project following a decision by Council in May 2024 to increase PRIP’s loan facility;
 - b) \$8m for accelerated delivery of debt-funded capital projects, primarily relating to the TDF and TACH projects. The accelerated delivery programme was approved by Council at the Extraordinary Council meeting held 18 February 2025; and
 - c) \$5m allowed for additional borrowing so that Council can meet its liability obligations through to June 2025 in a cost-efficient manner, in line with the forecast operational deficit reported to the Finance, Audit and Risk Committee in March 2025.
 8. CCO borrowings, such as the on-lending to PRIP for the solar farm project, are cost neutral to Council and do not impact on the requirements in the Financial Strategy or Treasury Management Policy.
-

9. The capital projects which have been brought forward into the 2024/25 financial year are debt funded, rather than depreciation funded, so additional borrowing is required to deliver these projects.
10. Of the (net) \$8m increase required for accelerated project delivery, the TDF requires \$10.2m of debt brought forward and TACH requires \$4.2m. These increases are partially offset (-\$6.8m) by reduced debt requirements in the current year for several other capital projects, which have been delivered under budget or delayed to later financial years. More information on the specific projects and amounts requested are included in the report Budget carry-forwards from 2023/24 and changes to the capital Work programme, presented at the Extraordinary Council meeting held 18 February 2025.
11. The additional \$5m in borrowings is required to meet cashflow requirements to June 2025 due to greater Transportation expenditure than forecast, and lower revenue generated from the 'Sorting Depot' commercial waste sorting facility and from parking charges than forecast. Council officers have the option to use short-term credit facilities to continue operations; however, this would incur additional interest costs compared to longer-term borrowing.
12. Therefore, taking in consideration the cashflow needs to June 2025, Council officers have forecast that gross external debt will reach \$406m as at 30 June 2025, which will exceed the approved LTP 2024/25 debt of \$374m by \$32m.
13. The \$32m increase in borrowing limit will cost \$1.36m in additional interest per annum if fully utilised. Interest costs for the remainder of the year to June 2025 in relation to this debt are approximately \$175k and will be absorbed by current interest savings. These additional ongoing debt costs are already included in the draft Annual Plan 2025/26.
14. The table below compares the debt forecast to June with the LTP 2024/25, showing an additional debt requirement of \$32m to meet Council obligations through June 2025.

Current year borrowings - movement				
	Long-term	Short-term	Loans to CCOs	Total debt
	\$m	\$m	\$m	\$m
Opening balance at 1 July 2024	268	39	23	330
New borrowing	61	-	9	70
Repayment of debt	-	(10)	-	(10)
Total debt as at 31 December 2024	329	29	31	390
Forecast new borrowings	35	-	2	37
Forecast repayment of debt	(21)	-	-	(21)
Forecast debt as at 30 June 2025	344	29	33	406
Closing debt per Long Term Plan 2024/25	331	29	14	374
Additional debt required	13	-	19	32

15. The increase in borrowing limit will not cause the Council to breach the requirements stipulated in our Treasury Management Policy and Financial Strategy even if fully utilised. Specifically, these requirements are:
 - a) net debt to total revenue less than 135 per cent;
 - b) net interest expense less than 12.5 per cent of total rates revenue;
 - c) net interest to total revenue of less than 10 per cent;
 - d) liquidity of more than 105 per cent.
16. The increased borrowing limit will not impact on Council's recently received credit rating from S&P Global.
17. Council officers have approached this request conservatively, to ensure sufficient funds are available to meet cashflow requirements. Consequently, the full increase requested may not be drawn down.
18. To reduce the need to request additional borrowings in future years, Council officers will institute quarterly treasury conversations with NPDC's CCOs to ensure that forecast borrowing needs are identified early, so that these can be incorporated into the LTP/Annual Plan budgeting process.
19. Council officers will also work with PRIP to incorporate the impact of forecast debt repayments indicated in their solar farm business case into Council's future borrowing program.

CLIMATE CHANGE IMPACT AND CONSIDERATIONS / HURINGA ĀHUARANGI

20. There are no immediate and direct climate change impacts associated with this report. However, Council is expected to consider environmental implications of its activities, including climate change impacts in responsible borrowing and investing activities.

NEXT STEPS / HĪKOI I MURI MAI

21. Once approved, Council's forecast gross debt profile will be in line with the Treasury Management Policy requirement. Council officers will update the upcoming treasury and financial reporting to reflect the increase approved.
-

SIGNIFICANCE AND ENGAGEMENT / KAUPAPA WHAKAHIRAHIRA

22. In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as significant because the LTP and Treasury Management Policy are key documents guiding the management of Council liabilities and investments. Consequently, the limits and expectations outlined in these documents must be carefully adhered to.

OPTIONS / KŌWHIRINGA

Option 1 Approve the increase of \$32m in the borrowing limit.

Option 2 Not approve the increase of \$32m in the borrowing limit.

23. These options have been assessed together below:

Financial and Resourcing Implications / Ngā Hiraunga ā-pūtea, ā-rauemi

24. Approval of the \$32m increase in the borrowing limit will cost \$1.36m in additional interest per annum if fully utilised. Interest costs for the remainder of the year to June 2025 in relation to this debt are forecast at approximately \$175k and will be absorbed by current interest savings. These ongoing debt costs are already included in the draft Annual Plan 2025/26. The increase will have no rating impact.
25. Not approving the \$32m increase in the borrowing limit would require Council to advance funds up to the maximum of \$20m available from its overdraft facilities, at an additional cost of approximately \$1.02m in interest per annum. The remaining shortfall of \$12m would require Council to delay delivery of the TDF and TACH capital projects and would impact negatively on the Council's ability to meet cashflow requirements.

Risk Analysis / Tātaritanga o Ngā Mōrearea

26. There are no significant risks to approving the increase in borrowing limit.
27. Approving the increase allows Council to accelerate delivery of two significant capital projects, while maintaining compliance with borrowing limits for the 2024/25 financial year.
28. Not approving the increase means either a breach of the borrowing limit for the 2024/25 financial year or delaying the delivery of capital projects due to insufficient funds.
-

Promotion or Achievement of Community Outcomes / Hāpaitia / Te Tutuki o Ngā Whāinga ā-hāpori

29. Council's debt enables the funding for the current and future needs of the local community for infrastructure, public services and performance of regulatory functions in a cost-effective way for households and businesses.

Statutory Responsibilities / Ngā Haepapa ā-ture

30. Council is unable to delegate to Council Officers or Committees the authority to borrow money other than in accordance with the LTP¹. This means Council must make this decision on borrowing.

Consistency with Policies and Plans / Te Paria i ngā Kaupapa Here me ngā Mahere

31. The LTP, Annual Plan and Treasury Management Policy provide the limits and guidance for the management of Council's liability and investment management and must be adhere to.

Participation by Māori / Te Urunga o Ngāi Māori

32. There has been no participation by Māori in relation to this matter.

Community Views and Preferences / Ngā tirohanga me Ngā Mariu ā-hāpori

33. The documents underpinning this request (LTP and Treasury Management Policy) are consistent with statutory obligations. There is no change to the draft Annual Plan 2025/26 and borrowing limits presented to date from this proposed request.

Advantages and Disadvantages / Ngā Huanga me Ngā Taumahatanga.

34. Approving the increase in borrowing limit will ensure compliance with Council's Financial Strategy and Treasury Management Policy, allow Council to progress with accelerated delivery of capital projects and will provide lower interest rates to Council as compared to borrowing against the overdraft facilities.
35. Should Council not approve the increase in borrowing limit, our total debt will exceed the current debt limit, set by the Financial Strategy, by the end of the year. This means Council would need to use its overdraft facilities to cover expenses until June 2025, which would cost more than planned. This would also result in delays in capital projects as Council would be unable to meet cash flow needs for the rest of the year.

¹ LGA Schedule 7 cl 31(1)(c).

Recommended Option

This report recommends option one, approve an increase of \$32m in the 2024/25 borrowing limit, for addressing the matter.

Report Details

Prepared By: Mathew Whitmore (Treasury Accountant)
Reviewed By: Loren Moore (Financial Services Lead)
Team: Corporate Innovation
Approved By: Jacqueline Baker (General Manager Corporate Innovation)
Ward/Community: District Wide
Date: 14 April 2025
File Reference: ECM 9480348

-----*End of Report*-----

CLOSING KARAKIA

TE WHAKAEATANGA

Te whakaeatanga e,	It is completed, it is done,
Tēnei te kaupapa ka ea,	We have achieved our purpose,
Tēnei te wānanga ka ea,	Completed our forum,
Te mauri o te kaupapa ka whakamoea,	Let the purpose of our gathering rest for now,
Te mauri o te wānanga ka whakamoea,	Let the vitality of our discussions replenish,
Koa ki runga,	We depart with fulfilled hearts and minds,
Koa ki raro,	Bonded in our common goal and unity.
Haumi e, hui e, tāiki e.	

This karakia is recited to close a hui or event. It takes us from a place of focus and releases us to be clear of all the issues or tensions that may have arisen during the hui. We are now free to get on with other things.
