



**AGENDA FOR THE MEETING OF THE
AUDIT AND RISK SUBCOMMITTEE**

**TO BE HELD IN THE
SELWYN DISTRICT COUNCIL CHAMBER
ON TUESDAY 5 NOVEMBER 2024
COMMENCING AT 9AM**

Audit and Risk Subcommittee - 5 November 2024 - Public Copy

Attendees: Mayor (S T Broughton), Ms A Elstob (Chair), Councillors P Dean (Deputy Chair), S N O H Epiha, and N C Reid

05 November 2024 09:00 AM

Agenda Topic	Page
Welcome	
Opening Karakia	4
Apologies	
Identification of Extraordinary Business	
Conflicts of Interest	
2. Confirmation of Minutes	5
Terms of Reference - For Information	12
INTERNAL CONTROL FRAMEWORK	
3. Action Register	16
4. Executive Director's Report	17
4.1 2024 - 2025 Audit and Risk Work Programme	21
4.2 Memo from Deloitte - Provision of Internal Audit Services	22
HEALTH, SAFETY AND WELLBEING	
5. Health and Safety Update	24
5.1 Health and Safety Dashboard	30
6. Health, Safety and Wellbeing Maturity Assessment	41
6.1 Presentation by Mr Phil Parkes - Lead Consultant for HSE Global	44
6.2 IMPAC Review Recommendations Close Out Plan	70
FINANCIAL GOVERNANCE	

7.	Quarterly Treasury Report - Quarter Ended 30 September 2024	73
7.1	Treasury Report Presentation	74
8.	International Swaps and Derivatives Association Agreements	81
8.1	ISDA Master Agreement and Schedule	83
8.2	Security Stock - Opinion	128
RISK MANAGEMENT FRAMEWORK		
9.	Risk and Internal Audit Work Plan	135
9.1	Appendix One - Workplan	137
10.	Risk Management Framework Update	138
10.1	Appendix One - Risk Management Policy	141
10.2	Appendix Two - Risk Management Framework	147
10.2.1	Consequence Table	157
11.	People Dashboard for July 2024 to September 2024	158
11.1	Dashboard Presentation	163
LEGISLATIVE COMPLIANCE		
12.	LGOIMA Update	170
13.	Policy Review and Development Programme Update	175
14.	Resolution to Exclude Public	185
Public Meeting Ends		
	Closing Karakia	186

Public portions of this meeting are audio-recorded and livestreamed via the Council's YouTube channel.

Whakataka te hau ki
te uru

Cease the winds from
the west

Whakataka te hau ki
te tonga

Cease the winds from
the south

Kia mākinakina ki uta

Let the breeze blow
over the land

Kia mātaratara ki tai

Let the breeze blow
over the sea

E hī ake ana te
atakura

Let the red-tipped
dawn come with a
sharpened air

He tio, he huka, he
hau hū

A touch of frost, a
promise of a glorious
day

Tīhei mauri ora!

**MINUTES OF AN ORDINARY MEETING OF THE
AUDIT AND RISK SUBCOMMITTEE
HELD IN THE COUNCIL CHAMBERS
ON TUESDAY 6 AUGUST 2024 COMMENCING AT 9AM**

PRESENT

Ms A Elstob (Chair), Councillors P Dean (Deputy Chair), M B Lyall (Acting Mayor), N C Reid and Mr B Gemmell

ATTENDEES

Messrs. T Harris (Executive Director Enabling Services), S Gibling (Executive Director People, Culture & Capability), M McGrath (Chief Digital Officer) and W Stack (Health and Safety Lead); Mesdames D Kidd (Executive Director Community Services and Facilities), A Sneddon (Chief Financial Officer), P Parata-Goodall (Executive Cultural Advisor), D Cross (Acting Head of Legal), S Healy (Risk Manager), F Radcliffe (Financial Controller), J Nicholson (Head of Programme and Performance), M Mudgway (Health and Safety Specialist), L Fawcett (Head of People), T Van Der Velde (Assistant to the ED Enabling Services) and C Bennet (Governance Coordinator)

Mr Julian Tan from Audit New Zealand was welcomed to the meeting by the Chair.

The meeting was opened with a karakia.

APOLOGIES

Apologies were received from Mayor Broughton and Councillor Epiha.

Moved – Councillor Dean / **Seconded** – Councillor Lyall

‘That the Audit and Risk Subcommittee receive the apologies from Mayor Broughton and Councillor Epiha.’

CARRIED

EXTRAORDINARY OR GENERAL BUSINESS

None.

CONFLICTS OF INTEREST

None.

TERMS OF REFERENCE

For information only.

ORDER OF BUSINESS

CONFIRMATION OF MINUTES

Minutes of the ordinary meeting of the Audit and Risk Subcommittee held on Wednesday 7 February 2024.

Moved – Councillor Reid / **Seconded** – Councillor Dean

‘That the Audit and Risk Subcommittee confirms the minutes of the ordinary meeting of the Subcommittee held on Wednesday 7 February 2024, as circulated.’

CARRIED

Minutes of the ordinary meeting of the Audit and Risk Subcommittee held on Tuesday 7 May 2024.

Moved – Mr Gemmell / **Seconded** – Councillor Dean

‘That the Audit and Risk Subcommittee confirms the minutes of the ordinary meeting of the Subcommittee held on Tuesday 7 May 2024, as circulated.’

CARRIED

REPORTS

Chairperson’s Report

Chairperson’s (Verbal) Report

Subcommittee Chair, Ms Analisa Elstob, said that she had recently attended an online hui which included a very informative PowerPoint presentation on ageing infrastructure. For the information of all she will upload it to the Resource Centre in Diligent. Ms Elstob reported she has had several constructive governance meetings with CORDE.

Moved – Councillor Dean / **Seconded** – Mr Gemmell

‘That the Audit and Risk Sub-Committee receives for information the (verbal) report from the Chairperson.’

CARRIED

Joint Director's Report

Executive Director People, Capability and Culture & Chief Financial Officer

Mr Steve Gibling, Executive Director People, Capability and Culture, said the reshaping of the meeting agenda and work programme should better assist the Subcommittee in its decision making. The agenda will be based on Council's strategic objectives.

Moved – Councillor Reid / **Seconded** – Councillor Dean

'That the Audit and Risk Subcommittee:

- a) Receive the report Executive Directors Joint Report to July 2024; and*
- b) Note the 2023 Audit and Risk Work Programme and provide feedback to staff on changes or amendments to be made in developing the 2024/25 Work Programme.'*

CARRIED

Health, Safety and Wellbeing Update

Health and Safety Lead & Head of People

Mr Wayne Stack, Health and Safety Lead, confirmed that Councillors will have access to the GIS Location of Interest system that is nearing completion. Members asked if other factors had been investigated in the *Critical Risk – Driving* portion of the report. Other factors could have contributed to the accident – sun strike, or lighting for example, and not just driver behaviour. Staff confirmed that these had been investigated however it had not been documented in this report. Members asked that details of the wider investigation be included in the reporting in future.

There was a discussion about contractor management and the prequalification process followed when providers are selected. The Chair reinforced the importance of not abdicating responsibility for health and safety to contractors.

The importance of identifying impediments to creating a culture that is both safe and efficient was highlighted. Staff were reminded to include psychosocial factors in health, safety and wellbeing. It was noted that the Employee Assistance Programme (EAP) numbers appear low, which was not necessarily a great measure of wellbeing.

Moved – Councillor Dean / **Seconded** – Councillor Lyall

'That the Audit and Risk Subcommittee receive the Health, Safety and Wellbeing Update Report.'

CARRIED

IMPAC Health and Safety Assessment

Executive Director People, Culture and Capability

It was acknowledged that while the IMPAC report is dated, it does contain important information. Staff said that the recommendations are being actively monitored.

Moved – Councillor Dean / **Seconded** – Councillor Reid

'That the Audit and Risk Subcommittee:

- 1. receive the 'IMPAC Health and Safety Assessment' report*
- 2. note progress on the key recommendations from the 2020 IMPAC Health and Safety Assessment and areas requiring immediate (red) and ongoing attention (orange)*
- 3. request :*
 - a) that a plan is developed that establishes regular site visits for ELT and Governance*
 - b) implement H&S training for Governance*
 - c) a report back to the Audit and Risk Subcommittee on undertaking Officer due diligence requirements for action*
 - d) regular progress reports on the open actions from the 2020 and subsequent 2024 reviews.'*

CARRIED

People Dashboard Report – May 2024

Head of People

Mrs Lisa Fawcett, Head of People, presented this report. In answer to a question from the Subcommittee she said that a simple database system is used by the Human Resources Team. As a result of funding decisions made in the recent Long-Term Plan money has been budgeted for a software package that will be specific to their needs. The Chair requested alignment with the People Dashboard report back to other health, safety and wellbeing risk reporting.

Moved – Councillor Lyall / **Seconded** – Mr Gemmell

'That the Audit and Risk Subcommittee receive the Selwyn District Council People Dashboard Report May 2024.'

CARRIED

Internal Audit Programme

Risk Manager

Risk Manager, Mrs Sonja Healy, presented the report. A concern was raised that the 3-year programme prepared by Deloitte appears generic. The first year is a good starting point, however, moving forward it would be good to see how restrained capital was bid for, allocated and controlled. The Subcommittee wants to ensure that Deloitte are providing good value for money as Council progresses the programme. The programme needs regular review to ensure strategic risks are understood.

There was discussion about the potential conflict of having Deloitte working with both Council and CORDE, a Council Controlled Organisation (CCO).

Moved (as amended) – Mr Gemmell / **Seconded** – Councillor Reid

‘That the Audit and Risk Subcommittee:

- a) Receive the Internal Audit Programme Update Report; and.*
- b) Recommends to Council the endorsement of the proposed work programme for Internal Audit for **year one.**’*

CARRIED

Risk Framework Update

Risk Manager

The Subcommittee asked staff to link the risk framework with Council's risk appetite while also linking it to Council's strategic objectives. Staff confirmed they would incorporate this in the risk register. The Chair encouraged staff to get the correct balance between good practice and what was fit for purpose for Selwyn.

Moved – Councillor Dean / **Seconded** – Councillor Reid

‘That the Audit and Risk Subcommittee:

- a) Receive the Risk Management Framework Update Report; and*
- b) Endorses the proposed work programme for Risk Management.’*

CARRIED

Meeting adjourned for a morning tea break between 11am and 11.15am

Quarterly Treasury Report

Chief Financial Officer

Mrs Firangiz Radcliffe, Financial Controller, highlighted the key points in the report. The reporting dashboard is being fine-tuned to ensure the information provided is accurate. Staff were encouraged to find a balance between data and commentary in their reporting.

It was noted by the Chair the importance of linking reporting back to the associated strategic risk. This will give the Subcommittee a greater level of confidence that the risks are being managed.

Moved – Councillor Lyall / **Seconded** – Mr Gemmell

'That the Audit and Risk Subcommittee receives for information the Selwyn District Council Treasury Quarterly Report for the quarter ended 30 June 2024.'

CARRIED

Audit New Zealand Report Presentation

Chief Financial Officer

Mr Julian Tan from Audit New Zealand addressed the meeting. He said there were many lessons learnt during the Long-Term Plan process. It was noted that some of issues faced were a result of staff changes and the rapid growth the district has experienced. The Subcommittee thanked Mr Tan for the comprehensive report and described it as very informative and instructional.

Councillor Dean left the meeting at 11.40am

There was a brief discussion about vested assets and how these are valued.

Moved – Councillor Reid / **Seconded** – Mr Gemmell

"That the Audit and Risk Subcommittee receives the report to the Council on the audit of Selwyn District Council's long-term plan for the ten-year period commencing 1 July 2024 to 30 June 2034."

CARRIED

GENERAL BUSINESS

None

RESOLUTION TO EXCLUDE THE PUBLIC

Section 7(2)(c)(ii) was included as an additional reason to exclude the public for the LGOIMA Report.

Moved (as amended) – Councillor Lyall / **Seconded** – Councillor Reid

*That the public be excluded from the following proceedings of this meeting:
The general subject matter to be considered while the public is excluded, the reason of passing this resolution in relation to the matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:*

General subject of each matter to be considered		Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Date information to be released
1.	Public Excluded Minutes		Section 48(1)(a)	

2.	LGOIMA Report	<i>Good reason to withhold information exists under Section 7</i>		
3.	Cyber Security Report			
4.	Privacy Breach report and update			

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

1-4	enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or enable any local authority holding the information to carry on without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 7(2)(h) & (i)
2 & 4	Withholding of information is necessary to protect the privacy of natural persons, including that of deceased natural persons	Section 7(2)(a)
2	<i>The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</i>	Section 7(2)(c)(ii)

2. that appropriate officers remain to provide advice to the Committee.

CARRIED

The meeting moved into Public Excluded at 11.45am and resumed in public at 12.34pm.

The meeting closed at 12.34pm.

DATED this day of 2024

CHAIRPERSON

AUDIT AND RISK SUBCOMMITTEE - TERMS OF REFERENCE

The Audit and Risk Subcommittee shall be a Subcommittee of Council, established by Council. The existence of the subcommittee does not remove from council any of its legal obligations or responsibilities.

Chair:	Analisa Elstob (Independent Chair)
Deputy Chair:	Councillor Phil Dean
Members:	<p>The number of members shall be no less than five, with two members independently appointed by Council.</p> <ul style="list-style-type: none"> ▪ Councillor Reid ▪ Councillor Epiha (Chair of Finance & Performance Committee) ▪ Independent Member (Bruce Gemmell) <p>The maximum term an elected member may serve on the Subcommittee shall be two consecutive electoral cycles</p>
Quorum:	Three members
Meeting Cycle:	Quarterly, or as required
Reports to:	Council
Delegations Powers:	The Subcommittee has the powers necessary to perform its responsibilities within the approved Long Term Plan and Annual Budgets
Reporting Officer:	Executive Director Enabling Services

1. Purpose

The purpose of the Audit and Risk Subcommittee is to assist the Council to discharge its responsibilities to exercise due care, diligence, and skill in relation to the oversight of:

- health, safety and wellbeing responsibilities as required under the Health and Safety at Work Act 2015
- the robustness of Council's internal control framework
- the integrity and appropriateness of external accountability and reporting
- the robustness of risk management systems, processes and practices
- compliance with appropriate laws, regulations, standards and best practice guidelines
- establishment and maintain controls to safeguard council's financial and non-financial assets
- Council's compliance with its financial policies including liability management (borrowing) policy and investment policies

To allow it to undertake these responsibilities the Subcommittee can request information and reports from staff on matters relating to its purpose.

2. Health, Safety and Wellbeing Responsibilities

- 2.1. Monitor all aspects of health and safety legislative compliance
- 2.2. Receive reports from an Internal Management Committee focused on health, safety and wellbeing issues (including reference to mental health, incidents and near-misses, responses and initiatives implemented to mitigate risks)

3. Internal Control Framework

- 3.1. Ensure that management's approach to maintaining an effective internal control framework is sound and effective
- 3.2. Enquire as to the steps management has taken to embed a culture that is committed to probity and ethical behaviour
- 3.3. Review whether there are appropriate processes and systems in place to identify and investigate fraudulent behaviour

4. Risk Management

- 4.1. Review the risk management framework and associated procedures for effective identification and management of Council's significant risks
- 4.2. Review at least annually, the Council's risk profile
- 4.3. Assist the Council to determine its appetite for risk
- 4.4. Provide input, annually, into the setting of the risk management programme of work
- 4.5. Receive updates on current litigation and legal liabilities

5. External Reporting and Accountability

- 5.1. Enquire of external auditors any information that affects the quality and clarity of Council's financial statements and assess whether appropriate action has been taken by management
- 5.2. Satisfy itself that the financial statements (statutory and monthly) are supported by adequate systems of internal control
- 5.3. Receive and consider external financial statements, and recommend their adoption, or not, by Council

6. Financial Governance

- 6.1. Consider the appropriateness of Council's existing accounting policies and principles and any proposed changes
- 6.2. Enquire of the external auditors on practices and issues surrounding financial governance

7. External Audit

- 7.1. Confirm the terms of the appointment and engagement, including the nature and scope of the audit, timetable and fees, with the external auditor
- 7.2. Receive the external audit reports and review action to be taken by management on significant issues and audit recommendations raised within
- 7.3. Conduct a member only session with external audit to discuss any matters that the auditors wish to bring to the subcommittee's attention
- 7.4. The Committee will manage Council's relationship with the external auditor

8. Compliance with Legislation, Standards and Best Practice Guidelines

- 8.1. Review the effectiveness of the system for monitoring Council's compliance with laws, Council's own standards and best practice guidelines

9. Review Process

- 9.1. On an annual basis the subcommittee will review its terms of reference to ensure all relevant legislation is acknowledged and incorporated.
- 9.2. At the commencement of each calendar year the Subcommittee will develop its work programme for the year ahead. The work programme will include linkage to Council's Long-term Plan and Annual Plan key activities and projects, the CEO's agreed KPIs and to risk assessment.

10. Reporting

- 10.1. The Chair will formally report to Council any matters of significance that have been brought to the attention of the Audit and Risk Subcommittee.
- 10.2. These reports will be accompanied by comments on corrective actions.

TERMS OF REFERENCE REVIEW TABLE

Date of review	Status / summary of changes made
December 2019	Adopted by Council.
June 2020	Reviewed and re-adopted by Council following appointment of an independent director
November 2020	Reviewed and re-adopted by Council
August 2021	Reviewed
June 2022	Next review
November 2022	Review undertaken
14 December 2022	Adopted by Council
21 February 2023	Adopted by Audit and Risk Subcommittee Cr Phil Dean appointed Deputy Chair
1 August 2023	Altered by Audit and Risk Subcommittee with the inclusion of Councillor Epiha.

ACTIONS – Audit and Risk Subcommittee

Item	Meeting referred from	Action required	Report Date
Building Stock Inspection	7 May 2024	Council building stock report due to the Subcommittee by the end of this year (2024)	End of 2024
Treasury Report	6 August 2024	Align reporting with the Long-Term Plan	
Internal Audit Programme	6 August 2024	Deloitte to confirm how they will identify any actual or perceived and how will they manage these going forward	
Health, Safety and Wellbeing	6 August 2024	Staff to explore initiatives to encourage staff to use the EAP (or similar) services	5 November 2024
Health, Safety and Wellbeing	6 August 2024	Staff to report back the process for selecting contractor management providers	
Terms of Reference	6 August 2024	Internal Audit Programme to include references to how it will be implemented and managed	
Terms of Reference	6 August 2024	Mr Bruce Gemmell to be added	

REPORT

TO: Sharon Mason, Chief Executive Officer
FOR: Audit and Risk Committee
FROM: Steve Gibling, Executive Director People, Capability and Culture
DATE: 29 October 2024
SUBJECT: **Executive Directors Report**

RECOMMENDATIONS

'That the Risk and Audit Committee:

- 1. Receive the report 'Executive Directors Joint Report to November 2024.'*
- 2. Approve the Draft 2024/25 Work Programme.*
- 3. Note the updated memo from Deloitte regarding their provision of Internal Audit services.'*

1. PURPOSE

The purpose of this report is to provide the Risk and Audit Subcommittee with a general overview of the actions and delivery of services relating to this Subcommittee's Terms of Reference.

The summary here, within this report, and within the substantive agenda, contribute towards meeting the Audit and Risk Committees requirements of due diligence as stated in the Terms of Reference.

2. SIGNIFICANCE ASSESSMENT/COMPLIANCE STATEMENT

The decisions and matters of this report are assessed as of low significance, in accordance with the Council's Significance and Engagement Policy.

3. UPDATE TO SEPTEMBER

- **Review and confirmation of the 2024 work programme**

Following discussion at the last meeting staff have reviewed and updated the Annual Work Programme for the Audit and Risk Committee. This has been reviewed against the current Terms of Reference and is attached to this report for approval. The proposed work programme is attached to this report.

- **Internal Audit Programme**

Work has commenced on the internal audit work programme and there is a separate report on progress made to date. The Internal Audit Programme is in alignment with Council's strategic goal to 'prepare key accountability documents in accordance with good practice that allow for easy input from ratepayers and meet statutory requirements' and ensure that the Annual Report, Annual Plan and Long-Term Plan meet good practice standards.

Following a robust procurement process, Deloitte was appointed the Internal Audit provider for Council and their work programme commenced in July 2024.

a) Revenue and Financing Policy review

Deloitte is currently working on the Revenue and Financing Policy Internal Audit review. This work was scheduled to be completed in October however, due to the large scope of this, Deloitte expects the remainder of the fieldwork for this review to be completed in October 2024 and the full draft report will be shared with management in November 2024.

The Risk Manager will work with Deloitte to confirm the accuracy of the report, agree the recommendations, assign owners and due dates to ensure the actions are completed in a timely manner.

b) Open actions

The Cash Handling review was reported to the Audit & Risk Subcommittee in May 2024, with nine observations requiring improvements in processes and controls. A working group with representatives from Community Services and Facilities, Digital, Finance and Legal & Risk is in place to address the observations. Progress to date includes:

- A draft Cash Handling Policy has been developed and is currently being reviewed by the working group.
- A draft Refund Policy is also being developed, with the assistance of the Business Analyst Lead.
- Processes and controls being developed are being aligned with the replacement booking system, which is due to go live in November 2024.

c) Scoping for the next review

The Head of Legal & Risk, the Risk Manager and Deloitte, will meet in November to discuss the scoping process for the next Internal Audit Review. The proposed review is Sensitive Expenditure, with Procurement and Counter Fraud and Corruption Initiatives to follow. As part of the scoping process, we will consider the current activities and resources within the business to agree the appropriateness and timing of each upcoming review. Any proposed changes to the scheduled reviews, will come back to the Audit and Risk Subcommittee for confirmation.

d) Provision of internal audit services by Deloitte to Selwyn District Council and CORDE Limited

At the August 2024 Audit & Risk Sub-committee meeting, Deloitte provided memo regarding their delivery of Internal Audit services to both SDC and CORDE.

Following a discussion in committee, David Seath, Partner, Deloitte has provided an updated memo to describe how he will manage potential risks in this area (see the attached memo for full details).

- **Annual Audit**

Audit New Zealand have started work on the audit of the Annual Report, work is expected to take 4 weeks.

- **Completion of the Health, Safety and Wellbeing Maturity Assessment**

This has been a significant piece of work for staff across the previous three months. The level of coordination and support to enable the reviewers to get full access to our systems, documents and people has been significant and I wish to thank team members Wayne Stack, Tracy Copping and Maria Mudgway in particular. The findings are presented

- **Delegations review and update project**

The period has seen the completion of the first stage of the review of Councils current Financial Delegations manual with Councils adoption in September. The delegations are now available on our online platform enabling ready access to these for staff and in time public.

The formal delegations of authority, including the management of the processes and records pertaining to it, help mitigate and reduce reputational, compliance and legal risk set out under the Local Government Act 2002 and other Acts. Clear and comprehensive records of delegated authority enable efficient and effective decision-making across all levels of council.

- **Organisation Policy review project**

The Organisation Policy Review project has continued against the programme of work. As noted last meeting, the project is also taking a staged approach.

- Stage one: Review and scheduling for outdated HR and People Policies
- Stage two – Review and scheduling for all remaining policies
- Stage three – Creation of a policy review and development framework (parts of which will occur concurrently with stage 1 and 2).

This piece of work, combined with the Delegations review project, both serve to meet the Audit and Risk Committee requirements to ensure compliance with Legislation, Standards and Best Practice Guidelines.

In 2025 staff will begin scoping up a more comprehensive Compliance report against Councils legislative and regulatory compliance as per the CEO's KPIs.

- **Appointment of new Head of Legal and Risk**

Following a thorough recruitment process I am pleased to welcome Julie Hands to the team as our new Head of Legal and Risk. Julie will oversee the internal legal functions and support services for the Council and will provide oversight and direction to the Risk Manager and to this committee.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and curves, likely representing the name 'Steve Gibling'.

Steve Gibling
Executive Director People, Capability and Culture

DRAFT Audit and Risk Subcommittee Work Programme 2024/2025



Date	November 2024	February 2025	May 2025	August 2025
Information and Update Reports	<ul style="list-style-type: none"> • Health Safety & Wellbeing <ul style="list-style-type: none"> ○ Health & Safety Maturity Report – Review findings ○ Quarterly update • Internal Control Framework <ul style="list-style-type: none"> ○ Internal Audit (report#1) ○ CORDE Annual Report ○ People Dashboard ○ Action Register (internal & external) • Risk Management Framework <ul style="list-style-type: none"> ○ Risk Management work plan • Financial Governance <ul style="list-style-type: none"> ○ Treasury Reporting ○ Sensitive expenditure (staff & elected members) • Legislative compliance reporting <ul style="list-style-type: none"> ○ LGOIMA update ○ Policy Review Programme 2024/25 • External Reporting & Accountability <ul style="list-style-type: none"> ○ Audit NZ management report for the 2024FY audit 	<ul style="list-style-type: none"> • Health Safety & Wellbeing <ul style="list-style-type: none"> ○ Quarterly update • Internal Control Framework <ul style="list-style-type: none"> ○ Internal Audit (report#2) ○ CORDE Update ○ People Dashboard ○ Action Register (internal & external) • Risk Management Framework <ul style="list-style-type: none"> ○ Risk Management work plan progress report • Financial Governance <ul style="list-style-type: none"> ○ Treasury Reporting ○ Sensitive expenditure (staff & elected members) • Legislative compliance reporting <ul style="list-style-type: none"> ○ LGOIMA update ○ Policy Review Programme 2024/25 progress report 	<ul style="list-style-type: none"> • Health Safety & Wellbeing <ul style="list-style-type: none"> ○ Quarterly update • Internal Control Framework <ul style="list-style-type: none"> ○ Internal Audit (report#3) ○ CORDE Update ○ People Dashboard ○ Action Register (internal & external) ○ Review Internal Audit Programme ○ Review of the terms of reference for the subcommittee • Risk Management Framework <ul style="list-style-type: none"> ○ Risk Management work plan progress report • Financial Governance <ul style="list-style-type: none"> ○ Treasury Reporting ○ Sensitive expenditure (staff & elected members) ○ Insurance Programme • Legislative compliance reporting <ul style="list-style-type: none"> ○ LGOIMA update ○ Policy Review Programme 2024/25 progress report • External Reporting & Accountability <ul style="list-style-type: none"> ○ Audit NZ Annual Update ○ Audit NZ Fee Proposal 	<ul style="list-style-type: none"> • Health Safety & Wellbeing <ul style="list-style-type: none"> ○ Quarterly update ○ Officer Due Diligence review • Internal Control Framework <ul style="list-style-type: none"> ○ Internal Audit (report#4) ○ CORDE Update ○ People Dashboard ○ Action Register (internal & external) • Risk Management Framework <ul style="list-style-type: none"> ○ Risk Management work plan progress report • Financial Governance <ul style="list-style-type: none"> ○ Treasury Reporting ○ Sensitive expenditure (staff & elected members) • Legislative compliance reporting <ul style="list-style-type: none"> ○ LGOIMA update ○ Policy Review Programme 2024/25

Additional items relating to the 2023/24 Annual Report will be brought to the Audit and Risk Committee pending completion of work

1. Update on critical judgements & assumptions
2. Financial statements & valuation updates
3. Audit NZ audit report
4. Management Letter/s for approval

Further items may be added to the work programme with the approval of the Chair of the Audit and Risk Committee or at the request of Council.



Deloitte
Level 4, 151 Cambridge Terrace
Christchurch Central
Christchurch 8013

Phone: +64 3 363 3800
www.deloitte.co.nz

Phone: +64 33633731
dseath@deloitte.co.nz

Memo

Date: 15 October 2024

To: Allison Sneddon, Murray Lapworth, Sonja Healy

From: David Seath

cc:

Subject: Provision of internal audit services by Deloitte to Selwyn District Council and CORDE Limited

Background/context

Deloitte has recently been appointed as the internal audit provider for Selwyn District Council (SDC). In our proposal we disclosed that we were the internal audit providers for CORDE Limited (a Council Controlled Organisation established and owned by SDC). At a meeting held on 30 July with the Executive Leadership Team at SDC, the CEO asked a question on the nature of the internal audit services performed at CORDE and I confirmed that Deloitte had been the internal audit provider since July 2022 (an appointment made after a competitive tender process had been undertaken by CORDE). A conversation was held on the extent to which this created any potential conflict of interest issues with regards to the Deloitte internal audit role at SDC. It was agreed that some thought would be given to this by Deloitte and by SDC and that a follow up meeting would be held to discuss those thoughts.

Work done

I discussed this matter with other partners within Deloitte, including our Risk and Reputation Leader for internal audit services. I also considered a range of scenarios that could play out with regards to any internal audit work that we could conduct at SDC and at CORDE. A follow up call was held on 2 August with SDC's Risk Manager, CFO and Executive Director People, Culture and Capability where the issues was discussed in detail.

Matters discussed on the 2 August call

My view (shared by the other partners that I discussed the matter with) is that this set of circumstances does not represent a conflict of interest. The key factor that was discussed is that Deloitte's role at both organisations is one of performing assurance services. All parties on the 2 August call agreed with this position. We discussed that the situation would be different if Deloitte was providing advisory/implementation services at CORDE as there would then be a risk that Deloitte could be asked to "mark its own homework" if SDC requested a specific piece of internal audit work at CORDE. Notwithstanding the position that was agreed, the Risk Manager did raise a point on the risks associated with sensitive/commercial information belonging to SDC and/or CORDE being accessed/shared by Deloitte staff who are working on SDC and/or CORDE engagements.

The outcome of this call was that a number of next steps were agreed upon. These are set out below.

Steps completed

The following steps were agreed on the 2 August call and have been completed.

- In the interests of having an audit trail, the conversations around this topic were documented. A memorandum dated 3 August 2024 was prepared to this end.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

CONFIDENTIAL



- CORDE senior leadership were informed of the situation.
- This matter was raised with SDC's Audit and Risk Committee ("ARC") through sharing the 3 August memorandum.

Further work undertaken

Follow up conversations have been held with the Chair of SDC's Audit and Risk Committee and the Chair of the Board of CORDE where the respective positions of SDC's Audit and Risk Committee and of CORDE's Board were discussed.

As a result of these conversations, it was agreed that Deloitte would set out how it is proposing to manage the risks raised by both SDC and CORDE with respect to its position as internal auditor of both organisations. This is set out in the table below.

Deloitte management of risks

Risk	Deloitte mitigation
Sensitive/commercial information belonging to SDC or CORDE is shared.	<p>I will not be the engagement partner for any internal audit work that is done at CORDE. My role will be limited to lead client service partner for CORDE. Any internal audit work will be led by other internal audit specialist partners at Deloitte.</p> <p>I will ensure that there are separate engagement teams for CORDE and SDC and that no staff member works on both internal audit programmes.</p> <p>Team members on any internal audit for SDC or for CORDE will be reminded of the position with the two organisations and that no sensitive information is to be shared between teams.</p>
Sensitive documents are reviewed by any individual other than a member of the engagement team.	<p>Deloitte has just moved to a new document management system (imanager). All files and folders are locked down to specified staff. No one else other than those staff can access information. All SDC and CORDE internal audit engagements will be managed through imanager. Given that there will be separate engagement teams, there will be no opportunity for CORDE engagement team members to access SDC information and vice versa.</p>
Deloitte is asked to "mark its own homework" at CORDE	<p>If Deloitte is considering any future work with CORDE that is not of an internal audit/assurance nature, it must discuss this work with SDC in the first instance to ensure it does not present any potential conflict of interest issues with its role as internal audit provider for SDC.</p>

PUBLIC REPORT

TO: Audit and Risk Subcommittee

FROM: Lisa Fawcett – Head of People
Wayne Stack – Health and Safety Lead
Tracy Copping – Wellbeing Lead

DATE: 5 November 2024

SUBJECT: **HEALTH, SAFETY AND WELLBEING UPDATE**

RECOMMENDATION

'That the Audit and Risk Subcommittee receives the Health, Safety and Wellbeing Update Report'.

1. PURPOSE

The purpose of this report is to provide the Audit and Risk Subcommittee with an update in relation to health, safety, and wellbeing activity since the last meeting. It also sets out planned activities for the coming three-month period to the next meeting.

The attached Dashboard provides a breakdown of these activities and presents an overall view of both the lag indicators (records of incidents, accidents, near misses and investigations) and the lead indicators (mitigations that we are putting in place to prevent incidents occurring).

2. HSW OVERVIEW – THE LAST THREE MONTHS

Health and Safety

HS&W External Review Process

The H&S external review has been completed by HSE Global and the final report has been presented to ELT. Phil Parkes will present this report to the Audit and Risk Sub-Committee as a separate report in this meeting. The Health and Safety framework, strategy and workplan will now be influenced on the findings and recommendations from the HSE Global report.

Key findings from the review include positive indications and areas of improvement in the following, as per the presentation of the review by Phil Parkes:

- Leadership Engagement
- Risk Management

- Staffing and Resources
- Contractor and Volunteer Management
- Incident Response
- Document and Process Management

H&S Leadership:

Effective Senior leadership is essential in growing a strong health, safety, and wellbeing culture. It is crucial in fulfilling the responsibilities and obligations of Officers under the Health and Safety at Work Act 2015.

To strengthen this and promote a greater awareness of officer due diligence requirements at executive level, we have commenced the Health and Safety Walkarounds by ELT members and senior managers, as well as undertaken specialised H&S Executive training in August. The Walkarounds are a perpetual programme and will eventually include Councillors. These are not for audit purposes; they are for engagement, awareness, and greater understanding of work as done, and looking for areas where senior leadership can support improved safer workplaces.

In the coming months, an assessment of Health and Safety training needs at middle management level will be undertaken with recommendations made and training providers sourced.

Critical Risk Management Programme:

With all six Critical Risk teams now well-established, work is focusing on finalising the risk analysis Bowties and Management Standards for review and endorsement by the Safety Leadership Team (Roopu Marutau). Once this has been completed, the Critical Risk teams will be assessing and reviewing current risk controls, while looking for areas where improvements can be made through testing effectiveness of systems and whether they remain fit for purpose. Quarterly reports will be provided to the Safety Leadership Team from each Critical Risk team outlining the work that has been conducted, areas which are proving effective in maintaining and strengthening our ability to keep our people safe, as well identifying areas where more work is required to ensure this.

Critical Risk Workshops for Councillors:

On 6 and 27 November, as well as 11 December, we are conducting a series of Governance Critical Risk workshops for Councillors to provide greater awareness and understanding of the work being conducted by the Critical Risk management teams. These will be led by the Health & Safety and Wellbeing teams, along with the Critical Risk team co-leaders and ELT sponsors. Focus will be on the Bowtie safety risk analysis framework, how it works, along with the development of Management Standards. These workshops will assist in providing greater assurance and understanding of how Council's critical risks are being managed and reviewed, whilst ensuring

Councillors are fulfilling their responsibilities and obligations as officers of Council under the Act.

The first critical risks to be covered include Psychological Health, Driving, and Working in and around Water. Workshops for the remaining three Critical Risks will be conducted in early 2025.

Risk Register Reviews:

The Health & Safety team is working with the Risk Manager in conducting an organisation-wide review of Risk Registers. Our focus will be on assisting Heads of Departments in completing reviews of their Health & Safety Risk Registers, using the new template created by the Risk Manager. This will ensure consistency across Council, and when completed, a fully updated risk profile for the organisation. A series of workshops will be conducted prior to Christmas to assist senior managers in understanding requirements of the programme, while identifying where we can provide the greatest value in assisting in the completion of the register reviews.

Lone Worker Safety Improvements

The GIS Location of Interest system is now being trialled with the Regulatory and Building teams, prior to being launched across all business groups. This initiative is to help identify locations where more vigilance is required when staff are visiting sites to ensure the safety of SDC personnel. We will be conducting a campaign of educating staff on the value the system will provide to help keep them safe when working in the field, while reminding them of their responsibilities for their own safety and that of their colleagues. This will include staff checking locations in the system being visited prior to conducting the visit, as well as reporting locations that pose a safety risk.

4. H&S MANAGEMENT SYSTEM:

Key Incidents:

Critical Risk – Active Construction, Maintenance and Contractors

Near Miss - The Capital Works Team reported the service strike of three live overhead electric cables on work sites operated by one of our roading contractors, HEB Construction. These incidents were reported to WorkSafe, Orion and SDC, resulting in internal investigations being conducted. Reports have been requested, and we are awaiting the final outcomes of these investigations. Initial corrective actions include updating their site induction processes to improve communications and visual checks. Since these incidents occurred, ELT members have conducted a site visit to HEB Construction observing and discussing their health & safety. It is intended to have HEB present their reports to this committee in February to provide assurance of the improvement made in their safe operating systems.

5. CONTRACTOR ASSURANCE:

We are currently in the process of reviewing the Contractor Health & Safety Policy (previously known as the Contractor Policy). This is in consultation with Infrastructure and Property senior management, Health & Safety champions, and the Active Construction & Maintenance Critical Risk Team.

Areas to be reviewed, but not limited to:

- Contractor pre-qualification assessment
- Compliance with the Procurement Policy (minimise financial and reputational risk, and to ensure health, safety and wellbeing is always managed)
- Compliance with workplace H&S laws and regulations, with healthy and safe work environments
- Understanding of the risks involved with the work and how they are to be managed to a high standard.

Contractor assurance currently involves:

- Prequalification assessments: Contractors assessed based on their safety records, certifications, and safe work practices before being engaged.
- Safety audits and inspections: Our staff regularly conduct audits and site inspections to ensure compliance with safety regulations and Council policies (recorded in Vault and project files).
- Safety Management Plans: We require contractors to provide detailed safety management plans including risk assessments and hazard management.
- Clear communication of expectations: Council's health and safety expectations, policies and responsibilities are clearly defined in our contracts and verbally communicated to contractors through project managers and other staff before work begins.
- Monthly KPI reports and weekly H&S meetings with main contractors (e.g. CORDE, HEB & Fulton Hogan), along with regular meetings with other main contractors, are conducted to discuss safety performance and to address any concerns.
- Monitoring and reporting: this is done regularly by project managers, roading inspectors, and Parks and Reserve personnel, with any safety concerns reported to senior management for attention and recorded in Vault.
- Incident reporting procedures: all health and safety incidents, events, near-misses, and observations are required to be entered into Vault which ensures a manager or team lead is appointed responsible for investigating or managing the incident/event. These entries form part of reporting to senior management and governance level.

Site Wise, our Contractor Management pre-qualification provider, continues to provide regular reports on the safety management status of our contractors. Across all contractors registered with Site Wise, we have an average 93% compliance rating, which is high. Consideration is now being

given accepting pre-qualification assessments from other providers on a case-by-case basis, with Site Wise remaining the preferred provider to ensure consistency.

When contractors occasionally fall below the accepted standard of health & safety best practice, project managers and Group senior managers initially lead discussions to seek improvements, with the Health & Safety Team sometimes engaged to remind contractors of our expectations, and to work with them to identify a corrective course of action. If there is no clear engagement and progress in this space it can potentially lead to notifying them that they may no longer receive work from SDC if improvements are not made. This is a very rare occurrence.

The Head of Operational Delivery, Infrastructure and Property, receives monthly H&S audit data from the main contractors involved with roading maintenance, waste management, along with land and water systems maintenance. He reports that the roading contractor, HEB, continues to conduct a high number of audits, and has met with the other main contractors to encourage improvement to their audit reporting. This data is reported to the Safety Leadership team monthly.

Auditing and checking of smaller maintenance contractors are conducted by the Facilities Maintenance Team, with any concerns reported to the Infrastructure and Property Operations Manager for direction.

Worksite audits by project managers have become much easier using the Vault Check app and we are working with project managers and H&S Champions to increase the number of audits conducted.

6. WELLBEING

Building mental health awareness and literacy is a key objective of our wellbeing programme. We have been seeking a suitable provider to deliver this training to our staff. A pilot programme of MH101 for 25 employees was completed on 4 September – positive feedback was received. MH101 is a very comprehensive course but to scale this for wider Council needs has been assessed as cost prohibitive. The GoodYarn programme has been selected as an alternative programme to raise mental health awareness across the organisation. GoodYarn is an evidence-based, peer-delivered mental health literacy programme. GoodYarn has three key aims and evaluation indicators:

- To increase awareness of signs and symptoms of common mental illnesses.
- To build confidence in starting a conversation where you are concerned; and
- To improve knowledge of where and how to get help.

SDC staff will be trained to become facilitators who will deliver the programme internally. This is a cost-effective solution that will provide immediate results,

capturing a wider audience. We will begin training with GoodYarn at the beginning of 2025.

As part of our Caring Customer Interaction programme, looking after ourselves and our customers, we have completed the first two workshops with Revenue and Resource Consents. These workshops allow teams the opportunity to share experiences and learn from each other while picking up additional skills to help deal with challenging interactions. Learnings from these workshops provides us with an understanding of what further training/support we can offer going forward.

An initial review of our wellbeing initiatives has been completed. The final programme will be determined from the findings of the HSW Review completed by HSE Global, and incorporate a shift towards psychosocial risk management, in the areas of work design, social factors, and environmental factors. A review of our EAP services programme has also been completed and Telus Health is recommended as a replacement EAP provider. Telus Health incorporates a proactive holistic wellbeing programme into their platform which will replace a number of our other initiatives.

Ongoing eye checks, flu vaccinations and Talk it Out peer support continue to be available for our team members.



Lisa Fawcett
HEAD OF PEOPLE



Wayne Stack
HEALTH AND SAFETY LEAD



Tracy Copping
WELLBEING LEAD

ENDORSED FOR AGENDA



Steve Gibling
Executive Director People Culture and Capability

HEALTH, SAFETY AND WELLBEING DASHBOARD

To: Audit and Risk Committee

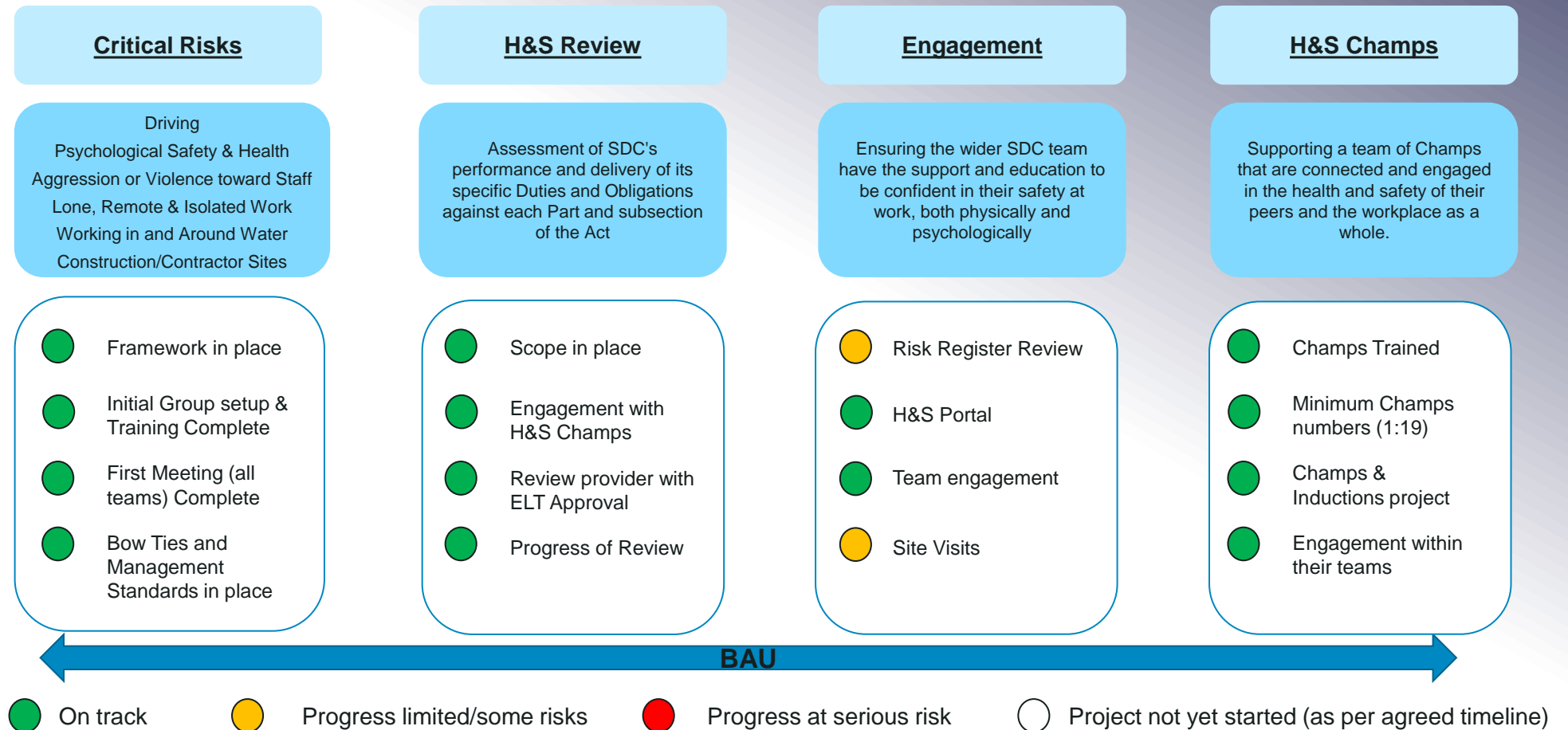
From: Health and Safety Lead, Wellbeing Lead, Head of People

25 October for Meeting 5 November 2024
Q1 FY 2024/2025 – Figures for July-September 2024

selwyn.govt.nz



Health and Safety Team Priorities: Progress update



Wellbeing Lead Priorities: Progress update



Wellbeing Review

Evaluation of the programmes and initiatives we provide across the business to ensure we are supporting our team members holistic wellbeing

- ☒ Framework in place
- ☒ RFI's being sought
- ☒ Consultation on approved initiatives
- ☐ Internal comms

DEI&B Restart

Working with Organisation Effectiveness Lead to ensure we have a strategic DEI&B programme in place at SDC that builds a culture of inclusion

- ☒ Create problem statement that drives positive outcomes
- ☐ Gather information. SDCs current state of DEI&B maturity
- ☐ Develop strategy/plan
- ☐ Consult and communicate intentions

Caring Customer Interactions

How we take care of our people and our customers at SDC

- ☒ Research what is frustrating our people and our community
- ☒ Resources available to help protect our team members
- ☒ Appropriate training provided for our specific requirements
- ☐ External campaign how we work together

Mental Health Awareness Training

Equip our people with the skills to be able to recognise signs of stress and mental illness and to be able to respond in a way that is supportive and protects themselves and their colleagues

- ☒ Explore and review suitable learning opportunities
- ☐ Provide training for our team members
- ☒ Continual review of current training
- ☒ Continual review employee needs

BAU

- ☒ On track
- ☐ Progress limited/some risks
- ☐ Progress at serious risk
- ☐ Project not yet started (as per agreed timeline)

H&S, W – Lead Indicators – Q1 01/07 to 30/09 2024



Lead Indicators are proactive and preventive measures that identify the work being done within the organisation to mitigate risks before they become an issue or cause harm to our worker or our customers.



H&S, W – Lead Indicators – Trainings - Q1



What H&S, and W related training occurred across council over the reporting period?

Our priority for training in the Health and Safety space has been on the Situational Safety and De-escalation training, and Driver training as these both relate to the management of our Critical Risks. There is a heightened risk to our people in these areas which is indicated from the increase of reported incidents in Vault, making this training crucial to managing staff safety. In the Wellbeing space the priority has been on the development and delivery of bespoke Caring Customer Relations workshops, and the provision of Mental Health training as both also relate to management of our Critical Risks.

What H&S, and W training feedback or needs were identified in this reporting period?

CCI Workshop Learnings - Whole group discussions brought about an awareness that people were not struggling alone and that the whole team was affected. This is a positive step; being able to recognise when others are struggling and knowing how and when to support each other. Feedback showed that an understanding of personal triggers and boundaries was helpful. Follow-up for future training – more resources to be made available that provide phrases to help deal with different situations, longer workshops to allow time for role play.

Leader's Prevention of Bullying and Harassment training feedback included *"Loved the resource book! Just learning the difference between bullying and harassment was a win for me too"* and *"Insights into how to have difficult conversations and how to approach informal conversations to prevent escalation and nip things in the bud"*.

Caring Customer Relations Training*	Leader's Bullying and Harassment Training	De-escalation and Situational Safety*	Fire, Emergency Warden and Extinguisher*	First Aid – Essential and Comprehensive*	Drug and Alcohol Policy Training	Driver Training – 4WD and Advanced*
Total workers currently trained 29	Total Leaders currently trained 101	Total workers currently trained 224	Total workers currently trained 98	Total workers currently trained 141	Total workers currently trained* 664	Total workers currently trained* 136
Next team to receive training: I&P	% of Leaders currently trained 86%	% of workers currently trained 83%	% of workers currently trained 97%	% of workers currently trained 78%	% of workers currently trained 100%	% of workers currently trained 73%

* This training is not required for all staff. Percentage includes **required** staff only

(All figures shown are from last 4 years data from COMPASS)

H&S, W – Lead Indicators Critical Risks Status – Q1



Active Construction, Contractor & Maintenance sites	Engagement of Group	Meetings held regularly, including last month	Bowtie and Management Standard in Progress and at expected level	90 Day Plan and Reporting in place	Number of controls identified 32	Number of controls assured 0	Overall Progress ON TRACK
Aggression or Violence toward staff	Engagement of Group <i>Assistance being arranged</i>	Meetings held regularly, including last month	Bowtie and Management Standard in Progress and at expected level	90 Day Plan and Reporting in place	Number of controls identified 39	Number of controls assured 0	Overall Progress Behind Schedule
Driving	Engagement of Group	Meetings held regularly, including last month	Bowtie and Management Standard in Progress <i>Ratified</i>	90 Day Plan and Reporting <i>In Planning</i> <i>Vehicle Policy Ratified</i>	Number of controls identified 34	Number of controls assured 0	Overall Progress ON TRACK
Lone, Remote or Isolated Working	Engagement of Group	Meetings held regularly, including last month – to check	Bowtie and Management Standard in Progress and at expected level	90 Day Plan and Reporting in place	Number of controls identified 42	Number of controls assured 0	Overall Progress ON TRACK
Psychological Health & Mental Wellbeing	Engagement of Group	Meetings held regularly, including last month	Bowtie and Management Standard in Progress <i>Ratified</i>	90 Day Plan and Reporting in place	Number of controls identified 52	Number of controls assured 9	Overall Progress ON TRACK
Working in and Around Water	Engagement of Group	Meetings held regularly, including last month	Bowtie and Management Standard in Progress and at expected level	90 Day Plan and Reporting in place	Number of controls identified 41	Number of controls assured 0	Overall Progress ON TRACK

Key

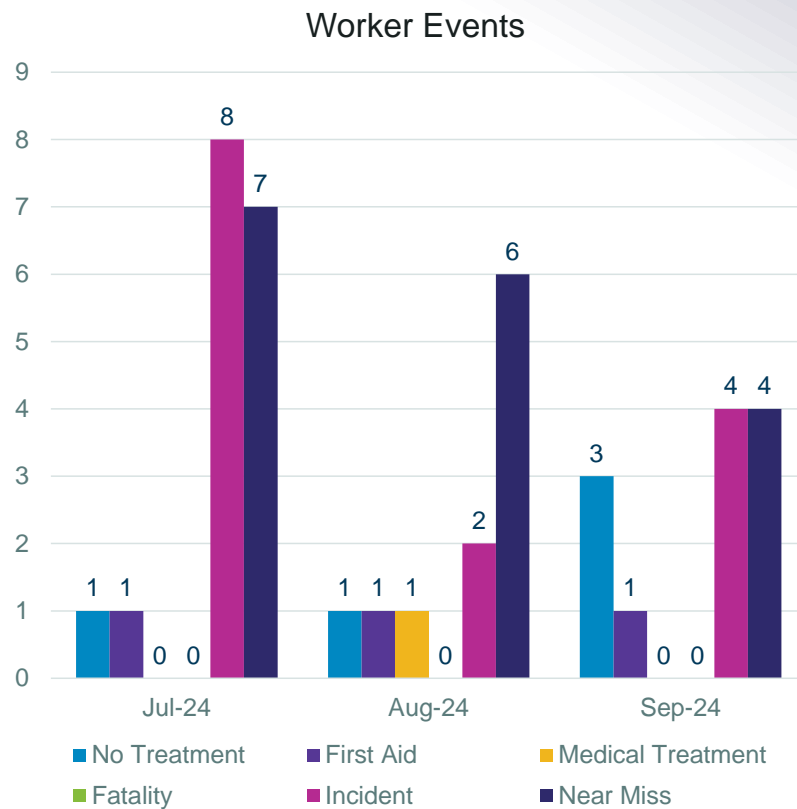
On Track

Controls

In Progress

Behind Schedule

H&S, W – Worker Statistics – Q1 01/07 to 30/09 2024



	No Treatment	First Aid	Med/Hosp	Near Miss	Incident
Executive					
Digital		1		1	1
Finance					2
ES					
D&G	2			5	2
I&P				4	6
CSF	2	2	1	5	2
PCC	1			1	1

Total of 39 Worker (including 3 contracted workers) events recorded in Vault in this three month period.

Medical Treatment events include:

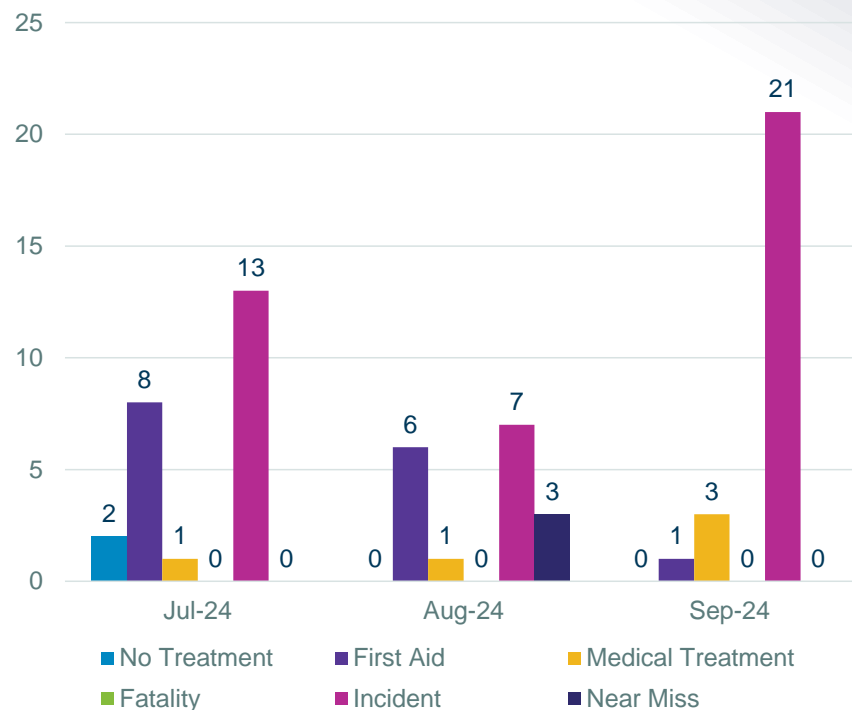
- One instance where a fitness instructor felt immediate pain in their back during a high impact section of the class. The instructor has sought medical treatment including physio and has been away from work for recovery. They have a Return-to-Work plan in place with their manager and HS&W team and is currently working through this plan.

H&S, W – Members of Public Event Statistics – Q1



01/04 to 30/06 2024

Member of Public Events



	No Treatment	First Aid	Med/Hosp	Near Miss	Incident
ACLL		6	1		19
HQ			1	2	13
Aquatics		3	1	1	4
SSC	2	4	2		3
Venues		2			2

Total of 66 Member of Public events recorded in Vault in this three month period.

Five Medical events during this period included:

- A toddler fell at the pool and knocked their head, parents sought medical advice re concussion. Toddler was fine.
- A lady slipped on a footpath around one of the skate facilities and fractured her shoulder. Reported by husband to highlight H&S risk and concerns. SDC Investigation underway.
- Two injury events at the Sports Centre from recreational activities - one a broken toe, one suspected broken elbow.
- One injury where a man fell while leaning back while sitting on a backless stool in Te Ara Ātea and sought medical advice for pain following the incident around his shoulder, wrist and back. Investigation noted that this stool is not designed to be leaned back upon.

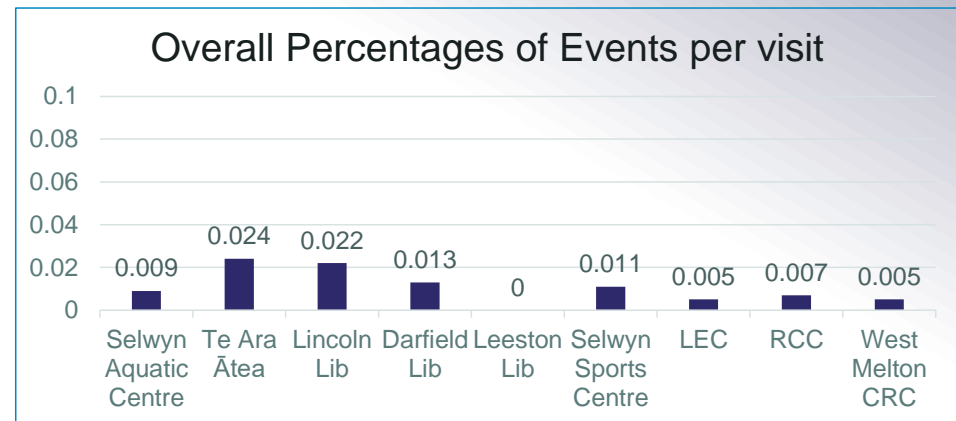
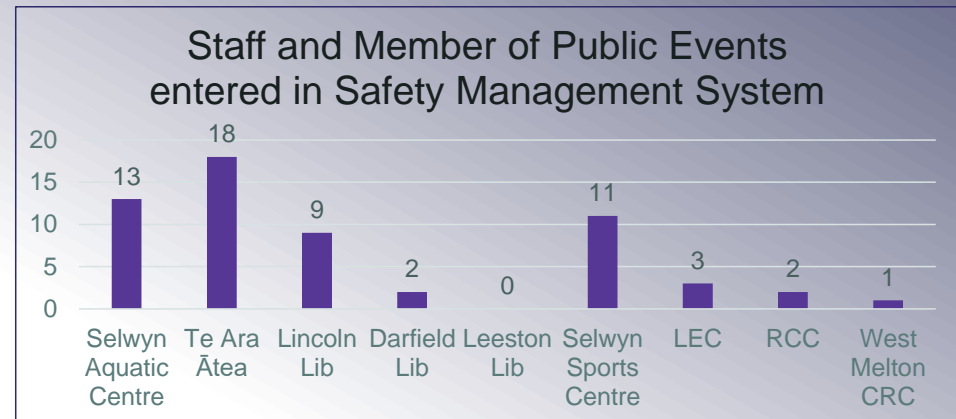
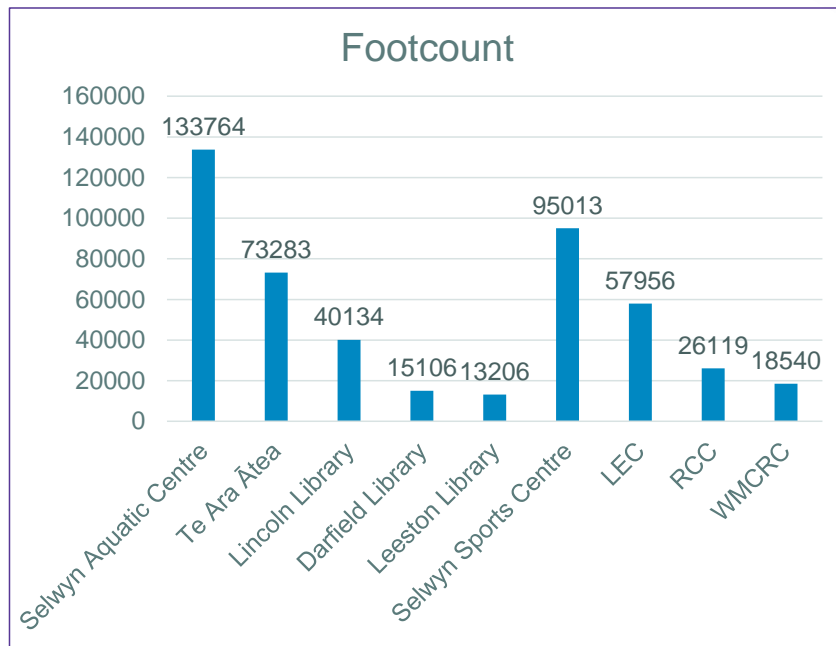
H&S, W – All Event Statistics CSF Team – Q1



These figures include both worker and member of public events for the staffed facilities under the Community Services and Facilities group.

Footcount and event statistics comparison.

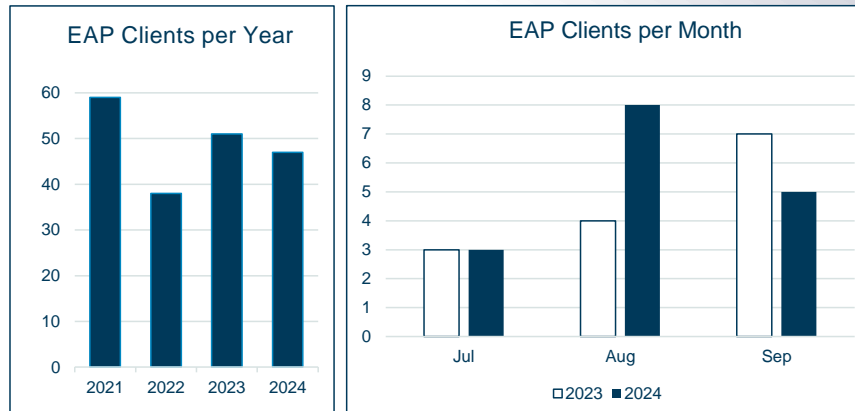
Q1 = 01/07 to 30/09 2024 time period



Wellbeing – Q1 2024/2025 FY

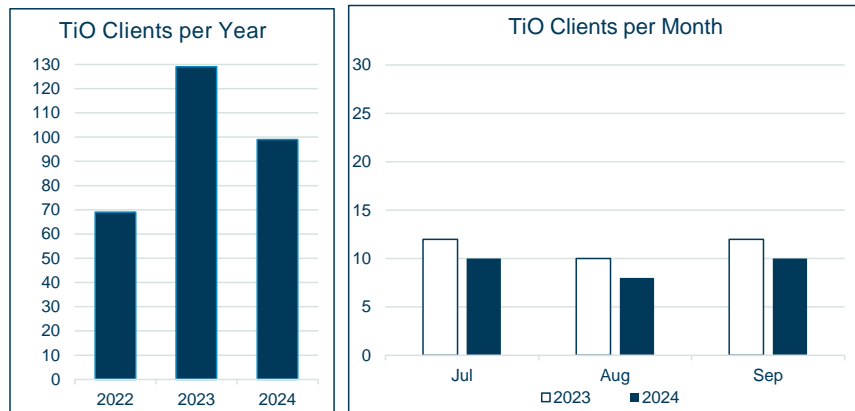


EAP Statistics



- **Work Issues** – alleged bullying, **career**, conditions, relationship colleague, relationship manager, environment, performance, restructure, workplace safety
- **Personal Issues** – anxiety/stress, budgeting/debt, grief, **health/medical**, legal, life transition, nutrition, relationships, trauma
- **Impact Level 1** work unaffected needs practical assistance only - 4 clients
- **Impact Level 2** work performance and work relationships not yet affected but may be if issues are not dealt with - 5 clients
- **Impact Level 3** work performance is lowered and/or relationships with colleagues could be affected - 6 clients
- **Impact Level 4** functioning less than their normal or required levels - 1 clients

Talk it Out Statistics



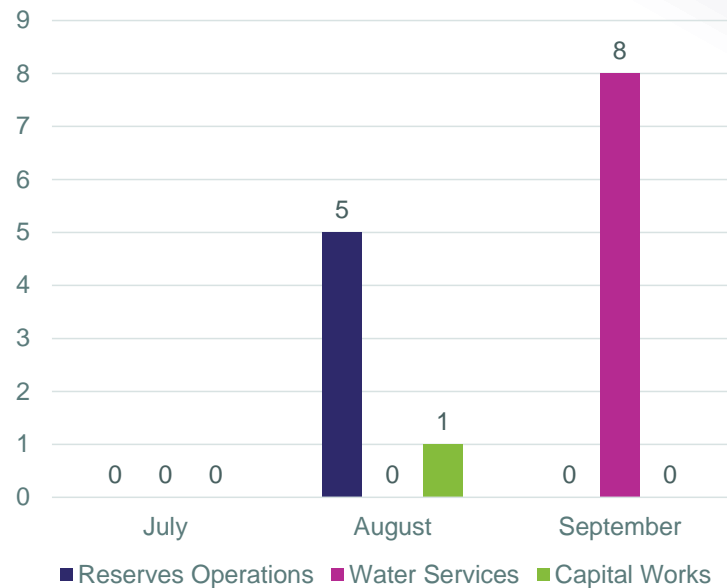
- **Personal Issues** – confidence, family, **health/medical**, low self-esteem, relationships, personal
- **Work Issues** – care for colleague, career, conditions, confidence, relationship colleague, **relationship manager**, team dynamics, **workload**

Private Counselling	Looking after ourselves and others
Topics unknown due to confidentiality 6 clients	Wellbeing leave 157.50 hours Volunteer leave 51.50 hours

Contractor Statistics – Q1 2024/2025 FY



Site Checks
Damstra Check App



Site Wise Contractor Statistics Q1 1 July to 30 Sept 2024

Selected Contractors	158
Average Score	93%
Unassessed Contractors	0
Assessment out of date	4
Expired Contractors	1
Insurance documents expired	12

REPORT

TO: Sharon Mason, Chief Executive Officer

FOR: Audit and Risk Committee

FROM: Steve Gibling, Executive Director People Capability and Culture

DATE: 5 November 2024

SUBJECT: **Health, Safety and Wellbeing Maturity Assessment findings**

RECOMMENDATIONS

That Audit and Risk Committee

- a. Receive the report "Health, Safety and Wellbeing Maturity Assessment findings" report*
- b. Endorse staff, subject to the Audit and Risk Committees feedback, to finalise this report and to incorporate the recommendations into the forward work programme for the Health, Safety and Wellbeing team*
- c. Agree that the "Impac Report" findings are now closed, with the exception of action 14(d), and that the HSE Global report findings now direct the future work programme.*

1. PURPOSE

This report presents the findings of the Health, Safety and Wellbeing Maturity Assessment. completed by HSE Global.

2. SIGNIFICANCE ASSESSMENT / COMPLIANCE STATEMENT

The decisions and matters of this report are assessed as of low significance, in accordance with the Council's Significance and Engagement Policy.

3. BACKGROUND

In late May 2024 staff initiated a review into the maturity of Councils delivery of its Health, Safety and Wellbeing functions under the Health and Safety at Work Act 2015. The objective of this assessment was to:

1. Assess the effectiveness of Selwyn District Councils Health and Safety systems and processes (including governance and management's responsibilities) to identify, manage, and eliminate health, safety and wellbeing risk as far as is reasonably practicable.
2. Assess the effectiveness of Selwyn District Councils contractor management processes (including pre contract) in minimising Health and Safety risk to contractor workers as far as is reasonably practicable

3. Identify Selwyn District Councils critical Health, Safety and Wellbeing critical risks (including onsite and offsite locations)
4. Understand the overall effectiveness of Selwyn District Councils employee wellbeing policies and practices, while also reviewing the work from home arrangements.

A Request for Proposal was run and Council received 15 proposals from a range of consultant firms specialising in Health and Safety assessments. After concluding an assessment of the proposals HSE Global Ltd. Was chosen to undertake the work.

4. DISCUSSION

Impac report 2019

The Audit and Risk Committee have previously been briefed on the previous 2019 review into Health and Safety functions – known as the Impac Report. Staff have worked through the recommendations from this report and the majority of the recommendations have been completed and closed out.

However, there are still a few recommendations that remain open (refer to attachment one). Based on the age of this report, and noting we now have a current review and findings presented today, staff are proposing to close off all but one of these actions and to use the HSE Global report as the basis now for targeted work with the exception of the following:

- *14 (d) 'Roll up' risks in the Risk Register to prevent repetition of the same or similar risks that appear in different locations. Include them once at an organisational level*

This work will be incorporated into wider Risk Management workplan being led by the Risk Manager.

HSE Global Health, Safety and Wellbeing Assessment 2024

The review by HSE has been completed following extensive documentation review and interviews with a wide range of Councillors, staff and contractors. Site visits were undertaken across a 3-4 day period to support these interviews and this has informed the findings attached in attachment two.

One of the lead reviewers, Phil Parkes, will be present to talk to the report and to answer any questions directly of the committee members.

5. VIEWS OF THOSE AFFECTED / CONSULTATION

(a) Views of those affected and Consultation

The Risk Manager will consult with ELT and HoDs on a regular basis. All Business Units will be included within the implementation of the Risk Management Framework and associated processes.

External Audit (Audit NZ) and Internal Audit (Deloitte) will be consulted to gain their feedback, insights, and advice where appropriate.

Councillors will be consulted on the key strategic risks and initial risk reporting.

(b) Māori and Treaty implications

There are no implications or impact related to Iwi / Māori with this report.

(c) Climate Change considerations

The decisions and matters of this report are assessed to have low climate change implications.

6. FUNDING IMPLICATIONS

There are no significant budget considerations associated with the recommendations of this report. The existing budget for the Health and Safety functions will be able to cover the required changes to the work plan.

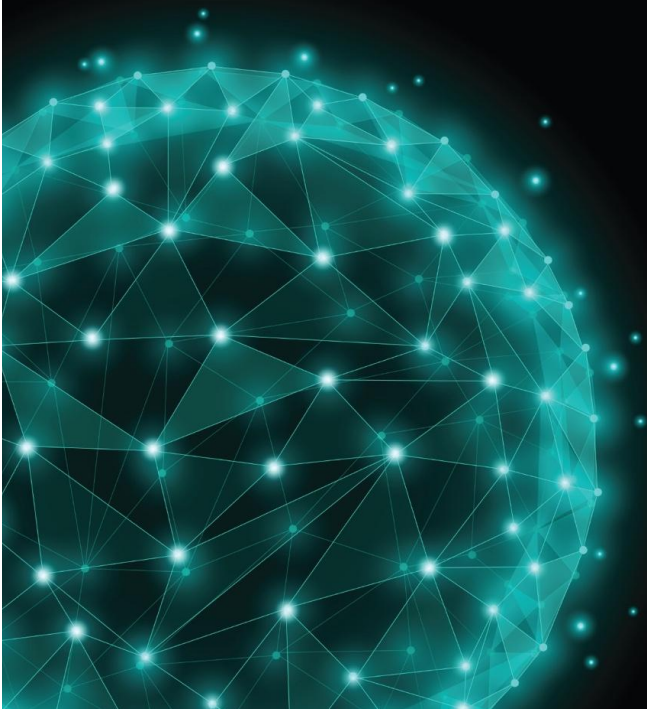


Steve Gibling
Executive Director People Culture and Capability



Selwyn District Council Health and Safety Maturity Assessment

Version: FINAL
Date: 10 October 2024



Make a difference.

Executive Summary

Purpose

This executive summary describes the findings and recommendations following an independent appraisal of the health and safety (H&S) performance and practice observed during a H&S assessment at Selwyn District Council (SDC).

Summary

The independent assessment of SDC's H&S performance identified challenges in maintaining a comprehensive approach to H&S management due to rapid organisational growth and increased workloads, often driven by external factors. This is impacting resources within the H&S team and across the broader organisation, putting pressure on work design, workload management and staff wellbeing.

By recognising their strengths and areas for improvement, SDC's leadership has set a clear path for dealing with these challenges and the organisation's health and safety future. With continued investment in leadership engagement and a commitment to building on strong risk management foundations, SDC is well-positioned to enhance its health and safety outcomes and continue to build a safe and supportive work environment.

We identified some positive and innovative practices that show a commitment to improving worker safety and wellbeing. Strong leadership engagement is evident, particularly through the CEO's regular meetings with the H&S Representative Chair, which help build trust and support open communication. Workers were highly engaged and candid during the assessment process, providing valuable insights and showing a genuine interest in contributing to a safer workplace.

The methodology we adopted is similar to a SafePlus assessment, which is designed to move organisations beyond a compliance mindset to best practice. This is evident in the performance assessment which shows that good foundations are in place at SDC and with targeted action maturity ratings should improve quickly. To achieve this, SDC should develop a multi-year, integrated health and safety strategy that brings together existing programmes and activities and identifies a sequenced set of improvements that can be implemented and then monitored. The strategy should be standalone (delinked from the people strategy) and owned by the executive team. To set up and deliver this may require additional, temporary, capacity and capability.

Key areas of focus for the strategy will be enhancing risk management, increasing the levels of leadership involvement beyond the CEO, and ensuring resources are adequately allocated to support strategic safety improvements. A priority action will be to ensure all critical risks controls are in place across departments, a programme to verify critical control effectiveness should then be implemented.

Oversight of H&S performance of contractors (particularly smaller organisations) and volunteers should also be strengthened. There is an opportunity for SDC to work collaboratively with these stakeholders to improve performance while driving consistency and efficiency in aligned H&S systems.

A more structured approach to learning from incidents would improve overall performance and clear distinctions between health protection, health promotion, and wellbeing will also target interventions to the highest priority areas - particularly focussing on work design and workload management.

Key Findings

Overall, SDC should continue to build on its existing H&S programmes. The council needs to strengthen its risk management processes, engage more leaders in H&S, and ensure adequate resources and follow-up for safety issues particularly working with sub contractors and volunteers.

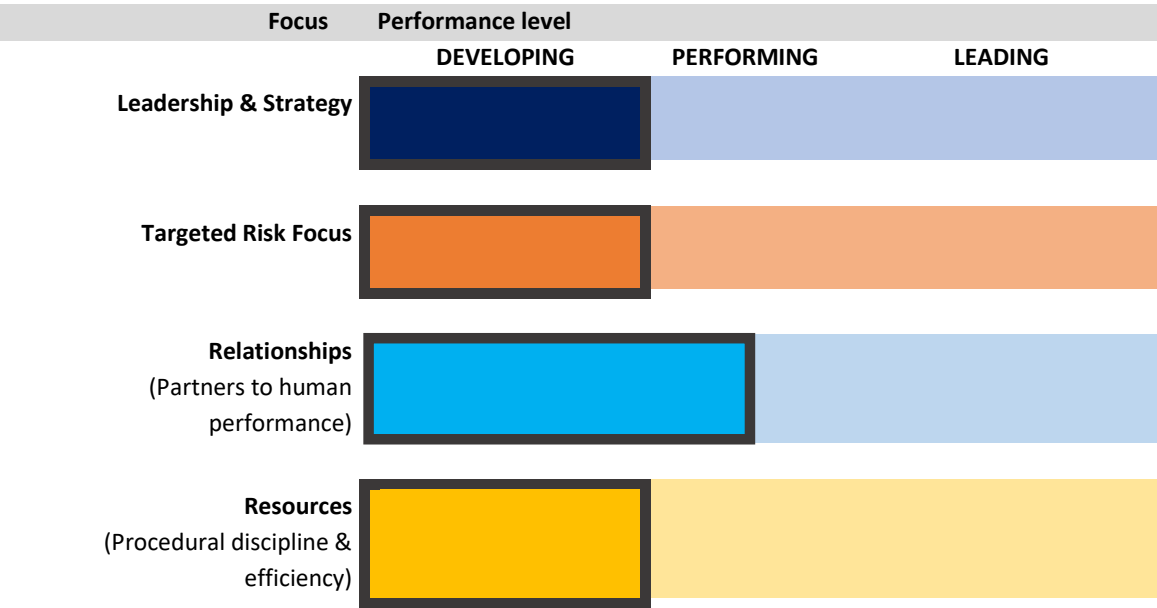
Leadership Engagement	<p>Positive: The CEO's regular meetings with the H&S Chair showcase strong leadership commitment and help build trust between workers and management.</p> <p>Improvement Area: Some senior leaders (operating at tiers 2&3) seem less engaged in H&S efforts, reducing the overall effectiveness of these initiatives.</p>
Risk Management	<p>Positive: local solutions and informal risk management approaches have been effectively used in some areas, demonstrating innovative thinking in safety practices.</p> <p>Improvement Area: The current risk management approach is fragmented, and Bow Tie analysis only covers a subset of risks, leading to gaps in safety oversight.</p>
Staffing and Resources	<p>Positive: SDC has healthy relationships with some contractors, and casual safety champions in certain areas contribute well to worker engagement.</p> <p>Improvement Area: Increased workload pressure and reliance on casual workers have impacted consistency and created increased pressure amongst some teams and workers</p>
Contractor and Volunteer Management	<p>Positive: Contractors with established H&S systems are managing risks well, showing a good base level of safety culture.</p> <p>Improvement Area: More focus is needed to support managing smaller contractors and volunteers, there is currently uneven safety practices increasing organisational risk.</p>
Incident Response	<p>Positive: Informal follow-ups and peer support are in place following incidents.</p> <p>Improvement Area: The informal response to incidents, would benefit from a more structured approach, with clear reviews to validate risk controls.</p>
Document and Process Management	<p>Positive: SDC has a comprehensive set of documents for contractor management, such as the Contract Management Framework and SDC Contract Lifecycle Management.</p> <p>Improvement Area: The application of these documents is inconsistent, particularly in high-risk areas, and integration across departments could be improved.</p>

Maturity Assessment

This section outlines the aggregated maturity assessment score. Caution should be used when considering the performance results because each part of the organisation may have differences and nuances.

Performance Assessment

The results of SDC health and safety assessment reflect a common stage of development seen across many organisations, particularly those undergoing rapid growth or operational changes. SDC’s position predominantly in the ‘Developing’ category is typical for organisations that have good foundational health and safety practices in place and are in the process of embedding a more structured and consistent best practice approach across all levels. Increasing performance requires not only refining risk management processes but also ensuring that leadership engagement, resource allocation, and relationship management are fully integrated and aligned with strategic safety objectives. Given SDC’s proactive efforts and openness to adopting new strategies, there is a strong foundation to progress towards the ‘Performing’ level, with opportunities to lead in areas where targeted focus and additional resourcing can be directed. It’s essential to recognise that this developmental stage provides the Council with a platform to implement and test a more cohesive approach, setting the groundwork for sustained health and safety improvements.



Recommendations

This section outlines the key recommendations.

Further details to support the implementation of these recommendations are included in the main body of the

report. In summary, the recommendations are:

- | | |
|--|---|
| 1. Develop a multi-year, prioritised H&S strategy and supporting action plan. | Promotion, and Wellbeing Programme targeting work design and workload management |
| 2. Develop an integrated approach to the management of H&S risk in shared duty situations (overlapping duties). | 5. Strengthen learning and improving activities. |
| 3. Revise the approach to H&S risk management and critical control verification and integrate with broader enterprise risk management. | 6. Set expectations for clear, visible leadership in H&S from all levels (including KPIs) |
| 4. Create a prioritised Health Protection, | 7. Build capability and establish a sustainable H&S learning and development programme. |
| | 8. Implement a Safety Assurance Programme |

Contents

EXECUTIVE SUMMARY	2
PURPOSE	2
SUMMARY	2
KEY FINDINGS	3
MATURITY ASSESSMENT	4
RECOMMENDATIONS	4
REPORT DETAIL	3
ASSESSMENT OBJECTIVE	ERROR! BOOKMARK NOT DEFINED.
ASSESSMENT SCOPE	ERROR! BOOKMARK NOT DEFINED.
ASSESSMENT METHODOLOGY	ERROR! BOOKMARK NOT DEFINED.
ASSESSMENT CRITERIA	ERROR! BOOKMARK NOT DEFINED.
FINDINGS AND OBSERVATIONS	3
RECOMMENDATIONS	14
APPENDICES	16
RISK PROFILING INFRASTRUCTURE AND PROPERTY	17
RISK PROFILING COMMUNITY SERVICES AND FACILITIES	18
CONCLUDING COMPARISON BETWEEN INFRASTRUCTURE & PROPERTY AND COMMUNITY SERVICES & FACILITIES	18

Report

Findings and Observations

This section outlines the findings and observations made during the assessment. This report does not capture absolutely every finding – we have taken the information gathered and aggregated this to produce a manageable number of findings pitched at the Executive Level.

Leadership & Strategy

Strengthening H&S programmes through strategic alignment and clear objectives

SDC has several effective H&S programmes, including contractor management and wellbeing initiatives. However, these programmes are not yet aligned under a cohesive strategic framework, limiting their effectiveness. This lack of a structured plan affects the organisation's ability to manage these risks effectively over time. The executive did not have KPIs for H&S performance.

Leadership engagement is improving but broader involvement is needed

There is an inconsistent level of leadership awareness regarding H&S across the organisation. A recent workshop was undertaken with full Council and the Executive Team, and this has started the process of raising awareness of roles, responsibilities and accountabilities. Many leaders are new to their roles, and the focus on H&S by senior leaders (those operating at tiers 2 & 3) in the organisation appears to have improved following the appointment of the current CEO. It is important that this continues and is made consistent across the organisation.

The CEO demonstrates leadership in H&S by holding regular discussions with the HSR Chair. This is a valued practice within the organisation, as it allows for open communication about safety concerns and builds trust between leadership and worker. The consistency of these meetings is a positive step towards ensuring H&S issues are addressed at the highest levels of the organisation.

Some senior leaders actively participate in promoting H&S initiatives, such as addressing psychological safety and managing aggression risks. There is also strong leadership support for wellbeing programmes including the "Talk it Out" peer support initiative which has been highly successful, offering worker a safe space to discuss mental health issues. The Wellbeing Strategy document outlines a comprehensive approach to supporting the holistic needs of worker through the application of Te Whare Tapa Whā, which promotes mental, physical, spiritual, and family health.

The Audit and Risk Committee regularly receives H&S updates, but there is limited visibility on the extent of information shared with full council to enable them to undertake due diligence and ensure effective governance oversight of H&S practice and performance.

The H&S function has potential but needs greater resourcing and authority

The H&S team perceives itself as lacking the authority to drive meaningful change or influence strategic safety decisions. In part this is due to the limited capacity they have to undertake the activity needed. Without a defined role in strategic decision-making, the team feels unable to ensure that its recommendations are effectively implemented or that safety objectives are aligned with organisational goals. Overcoming this gap requires empowering the H&S team with greater integration into leadership decision making processes. A full review of the H&S team operating model has been undertaken and the findings and recommendations contained in a separate report.

Effective use of H&S dashboards to track critical risks and worker wellbeing, with opportunities for further enhancement

The Maratau Haututanga Tima dashboards provide valuable insight into the number of events linked to critical risks, helping SDC track and respond to key safety issues effectively. Additionally, the dashboards include Worker Assistance Programme (EAP) statistics, which can be separated into sessions identified as work-related or personal. This level of detail is beneficial for identifying common work-related concerns, such as conflict with managers or colleagues, and performance issues, which appeared frequently in 2023. For personal EAP sessions, themes like anger, self-esteem, relationships, and family were recurring reasons for access, although it was noted that the colours used in the dashboard make these distinctions harder to interpret at a glance. This data is valuable for SDC as it can guide what topics may need more targeted support or communication to workers. One positive step has been the installation of a Safety Alarm on the Executive desk in the Council Chambers, highlighting a proactive approach to managing safety in key areas. The Safety Leadership dashboard also has a section for qualitative data, which could be enhanced by including information on completed investigations or any outstanding actions from incidents. This would provide greater visibility of continuous improvement efforts and ensure transparency in how safety issues are being managed.

Targeted Risk Focus

There are gaps in the critical risk management programme of work that will impact effectiveness and ability to undertake assurance in the future.

While the organisation has implemented a H&S risk management framework, there are inconsistencies in how H&S risks are managed across different departments, and the approach is not integrated with a broader enterprise-wide risk management approach.

A range of critical risks have been identified, but there is limited clarity about the approach to critical risk management nor how this aligns with the organisations risk appetite and risk tolerances. This is an important programme of work, and one that is directionally accurate. However, there are a few issues with the current approach which need to be addressed to ensure future success, and the programme needs to be planned, resourced and documented.

SDC has developed a Critical Risk Management Standard specifically addressing psychological health risks. The current management standard outlines foundational controls and utilises a bowtie methodology to map preventative and mitigative controls. This should now be further refined to break down psychological risk categories into specific sub-elements (e.g., work design, social factors, work environment) as recommended by Dr. Hillary Bennett. This would help SDC better align its risk controls with ISO guidelines and ensure clarity in how critical risks are managed.

When talking with staff, we found that the concept of critical risk was still emerging with workers, which limits awareness and confidence when discussing this amongst workers and leaders. Increased knowledge and capability on risk management (and critical risks in particular) across the organisation would accelerate progress and reduce the reactive demand on the H&S team.

Bow tie analysis is a positive approach but needs better alignment and clarity. undertaking bowtie analysis, a clear programme of work is required to ensure that risks are assessed in a way that is relevant to context (team, location, activity) and able to be rolled up in a way that enables the executive and board to set performance standards for controls, and ultimately to have visibility of control effectiveness.

A critical risk programme using bowtie analysis requires the risk event and the loss of control events to be defined clearly. The risk event is the nature of activity, location or team within which the risk is being considered. These activities pose different contexts for the risks. The current Bow Tie analysis approach is top down. This means that broader, more complex risks across the organisation are not adequately represented. For example, using a single Bow Tie analysis (as is happening with violence and aggression risk) to encompass the diverse risk scenarios within SDC oversimplifies the organisation's overall risk profile, resulting in an incomplete and fragmented view. This is particularly problematic given the variety of risk contexts within different departments, such as library services, community engagement, and parks management. The Bow Tie approach being deployed will not account for unique risks associated with the use of plant and equipment by volunteers or challenges posed by the district's rapid growth, which increases service demands and introduces complex community interactions.

Controls have not always been defined correctly. When defining controls, it is important to define them clearly. A control is an act, object or system that in some way modifies the cause or mitigates or alters the consequence. Of these controls, some may be critical controls – and it is these which it is useful for the board to monitor. The current use of Bowtie analysis lacks a detailed description of controls, incomplete identification of the full range of detective, preventative, mitigation, response or recovery controls, and there are no defined control owners. This makes it difficult to assess the effectiveness of existing controls or assign responsibility for maintaining them, reducing confidence in the robustness of the risk management approach.

There are examples of good practice and innovation. At the aquatic centres and recreational facilities, well-implemented safety systems and procedures, including emergency action plans and regular audits, have been identified as a strength. These systems provide a level of confidence that public safety is a priority, even with occasional worker taking shortcuts. Innovation in the form of AI is being trialled – this demonstrates the capability SDC has when a structured and systematic approach is taken.

SDC's deployment of body cameras to manage the risk of aggression has been a strong initiative, demonstrating innovation in adapting safety measures to real-world issues.

A well-implemented buddy system is actively used in some departments to ensure worker safety when working alone or off-site. This system involves colleagues checking in on each other if someone is not back in the office at the expected time or has not made contact following a site visit. This approach not only provides an additional layer of safety assurance but also fosters a strong sense of teamwork and responsibility among workers. By encouraging worker to look out for one another, the buddy system has enhanced situational awareness and created a culture of shared safety ownership that extends beyond formal processes.

Compliance workers are using protective vests, which is a practical way to keep them safer, especially in higher-risk situations. The H&S team has made sure worker know when and how to wear these correctly, showing good understanding and practical advice for everyday safety. This has helped worker feel more confident and better supported in their roles.

A Safety Alarm has been installed on the Executive desk in the Council Chambers. This is a proactive step to ensure that, in the event of an incident, immediate assistance can be summoned, thereby enhancing the safety and security of worker and council members. This initiative is part of a broader focus on ensuring safety controls are in place in high-risk or sensitive environments.

There are risk controls which are still being implemented and this work must remain a priority

There are some risks where controls are currently being implemented. These controls need to be more widely understood by staff (particularly casual staff). During the assessment not all staff who were interviewed fully understood the risks and controls that should be in place. These included:

The evolving use of public facilities (e.g. libraries and swimming pools). This has introduced an enhanced risk that are not yet fully managed. For example, Libraries have become unofficial crèches, with children left alone until closing time without adult supervision, a change in use not yet fully reflected in risk assessments and controls, and cash is handled on certain premises and an assessment of the risk of robbery for cash has not been fully undertaken.

Increasing violence and aggression risks. Violence and aggression are recurring issues across SDC operations, particularly for frontline workers. These issues span multiple departments, with workers regularly exposed to threats and aggressive behaviour. The communication to workers about this situation could be improved and some staff feel they don't have enough knowledge about protective measures or risk assessments. The risk impacts all workers who engage with the public. Individuals may also face increased safety risks when using identifiable branded vehicles outside of work hours. There is a need for clearer protocols and risk management strategies to protect these workers, particularly for those whose roles involve enforcement or conflict resolution in the community.

Additionally, changes in the way public spaces, such as libraries etc., are used have not yet been fully reflected in new practices, leading to potential for partially managed safety risks. Workers at the Darfield Library have access to a safe room while working at the stand-up desks. However, if workers are working at the sit-down desks, they would be trapped and unable to reach the safe room in the event of an incident, which should be reviewed. Workers report having received death threats. Some workers have considered purchasing (through SDC processes) stab-resistant body armour to protect themselves while performing their duties.

The district is undergoing rapid expansion and SDC is struggling to keep pace with the development and growth. This is leading to workload and worker mental health concerns. Workers reported struggling with increased workloads and extended hours. One worker mentioned being unable to update GIS data due to the pressure of staying on top of other tasks. Another worker recounted an instance where a team leader asked how the team was coping, noting the long hours they had been working- when the team expressed their struggle, the manager left without following up, leaving them feeling unsupported. It's clear that a lot of work is being done to address the risks caused by these external and it will be important to complete the full roll out of the new risk controls to ensure all frontline staff understand how to manage the risks and keep themselves safe.

Use of equipment and plant without risk assessment and supervision. Some volunteers operate council-owned machinery, such as mowers, without adequate H&S checks. This lack of structured management poses safety risks, especially for older volunteers. One volunteer operates a council-owned mower weekly without any formal communication, supervision, or risk assessment. The lack of oversight and clear procedures leaves the volunteer at risk and exposes the council to liability. Despite repeated internal discussions, no meaningful actions have been taken to rectify this situation.

In October 2023, the organisation's full-time equivalent (FTE) was 374, but by September 2024, this had increased to 503, with a notable rise in casual workers. This shift has impacted the consistency of H&S practices and created uneven workload distribution across departments. The increased part-time and casual workforce has strained some teams, especially in maintaining high standards of service delivery. The fluctuating usage of the Worker Assistance Programme (EAP) highlights a notable demand for mental health support. In 2021, nearly 60 people accessed EAP, but this number dropped significantly in 2022 to under 40. However, usage rose again in 2023 to just over 50 users, and over 40 individuals have used EAP so far in 2024. The rise in EAP engagement reflects a growing recognition of psychosocial risks, such as stress, burnout, and mental health concerns. However, it also points to potential areas for improvement in proactively managing these risks before workers need to rely on EAP services.

Enhancing learning from events to build a proactive safety culture

SDC has established a process for documenting incidents and communicating outcomes internally; however, there is an opportunity to enhance how learnings are captured, validated, and applied across the organisation. For example, after a recent verbal aggression incident involving an SDC worker, no formal investigation or structured review was conducted to evaluate the effectiveness of the existing controls, such as de-escalation training and situational awareness. While post-incident support measures like peer support and EAP services were referenced in the Bowtie analysis, there was no recorded review of whether these measures were effectively promoted or utilised. Ensuring that every high-risk event or near-miss undergoes a form of investigation or learning review—even when not legally required—would allow SDC to assess and strengthen the effectiveness of controls, build confidence in their risk management systems, and foster a proactive safety culture that prioritises continuous learning and improvement.

There is confusion about the difference between health protection, health promotion and wellbeing.

SDC's commitment to health and wellbeing is evident in its wide range of initiatives; however, there is some confusion among workers and leaders about the distinction between health protection, health promotion, and overall wellbeing. Health protection covers required activities such as managing psychosocial risks, baseline health testing, and ongoing health monitoring. Health promotion, which is beneficial but not mandatory, includes initiatives such as cardiovascular health and weight management. Wellbeing is broader still, addressing mental, spiritual, and financial health. This lack of clarity has led to overlapping programmes and misaligned priorities, where resources may not always be allocated to areas of greatest need. Using established guidance from WorkSafe could help SDC streamline its approach and clearly communicate the focus of each programme, ensuring that resources are directed where they are needed most and align with legislative requirements and critical risks.

Relationships

Uneven representation and limited visibility of H&S representatives In some departments, H&S Representatives are actively engaged, supporting worker and contributing positively to the local safety culture. However, H&S Representatives (HSRs) are active and engaged in some departments, but their visibility and impact are inconsistent across the organisation. In several areas, worker are either unaware of their designated HSRs or unclear on how to escalate H&S concerns. This uneven engagement diminishes the effectiveness of the HSR role and limits workers' ability to access support and representation. Addressing this gap requires greater clarity on HSR roles and improved communication to ensure all worker know who their representatives are and how to engage with them effectively.

There is an inconsistent approach to contractor management and broader shared duties (overlapping duties) activity. SDC's rapid growth and diverse activities present challenges in maintaining consistent H&S management across various relationships where there are shared duties (overlapping duties) for H&S. SDC doesn't have a clear, prioritised, integrated and actionable framework which defines the SDC's influence and control relevant to different relationship types and H&S risk in the activities or locations where there are shared duties. This results in unclear expectations for H&S performance and practice across the different relationship types (contractors, volunteers, those working on or near the same site etc) and constrains the ability to have effective oversight. One area of good practice is in how SDC has engaged some of its long-standing contractors in joint risk management discussions, where a collaborative approach has helped align safety practices and share learnings across organisations.

Contractors range from large organisations with established H&S systems to smaller local businesses and volunteers who may rely more on SDC guidance. While larger organisations generally manage their own H&S risks, there are instances where contractors perform maintenance without comprehensive safety checks, especially for equipment operating in public spaces. Contractors mowing along high-speed roads (80-100km/h) appear to do so without adequate traffic management controls. Smaller contractors and volunteers depend on SDC for guidance. This requires careful management to balance the Council desire to procure locally, while not increasing SDC's responsibilities for H&S by reaching into the contractors' business.

This complexity is exacerbated by inconsistent communication and handover processes between various parties managing different relationships, particularly where developers and contractors maintain SDC land without

formal vetting of H&S processes.

Opportunity to enhance audit and assurance activity for consistent safety oversight	<p>While SDC has shown a strong focus on meeting compliance requirements through external audits, there is a gap in structured internal audit and assurance activities for H&S risk management and contractor management. The absence of a formal assurance framework makes it challenging to gain a comprehensive view of control effectiveness across different areas of the organisation. Establishing an internal assurance programme would allow SDC to proactively identify gaps, verify the application of safety controls, and drive continuous improvement in areas not covered by mandatory external audits. A structured approach to internal audits would support better oversight, transparency, and confidence in the robustness of H&S practices across all operations.</p>
--	--

Resources

<p>The H&S training and ongoing development needs are not clearly defined or integrated into a full end to end career process.</p>	<p>While training in some areas of the business is well managed (usually because it is locally led such as the aquatics centres), this is not consistent across all areas of Council.</p> <p>This means there is variable capability (knowledge and skills) in H&S through the organisation. No clear capability framework was available, and records of the nature of training undertaken were believed to be held by each area of the business rather than in a centralised learning management system. This is fine; however, it does make it more challenging for the Council and Executive to have visibility that every worker member has received training and built the competence they need for their role. Areas of training that would be expected are:</p> <ul style="list-style-type: none"> - Standard worker H&S overview training. This includes information such as who HSRs are, how to report an incident, where to get information about in risks etc. - H&S Leadership training. This includes information for leaders about how to lead H&S, legal obligations, practical tools for risk management oversight etc. - H&S Governance training. This includes specific programmes of work to support directors and the CEO to undertake due diligence and effective governance of H&S. Such activities could involve Councillor development briefings, presentations, formal courses, online learning, and guided site visits etc. - Specialist H&S role training. This would include HSR formal training, fire warden training, first aider training etc. - Risk specific H&S training. This would include training that relates to the specific risks a person is exposed to in their role such as chemical handling, manual handling, work at height, driving etc.
	<p>When these competencies are clearly defined, the HR team will be able to integrate this into the recruitment and ongoing career management processes.</p>
<p>Inconsistencies and gaps in the management and maintenance of plant and equipment</p>	<p>There are significant gaps in the oversight and management of plant and equipment. Equipment maintenance, particularly for heavy machinery and high-risk environments, is not consistently managed, neither is equipment used by volunteers.</p>
<p>The processes in place to manage H&S are fragmented and not keeping pace with organisational change.</p>	<p>The rapid expansion of SDC has not been accompanied by corresponding systems, strategy, or risk frameworks. New worker has assimilated into existing practices rather than contributing to a culture of continuous improvement. This has led to similar issues resurfacing, despite the organisation's larger and more complex workforce.</p>

Aligning technology with safety for proactive risk management	The IT department at SDC is taking steps to address key H&S risks through the integration of technology solutions, such as improved security systems and real-time incident reporting. While the team recognises the potential for technology to mitigate risks like violence and aggression, current progress has been hindered by competing priorities and limited resources. The lack of a cohesive digital strategy connecting H&S systems across departments has slowed efforts to implement effective solutions. By developing an integrated digital platform for H&S, SDC would enable real-time communication, enhance incident response, and support data-driven decision-making for proactive risk management. The existing programme of work led by an Executive member is a positive step forward and once fully realised, will help embed H&S considerations into all technological solutions, creating a safer and more responsive environment for worker.
Strengthening resource alignment through targeted risk guidance	While SDC has a comprehensive suite of policies, documents, and resources, there is an opportunity to enhance understanding by providing short, tailored guidance for each critical risk specific to individual teams. This would help contextualise the risks, making the information more relevant and accessible, ensuring worker across all levels have clarity on what critical risks mean for their day-to-day activities. Such an approach would support better resource alignment and empower teams to engage more effectively with risk management processes.

Recommendations

This section outlines the recommended actions to support improvement, listed in order of priority.

Recommendations	Priority	Detail
Develop a multiyear, prioritised H&S strategy and supporting action plan.	1	Create a clear, resourced and measurable H&S strategy and supporting action plan (de-linked from the people strategy). Develop this with key stakeholders and ensure alignment with the SDC's broader strategic objectives. This should be owned by the executive team and communicated widely.
Develop a clear approach to the management of H&S risk in shared duty situations (overlapping duties).	2	Develop a clearly defined framework and approach for the management of H&S risk in shared duty situations. This should outline engagement, communication, risk management and audit and assurance processes relevant to the nature of the relationship and the nature of the risk.
Revise the approach to H&S risk management and integrate with broader enterprise risk management.	3	Fully plan the approach to critical risk management to include: <ul style="list-style-type: none"> - Aligning critical risk with ERM frameworks - Identifying all critical risks and the areas where these risks exist - Undertaking workshops and assessments of the critical risk in the locations and activities where the risks exist, with the people exposed to them. - Identify the full range of controls and management strategies and define those controls which are critical. - Create accessible guidance for workers on critical risks to ensure clear understanding alignment which is relevant to their teams/work areas. - Undertake a gap analysis to determine whether the controls identified are in place fully, partially or not at all and build a fully resourced and measurable programme of work to implement these. - Align the control framework to the assurance programme, to ensure the SDC undertakes risk control effectiveness verification regularly.
Create a Comprehensive Health Protection, Promotion, and Wellbeing Programme targeting work design and workload management	4	Separate health protection, health promotion, and wellbeing initiatives into distinct programmes with defined scopes, objectives, and resources. Ensure that health protection focuses on legal requirements, health promotion addresses workforce-specific needs, and wellbeing considers broader mental, spiritual, and family health. Communicate these distinctions clearly to worker and leaders.

Strengthen learning and improving activities.	5	Ensure a clear investigation approach is defined, and that worker and leaders are trained to implement this. The process must be fully comprehensive and include revision of risk controls as a key part of learning activity. Ensure that there is a formal and structured process to capture lessons, share them, and integrate them into operational activity in a sustainable way (knowledge management practices will be key).
Set expectations for clear, visible leadership in H&S from all levels (including KPIs).	6	Set clear expectations and objectives for H&S leadership across the organisation. Ensure role clarity and then monitor this. Implement a programme that requires executive leaders to participate in safety walkarounds, risk reviews, and direct communication with workers to promote a proactive safety culture.
Build capability and establish a sustainable H&S learning and development programme.	7	Design and implement a learning and development programme for all levels of the organisation, focusing on H&S leadership, risk management, and emerging H&S challenges. This programme should ensure that all workers have the necessary knowledge and skills to manage H&S effectively relevant to their role, specialist roles or activities, risks and general H&S knowledge.
Implement a Safety Assurance Programme	8	Establish a structured safety assurance programme that includes regular audits, inspections, and risk control verifications for both internal and contractor-led activities. The assurance programme should focus on validating the effectiveness of risk controls and identifying areas for continuous improvement.

Appendices

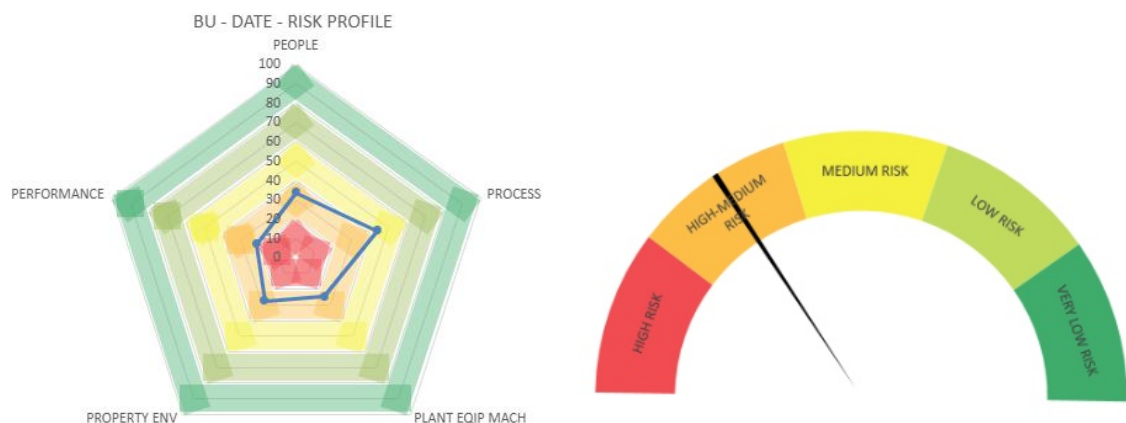
Appendix A – Risk Profiling

Risk profiling is a strategic tool used to evaluate and prioritise the various risks faced by an organisation. It helps identify areas where controls are strong and where there may be gaps, allowing organisations to focus their resources effectively. In the context of SDC, a high-level risk profile has been developed for the two directorates with the highest risk exposure. The profiling considers key risk categories such as people, process, plant and equipment, property, and performance.

The risk profiling process involved adjusting criteria to fit the specific operational context of the SDC, although some areas required educated estimations due to limited data. The aim was to provide an overall risk picture rather than a detailed, granular analysis. To gain deeper insights, a more focused and nuanced assessment would need to be carried out at a departmental level outside of an all-organisation H&S assessment.

This preliminary profile serves as a baseline, highlighting areas that may require further review. The output is designed to inform decision-making and to help prioritise safety initiatives, ensuring that higher-risk areas receive appropriate attention and resources.

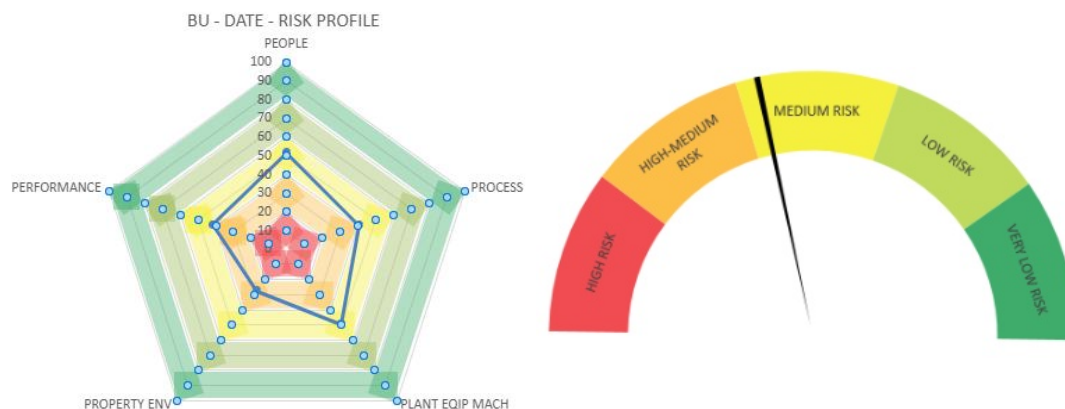
Risk Profiling Infrastructure and Property



The risk profile for the Infrastructure and Property division shows a "High-Medium" risk level. This assessment typically indicates that the risk management processes within this area are not fully developed or implemented, which may lead to gaps in identifying, controlling, and monitoring potential risks. A high-medium rating often suggests the need for improvement in several areas, including risk controls, worker training, incident reporting, and governance structures.

An immature risk profile means that while some controls might be in place, they may not be robust or consistently applied. It also suggests that there may be a lack of proactive risk management strategies, making the organisation more reactive to incidents. To address this, the organisation would benefit from strengthening its risk management processes, implementing more detailed control measures, and enhancing risk awareness among workers.

Risk Profiling Community Services and Facilities



The risk profiling exercise for Community Services and Facilities indicates a *medium* risk level, which suggests that this area is showing signs of maturing in its approach to managing H&S risks. Maturing profiles are characterised by the presence of structured processes, better understanding of key risks, and improved systems for monitoring and responding to incidents. However, there may still be areas for enhancement to reach a more robust and proactive risk management stage.

The radar graph visually represents risk categories such as people, processes, plant and equipment, property environment, and overall performance. While there is notable improvement in managing these risks, gaps remain, particularly in areas requiring more proactive and preventative controls, such as refining processes or providing targeted training to further reduce exposure to H&S hazards.

Concluding Comparison Between Infrastructure & Property and Community Services & Facilities

The Infrastructure and Property directorate has been classified as *high-medium* risk, indicating that their risk management profile is still at an immature stage. This profile suggests there are significant areas needing improvement, with potential gaps in leadership, processes, and risk controls. By contrast, the Community Services and Facilities directorate demonstrates a *medium* risk, signifying a maturing profile that has established more consistent safety practices and risk management systems.

While both areas have room for improvement, Community Services and Facilities is further along in building a structured and proactive risk management system compared to Infrastructure and Property. This difference reflects varying levels of risk awareness, leadership engagement, and integration of H&S processes across the two directorates. Therefore, SDC can decide in its continuous improvement activities to either go the area where there is lower maturity, or work in the area where there is a more enhanced level of risk from the activities that are performed and then roll out initiatives from this.

Appendix B - Report Detail

This report expands on the executive summary to provide further detail and context for the findings and recommendations.

Assessment Objective

The objective of the assessment was to:

Provide unmitigated insight into H&S practice and performance at SDC

Assess and comment on organisational H&S practice and performance relevant to the scope of the assessment.

Provide actionable and prioritised recommendations for improvement where relevant.

Provide guidance on the suitability of current and planned approaches to HSW improvement.

Provide advice on the operating model and resourcing for the H&S Team.

Assessment Scope

The scope of this assessment is limited to insights gained through applying the assessment methodology in relation to:

The Sites / Work visited and observed:

- | | |
|--|---------------------------------------|
| 1. Animal Control | 6. Te Ara Atea |
| 2. Sports and Recreation | 7. Waste Management |
| 3. Darfield Library and Service Centre | 8. Customer Service |
| 4. Leeston Library | 9. Facilities and Building Management |
| 5. Aquatics | 10. Lincoln Events Centre |

A sample of the documents reviewed during the assessment is listed below. A shared folder was set up for the SDC H&S team to share information with HSE Global.

- | | |
|---|--|
| 1. Contract Management Framework | 14. 2024-02-12 HSC Minutes |
| 2. Contract Administration Manual (Infrastructure & Property) | 15. 2024-03-14 HSC Minutes |
| 3. All of Government Contracts (AOG) | 16. 2024-04-08 HSC Minutes |
| 4. Request for Quotes (RfQ) | 17. 2024-05-13 HSC Minutes |
| 5. Construction Procurement Guidance | 18. 2024-06-10 HSC Minutes |
| 6. Request for Proposal (RFP) | 19. 2024-07-08 HSC Minutes |
| 7. Contract Procurement Checklist | 20. Contractor Management Policy (2016-06) |
| 8. Managing Conflicts of Interest in Procurement | 21. Equity and Diversity Policy (2019-07) |
| 9. Probity Checklist | 22. Flexible Working Policy (2019-08) |
| 10. SDC Active Procurement Policy | 23. Lone Remote Isolated Working Guide (2021) |
| 11. SDC Contract Management Lifecycle | 24. Drug and Alcohol Policy (2021-05) |
| 12. Vault Check Reports | 25. Lone Worker Policy (2022) |
| 13. Worker Assistance Programme (EAP) Usage Records | 26. Prevention from Bullying and Harassment Policy (2022-07) |
| | 27. Trespass Policy (2023-03) |

- | | |
|---|--|
| 28. Risk Policy (2023-05) | 36. Risk Register SDC |
| 29. Injury-Illness Management Policy (2023-07) | 37. Safety Standard Risk Assessment Analysis (August 2024) |
| 30. H&S Manual (2023-08) | 38. Training Matrix |
| 31. Aquatics Specific Risk Register | 39. Psychosocial Training Records |
| 32. Corporate Specific Risk Register | 40. Induction Programmes and Evaluation Sheets |
| 33. Property and Commercial Specific Risk Register (including Rural Fire) | 41. WFH Policy Documents |
| 34. Risk Management Framework - May 2023 | 42. Supporting Guidance for Remote and Isolated Workers |
| 35. Risk Policy - May 2023 | |

The people provided by the organisation for interviews and discussions, include:

- | | |
|-------------------|---------------------|
| 1. Senior leaders | 4. H&S team members |
| 2. Leaders | 5. Contractors |
| 3. Worker | |

All interviews and discussions were undertaken in confidence. This enabled people to be upfront, transparent and honest with their views. Therefore, while we have included the broad types of people we have spoken to above, we have not included names.

Assessment Methodology

The assessment was undertaken between 2nd to 30th September 2024. The assessment methodology is comprised of document review, interviews, and site observations with on-site discussions. This is an evaluative and ethnographic methodology focused on people, behaviours, culture, values, attitudes, systems, and practices.

Assessment Criteria

The table below outlines what matters regarding H&S performance. Insight into these four areas provides a full picture of performance. These areas help you understand how work is done in context. This criterion builds on that used with SafePlus.

The things that matter	What we assessed
Leadership and Governance	
Effective leadership and governance mean a clear sense of direction, accountability, resourcing and oversight for H&S management, and healthy, transparent relationships throughout the business. This includes all leadership levels from the governance group to the front line and an assessment of whether the governance group has unmitigated insight into performance.	<ul style="list-style-type: none"> - Governance and due diligence performance - Leadership commitment and visibility - Information provision, suitability and transparency - Clarity of roles, accountabilities, and authorities - Strategic alignment, planning and oversight - Resourcing and investment - Monitoring, reporting, and assurance activity

The things that matter	What we assessed
Risk Management	
Effective risk management means that there is an effective process and approach for the management of H&S risks (acute, chronic, and catastrophic – this includes psychosocial risk and mental health) which is integrated into broader enterprise risk activity, that controls are identified and resourced and most importantly that they are in place and fully effective.	<p>How HSW risk management is integrated into broader enterprise risk activity</p> <p>How emergent risk is identified and managed,</p> <p>How the organisation learns and improves and how sustainable these practices are</p> <p>How the organisation plans and responds to emergencies and risks in motion. (Including major weather events.)</p> <p>The application of HSW risk processes. (including procurement, capital projects and other activities)</p> <p>Leader and worker understanding and capability in applying HSW risk processes and controls.</p> <p>The effectiveness of risk controls, including alignment with legal requirements.</p> <p>The alignment of risk control effectiveness with organisational risk appetite and tolerance.</p>
Relationships	
Good business is built on healthy, well-functioning internal and external relationships. This is about ensuring those relationships are based on truth, trust, and transparency and that they are healthy and well-functioning across locations, functions, and activities. This provides insight into the culture, the strength of the worker's voice and the health of the organisation.	<p>Relationships through the management chain (leadership culture)</p> <p>The strength and opportunity afforded to the worker's voice (worker engagement)</p> <p>Mechanisms for communication, escalation of ideas and issues, problem resolution and systems for reporting sensitive issues.</p> <p>Overall culture between people and teams who work at SDC.</p> <p>The health, culture, and management of risk through the external relationships (supply chain) (including with contractors and broader overlapping/ shared duty relationships) to determine whether equitable partnerships for performance are being developed.</p>
Resources	
<p>This is about whether the organisation's full resources work in a way that enables effective H&S management. This includes a focus on the areas of people, plant, and processes.</p> <p>NB: The management system includes all processes and records relating to risk,</p>	<p>Whether people have the physical and psychological capability, capacity, and support for their roles, the information, instruction, and training for their work, and the effectiveness of these mechanisms.</p> <p>Whether the processes making up the H&S management system reflect work as done, are available, accessible, and understood (literacy and</p>

The things that matter	What we assessed
investigations, emergencies, contractor management, overlapping duties, planning, assessment, monitoring, capability development, etc.	<p>cultural sensitivity) and support the organisation in learning and improving.</p> <p>Whether plant, equipment, and assets are well designed and fit for purpose (including property), available and accessible where people need them when they need them.</p> <p>Whether workers are supported by the necessary organisational capabilities. (e.g., ICT, communication ability, change management)</p> <p>The resourcing and operating model of the H&S function</p>

HSW Review July 2020 – IMPAC actions

The below table is an extract from the 2019 HSW IMPAC report – key recommendations that remain open.

IMPAC recommendation	Actions and progress (October 2024)	Proposal
(2) Current H&S Advisor to refocus on developing H&S capability across departments, providing H&S advice and monitoring critical risk activities (e.g. spot checks and audits in the field, updating vault/risk registers etc).	<ul style="list-style-type: none"> • Vault/Damstra retained utilising more of the programme, including audits of contractors and spot checks • H&S and WB teams focused on building effective relationships across business groups. • New training implemented for Officers and Governance. 	<ul style="list-style-type: none"> • Action to be closed
Officers (5) H&S strategy to include Officer driven due diligence activities.	<ul style="list-style-type: none"> • Plans are to increase site visits with training for the Officers following dedicated training for staff in August and governors in September. These have commenced in October with staff level Officers. 	<ul style="list-style-type: none"> • Action to be closed
8) Ongoing H&S governance training and development for Officers collectively to support them in their duties.	<ul style="list-style-type: none"> • As above 	<ul style="list-style-type: none"> • Action to be closed
26) The Audit and Risk committee undertake an annual review of Officer due diligence requirements using the Institute of Directors Officers' due diligence checklist. Include all Officers (include Elected members) within the Council structure focusing on the individual Officer and ensure all individual improvement plans are closed out.	<ul style="list-style-type: none"> • To be included within the Audit and Risk Workplan that will be reviewed and approved in November. 	<ul style="list-style-type: none"> • Action to be closed and transferred to the ARC workplan.
27) SDC as PCBU seeks legal advice asap on the identification and duties of all Officers (including Elected members) within the Council structure including clarifying 'Executive Officers,' if it is possible that this extends beyond the CEO.	<ul style="list-style-type: none"> • To be completed in August as part of the organisation training. 	<ul style="list-style-type: none"> • Action closed as part of the training undertaken in August
Engagement (7) Once H&S strategic objectives are set, ensure all workers are aware of objectives and their role in personally contributing to meet the objectives.	<ul style="list-style-type: none"> • Each group holds monthly H&S meetings with H&SC who are tasked with sharing information within their workgroup and feedback to ELT by the HS committee and critical risk groups. This is to be assessed as part of the new review into Health and Safety 	<ul style="list-style-type: none"> • Action to be closed
17) Define when workers (representing end users and customers) should be included in concept, planning and design activities for any new or upgraded facilities. Build consultation points into all Council's project management processes to ensure worker consultation and participation occurs at important milestones. Document in section 5 of SDC H&S manual.	<ul style="list-style-type: none"> • Workers are represented by 24 HSC across all business groups • Workers consulted via HSC, Ropu Marutau and business group H&S meetings 	<ul style="list-style-type: none"> • Action to be closed
(14c) Work with contractor partners and community groups (including workers) to develop Critical risk control plans for risks that are relevant to shared workplaces.	<ul style="list-style-type: none"> • I&P work with contractors on critical risk control plans supported by the H&S team • All teams work together on notifiable investigations reporting back to Ropu Marutau and ARC 	<ul style="list-style-type: none"> • Action to be closed
(14d) 'Roll up' risks in the Risk Register to prevent repetition of the same or similar risks that appear in different locations. Include them once at an organisational level	<ul style="list-style-type: none"> • Still and work in Progress 	<ul style="list-style-type: none"> • Action remains open and is transferred into the work programme.

(14f) Ensure spot checks and field audits check Critical controls are in place and working (not a desktop review).	<ul style="list-style-type: none"> • Vault Notify, Audit and Check apps now being used in the field and captured in the Vault H&S system 	<ul style="list-style-type: none"> • Action to be closed
(14g) Develop user friendly Critical risk guidelines for use in the field.	<ul style="list-style-type: none"> • Part of the critical risk project developed by each critical risk review team 	<ul style="list-style-type: none"> • Action to be closed
(14h) Complete a deep dive on critical risks across all facilities and operations to determine residual risk to inform CEO and Officers of the risk profile in reality.	<ul style="list-style-type: none"> • As above 	<ul style="list-style-type: none"> • Action to be closed noting that these are now a part of the work programme being reported to ARC.
(18) Review field risk management practices for staff that work on maintenance sites, facilities or reserves or visit unfamiliar locations, inspections or work on roads. Set a standard and implement.	<ul style="list-style-type: none"> • Forms part of the critical risk review project and risk register reviews for each business group 	<ul style="list-style-type: none"> • Action to be closed
Documentation/Policies (16) Ensure HSMS documentation includes all best practice H&S management system elements (using 450001 as a guide) and is reviewed every 12 months as part of an internal SDC system review and every 2 years by an external party.	<ul style="list-style-type: none"> • Part of upcoming H&S review • Policies review is ongoing and now subject to organisation wide policy review process 	<ul style="list-style-type: none"> • Action to be closed
(28) Ensure SDC H&S policy and CEO's commitment statement are reviewed annually as part of a formal review that includes worker consultation.	<ul style="list-style-type: none"> • Completed and ongoing yearly 	<ul style="list-style-type: none"> • Action to be closed
Contractor management (19) Review contractor management procedure to ensure clarity on how contracting groups should be monitored and reviewed and implement with all contractors (could be two streams approach).	<ul style="list-style-type: none"> • Contractor management system has been reviewed by the Operations manager I&P • New contractor procedures established with the restructure and establishment of procurement plan and programmes • Contractor prequalification with Site Wise still effective and in place 	<ul style="list-style-type: none"> • Action to be closed
(29) More training on contractor management might be helpful for Managers – consider workshoping and discover the current practices across different departments to drive improvements to best practice in all areas.	<ul style="list-style-type: none"> • To be reviewed by the Active Construction Maintenance and Contractors critical risk review team 	<ul style="list-style-type: none"> • Action to be closed
20) Ensure all SDC building/facility upgrades or development projects have early participation from all stakeholder groups (including non-managerial workers) to ensure benefit of including the worker's voice. Use most relevant workers (who may or may not be H&S reps).	<ul style="list-style-type: none"> • To be reviewed – further work needed but indicative feedback is there is greater operational input into planning for facility design and upgrade projects. 	<ul style="list-style-type: none"> • Action to be closed
Emergency response (21) Develop organisation-wide and centrally managed emergency response programme to identify and plan for all foreseeable emergency responses (over and above standard evacuation drills completed for fire regulations), to ensure a consistent and scalable approach across all facilities.	<ul style="list-style-type: none"> • Mail threat scenario test taken place another due once restructure in this workgroup is completed • Real life medical events have taken place with learnings • Earthquake drills at all staffed facilities • Aggressive customer (critical risk team) Situational safety and de-escalation training and Caring Customer Interaction project. Aggressive customer drills have taken place and will continue • Fire drills in each facility at least twice per year 	<ul style="list-style-type: none"> • Action to be closed
(22) Develop a standard response to testing, training, debrief and emergency response plan improvement to ensure all plans remain fit for purpose and	<ul style="list-style-type: none"> • As above 	<ul style="list-style-type: none"> • Action to be closed

cover all types of emergency including emerging threats e.g. acts of terrorism requiring lockdown.		
Reporting and Performance (24) Ensure performance metrics are predominantly lead indicators including progress against Critical Risk Control plans (risk reduction) and other prevention orientated indicators (rather than lag indicators)	<ul style="list-style-type: none"> • Current metrics from reporting systems have improved • Monthly H&S and WB dashboard established for reporting to ELT/Ropu Marutau • RFP for replacement system carried out with Vault/Damstra remaining in place • HS&W training is ongoing and recorded in Compass and reported to ELT and ARC via dashboard • Critical risk reviews to be report back to ELT quarterly 	<ul style="list-style-type: none"> • Action to be closed

REPORT

TO: Audit and Risk Sub-Committee

FOR: Audit and Risk Sub-Committee Meeting 5 November 2024

FROM: Chief Financial Officer

DATE: 30 September 2024

SUBJECT: **QUARTERLY TREASURY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024**

RECOMMENDATION

'That the Audit and Risk Sub-Committee receives for information the Selwyn District Council Quarterly Treasury Report for the quarter ended 30 September 2024.'

1. **PURPOSE**

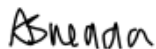
The purpose of this report is to provide the Audit and Risk Sub-Committee with an overview of the Council's treasury activity, position, and compliance with the Treasury Policy.

The report for the quarter that ended 30 September 2024 is appended to this cover report.

2. **SIGNIFICANCE ASSESSMENT/COMPLIANCE STATEMENT**

The decisions and matters of this report are assessed as of low significance, in accordance with the Council's Significant and Engagement Policy.

Report of:



Allison Sneddon
CHIEF FINANCIAL OFFICER



Treasury Report

For the period ended 30 September 2024

www.selwyn.govt.nz



SUMMARY

Debt Position:

- **Q1 2025** total borrowing has not moved since the 2024 year-end position (**\$185m**).
- **\$10m** of pre-funded LGFA debt was repaid upon maturity, with a new **\$10m** Fixed Rate Note (FRN) replacing it.
- **\$10m** Westpac working capital/on-call facility remains undrawn.

Interest Rate Management:

- In **Q1 2025**, new interest swaps were taken out on advice by PwC, bringing the interest rate risk into compliance with Council's Treasury Risk Management Policy until **December 2025**.

Cash (On-call and On-term):

- **Q1 2025** on-call cash and cash equivalents were **\$15m**.
- **\$10m** on-term deposit with ANZ expired during the quarter with funds used for funding the \$10m FRN as discussed above.

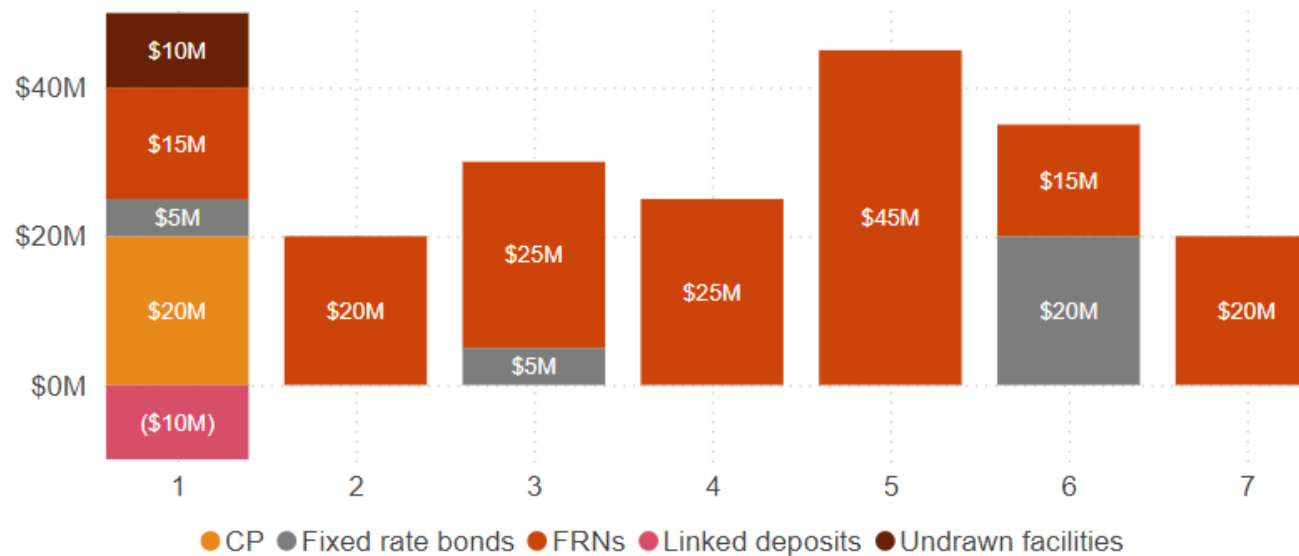
Other Matters:

- Proposed new International Swaps and Derivatives Association (ISDA) agreement with ASB.
- Updated ISDA agreement with ANZ.

Overall, in Q1 2025 Council was compliant with the Treasury Risk Management Policy, and the debt position is in line with the LTP 24/34.

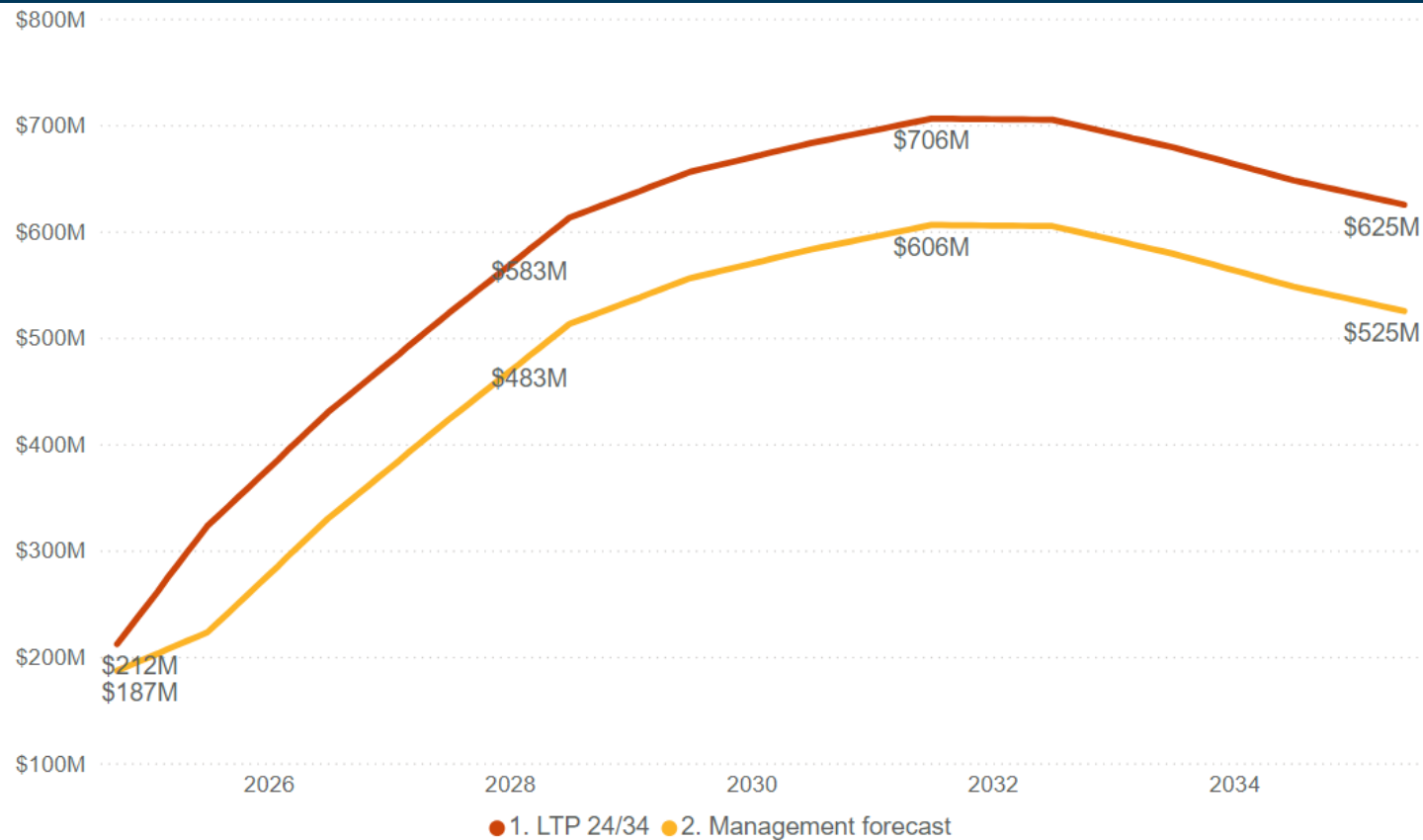
DEBT POSITION VS POLICY

Funding and liquidity risk timeline



- The above graph represents the visual split of the composition of borrowings as at 30 September 2024.
- The **liquidity ratio** measures the ability to use current assets to extinguish current liabilities. The liquidity ratio per the Treasury and Risk Management Policy is set at no less than **110%**.
- As at 30 September 2024, estimated **liquidity ratio** is **115%** which means we are compliant.
- The maturity profile of the debt is compliant with the Treasury and Risk Management Policy (**42%** of debt is 0-3 years and **58%** is 3-7 years in duration).

DEBT POSITION VS LTP 24/34



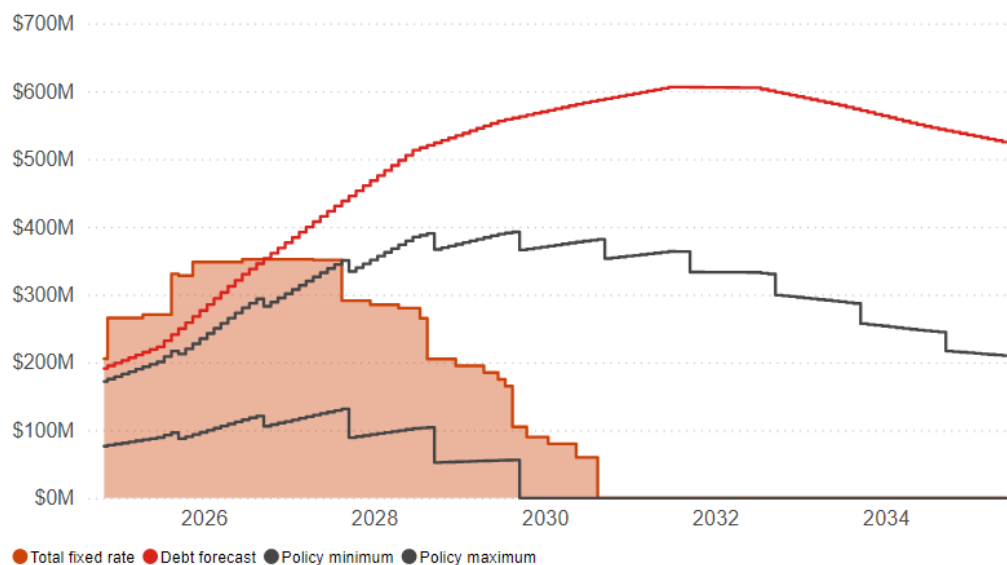
- The above graph represents debt forecast scenarios: actual (yellow line) vs LTP 24/34 (orange line).
- Per LTP 24/34, the projected total borrowings are **\$212m** as at 30 September 2024.
- Actual total borrowings are **\$185m**, tracking **\$27m** favourably to the LTP 24/34 forecast. This is due to a delay in commencement of capital projects that the borrowing is designed for.

INTEREST RATE RISK MANAGEMENT

Q1 2025	Key Metrics
\$125.5M	Total fixed debt
61.0%	% of total exposure fixed
3.93 years	Average duration of fixed debt
5.44%	Pre-hedging cost of debt
4.24%	Post-hedging cost of debt

- Over **60%** of Council's debt is **fixed**. This minimises interest rate exposure.
- Interest rate swaps are used to fix a portion of the LGFA floating borrowing to effectively manage the interest rate pricing risk and ensure compliance with the Council's Treasury Risk Management Policy.
- Council is proactive at exploring and implementing strategies for hedging interest rate pricing risk, in consultation with PwC.
- As seen in the graph (area highlighted in orange), Council's total hedged interest rate fits well within the maximum and minimum levels prescribed by the Treasury Risk Management Policy. The orange line represents the forecasted levels of debt.
- The average post-hedging cost of debt is maintained at a rate under **5%**.

Interest rate risk timeline



CASH INVESTMENTS

Q1 2025	Key Metrics
\$0	Cash on-term deposit
\$15M	Cash on-call
\$4.9M	LGFA borrower notes
N/A	Average Interest on term-deposits
4.94%	Average interest on LGFA Borrower Notes

- The Council's cash investments consist of term deposits and cash on-call held with New Zealand banks, as well as LGFA borrower notes.
- As at 30 September 2024, the combined balance on Westpac on-call accounts was **\$15m**.
- As at 30 September 2024, there were no on-term deposits. The **\$10m** deposit matured on 14 October 2024. This was designed to pre-fund the **\$10m** LGFA FRN that matured on 15 October 2024.
- No new on-term deposits were made.

OTHER MATTERS

ISDA Agreement – ASB:

- A proposed new ISDA agreement to be put in place between the Council and ASB.
- This will allow the Council to secure swaps and derivatives through ASB.
- Council currently has ISDA agreements in place with ANZ and Westpac which allows to trade interest swaps with these banks as a part of the Council's interest exposure hedging.
- The details are covered in a separate paper.

ISDA Agreement – ANZ:

- An update to ISDA agreement with ANZ has been drafted.
- The update is related to increasing the limit of issuing limit under the existing ISDA.
- The details are covered in a separate paper.

REPORT

TO: Audit and Risk Sub-Committee

FOR: Audit and Risk Sub-Committee Meeting 5 November 2024

FROM: Chief Financial Officer

DATE: 30 September 2024

SUBJECT: **INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION (ISDA) AGREEMENTS WITH ASB AND ANZ**

RECOMMENDATION

'That the Audit and Risk Sub-Committee receives for information and approval the proposed ISDA agreement between Selwyn District Council (SDC) and ASB, and updates to the existing ISDA agreement between SDC and ANZ.'

1. PURPOSE

The purpose of this report is to provide the Audit and Risk Sub-Committee with an overview of the ISDA agreements between SDC and ASB, and between SDC and ANZ.

2. BACKGROUND

SDC and ASB:

a. In August 2023, SDC started the feasibility review of potentially implementing an ISDA agreement between SDC and ASB. Generally, an ISDA agreement is a standardised agreement that is used to govern transactions related to 'over-the-counter' derivatives (for example, swaps, forward rate agreements, and options).

b. The purpose of this was to diversify options for derivative trade, expanding from two banks (ANZ and Westpac) that SDC currently places swap orders with. This diversification was with a view to obtain better rates for interest risk hedging.

c. Throughout the course of the feasibility review, various consultants were invited to comment on the proposed ISDA agreement draft (including PwC, Anderson Lloyd and Buddle Findlay) providing an all-encompassing view of the proposed agreement. The review involved recommendations on the proposed draft and the related schedules, to ensure minimal risk exposure for SDC.

d. In September 2024, Buddle Findlay conducted the final review of the updated ISDA agreement draft, and a final version of the agreement was provided, concluding that it was ready for SDC to execute (see Supplement 1).

The recommendation to the Audit and Risk Sub-Committee is therefore to approve the ISDA agreement as described above.

SDC and ANZ:

a. In August 2024, SDC engaged Buddle Findlay to act on SDC's behalf in respect of the issue of security stock under SDC's Debenture Trust Deed.

The proposed change is in relation to increasing the limit under the existing ISDA agreement from \$2m to \$6m. Buddle Findlay have been instructed to prepare a new security stock certificate to reflect this, noting that the new security stock certificate will be replacing the existing security stock certificate, number 3. The draft documents prepared by Buddle Findlay have been reviewed by ANZ. The suggested next steps are:

1. SDC signs and issues the Stock Issuance Notice to Covenant;
2. SDC signs the Stock Certificate and CEO Certificate and sends to Buddle Findlay to hold in escrow;
3. ANZ signs the Cancellation Notice and sends to Buddle Findlay to hold in escrow.

Upon actioning both steps 1 and 2 above, Buddle Findlay will simultaneously:

4. Release the Stock Certificate and CEO Certificate to ANZ;
5. Release the Cancellation Notice to Computershare and SDC;
6. Instruct Computershare to update the Stock Register.

b. Draft legal opinion by Buddle Findlay is attached as a supplement to this paper (Supplement 2).

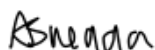
c. Further to our request for clarification, Buddle Findlay confirmed that there is no risk associated with issuing further stock per se, other than by doing so, SDC is increasing its exposure to ANZ. On the other hand, SDC can transact swaps up to a higher limit. The new stock is required to secure the increased limit.

The recommendation to the Audit and Risk Sub-Committee is therefore to approve the ISDA agreement change as described above.

3. SIGNIFICANCE ASSESSMENT/COMPLIANCE STATEMENT

The decisions and matters of this report are assessed as of medium significance, in accordance with the Council's Significant and Engagement Policy.

Report of:



Allison Sneddon
CHIEF FINANCIAL OFFICER



International Swaps and Derivatives Association, Inc.

2002 MASTER AGREEMENT

dated as of

ASB BANK LIMITED ("Party A") and SELWYN DISTRICT COUNCIL ("Party B")

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this 2002 Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties or otherwise effective for the purpose of confirming or evidencing those Transactions. This 2002 Master Agreement and the Schedule are together referred to as this "Master Agreement".

Accordingly, the parties agree as follows:

1. Interpretation

- (a) **Definitions.** The terms defined in Section 14 and elsewhere in this Master Agreement will have the meanings therein specified for the purpose of this Master Agreement.
- (b) **Inconsistency.** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement, such Confirmation will prevail for the purpose of the relevant Transaction.
- (c) **Single Agreement.** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

- (a) **General Conditions.**
 - (i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.
 - (ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

Copyright © 2002 by International Swaps and Derivatives Association, Inc.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other condition specified in this Agreement to be a condition precedent for the purpose of this Section 2(a)(iii).

(b) **Change of Account.** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the Scheduled Settlement Date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) **Netting of Payments.** If on any date amounts would otherwise be payable:

- (i) in the same currency; and
- (ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount and payment obligation will be determined in respect of all amounts payable on the same date in the same currency in respect of those Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or any Confirmation by specifying that "Multiple Transaction Payment Netting" applies to the Transactions identified as being subject to the election (in which case clause (ii) above will not apply to such Transactions). If Multiple Transaction Payment Netting is applicable to Transactions, it will apply to those Transactions with effect from the starting date specified in the Schedule or such Confirmation, or, if a starting date is not specified in the Schedule or such Confirmation, the starting date otherwise agreed by the parties in writing. This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) **Deduction or Withholding for Tax.**

(i) **Gross-Up.** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:

- (1) promptly notify the other party ("Y") of such requirement;
- (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and

(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) **Liability.** If:

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

3. Representations

Each party makes the representations contained in Sections 3(a), 3(b), 3(c), 3(d), 3(e) and 3(f) and, if specified in the Schedule as applying, 3(g) to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement). If any "Additional Representation" is specified in the Schedule or any Confirmation as applying, the party or parties specified for such Additional Representation will make and, if applicable, be deemed to repeat such Additional Representation at the time or times specified for such Additional Representation.

(a) **Basic Representations.**

(i) **Status.** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

- (iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
- (iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and
- (v) **Obligations Binding.** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).
- (b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.
- (c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it, any of its Credit Support Providers or any of its applicable Specified Entities any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.
- (d) **Accuracy of Specified Information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.
- (e) **Payer Tax Representation.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.
- (f) **Payee Tax Representations.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.
- (g) **No Agency.** It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:

- (a) **Furnish Specified Information.** It will deliver to the other party or, in certain cases under clause (iii) below, to such government or taxing authority as the other party reasonably directs:
 - (i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;
 - (ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) **Maintain Authorisations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) **Comply With Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) **Tax Agreement.** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) **Payment of Stamp Tax.** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction"), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. Events of Default and Termination Events

(a) **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes (subject to Sections 5(c) and 6(e)(iv)) an event of default (an "Event of Default") with respect to such party:

(i) **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) required to be made by it if such failure is not remedied on or before the first Local Business Day in the case of any such payment or the first Local Delivery Day in the case of any such delivery after, in each case, notice of such failure is given to the party;

(ii) **Breach of Agreement; Repudiation of Agreement.**

(1) Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied within 30 days after notice of such failure is given to the party; or

(2) the party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that party or any

Transaction evidenced by such a Confirmation (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iii) ***Credit Support Default.***

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such party or such Credit Support Provider to the other party pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) ***Misrepresentation.*** A representation (other than a representation under Section 3(e) or 3(f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) ***Default Under Specified Transaction.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:

(1) defaults (other than by failing to make a delivery) under a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction;

(2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment due on the last payment or exchange date of, or any payment on early termination of, a Specified Transaction (or, if there is no applicable notice requirement or grace period, such default continues for at least one Local Business Day);

(3) defaults in making any delivery due under (including any delivery due on the last delivery or exchange date of) a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, all transactions outstanding under the documentation applicable to that Specified Transaction; or

(4) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, a Specified Transaction or any credit support arrangement relating to a Specified Transaction that is, in either case, confirmed or evidenced by a document or other confirming evidence executed and delivered by that party, Credit Support Provider or Specified Entity (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) **Cross-Default.** If "Cross-Default" is specified in the Schedule as applying to the party, the occurrence or existence of:

(1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) where the aggregate principal amount of such agreements or instruments, either alone or together with the amount, if any, referred to in clause (2) below, is not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments before it would otherwise have been due and payable; or

(2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments under such agreements or instruments on the due date for payment (after giving effect to any applicable notice requirement or grace period) in an aggregate amount, either alone or together with the amount, if any, referred to in clause (1) above, of not less than the applicable Threshold Amount;

(vii) **Bankruptcy.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) **Merger Without Assumption.** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, reincorporation or reconstitution:

- (1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party; or
- (2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) **Termination Events.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes (subject to Section 5(c)) an Illegality if the event is specified in clause (i) below, a Force Majeure Event if the event is specified in clause (ii) below, a Tax Event if the event is specified in clause (iii) below, a Tax Event Upon Merger if the event is specified in clause (iv) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to clause (v) below or an Additional Termination Event if the event is specified pursuant to clause (vi) below:

(i) **Illegality.** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, due to an event or circumstance (other than any action taken by a party or, if applicable, any Credit Support Provider of such party) occurring after a Transaction is entered into, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party or any Credit Support Provider, as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of Section 4(b)):

- (1) for the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or
- (2) for such party or any Credit Support Provider of such party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, to receive a payment or delivery under such Credit Support Document or to comply with any other material provision of such Credit Support Document;

(ii) **Force Majeure Event.** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of force majeure or act of state occurring after a Transaction is entered into, on any day:

- (1) the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, from receiving a payment or delivery in respect of such Transaction or from complying with any other material provision of this Agreement relating to such Transaction (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or

impracticable for such Office so to perform, receive or comply (or it would be impossible or impracticable for such Office so to perform, receive or comply if such payment, delivery or compliance were required on that day); or

(2) such party or any Credit Support Provider of such party (which will be the Affected Party) is prevented from performing any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, from receiving a payment or delivery under such Credit Support Document or from complying with any other material provision of such Credit Support Document (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply (or it would be impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply if such payment, delivery or compliance were required on that day),

so long as the force majeure or act of state is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability;

(iii) **Tax Event.** Due to (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (2) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date (A) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 9(h)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iv) **Tax Event Upon Merger.** The party (the "Burdened Party") on the next succeeding Scheduled Settlement Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date of this Master Agreement) to, or reorganising, reincorporating or reconstituting into or as, another entity (which will be the Affected Party) where such action does not constitute a Merger Without Assumption;

(v) **Credit Event Upon Merger.** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, a Designated Event (as defined below) occurs with respect to such party, any Credit Support Provider of such party or any applicable Specified Entity of such party (in each case, "X") and such Designated Event does not constitute a Merger Without Assumption, and the creditworthiness of X or, if applicable, the successor, surviving or transferee entity of X, after taking into account any applicable Credit Support Document, is materially weaker immediately after the occurrence of such Designated Event than that of X immediately prior to the occurrence of such Designated Event (and, in any such event, such party or its successor, surviving or transferee entity, as appropriate, will be the Affected Party). A "Designated Event" with respect to X means that:

(1) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as of the

date of this Master Agreement) to, or reorganises, reincorporates or reconstitutes into or as, another entity;

(2) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (B) any other ownership interest enabling it to exercise control of X; or

(3) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest; or

(vi) **Additional Termination Event.** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties will be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) **Hierarchy of Events.**

(i) An event or circumstance that constitutes or gives rise to an Illegality or a Force Majeure Event will not, for so long as that is the case, also constitute or give rise to an Event of Default under Section 5(a)(i), 5(a)(ii)(1) or 5(a)(iii)(1) insofar as such event or circumstance relates to the failure to make any payment or delivery or a failure to comply with any other material provision of this Agreement or a Credit Support Document, as the case may be.

(ii) Except in circumstances contemplated by clause (i) above, if an event or circumstance which would otherwise constitute or give rise to an Illegality or a Force Majeure Event also constitutes an Event of Default or any other Termination Event, it will be treated as an Event of Default or such other Termination Event, as the case may be, and will not constitute or give rise to an Illegality or a Force Majeure Event.

(iii) If an event or circumstance which would otherwise constitute or give rise to a Force Majeure Event also constitutes an Illegality, it will be treated as an Illegality, except as described in clause (ii) above, and not a Force Majeure Event.

(d) **Deferral of Payments and Deliveries During Waiting Period.** If an Illegality or a Force Majeure Event has occurred and is continuing with respect to a Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to, and will not be due until:

(i) the first Local Business Day or, in the case of a delivery, the first Local Delivery Day (or the first day that would have been a Local Business Day or Local Delivery Day, as appropriate, but for the occurrence of the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event) following the end of any applicable Waiting Period in respect of that Illegality or Force Majeure Event, as the case may be; or

(ii) if earlier, the date on which the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event ceases to exist or, if such date is not a Local Business Day or, in the case of a delivery, a Local Delivery Day, the first following day that is a Local Business Day or Local Delivery Day, as appropriate.

(e) **Inability of Head or Home Office to Perform Obligations of Branch.** If (i) an Illegality or a Force Majeure Event occurs under Section 5(b)(i)(1) or 5(b)(ii)(1) and the relevant Office is not the Affected Party's head or home office, (ii) Section 10(a) applies, (iii) the other party seeks performance of the relevant obligation or

compliance with the relevant provision by the Affected Party's head or home office and (iv) the Affected Party's head or home office fails so to perform or comply due to the occurrence of an event or circumstance which would, if that head or home office were the Office through which the Affected Party makes and receives payments and deliveries with respect to the relevant Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and such failure would otherwise constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) with respect to such party, then, for so long as the relevant event or circumstance continues to exist with respect to both the Office referred to in Section 5(b)(i)(1) or 5(b)(ii)(1), as the case may be, and the Affected Party's head or home office, such failure will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1).

6. Early Termination; Close-Out Netting

(a) **Right to Terminate Following Event of Default.** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) **Right to Terminate Following Termination Event.**

(i) **Notice.** If a Termination Event other than a Force Majeure Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction, and will also give the other party such other information about that Termination Event as the other party may reasonably require. If a Force Majeure Event occurs, each party will, promptly upon becoming aware of it, use all reasonable efforts to notify the other party, specifying the nature of that Force Majeure Event, and will also give the other party such other information about that Force Majeure Event as the other party may reasonably require.

(ii) **Transfer to Avoid Termination Event.** If a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) **Two Affected Parties.** If a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice of such occurrence is given under Section 6(b)(i) to avoid that Termination Event.

(iv) ***Right to Terminate.***

(1) If:

(A) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(B) a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there are two Affected Parties, or the Non-affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, if the relevant Termination Event is then continuing, by not more than 20 days notice to the other party, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(2) If at any time an Illegality or a Force Majeure Event has occurred and is then continuing and any applicable Waiting Period has expired:

(A) Subject to clause (B) below, either party may, by not more than 20 days notice to the other party, designate (I) a day not earlier than the day on which such notice becomes effective as an Early Termination Date in respect of all Affected Transactions or (II) by specifying in that notice the Affected Transactions in respect of which it is designating the relevant day as an Early Termination Date, a day not earlier than two Local Business Days following the day on which such notice becomes effective as an Early Termination Date in respect of less than all Affected Transactions. Upon receipt of a notice designating an Early Termination Date in respect of less than all Affected Transactions, the other party may, by notice to the designating party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transactions.

(B) An Affected Party (if the Illegality or Force Majeure Event relates to performance by such party or any Credit Support Provider of such party of an obligation to make any payment or delivery under, or to compliance with any other material provision of, the relevant Credit Support Document) will only have the right to designate an Early Termination Date under Section 6(b)(iv)(2)(A) as a result of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2) following the prior designation by the other party of an Early Termination Date, pursuant to Section 6(b)(iv)(2)(A), in respect of less than all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or 6(b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 9(h)(i) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date will be determined pursuant to Sections 6(e) and 9(h)(ii).

(d) **Calculations; Payment Date.**

(i) **Statement.** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including any quotations, market data or information from internal sources used in making such calculations), (2) specifying (except where there are two Affected Parties) any Early Termination Amount payable and (3) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation or market data obtained in determining a Close-out Amount, the records of the party obtaining such quotation or market data will be conclusive evidence of the existence and accuracy of such quotation or market data.

(ii) **Payment Date.** An Early Termination Amount due in respect of any Early Termination Date will, together with any amount of interest payable pursuant to Section 9(h)(ii)(2), be payable (1) on the day on which notice of the amount payable is effective in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and (2) on the day which is two Local Business Days after the day on which notice of the amount payable is effective (or, if there are two Affected Parties, after the day on which the statement provided pursuant to clause (i) above by the second party to provide such a statement is effective) in the case of an Early Termination Date which is designated as a result of a Termination Event.

(e) **Payments on Early Termination.** If an Early Termination Date occurs, the amount, if any, payable in respect of that Early Termination Date (the "Early Termination Amount") will be determined pursuant to this Section 6(e) and will be subject to Section 6(f).

(i) **Events of Default.** If the Early Termination Date results from an Event of Default, the Early Termination Amount will be an amount equal to (1) the sum of (A) the Termination Currency Equivalent of the Close-out Amount or Close-out Amounts (whether positive or negative) determined by the Non-defaulting Party for each Terminated Transaction or group of Terminated Transactions, as the case may be, and (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (2) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If the Early Termination Amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the Early Termination Amount to the Defaulting Party.

(ii) **Termination Events.** If the Early Termination Date results from a Termination Event:

(1) **One Affected Party.** Subject to clause (3) below, if there is one Affected Party, the Early Termination Amount will be determined in accordance with Section 6(e)(i), except that references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and to the Non-affected Party, respectively.

(2) **Two Affected Parties.** Subject to clause (3) below, if there are two Affected Parties, each party will determine an amount equal to the Termination Currency Equivalent of the sum of the Close-out Amount or Close-out Amounts (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions, as the case may be, and the Early Termination Amount will be an amount equal to (A) the sum of (I) one-half of the difference between the higher amount so determined (by party "X") and the lower amount so determined (by party "Y") and (II) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Y. If the Early Termination Amount is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the Early Termination Amount to Y.

(3) *Mid-Market Events.* If that Termination Event is an Illegality or a Force Majeure Event, then the Early Termination Amount will be determined in accordance with clause (1) or (2) above, as appropriate, except that, for the purpose of determining a Close-out Amount or Close-out Amounts, the Determining Party will:

(A) if obtaining quotations from one or more third parties (or from any of the Determining Party's Affiliates), ask each third party or Affiliate (I) not to take account of the current creditworthiness of the Determining Party or any existing Credit Support Document and (II) to provide mid-market quotations; and

(B) in any other case, use mid-market values without regard to the creditworthiness of the Determining Party.

(iii) *Adjustment for Bankruptcy.* In circumstances where an Early Termination Date occurs because Automatic Early Termination applies in respect of a party, the Early Termination Amount will be subject to such adjustments as are appropriate and permitted by applicable law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) *Adjustment for Illegality or Force Majeure Event.* The failure by a party or any Credit Support Provider of such party to pay, when due, any Early Termination Amount will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) if such failure is due to the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event. Such amount will (1) accrue interest and otherwise be treated as an Unpaid Amount owing to the other party if subsequently an Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions and (2) otherwise accrue interest in accordance with Section 9(h)(ii)(2).

(v) *Pre-Estimate.* The parties agree that an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks, and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of the termination of the Terminated Transactions.

(f) *Set-Off.* Any Early Termination Amount payable to one party (the "Payee") by the other party (the "Payer"), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the Non-defaulting Party or the Non-affected Party, as the case may be ("X") (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts ("Other Amounts") payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise).

7. Transfer

Subject to Section 6(b)(ii) and to the extent permitted by applicable law, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

- (a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and
- (b) a party may make such a transfer of all or any part of its interest in any Early Termination Amount payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.

Any purported transfer that is not in compliance with this Section 7 will be void.

8. Contractual Currency

(a) **Payment in the Contractual Currency.** Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in good faith and using commercially reasonable procedures in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) **Judgments.** To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in clause (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using

commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

(c) **Separate Indemnities.** To the extent permitted by applicable law, the indemnities in this Section 8 constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) **Evidence of Loss.** For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

(a) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter. Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(b) **Amendments.** An amendment, modification or waiver in respect of this Agreement will only be effective if in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system.

(c) **Survival of Obligations.** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) **Remedies Cumulative.** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) **Counterparts and Confirmations.**

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation will be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes, by an exchange of electronic messages on an electronic messaging system or by an exchange of e-mails, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex, electronic message or e-mail constitutes a Confirmation.

(f) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

(h) ***Interest and Compensation.***

(i) ***Prior to Early Termination.*** Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction:

(1) ***Interest on Defaulted Payments.*** If a party defaults in the performance of any payment obligation, it will, to the extent permitted by applicable law and subject to Section 6(c), pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (3)(B) or (C) below), at the Default Rate.

(2) ***Compensation for Defaulted Deliveries.*** If a party defaults in the performance of any obligation required to be settled by delivery, it will on demand (A) compensate the other party to the extent provided for in the relevant Confirmation or elsewhere in this Agreement and (B) unless otherwise provided in the relevant Confirmation or elsewhere in this Agreement, to the extent permitted by applicable law and subject to Section 6(c), pay to the other party interest (before as well as after judgment) on an amount equal to the fair market value of that which was required to be delivered in the same currency as that amount, for the period from (and including) the originally scheduled date for delivery to (but excluding) the date of actual delivery (and excluding any period in respect of which interest or compensation in respect of that amount is due pursuant to clause (4) below), at the Default Rate. The fair market value of any obligation referred to above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party that was entitled to take delivery.

(3) ***Interest on Deferred Payments.*** If:

(A) a party does not pay any amount that, but for Section 2(a)(iii), would have been payable, it will, to the extent permitted by applicable law and subject to Section 6(c) and clauses (B) and (C) below, pay interest (before as well as after judgment) on that amount to the other party on demand (after such amount becomes payable) in the same currency as that amount, for the period from (and including) the date the amount would, but for Section 2(a)(iii), have been payable to (but excluding) the date the amount actually becomes payable, at the Applicable Deferral Rate;

(B) a payment is deferred pursuant to Section 5(d), the party which would otherwise have been required to make that payment will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the amount of the deferred payment to the other party on demand (after such amount becomes payable) in the same currency as the deferred payment, for the period from (and including) the date the amount would, but for Section 5(d), have been payable to (but excluding) the earlier of the date the payment is no longer deferred pursuant to Section 5(d) and the date during the deferral period upon which an Event of Default or Potential Event of Default with respect to that party occurs, at the Applicable Deferral Rate; or

(C) a party fails to make any payment due to the occurrence of an Illegality or a Force Majeure Event (after giving effect to any deferral period contemplated by clause (B) above), it will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as the event or circumstance giving rise to that Illegality or Force Majeure Event

continues and no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the date the party fails to make the payment due to the occurrence of the relevant Illegality or Force Majeure Event (or, if later, the date the payment is no longer deferred pursuant to Section 5(d)) to (but excluding) the earlier of the date the event or circumstance giving rise to that Illegality or Force Majeure Event ceases to exist and the date during the period upon which an Event of Default or Potential Event of Default with respect to that party occurs (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (B) above), at the Applicable Deferral Rate.

(4) *Compensation for Deferred Deliveries.* If:

(A) a party does not perform any obligation that, but for Section 2(a)(iii), would have been required to be settled by delivery;

(B) a delivery is deferred pursuant to Section 5(d); or

(C) a party fails to make a delivery due to the occurrence of an Illegality or a Force Majeure Event at a time when any applicable Waiting Period has expired,

the party required (or that would otherwise have been required) to make the delivery will, to the extent permitted by applicable law and subject to Section 6(c), compensate and pay interest to the other party on demand (after, in the case of clauses (A) and (B) above, such delivery is required) if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

(ii) *Early Termination.* Upon the occurrence or effective designation of an Early Termination Date in respect of a Transaction:

(1) *Unpaid Amounts.* For the purpose of determining an Unpaid Amount in respect of the relevant Transaction, and to the extent permitted by applicable law, interest will accrue on the amount of any payment obligation or the amount equal to the fair market value of any obligation required to be settled by delivery included in such determination in the same currency as that amount, for the period from (and including) the date the relevant obligation was (or would have been but for Section 2(a)(iii) or 5(d)) required to have been performed to (but excluding) the relevant Early Termination Date, at the Applicable Close-out Rate.

(2) *Interest on Early Termination Amounts.* If an Early Termination Amount is due in respect of such Early Termination Date, that amount will, to the extent permitted by applicable law, be paid together with interest (before as well as after judgment) on that amount in the Termination Currency, for the period from (and including) such Early Termination Date to (but excluding) the date the amount is paid, at the Applicable Close-out Rate.

(iii) *Interest Calculation.* Any interest pursuant to this Section 9(h) will be calculated on the basis of daily compounding and the actual number of days elapsed.

10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to and agrees with the other party that, notwithstanding the place of booking or its jurisdiction of incorporation or organisation, its obligations are the same in terms of recourse against it as if it had entered into the Transaction through its head or home office, except that a party will not have recourse to the head or home office of the other party in respect of any payment or delivery deferred pursuant to Section 5(d) for so long as the payment or delivery is so deferred. This representation and agreement will be deemed to be repeated by each party on each date on which the parties enter into a Transaction.

(b) If a party is specified as a Multibranch Party in the Schedule, such party may, subject to clause (c) below, enter into a Transaction through, book a Transaction in and make and receive payments and deliveries with respect to a Transaction through any Office listed in respect of that party in the Schedule (but not any other Office unless otherwise agreed by the parties in writing).

(c) The Office through which a party enters into a Transaction will be the Office specified for that party in the relevant Confirmation or as otherwise agreed by the parties in writing, and, if an Office for that party is not specified in the Confirmation or otherwise agreed by the parties in writing, its head or home office. Unless the parties otherwise agree in writing, the Office through which a party enters into a Transaction will also be the Office in which it books the Transaction and the Office through which it makes and receives payments and deliveries with respect to the Transaction. Subject to Section 6(b)(ii), neither party may change the Office in which it books the Transaction or the Office through which it makes and receives payments or deliveries with respect to a Transaction without the prior written consent of the other party.

11. Expenses

A Defaulting Party will on demand indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, execution fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) **Effectiveness.** Any notice or other communication in respect of this Agreement may be given in any manner described below (except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail) to the address or number or in accordance with the electronic messaging system or e-mail details provided (see the Schedule) and will be deemed effective as indicated:

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted;
- (v) if sent by electronic messaging system, on the date it is received; or

- (vi) if sent by e-mail, on the date it is delivered,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication will be deemed given and effective on the first following day that is a Local Business Day.

- (b) **Change of Details.** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system or e-mail details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

- (a) **Governing Law.** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

- (b) **Jurisdiction.** With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement ("Proceedings"), each party irrevocably:

- (i) submits:

- (1) if this Agreement is expressed to be governed by English law, to (A) the non-exclusive jurisdiction of the English courts if the Proceedings do not involve a Convention Court and (B) the exclusive jurisdiction of the English courts if the Proceedings do involve a Convention Court; or

- (2) if this Agreement is expressed to be governed by the laws of the State of New York, to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City;

- (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and

- (iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in anyone or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

- (c) **Service of Process.** Each party irrevocably appoints the Process Agent, if any, specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i), 12(a)(iii) or 12(a)(iv). Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

- (d) **Waiver of Immunities.** Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:

"Additional Representation" has the meaning specified in Section 3.

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Force Majeure Event, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event (which, in the case of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2), means all Transactions unless the relevant Credit Support Document references only certain Transactions, in which case those Transactions and, if the relevant Credit Support Document constitutes a Confirmation for a Transaction, that Transaction) and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Agreement" has the meaning specified in Section 1(c).

"Applicable Close-out Rate" means:

- (a) in respect of the determination of an Unpaid Amount:
 - (i) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;
 - (ii) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate;
 - (iii) in respect of obligations deferred pursuant to Section 5(d), if there is no Defaulting Party and for so long as the deferral period continues, the Applicable Deferral Rate; and
 - (iv) in all other cases following the occurrence of a Termination Event (except where interest accrues pursuant to clause (iii) above), the Applicable Deferral Rate; and
- (b) in respect of an Early Termination Amount:
 - (i) for the period from (and including) the relevant Early Termination Date to (but excluding) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable:
 - (1) if the Early Termination Amount is payable by a Defaulting Party, the Default Rate;
 - (2) if the Early Termination Amount is payable by a Non-defaulting Party, the Non-default Rate; and
 - (3) in all other cases, the Applicable Deferral Rate; and

(ii) for the period from (and including) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable to (but excluding) the date of actual payment:

- (1) if a party fails to pay the Early Termination Amount due to the occurrence of an event or circumstance which would, if it occurred with respect to a payment or delivery under a Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and for so long as the Early Termination Amount remains unpaid due to the continuing existence of such event or circumstance, the Applicable Deferral Rate;
- (2) if the Early Termination Amount is payable by a Defaulting Party (but excluding any period in respect of which clause (1) above applies), the Default Rate;
- (3) if the Early Termination Amount is payable by a Non-defaulting Party (but excluding any period in respect of which clause (1) above applies), the Non-default Rate; and
- (4) in all other cases, the Termination Rate.

"Applicable Deferral Rate" means:

- (a) for the purpose of Section 9(h)(i)(3)(A), the rate certified by the relevant payer to be a rate offered to the payer by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market;
- (b) for purposes of Section 9(h)(i)(3)(B) and clause (a)(iii) of the definition of Applicable Close-out Rate, the rate certified by the relevant payer to be a rate offered to prime banks by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer after consultation with the other party, if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market; and
- (c) for purposes of Section 9(h)(i)(3)(C) and clauses (a)(iv), (b)(i)(3) and (b)(ii)(1) of the definition of Applicable Close-out Rate, a rate equal to the arithmetic mean of the rate determined pursuant to clause (a) above and a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount.

"Automatic Early Termination" has the meaning specified in Section 6(a).

"Burdened Party" has the meaning specified in Section 5(b)(iv).

"Change in Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant Transaction.

"Close-out Amount" means, with respect to each Terminated Transaction or each group of Terminated Transactions and a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (a) the material terms of that Terminated Transaction or group of Terminated Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of that Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in

Section 2(a)(iii)) and (b) the option rights of the parties in respect of that Terminated Transaction or group of Terminated Transactions.

Any Close-out Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Determining Party may determine a Close-out Amount for any group of Terminated Transactions or any individual Terminated Transaction but, in the aggregate, for not less than all Terminated Transactions. Each Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of a Terminated Transaction or group of Terminated Transactions and legal fees and out-of-pocket expenses referred to in Section 11 are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information:

- (i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;
- (ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or
- (iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the Determining Party's Affiliates) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the Determining Party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction or group of Terminated Transactions (or any gain resulting from any of them).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:

- (1) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the Terminated Transaction or group of Terminated Transactions; and

(2) application of different valuation methods to Terminated Transactions or groups of Terminated Transactions depending on the type, complexity, size or number of the Terminated Transactions or group of Terminated Transactions.

"Confirmation" has the meaning specified in the preamble.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Contractual Currency" has the meaning specified in Section 8(a).

"Convention Court" means any court which is bound to apply to the Proceedings either Article 17 of the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters or Article 17 of the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Cross-Default" means the event specified in Section 5(a)(vi).

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1 % per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Designated Event" has the meaning specified in Section 5(b)(v).

"Determining Party" means the party determining a Close-out Amount.

"Early Termination Amount" has the meaning specified in Section 6(e).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"electronic messages" does not include e-mails but does include documents expressed in markup languages, and **"electronic messaging system"** will be construed accordingly.

"English law" means the law of England and Wales, and **"English"** will be construed accordingly.

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Force Majeure Event" has the meaning specified in Section 5(b).

"General Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority), and **"unlawful"** will be construed accordingly.

"Local Business Day" means (a) in relation to any obligation under Section 2(a)(i), a General Business Day in the place or places specified in the relevant Confirmation and a day on which a relevant settlement system is open or operating as specified in the relevant Confirmation or, if a place or a settlement system is not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) for the purpose of determining when a Waiting Period expires, a General Business Day in the place where the event or circumstance that constitutes or gives rise to the Illegality or Force Majeure Event, as the case may be, occurs, (c) in relation to any other payment, a General Business Day in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment and, if that currency does not have a single recognised principal financial centre, a day on which the settlement system necessary to accomplish such payment is open, (d) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), a General Business Day (or a day that would have been a General Business Day but for the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event) in the place specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (e) in relation to Section 5(a)(v)(2), a General Business Day in the relevant locations for performance with respect to such Specified Transaction.

"Local Delivery Day" means, for purposes of Sections 5(a)(i) and 5(d), a day on which settlement systems necessary to accomplish the relevant delivery are generally open for business so that the delivery is capable of being accomplished in accordance with customary market practice, in the place specified in the relevant Confirmation or, if not so specified, in a location as determined in accordance with customary market practice for the relevant delivery.

"Master Agreement" has the meaning specified in the preamble.

"Merger Without Assumption" means the event specified in Section 5(a)(viii).

"Multiple Transaction Payment Netting" has the meaning specified in Section 2(c).

"Non-affected Party" means, so long as there is only one Affected Party, the other party.

"Non-default Rate" means the rate certified by the Non-defaulting Party to be a rate offered to the Non-defaulting Party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the Non-defaulting Party for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Other Amounts" has the meaning specified in Section 6(f).

"Payee" has the meaning specified in Section 6(f).

"Payer" has the meaning specified in Section 6(f).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Proceedings" has the meaning specified in Section 13(b).

"Process Agent" has the meaning specified in the Schedule.

"rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Schedule" has the meaning specified in the preamble.

"Scheduled Settlement Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is not a Transaction under this Agreement but (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Stamp Tax" means any stamp, registration, documentation or similar tax.

"Stamp Tax Jurisdiction" has the meaning specified in Section 4(e).

"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"Tax Event" has the meaning specified in Section 5(b).

"Tax Event Upon Merger" has the meaning specified in Section 5(b).

"Terminated Transactions" means, with respect to any Early Termination Date, (a) if resulting from an Illegality or a Force Majeure Event, all Affected Transactions specified in the notice given pursuant to Section 6(b)(iv), (b) if resulting from any other Termination Event, all Affected Transactions and (c) if resulting from an Event of Default, all Transactions in effect either immediately before the effectiveness of the notice designating that Early Termination Date or, if Automatic Early Termination applies, immediately before that Early Termination Date.

"Termination Currency" means (a) if a Termination Currency is specified in the Schedule and that currency is freely available, that currency, and (b) otherwise, euro if this Agreement is expressed to be governed by English law or United States Dollars if this Agreement is expressed to be governed by the laws of the State of New York.

"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"Termination Event" means an Illegality, a Force Majeure Event, a Tax Event, a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Threshold Amount" means the amount, if any, specified as such in the Schedule.

"Transaction" has the meaning specified in the preamble.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) or due but for Section 5(d)) to such party under Section 2(a)(i) or 2(d)(i)(4) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii) or 5(d)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered and (c) if the Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions, any Early Termination Amount due prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with any amount of interest accrued or other

compensation in respect of that obligation or deferred obligation, as the case may be, pursuant to Section 9(h)(ii)(1) or (2), as appropriate. The fair market value of any obligation referred to in clause (b) above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it will be the average of the Termination Currency Equivalents of the fair market values so determined by both parties.

"Waiting Period" means:

(a) in respect of an event or circumstance under Section 5(b)(i), other than in the case of Section 5(b)(i)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of three Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance; and

(b) in respect of an event or circumstance under Section 5(b)(ii), other than in the case of Section 5(b)(ii)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of eight Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

SIGNED for and on behalf of **ASB BANK LIMITED** by its attorneys:

Signature of attorney

in the presence of:

Name of attorney

Signature of witness

Signature of attorney

Name of witness

Name of attorney

Occupation

Address

SIGNED for and on behalf of **SELWYN DISTRICT COUNCIL** by:

Name:

Title:

Date:

Name:

Title:

Date:

ISDA® 2002



ISDA®

International Swaps and Derivatives Association, Inc.

2002 MASTER AGREEMENT

NEW ZEALAND FINANCIAL MARKETS ASSOCIATION SCHEDULE

to the

2002 MASTER AGREEMENT

dated as of 2024

between

ASB BANK LIMITED

SELWYN DISTRICT COUNCIL

("Party A")

and

("Party B")

A territorial authority under the Local
Government Act 2002 (the "LGA")

Part 1. Termination Provisions.

(a) "**Specified Entity**" means in relation to Party A for the purpose of:-

Section 5(a)(v), not applicable

Section 5(a)(vi), not applicable

Section 5(a)(vii), not applicable

Section 5(b)(v), not applicable

and in relation to Party B for the purpose of:-

Section 5(a)(v), not applicable

Section 5(a)(vi), not applicable

Section 5(a)(vii), not applicable

Section 5(b)(v), not applicable

- (b) “**Specified Transaction**” will have the meaning specified in Section 14 of this Agreement.
- (c) The “**Cross-Default**” provisions of Section 5(a)(vi) will not apply to either party.
“**Specified Indebtedness**”, not applicable.
“**Threshold Amount**”, not applicable.
- (d) The “**Credit Event Upon Merger**” provisions of Section 5(b)(v):
 - (i) will apply to Party A, provided that Section 5(b)(v)(1) is amended by deleting the words “(or a substantial part of the assets comprising the business conducted by X as at the date of this Master Agreement”; and
 - (ii) will apply to Party B.
- (e) The “**Automatic Early Termination**” provisions of Section 6(a) will not apply to either party.
- (f) “**Termination Currency**” means New Zealand Dollars.
- (g) The “**Additional Termination Event**” provisions of Section 5(b)(vi) will not apply.

Part 2. Tax Representations.

(a) **Payer Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B do not make any representations.

(b) **Payee Representations.** For the purpose of Section 3(f) of this Agreement:-

(i) Party A and Party B each makes the following representation:

It is resident in New Zealand for the purposes of the Income Tax Act 2007.

(ii) Party A and Party B each makes the following representation:-

It has RWT-exempt status (as defined in section YA 1 of the Income Tax Act 2007) and will take all reasonable steps necessary to maintain RWT-exempt status for the duration of this agreement.

Part 3. Agreement to Deliver Documents.

For the purpose of Sections 4(a)(i) and (4)(a)(ii) of this Agreement, each party agrees to deliver the following documents, as applicable:-

(a) Tax forms, documents or certificates to be delivered are:-

Party required to deliver document	Form/ Document/ Certificate	Date by which to be delivered
Party A and Party B.	Any document or certificate reasonably required or reasonably requested by a party in connection with its obligations to make a payment under this Agreement that would (a) enable that party to make the payment free from any deduction or withholding for or on account of Tax or (b) reduce the rate at which any deduction or withholding for or on account of Tax is applied to that payment.	On the earlier of (a) learning that such document or certificate is required and (b) as soon as reasonably practicable following a request by the other party.

(b) Other documents to be delivered are:-

Party required to deliver document	Form/ Document/ Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party A and Party B.	A list of authorised signatories for the party and evidence satisfactory in form and substance to the other party of the authority of the authorised signatories of the party to execute this Agreement, any Confirmation and any other notice or communication issued in respect of this Agreement on behalf of the party.	On the execution of this Agreement or any relevant Confirmation, unless that list has already been supplied for that purpose and remains true and in effect, and when the list is updated.	Yes.

Party B.	Each annual report of Party B, containing audited financial statements certified by independent public accountants prepared in accordance with accounting principles generally accepted in New Zealand.	Within 1 month of the adoption of such annual report.	Yes.
Party B.	Each annual plan of the party produced under section 95 of the LGA (or any re-enactment thereof).	Within 1 Month of adoption of such annual plan.	Yes.
Party B.	A certificate signed by Party B's chief executive in the form set out in Appendix 1.	On the execution of this Agreement.	Yes.
Party B.	A certificate signed by Party B's chief executive in the form set out in Appendix 2 that relates to a Transaction.	On execution of each Confirmation.	Yes.
Party B	Evidence that it has RWT-exempt status (as defined in section YA 1 of the Income Tax Act 2007).	Before the date on which the first payment is made under this Agreement.	Yes.

Part 4. Miscellaneous.

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:-

Address for notices or communications to Party A:-

Address: ASB Bank Limited
Level 2
ASB North Wharf
12 Jellicoe Street
Auckland 1010
New Zealand
Attention: Head of Global Payments Operations

Facsimile No.: (09) 307 8010

Telephone No.: (09) 339 3822

Electronic Messaging System Details: Not applicable

Address for notices or communications to Party B:-

Address: Selwyn District Council

2 Norman Kirk Drive
Rolleston
Attention: Manager Corporate Services

Facsimile No.: (03) 347 2799

Telephone No.: (03) 247 2800

Electronic Messaging System Details: Not applicable

- (b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:-

Party A appoints as its Process Agent: Not applicable

Party B appoints as its Process Agent: Not applicable

- (c) **Offices.** The provisions of Section 10(a) will not apply to this Agreement.

- (d) **Multibranch Party.** For the purpose of Section 10(b) of this Agreement:-

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

- (e) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction.

- (f) **Credit Support Document.** Details of any Credit Support Document:-

In relation to Party A, none.

In relation to Party B, none.

- (g) **Credit Support Provider.** Details of any Credit Support Provider:-

In relation to Party A, none.

In relation to Party B, none.

- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with New Zealand law.

- (i) **Netting of Payments.** "Multiple Transaction Payment Netting" will apply for the purpose of Section 2(c) of this Agreement to the following Transactions:

All Transactions of the same product type unless the parties agree in respect of two or more Transactions not to determine a net amount.

- (j) **"Affiliate"** will have the meaning specified in Section 14 of this Agreement.

- (k) **Absence of Litigation.** For the purpose of Section 3(c):-

"Specified Entity" means, in relation to Party A, not applicable.

"Specified Entity" means, in relation to Party B, any Affiliate of Party B.

- (l) **No Agency.** The provisions of Section 3(g) will apply to this Agreement.

- (m) **Additional Representations** will apply. For the purpose of Section 3 of this Agreement, each of the following will constitute an Additional Representation:-

- (i) **Relationship Between Parties.** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):-

- (1) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction, it being understood that information and explanations related to the terms and conditions of a Transaction will not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of that Transaction.
- (2) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and

understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

- (3) *Status of Parties.* The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction.
- (ii) **Party B's Representations.** Party B represents to Party A on the date on which it enters into a Transaction that the Transaction:-
 - (1) is entered into in compliance with the LGA;
 - (2) is not contrary to any provision of the LGA;
 - (3) is within the capacity, rights and powers of Party B;
 - (4) is entered into for a purpose that is authorised either by the LGA or another Act; and
 - (5) is a protected transaction within the meaning of the LGA,
 and repeats those representations continuously until the relevant Transaction terminates.
- (iii) **Party B's Status.** Party B represents to Party A that it is a territorial authority duly constituted as a local authority, and repeats that representation continuously until this Agreement is terminated.
- (n) **Protected transaction.** A new Section 4(f) is inserted as follows:
 - "(f) **Protected Transaction.** In respect of Party B only, it will not enter into any Transaction under this Agreement that is not a protected transaction (as defined in the LGA)."
- (o) **Applicable Events of Default.** The provisions of Section 5(a)(i), (ii), (iii)(2), (iii)(3), (iv), (v), (vi),(vii), (viii) but no other provisions of that Section 5(a), shall apply to Party B.
- (p) **Equivalent credit support assumed.** In Section 5(a)(viii):
 - (ii) insert in paragraph (1) immediately after the words "or any Credit Support Document to which it or its predecessor was a party" the words "(unless obligations reasonably equivalent to those under such Credit Support Document are assumed)";
 - (ii) insert in paragraph (2) immediately after the words "Credit Support Document" the words "(or benefits reasonably equivalent thereto)".
- (r) **Absence of Crown guarantee.** No obligation of Party B under or in respect of this Agreement or any Transaction is guaranteed by the Crown.
- (s) **Recording of Conversations.** Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with this Agreement or any potential Transaction, (ii) agrees to obtain any consent required by applicable law of, and give any notice required by applicable law of such recording to, its relevant personnel and (iii)

agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings.

Part 5. Other Provisions.

- (a) **Condition Precedent Inapplicable.** A new Section 2(a)(iv) is inserted as follows:-
- “(iv) **Condition Precedent Inapplicable.** The condition precedent in Section 2(a)(iii)(1) does not apply to a payment or delivery owing by a party if the other party has satisfied in full all its payment and delivery obligations under Section 2(a)(i) and Section 9(h) and has no future payment or delivery obligations, whether absolute or contingent, under Section 2(a)(i) or Section 9(h).”
- (b) **Change of Account.** Section 2(b) of this Agreement is hereby amended by the addition of the following after the word “delivery” in the first line thereof: “to another account in the same legal and tax jurisdiction as the original account”.
- (c) **Loss of certificate of exemption from RWT.** At the end of Section 5(b)(iii) of this Agreement, insert the following:-
- “, provided that, if a party ceases to have RWT-exempt status (as defined in section YA 1 of the Income Tax Act 2007), the provisions of this Section 5(b)(iii) will not apply to render it a Tax Event unless it results from a Change in Tax Law;”
- (d) **Set-off.** Section 6(f) of this Agreement is replaced with the following:-
- “(f) **Set-off.**
- (i) If:-
- (1) an Early Termination Date occurs;
 - (2) on or after that date an amount is (or, but for this Section 6(f), would be) payable under this Agreement by one party (“**Payer**”) to the other party (“**Payee**”); and
 - (3) on or after that date another amount (“**Set-off Amount**”) is payable (whether at that time, in the future or upon the occurrence of a contingency) by the Payee to the Payer (irrespective of the currency, place of payment or place of booking of the obligation) in respect of a transaction (“**Other Transaction**”) under any other contract (“**Other Contract**”) between the Payee and the Payer or otherwise under this Agreement,
- then:-
- (4) at the option of the Payer, the Other Transaction will become a transaction to which this Agreement applies and an amount equal to the Set-off Amount will be deemed to be an Unpaid Amount due to the Payer for the purposes of Section 6(e); and
 - (5) the obligation of the Payee to pay the Set-off Amount under the Other Contract or under this Agreement is terminated on the inclusion of that amount in accordance

with sub-paragraph (4) in the calculation of the Early Termination Amount payable between the parties under Section 6(e).

- (ii) The Payer must notify the Payee of any set-off effected under this Section 6(f).
- (iii) If an obligation is unascertained, the Payer may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.
- (iv) Nothing in this Section 6(f) creates a charge or other security interest. This Section 6(f) is without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise)."

(e) **Transfer.** Section 7 of this Agreement is replaced with the following:-

"7. Transfer.

(a) Neither party may:-

(i)

(1) assign or transfer (whether at law, in equity or otherwise); or

(2) make the subject of any security interest or trust or other fiduciary obligation,

any of its rights or obligations under this Agreement (including any Transaction); or

(ii) allow any such assignment, transfer, security interest or trust or other fiduciary obligation to subsist.

Any action by a party that purports to do any of these things is void.

(b) Nothing in this Section 7:-

(i) restricts a transfer by a party under Section 6(b)(ii); or

(ii) restricts a transfer by a party of its rights and obligations under this Agreement (including any Transaction) pursuant to a consolidation or amalgamation with or merger into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); or

(iii) restricts a novation of the rights and obligations of a party under this Agreement (including any Transaction); or

- (iv) restricts a transfer by a party of all or any part of its interest in any Early Termination Amount payable to it from a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.”
- (f) **Other matters.** Section 9 of this Agreement is amended by inserting the following paragraphs at the end thereof in the appropriate order:-
 - “(i) **Partial Invalidity.** The illegality, invalidity or unenforceability of any provision of this Agreement under any law does not affect:-
 - (i) the legality, validity or enforceability of that provision under another law; or
 - (ii) the legality, validity or enforceability of any other provision.
 - (j) **Reliance.** Each party may rely on any communication or document reasonably believed by it to be genuine and to have been made or delivered by the person or persons whose name or names and/or signatures have been previously notified to it by the other party.
 - (k) **Consent to Disclosure.** Each party hereby agrees that any information in respect of, or relating to, this Agreement and any Transaction, to the extent that such information is not known to the public or disclosed to the public in the future by third parties (the “**Information**”) is confidential and shall be treated as such, and that each party consents to the communication, disclosure and transfer by the other party of the Information:
 - (i) to the other party’s branches, subsidiaries, Affiliates and advisors and their respective employees, on a need-to-know basis for the purposes of performing this Agreement and the Transactions; and
 - (ii) to any other person to the extent required by law, any government or regulatory authority in any jurisdiction.”
- (g) **GST.** In Section 11, after “including legal fees and Stamp Tax”, insert the following:-

“and any goods and services tax”
- (h) **Notices.** Section 12(a) is amended by:-
 - (a) deleting Section 12(a)(iii) and replacing it with:
 - “(iii) if sent by facsimile, on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient notified for the purposes of this Section unless the recipient notifies the sender within one Local Business Day of the form being sent that the facsimile was not received in its entirety in legible form;”
 - (b) adding as a new Section 12(a)(vii) as follows:

“(vii) if sent by ordinary mail from within New Zealand to a New Zealand address, on the third day after posting, or, if sent to an address outside of New Zealand or posted from outside of New Zealand, on the seventh day after posting (if posted by first class airmail),”

- (i) **Jurisdiction.** Section 13(b)(i) of this Agreement is replaced with the following:-

“(i) submits to the non-exclusive jurisdiction of the courts of New Zealand;”

- (j) **2002 Master Agreement Protocol.** The parties agree that the terms of each Annex to the 2002 Master Agreement Protocol published by the International Swaps and Derivatives Association, Inc. (the “**Protocol**”) shall apply to this Agreement as if the parties had adhered to the Protocol without amendment.
- (k) **Governing Agreement.** The parties agree that every **transaction** between them is a Transaction governed by this Agreement unless the terms of this Agreement have been expressly excluded. This applies whether or not the parties refer to this Agreement, or state that a **transaction** is governed by the terms of any other master agreement, when entering into or confirming the **transaction**.

For the purpose of this clause, “**transaction**” means a transaction between the parties, whether entered into before, on or after the commencement of this Agreement, of the type described in the last six lines of the definition of Specified Transaction.

- (l) **Application and ISDA Definitions.**

- (i) **Application.** Every transaction between the parties that is, or is described in its **confirmation** as being, of the type specified in the table below is a Transaction governed by the terms of this Agreement (and not any other master agreement) and forms part of this Agreement unless the parties expressly agree in writing that this clause is not to apply. This applies whether or not the parties refer to this Agreement or state that the transaction is governed by the terms of any other master agreement when entering into the transaction.
- (ii) **ISDA Definitions.** Subject to the terms of any Confirmation, the definitions and provisions contained in the 2006 ISDA Definitions (or any replacement or successor definitions) as published by the International Swaps and Derivatives Association, Inc., are deemed to be incorporated into each Confirmation. In addition, the definitions and provisions contained in the respective ISDA Definitions specified below (or any replacement or successor definitions) are incorporated into each Confirmation of a Transaction between the parties that is, or is described in its Confirmation as being, of the type specified below. If there is an inconsistency between those definitions and provisions and any such Confirmation, the Confirmation prevails.

Types of transactions	ISDA Definitions
Currency option transaction or FX transaction	1998 FX and Currency Option Definitions as amended by the 2005 Barrier Option Supplement as published by International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and the Foreign Exchange Committee
Forward commodity transaction; spot commodity transaction; commodity option transaction; commodity swap transaction; commodity cap, collar or floor transaction; bullion spot transaction; bullion forward transaction; bullion swap transaction or bullion option transaction	2005 ISDA Commodity Definitions as published by International Swaps and Derivatives Association, Inc.

- (m) **NZFMA Repo Addendum.** The NZFMA Repo Addendum (Reciprocal Purchase Agreements/Securities Lending Transactions) is deemed to be incorporated in this Agreement.
- (n) **Confirmation.** Notwithstanding anything to the contrary in this Agreement:-
- (a) as soon as reasonably possible after agreement regarding any Transaction, Party A will send a Confirmation setting forth the terms agreed by the parties, Party B shall execute and return the Confirmation to Party A or request correction of any error within three Local Business Days of receipt. Failure of Party B to respond within such period shall not affect the validity or enforceability of the Transaction and shall be deemed an affirmation of the terms; and
 - (b) Confirmations are to be sent in accordance with Section 12.

Appendix 1

TO: []

I, **[Chief Executive name]**, the Chief Executive of Selwyn District Council (the "Council") certify as follows:

1. RESOLUTIONS

1.1 The Council has, by all necessary resolutions duly passed ("**resolutions**"):

(a) approved the transactions contemplated by the ISDA Master Agreement dated as of a date on or about the date of this certificate ("**Agreement**"); and

(b) authorised execution of the Agreement by the Council,

or has delegated sufficient authority to officers of the Council to provide the approval and authorisation referred to in paragraphs (a) and (b), and that approval and authorisation has been given in accordance with that delegated authority.

1.2 The resolutions remain in full force and effect.

2. COMPLIANCE WITH THE ACT

For the purposes of section 118 of the Local Government Act 2002 (the "**Act**"), in entering into the Agreement and the performance of its obligations under the Agreement and all other documentation contemplated by or entered into in connection with the Agreement, the Council has complied with the Act.

3. DUE EXECUTION

The Agreement has been properly executed by the Council.

4. AUTHORISED PERSONS

Each of the persons listed below (each an "Authorised Person") has been authorised (any [one] of them acting alone) to give any notice or communications, and to take any other action required, under or in connection with the Agreement and each transaction entered into under the Agreement on behalf of the Council. The signature of each Authorised Person appearing next to his or her name is his or her true signature.

Name	Position	Signature

This certificate is given by me in my capacity as Chief Executive of the Council in good faith on behalf of the Council and on the agreed basis that I shall have no personal liability in connection with the issuing of this certificate.

Dated:

[Name]

Chief Executive

Appendix 2

TO: []

I, [**Chief Executive name**], the Chief Executive of Selwyn District Council (the "Council") certify as follows:

1. RESOLUTIONS

1.1 The Council has, by all necessary resolutions duly passed ("**resolutions**"):

- (a) approved the transactions contemplated by the attached "Confirmation" ("**Confirmation**"); and
- (b) authorised execution of the Confirmation by the Council,

or has delegated sufficient authority to officers of the Council to provide the approval and authorisation referred to in paragraphs (a) and (b), and that approval and authorisation has been given in accordance with that delegated authority.

1.2 The resolutions remain in full force and effect.

2. COMPLIANCE WITH THE ACT

For the purposes of section 118 of the Local Government Act 2002 (the "**Act**"), in entering into the Confirmation and the performance of its obligations under the Confirmation and all other documentation contemplated by or entered into in connection with the Confirmation, the Council has complied with the Act.

3. DUE EXECUTION

The Confirmation has been properly executed by the Council.

This certificate is given by me in my capacity as Chief Executive of the Council in good faith on behalf of the Council and on the agreed basis that I shall have no personal liability in connection with the issuing of this certificate.

Dated:

[**Name**]

Chief Executive

[XX] October 2024

To
ANZ Bank
PO Box 220
Christchurch 8140

For
Chris Broughton

And to
Selwyn District Council
PO Box 90
Rolleston 7643

For
Firangiz Radcliffe

By email
chris.broughton@ANZ.com
Firangiz.Radcliffe@selwyn.govt.nz

draft
10 oct 2024

Selwyn District Council Security Stock – Opinion

1. **Appointment:** We have been appointed to act for Selwyn District Council (**Council**).
2. **Security Stock:** As security for the Council's obligations to ANZ Bank New Zealand Limited (the **Bank**), the Bank has requested, and the Council has agreed, to issue the Bank with Security Stock under, and as defined in, the Debenture Trust Deed dated 17 July 2009 between the Council and Trustees Executors Limited (as amended from time to time (**Debenture Trust Deed**) in a floating nominal amount securing all present and future obligations of the Council to the Bank (**New Security Stock**). A Security Stock Certificate (number 28) dated [XX] has been executed by the Council in respect of the New Security Stock (**New Security Stock Certificate**).
3. **Documents:** In addition to the New Security Stock Certificate, we have also reviewed:
 - (a) the Debenture Trust Deed;
 - (b) a certificate signed by the Chief Executive of the Council for the purposes of section 118 of the Local Government Act 2002 (**LGA**) dated [XX] (**CE Certificate**);
 - (c) a stock issuance certificate signed by the Chief Executive of the Council dated [XX]; and
 - (d) a screen print from Computershare Investor Services Limited as Registrar of the Register of Stock Holders held by Computershare Investor Services Limited (**Registrar Extract**),(together, the **Documents**).

4. **Opinion:** Based on the Documents, and having made reasonable and proper enquiries, we advise that in our opinion:
 - (a) the Council has been duly constituted under the laws of New Zealand, is a separate legal entity and is capable of suing and being sued;
 - (b) the Council has complied with the LGA in connection with a 'protected transaction' being the transaction contemplated by the issue of the New Security Stock, as evidenced by the CE Certificate;
 - (c) the issuance of the New Security Stock constitutes a 'protected transaction' within the meaning of section 112 of the LGA;
 - (d) subject to the assumptions and qualifications in schedule 1, the New Security Stock has been validly issued as Security Stock under, and in accordance with, the Debenture Trust Deed and the Council's obligations in respect of the New Security Stock are valid, binding and enforceable;
 - (e) the Council's entry into, and the performance of its obligations under the New Security Stock (as evidenced by the New Security Stock Certificate) do not breach any New Zealand law;
 - (f) any consent licence, approval, authorisation or exemption of any New Zealand governmental agency that is required under New Zealand law for the Council to enter into, or perform its obligations under the New Security Stock has been obtained;
 - (g) attached are copies of the financing statement registered on the PPSR in respect of the Council in favour of Trustees Executors Limited relating to the "Charged Assets" (as that term is defined in the Debenture Trust Deed). There are no financing statements registered prior in time to those of Trustees Executors Limited on the PPSR in respect of the Council that relate to the "Charged Assets";
 - (h) the Registrar Extract evidences that the New Security Stock has been properly entered on the Register (as defined in the Debenture Trust Deed); and
 - (i) the Council is not entitled to claim for itself, or any of its assets, immunity from suit, execution, attachment or other legal process in any proceedings taken in New Zealand in relation to the New Security Stock.
5. We are providing this opinion to the Council and the Bank for their sole benefit in connection with the Documents. It is not to be used or relied on by any other person, or for any other purpose, without our written consent except that it may be disclosed (on a non-reliance basis):
 - (a) as required by law or the rules of a recognised stock exchange;
 - (b) to any regulator having jurisdiction over your affairs;
 - (c) to any person who in the ordinary course of your business has access to your papers and records, on the basis that that person will make no further disclosure;

- (d) as required in connection with any actual or contemplated legal proceedings relating to the Documents or this opinion; or
 - (e) in connection with any proposed assignment of or participation in, and in accordance with the terms of, a Document.
6. This opinion is strictly limited to the matters stated in it as at the date of this opinion.

Yours faithfully
Buddle Findlay

Jan Etwell
Partner

DDI • 64 3 371 3514
M • 64 21 655 604
jan.etwell@buddlefindlay.com

draft
10 oct 2024

Schedule 1

Assumptions

1. For the purposes of this opinion, we have made the following assumptions:
 - (a) The documents we have examined for the purposes of this opinion are complete and:
 - (i) where originals, are authentic; and
 - (ii) where copies, conform with the originals.
 - (b) All signatures on the Documents we have examined for the purposes of this opinion are genuine.
 - (c) Except as otherwise covered in this opinion, and without limiting our opinion under paragraph 4(f), all facts and statements provided or made to us by or on behalf of any person, including those set out in any document or certificate upon which we have expressed reliance for the purposes of this opinion, are true, complete and accurate, and are not misleading, as at the date of this opinion.
 - (d) The correctness of all statements as to matters of fact set out in the Section 118 Certificate (for the avoidance of doubt, this excludes paragraphs 2 and 4 of the Section 118 Certificate).
 - (e) No receiver or receiver and manager has been appointed in respect of Council or any of its assets.
 - (f) [covered under (g) below]The Documents constitute valid, binding and enforceable obligations of the parties to them (other than Council).
 - (g) The Debenture Trust Deed was duly executed by Council and the obligations of the parties thereto are legal, valid, binding and enforceable.
 - (h) There has been no appointment of any crown manager or commission under section 258 of the Local Government Act 2002 (the "Act") in respect of Council.

Qualifications

2. This opinion is subject to the following qualifications and any matter of fact not disclosed to us:
 - (a) The term 'enforceable' as used above means that the obligations assumed by the relevant party under the Documents are of a type which the New Zealand courts enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms. Enforcement will be subject to general principles of law, equity and procedure. In particular:
 - (i) enforcement of the Documents may be limited by general principles of equity and the discretionary powers of the courts;
 - (ii) a New Zealand court may not enforce any provision of the Documents which it regards as contrary to public policy, such as a provision that constitutes a penalty

because the consequence it provides for in respect of a contractual breach is out of all proportion to the legitimate interests of the innocent party in performance of the primary obligation;

- (iii) a New Zealand court may set aside the Documents on the application of Council if it has entered into the Documents as a result of fraud, duress or misleading, deceptive or unconscionable conduct on the part of another party or under a mistake or misrepresentation;
- (iv) claims may be or become time-barred or subject to set-off or counter-claim; and
- (v) a New Zealand court may stay proceedings brought before it if the matter has already been considered, or is being considered concurrently, by another court, or if another forum is more appropriate.

Accordingly, the enforcement of Council's obligations under the Documents would not be certain in every circumstance.

- (b) Insolvency, receivership, statutory management, reorganisation or other laws affecting creditors' rights generally may affect Council's obligations under the Documents, and the remedies available.
- (c) A New Zealand court may not enforce:
 - (i) a provision that purports to excuse or protect a party from, or apply regardless of, that party's negligence, default or breach of duty;
 - (ii) a provision limiting, restricting or otherwise relating to amendments or waivers if it determines the intentions of the parties to be contrary in any case;
 - (iii) a provision that purports to preclude reliance on anything not set out in the Documents; or
 - (iv) any severability provisions in the Documents.
- (d) A determination, calculation or certification may not be binding if the determination, calculation or certification was unreasonable or arbitrary.
- (e) New Zealand law may require that any discretion is exercised, or opinion formed, reasonably.
- (f) Any amount payable upon demand may only be payable upon giving reasonable notice.
- (g) Any indemnity for legal costs is subject to the discretion of the New Zealand courts and to statutory rights of review as to the reasonableness of such costs.
- (h) To the extent that the Document is a credit contract for the purposes of the Credit Contracts and Consumer Finance Act 2003 ("CCCFA"), the Document (including any arrangement or collateral contract in connection with the Document referred to in section 119 of the CCCFA) may not be enforceable where a New Zealand court considers the Document, or the exercise of any creditor's rights under the Document, oppressive or

that Council was induced to enter into the Document by oppressive means.

"Oppressive" is defined as oppressive, harsh, unjustly burdensome, unconscionable or in contravention of reasonable standards of commercial practice. In our opinion, a New Zealand court is unlikely to regard any provision of the Document as oppressive.

- (i) It is not settled whether the New Zealand courts would award a judgment in a foreign currency in respect of any action arising out of the Documents although we believe the courts would be likely to do so where that foreign currency is the currency in which the plaintiff's loss has been effectively suffered or borne.
- (j) We express no opinion as to:
 - (i) the enforceability of any obligations to negotiate in good faith (or similar); and
 - (ii) the enforceability of any currency indemnity provision.
- (k) The Documents constitute a "protected transaction" within the meaning of section 117 of the Act and accordingly, pursuant to section 117 of the Act, the obligations of Council under the Documents will be valid and enforceable against Council despite any of the following matters (none of which have to our knowledge occurred in respect of the Documents):
 - (i) Council failing to comply with the Act;
 - (ii) the entry into or performance of the protected transactions being outside the capacity, rights or powers of Council;
 - (iii) a person held out by Council as being a member, employee, agent, or attorney of Council:
 - (1) not having been validly appointed as such; or
 - (2) not having the authority to exercise any power or to do anything either which the person is held out as having or which a person appointed to such a position would customarily have; or
 - (iv) a document issued, or purporting to be issued, on behalf of Council by a person with actual or customary authority, or held out as having such authority, to issue the document not being valid or not being genuine.
- (l) Pursuant to section 118 of the Act, a certificate signed, or purported to be signed, by the chief executive of Council to the effect that Council has complied with the Act in connection with a protected transaction shall be conclusive proof that Council has complied with the Act. We have relied upon the Section 118 Certificate as evidence of compliance by Council with the Act.
- (m) Having made the comments in paragraph 2(k) and (l) above, you should note a person may not rely on section 117 of the Act or a certificate issued under section 118 of the Act if the person:
 - (i) has dealt in bad faith with Council in relation to the protected transaction; or

- (ii) had actual knowledge before the protected transaction was entered into that Council was in breach of section 113 of the Act.

draft
10 oct 2024

REPORT

TO: Steve Gibling - Executive Director People, Culture and Capability
Julie Hands – Head of Legal and Risk

FOR: Audit and Risk Subcommittee – 6 November 2024

FROM: Sonja Healy – Risk Manager

DATE: 29 October 2024

SUBJECT: **RISK AND INTERNAL AUDIT WORKPLAN**

RECOMMENDATION

‘That the Audit and Risk Subcommittee:

- a) Receive the “Risk and Internal Audit Workplan” report and workplan*

1. PURPOSE

The purpose of this report is to present the Audit and Risk Subcommittee with the workplan in relation to the approach to delivering Risk Management and Internal Audit work programmes at Selwyn District Council.

2. SIGNIFICANCE ASSESSMENT / COMPLIANCE STATEMENT

The decisions and matters of this report are assessed as of low significance.

3. HISTORY / BACKGROUND

The Head of Legal and Risk commenced in mid-September 2024, and the Risk Manager commenced in June 2024. Deloitte is the Internal Audit provider for Council and their work programme commenced in July 2024.

The attached workplan sets out the approach endorsed by ELT in August 2024 to executing and implementing the internal audit work programme and implementation of a refreshed Risk Framework for FY 2025.

The revised Risk Framework is presented as a separate paper. This is the first deliverable of the workplan.

4. DISCUSSION

RISK AND INTERNAL AUDIT WORKPLAN FY25

The key workstreams contained within the workplan are:

- Risk Management Policy and Framework refresh
- Strategic Risk Identification

- Risk reporting processes and templates
- Risk training and communication
- Internal Audit Programme Management
- Open items recording and monitoring
- Continuous improvement

The workplan sets out at a high level the activities and targeted timing for each of these areas for FY25.

5. VIEWS OF THOSE AFFECTED / CONSULTATION

(a) Views of those affected and Consultation

N/A

(b) Māori and Treaty implications

There are no implications or impact related to Iwi / Māori with this report.

(c) Climate Change considerations

N/A

6. FUNDING IMPLICATIONS

There are no budget considerations associated with the recommendations of this report.



Sonja Healy
RISK MANAGER

Endorsed For Agenda



Steve Gibling
EXECUTIVE DIRECTOR – PEOPLE, CAPABILITY & CULTURE

1. Risk and Internal Audit Workplan FY25

1.0 Overall objective				Overall outcome of this work area:								
<ul style="list-style-type: none">Identifying, assessing, and mitigating risks that may affect Council’s operations, reputation, and financial performance.Leading and managing the ongoing integration of the Councils risk framework, policies, plans and systems.Building risk awareness amongst staff by providing support and training within Council.				Improvement of risk management across Council to continuously improve and enhance performance and practice. Key risks are regularly reviewed, updated, reported with ongoing monitoring to ensure effective risk management.								
#	Workstream name and objective	Actions	How will we measure it	Status	Duration		Effort by Team					
					Start Date	End Date	Responsible	Accountable	Support	Consult	Inform	
1.1	Risk Management Policy and Framework refresh <ul style="list-style-type: none">Develop and embed risk management and assurance frameworks, processes and tools within Council to ensure there is an effective system of internal control and compliant with international and NZ Standards and are deemed fit for purpose for Council.Review and update or amend frameworks and tools to ensure they align with best practice and the operating model and strategy of Council.	1. Complete a review of the risk management documents, with a focus on refining risk categories, consequence and likelihood and making it fit for purpose for SDC. 2. Develop risk appetite statements to enable clarity around the levels of risk that Council is willing to accept or manage when making important decisions.	1. Risk Management Policy and Framework to be presented to ARC following completion of refresh. 2. A consistent clearly defined Risk Management approach creates a reference point which can be relied on across the Council for managing, monitoring and reporting on risk.	On track	Q1	Q3	SH	JH SG	JH	HOD’s	ELT	
1.2	Strategic Risks identification <ul style="list-style-type: none">Facilitate the identification, analysis and monitoring of organisation level risks, and co-ordinate reporting on these and emerging risks to the Executive Leadership Team, and Audit & Risk Sub-Committee	1. Reset Council’s top risk profile through facilitated risk identification and assessment with Management and Councillors.	1. Risk identification and assessment workshops to be held with ELT and Councillors before 30 June 2025.	On track	Q2	Q4	SH	JH SG	JH	HOD’s	ELT	
1.3	Risk reporting processes and templates <ul style="list-style-type: none">Use risk analysis to confirm the Organisation’s risk appetite and ensure this is reflected in the Council’s policies and guidance and risk mitigation plans.Ensure corporate planning and reporting tools support risk identification.Produce reports and performance indicators for use internally and externally, including reporting to Council.In conjunction with the business, develop key performance indicators for risk management.Assist in preparing reporting.	1. Develop simplified risk register and reporting formats and processes. 2. Consider existing Council tools. 3. Consider external software options (e.g. Quantate, Protecht, Camms, Promapp)	1. Delivery of a variety of reports to ELT on a monthly basis, that enhance risk management discussions and continuously improve our decisions making processes.	On track	Q2	Q4	SH	JH SG	JH	HOD’s	ELT	
1.4	Risk training and communication <ul style="list-style-type: none">Provide expert advice to the organisation on risk management practices and assurance arrangements.Develop training for Council managers and senior leaders on risk and assurance responsibilities.Build capability across Council that supports effective risk management practices and assurance arrangements.	1. Launch refreshed Risk Management Framework internally, with training on roles and responsibilities and use of tools. 2. Consider Risk’s presence on the Intranet / SharePoint sites to enable easy access to key documentation and messaging. 3. Engage with L&D to consider how Legal & Risk are included in the Orientation Workshop content for new employees.	1. Risk Management is a procedure available on Te Pataka / the Intranet accessible to all staff. 2. Facilitate risk training workshops with relevant stakeholders before 30 June 2025.	Not started	Q3	Q4	SH	JH SG	JH	HOD’s	ELT	
1.5	Internal Audit Programme Management <ul style="list-style-type: none">Develop and maintain a map of Council assurance activity and ensure appropriate monitoring and reporting on overall assurance activity.Assist in commissioning assurance work as per an agreed Assurance plan.Work with the Head of Legal & Risk and CFO to support the work of and relationship with, our external auditor.	1. Meet with the Deloitte Internal Audit team at least monthly to monitor their work programme.	1. Status updates are provided at each Audit & Risk Sub-Committee. 2. The Internal Audit work programme is delivered as per scope and budget agreed annually.	On track	Q1	Q4	SH	JH SG	JH	HOD’s	ELT	
1.6	Open Items recording and monitoring <ul style="list-style-type: none">Develop and maintain a record of open items from external and internal audit assessments.	1. Create a dashboard report for ELT and Audit & Risk Sub-committee meetings.	1. The quarterly report provides transparency of actions to be completed and becomes an enabler for continuous improvement within the control environment.	Not started	Q3	Q4	SH	JH SG	JH	HOD’s	ELT	
1.7	Continuous Improvement <ul style="list-style-type: none">Foster a culture within Council that will allow the Risk Manager to become a trusted advisor that supports the organisation in achieving and delivering on its strategic priorities.Identify, plan and manage key relationships to support operational delivery, within agreed timeframes.Consult and work proactively with stakeholders.Educate and influence change behaviour.Develop and maintain an extensive network of contacts and partnerships with key stakeholders, service providers and community groups.Actively and positively participate as a member of the Legal & Risk team.	1. Meet with Heads of Departments to build relationships across the business and to lead discussions on risk management.	1. Conduct a self-assessment of the All of Government Enterprise Risk Maturity Assessment Framework to understand the progress made.	On track	Q3	Q4	SH	JH SG	JH	HOD’s	ELT	

REPORT

TO: Steve Gibling - Executive Director People, Culture and Capability
Julie Hands – Head of Legal and Risk

FOR: Audit and Risk Subcommittee – 6 November 2024

FROM: Sonja Healy – Risk Manager

DATE: 29 October 2024

SUBJECT: **RISK MANAGEMENT FRAMEWORK UPDATE**

RECOMMENDATION

‘That the Audit and Risk Subcommittee:

- a) Receive the “Risk Management Framework Update” report*
- b) Endorse the updated Risk Policy*
- c) Endorse the updated Risk Management Framework.’*

1. PURPOSE

The purpose of this report is to provide the Audit and Risk Subcommittee with an update in relation to the approach to refreshing the current Risk Management Framework and the progress made to date.

The intent is to provide ongoing and regular reports to the Audit and Risk Subcommittee on ongoing risk activities.

The Risk Management programme of work is in alignment with Council’s strategic goal to ‘prepare key accountability documents in accordance with good practice that allow for easy input from ratepayers and meet statutory requirements’ and ensure that the Annual Report, Annual Plan and Long-Term Plan meet good practice standards.

2. SIGNIFICANCE ASSESSMENT / COMPLIANCE STATEMENT

The decisions and matters of this report are assessed as of low significance, in accordance with the Council’s Significance and Engagement Policy.

3. HISTORY / BACKGROUND

A review of Council’s Risk Management Framework, including policy, procedures, monitoring and reporting, was endorsed by ELT and the Audit & Risk Subcommittee in May 2024 and August 2024 meetings.

4. DISCUSSION

a. RISK MANAGEMENT POLICY

The Risk Management Policy is now a stand-alone document, that sets out what the Council's over-arching approach to risk management is, outlines the importance of delivering effective risk management processes and allocates key roles and responsibilities.

The document has been reviewed to clearly define:

- i. Council's commitment to effective risk management activities
- ii. the roles and responsibilities across the organisation, which is aligned to the Institute of Internal Auditors Three Lines model for managing, overseeing and assessing risk activities.

b. RISK MANAGEMENT FRAMEWORK

The purpose of the Risk Management Framework is to detail the requirements and processes needed to deliver the commitments contained in the Council's Risk Management Policy. The Framework is the practical realisation of the policy. Specifically, the Framework:

- Describes required risk management activities across the Council (the Risk Management Process)
- Provides guidance on how these activities should be completed
- Sets out Selwyn District Council's approach to risk appetite, to support risk management activities
- Provides the core tools to support the completion of risk management activities.

The reviewed framework includes:

- i. a consistent risk management approach across Council, aligned to ISO 31000:2018 - Risk Management Guidelines
- ii. detailed guidance on how to assess risks using a comprehensive Consequence and Likelihood Tables. These tables have been significantly tailored to better equip Council staff to more accurately quantify risks and remove ambiguity in the assessment of risks.

5. NEXT STEPS

The following are the priority actions for the next three months:

- a) Initial implementation of the Risk Management Policy and Framework, through internal communications (e.g. emails and intranet page)
- b) Facilitate training workshops with the relevant HoD's and managers to start the risk discussion and identification processes
- c) Plan a series of workshops with Elected Members and ELT to develop in line with the Risk and Audit workplan:
 - i. key strategic risks

- ii. top enterprise risks
- iii. risk appetite statements

6. VIEWS OF THOSE AFFECTED / CONSULTATION

(a) Views of those affected and Consultation

The Risk Manager will consult with ELT and HoDs on a regular basis. All Business Units will be included within the implementation of the Risk Management Framework and associated processes.

External Audit (Audit NZ) and Internal Audit (Deloitte) will be consulted to gain their feedback, insights, and advice where appropriate.

Councillors will be consulted on the key strategic risks and initial risk reporting.

(b) Māori and Treaty implications

There are no implications or impact related to Iwi / Māori with this report.

(c) Climate Change considerations

The decisions and matters of this report are assessed to have low climate change implications.

7. FUNDING IMPLICATIONS

There are no budget considerations associated with the recommendations of this report.

Sonja Healy
RISK MANAGER

Endorsed For Agenda



Steve Gibling
EXECUTIVE DIRECTOR – PEOPLE, CAPABILITY & CULTURE



Risk Management Policy

Approver

Council, on the recommendation of the Audit & Risk Sub-Committee

Owner

Director People, Culture and Capability

Contact

Risk Manager

Date adopted/last reviewed

[Insert the date the document was adopted (used when Council is the approver) XX November 2024]

Review date

[Insert the date the policy will need to be reviewed by]

Tier

[Leave blank for now]

This document supports or gives effect to the

[Insert plan/s or strategy/s here]



Purpose

The purpose of this Policy is to:

- Describe the principles and core requirements which underpin effective risk management activities at Selwyn District Council
- Define risk management roles and responsibilities across Selwyn District Council
- Support and underpin the operation of Selwyn District Council's Risk Management Framework ("the Framework").

This Policy should be read alongside the Selwyn District Council Risk Management Framework. Together they describe both SDC's commitment to and principles of risk management (this Policy) and how these are reflected in practice (the Framework).

Organisational Scope

This Policy is applicable to all functions and operations of Selwyn District Council, as well as to all staff, contractors and Elected Members.

Background

The Chief Executive Officer, Executive Leadership Team members and Elected Members of the Selwyn District Council ("the Council", "SDC") recognise the importance and value of risk management and the ongoing benefits to its community.

Consequently, the Council is committed to a policy of Risk Management to protect its employees, assets, liabilities and its community against potential losses and to minimise uncertainty in achieving its goals and objectives.

Our commitment to risk management is not only about identifying what could go wrong and being prepared should it occur, it is also about identifying and evaluating opportunities that present themselves from time to time. It is an integral part of the continuous improvement process embraced by Council.

Key Statements / Principles

To deliver on our commitment to risk management, we will:

- a) Ensure risk management is an integral part of all organisational activities and decision-making processes.
- b) Follow a structured and comprehensive approach to risk management to contribute to consistent and comparable results.
- c) Involve our stakeholders in an appropriate and timely manner that enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- d) Anticipate, detect, acknowledge and respond to those significant changes in our operating environment - internally or externally - in an appropriate and timely manner.
- e) Continually improved our risk management practices through learning and experience.

Definitions

Term	Definition
Consequence	Potential outcome(s) of the risk event happening.
Control	Measure that modifies the risk e.g. processes or physical constraints that change the likelihood of an event occurring, or impact the consequence(s).
Inherent Risk Rating	Risk rating / level of risk before risk treatment.
Likelihood	Chance or probability that the consequence(s) will be realised if the risk event happens.
Residual Risk Rating	Risk rating / level of risk remaining after risk treatment.
Risk	The effect of uncertainty on objectives (adopted from ISO 31000)
Risk Appetite	The level of risk that the council is willing to accept in pursuit of its strategic objectives.
Risk Assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk Management	An enabling function which adds value to the organisation, increasing the probability of success in achieving strategic objectives. Risk management aims to decrease the potential for legal liability and managing uncertainty; creating an organisation wide environment where the unexpected is minimal and, should it occur, the consequences may be managed effectively.
Risk Management Framework	The set of components which provide foundations for designing, implementing, monitoring, reviewing and continually improving risk management within the organisation.
Risk Management Process	The systematic and consistent application of policies, processes and practices of establishing the context, identifying, analysing, evaluating, communicating, treating, monitoring and reviewing risk.
Risk Owner	The position with authority and accountability for managing a specific risk and any associated risk controls.
Risk Register	A documented record of risks identified. This includes a description of risk, controls, risk levels and treatment plans.
Risk Tolerance	A measure of the level of risk an organisation is willing to accept, used as a key criterion when making risk-based decisions.
Risk Treatment	Future focussed actions agreed and implemented to address the level of risk.

Roles and responsibilities

Selwyn District Council has adopted the IIA's Three Lines model (Figure 1) as illustrated below. Each line has a distinct role in risk management to support effective review and challenge, and informed decision making.

First Line - Functions that own and manage risk

Team managers, as part of their first line roles, have the responsibility and accountability to manage risks and controls relevant to their team's function and activities. They are also tasked with implementing corrective actions to address any deficiencies in processes and controls.

Second Line - Functions that oversee and enable good risk management practices

The second line (or risk management function) has the responsibility of establishing and overseeing enterprise risk management activities across SDC. Their role is to provide support to the first line roles and ensure that the first line controls actively identify, assess, and monitor risks in order to achieve Council's risk management objectives. This role:

- Provides complementary expertise, support, monitoring, and challenge related to the management of risk, including:
 - The development, implementation, and continuous improvement of risk management practices (including internal control) at a process, systems, and entity level.
 - The achievement of risk management objectives, such as: compliance with laws, regulations, and acceptable ethical behaviour; internal control; information and technology security; sustainability; and quality assurance.
- Provides analysis and reports on the adequacy and effectiveness of risk management (including internal control).

Third Line - Functions that provide independent assessment on current practices

The third line operates independently from the business groups and is responsible for conducting impartial reviews, assessments, reporting, and assurance on risk management practices within their respective functions. In the organisational structure of SDC, the internal audit function is outsourced to an independent provider.

The IIA's Three Lines Model

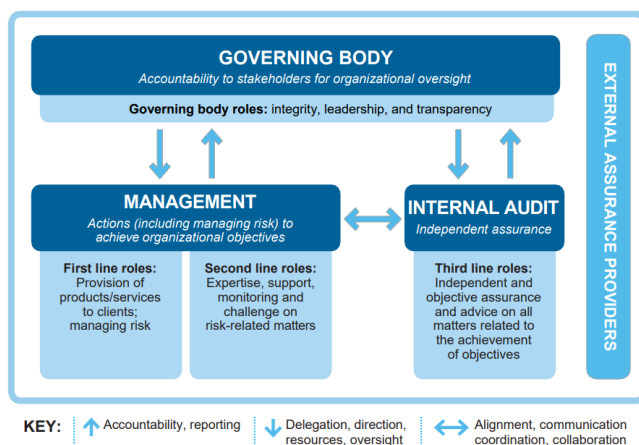


Figure 1 source: *The Institute of Internal Auditors, 2020*

Role / Function	Responsibilities
Council	The Council confirms appropriate risk governance and management frameworks are in place, ensuring risks are appropriately managed, aiding in the achievement of Council's strategic objectives. They are also responsible for nominating members for the Audit and Risk Sub-Committee and receiving and evaluating reports from the Audit and Risk Sub-Committee.
Audit and Risk Sub-Committee	Assists the Council by providing governance and oversight in relation to the integrity and efficacy of Selwyn District Council risk, assurance, and audit frameworks. The Audit and Risk Sub-Committee is responsible for overseeing and monitoring effectiveness of Selwyn District Council's processes and policies for identifying, assessing, and addressing risks. This includes: <ul style="list-style-type: none"> To facilitate resources and guidance in relation to the Risk Management Policy, Framework and associated Procedures; To review and consider any report or recommendations regarding the Risk Management Framework.
Chief Executive and Executive Leadership Team	Collectively responsible for setting the tone from the top, promoting a culture of proactive risk management, and supporting the implementation of the enterprise risk framework by providing appropriate resources and ensuring compliance with policy requirements across their areas of responsibility. The CEO is also responsible for ensuring that Council is not exposed to unnecessary or uncontrolled risks and that a suitable risk management process is established, implemented and maintained in accordance with the Risk Management Framework. The CEO will maintain and be responsible for the effective management of all types of risk across Council's operation.
Risk Management function	Responsible for developing, facilitating implementation and continuous improvement of the risk framework across Selwyn District Council. This includes the development of tools, guidelines, training and ongoing support to facilitate effective risk management practices. The risk management function will act as support to the 'first line' by providing guidance and oversight of risk management practices and compliance.
Heads of Departments	Heads of Departments will ensure that the Council's assets and operations together with public liability risks are adequately protected through appropriate risk management plans and programmes. They will ensure the provision of a safe and healthy work environment and the implementation of prudent work practices.



	<p>H Heads of Departments will be responsible for:</p> <ol style="list-style-type: none"> 1. Ensuring that they identify risk for activities or responsibilities within their departments; 2. Developing action plans to mitigate and control risk; 3. The inclusion of risks to the Council's risk register; 4. Identifying and re-evaluating risks annually; 5. Applying Council's risk management process to risks associated with any planned new activity or proposal being presented to Council.
All staff and contractors	<p>Employees and Contractors will perform their duties and functions in a safe manner, adhering to safe work practices and ensuring that they are familiar with the Council's Risk Management Framework. All individuals will play a part in managing risk at Council, including having access to Council's risk management processes and risks from the risk register.</p> <p>Employees and Contractors will be responsible for:</p> <ol style="list-style-type: none"> 1. Identifying and reporting risk in their areas of responsibility. 2. Assisting to identify ways of controlling those risks (as part of the established risk management process). 3. Taking action attributed to them by an action plan. 4. Ensuring they remain alert to and report any risks to which the Council is exposed which they might identify while carrying out their normal duties.

Related Policies, Procedures and Forms

- SDC Risk Management Framework

Version control table

[Grammatical corrections, spelling corrections, role corrections either in or outside of a review period are to be recorded as follows in the below table in the "Version" column as a half number e.g., 1.3]

Major changes will be recorded as a whole number e.g., 1.00. Major changes are anything that are not those outlined above]

Version	Action	Approver	Action Date
1.00	Scheduled review, major changes involving changes to delegated authority	Director People, Culture and Capability	October 2024



Risk Management Framework

Approver

Council, on the recommendation of the Audit & Risk Sub-Committee

Owner

Director People, Culture and Capability

Contact

Risk Manager

Date adopted

[Insert the date the document was adopted (used when Council is the approver) xx November 2024]

Review date

November 2027

Tier

[Leave blank for now]

**This document supports
or gives effect to the**

[Insert plan/s or strategy/s here]

Purpose

The purpose of this Framework is to detail the requirements and processes supporting the Council's Risk Management Policy. Specifically, the Framework:

- Sets out Selwyn District Council's approach to risk appetite, to support risk management activities
- Describes required risk management activities across the Council (the *Risk Management Process*)
- Provides guidance on how these activities should be completed
- Provides the core tools to support the completion of risk management activities.

Organisational Scope

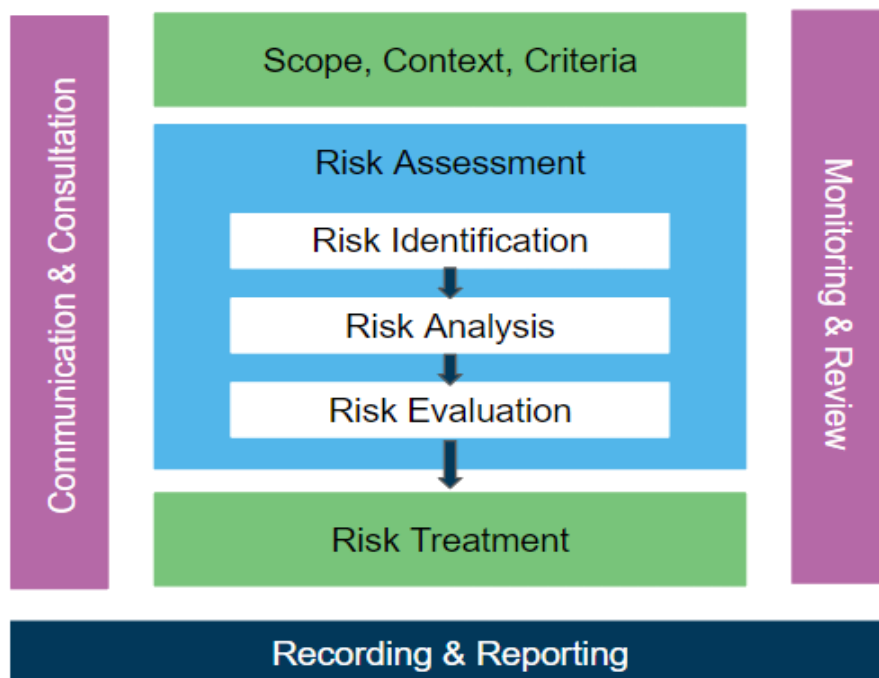
This Framework is applicable to all functions and operations of Selwyn District Council, as well as to all staff, contractors and Elected Members.

Key Principles

The aim of risk management is to improve both our quality of decision-making and the likelihood that we will achieve our business objectives.

Our risk management process is based on ISO 31000:2018 - Risk Management Guidelines, which has been tailored to the context and requirements of Selwyn District Council. The process comprises five main steps and three on-going activities – all of which are important.

Although the risk management process is often presented as a sequential process, in practice it is an ongoing process that is used at each decision-point, business process step, or whenever a change in business context occurs.





Risk Appetite

Council acknowledges and accepts that, while undertaking its duties and functions, it will encounter elements of risk that may be potentially either beneficial or detrimental to achieving its objectives. Taking on risk to achieve Council objectives is recognised as necessary, and some of these risks will be significant.

Our Risk Appetite is to be determined by the Elected Members of Council and may be amended from time to time subject to the needs and wishes of Council. It is a dynamic articulation and responsive to changing circumstances

The Elected Members of Council commit to setting risk appetites in a responsible and prudent manner, with a focus on Council's objectives, and their statutory obligations.

Officers will provide Council with advice to inform the setting of the Risk Appetite, including providing them with information in a relevant, full and timely manner, and advising if the nature or relevant particulars of a risk is changing.

Management will utilise the risk appetite statements to create risk assessment criteria definitions, and this will be used in the risk management process.

Note: The Risk Appetite levels below will be used to develop Risk Appetite Statements, as part of the Risk Work Programme being delivered by the Risk Manager.

Risk appetite levels

- **Minimal:** We accept only a **very low** amount of risk. At this appetite level, priority should be given to ensure all practical measures are in place to prevent these risks from occurring.
- **Cautious:** We accept a **low** amount of risk. At this appetite level, risks should be residual rated at a low rating. When risks exceed a **low** residual rating, they will be out of appetite and all practical measures will be put in place to lower the residual risk.
- **Moderate:** We accept a **medium** amount of risk. At this appetite level, risks should be residual rated at medium or lower ratings. When risks exceed a **medium** residual risk rating, they will be out of appetite and all practical measures will be put in place to lower the residual risk.
- **Receptive:** We accept a **high** amount of risk. At this appetite level, risks should be residual rated at high or medium ratings. When risks exceed a **high** residual risk rating, they will be out of appetite and all practical measures will be put in place to lower the residual risk.



For all steps below, the Risk Manager will be available to work with Executive Leadership Team members, Heads of Departments, Team Leaders, Managers and staff across the business to support you during this process.

Step 1: Establish the context

The purpose of this step is to understand and set the scope for the risk discussion including identifying and understanding the possible influences that both the internal and external contexts could have on our ability to achieve objectives.

- Define the scope for the risk discussion (business group, work team, project, stakeholders, etc.).
- Identify and document the specific business/project objectives that we are trying to achieve as part of this project, initiative, activity, or decision?
- Explore and document the external and internal contexts that could impact us as we seek to achieve our business/project objectives.

Note 1: The 'external context' refers to environmental factors such as regulatory, political, technological, financial, cultural, etc. that are generally outside of our control, but which could introduce uncertainty into our plans.

Note 2: The 'internal context' refers to those aspects within Selwyn District Council that could influence our plans, including structure, resources, how information flows occur, culture, etc.

Step 2: Risk Identification

The aim of this step is to develop a comprehensive list of events that could occur – or situations that are present or could arise – and how these could impact (help or hinder) the achievement of our objectives. It's sometimes useful to think of 'risks' as 'material unwanted events'.

To help structure the conversation, first consider likely 'sources of risk / uncertainty', such as people, technology, resources, legislation, etc. Within the health and safety context, sources of risk are often described as 'hazards' (something with the potential to cause harm).

Consider your context, scope, and objectives, and ask:

- What could happen – and where could it lead to in terms of impact on objectives?
- Write a risk description that captures each uncertain event (e.g. Council is unable to obtain Building Certification; borrowing costs rise significantly above expected values; Council fails to comply with legislation and is unable to collect all the rates income required).

Then separately, list the range of credible consequences, and the possible direct causes of the event.

Example:

Event / situation Causes		Risk Description		Consequences
Lack of resource (capability/capacity), changing regulations.	<i>Could lead to...</i>	Non-compliance with regulation e.g. Resource Management Act.	<i>Resulting in...</i>	Financial penalties, reputation damage, operational disruption.

Techniques for risk identification include analysis of historical data (e.g. issue logs), structured sessions such as workshops, SWOT, scenario analysis, brainstorming and interviews.

Note 1: 'Risks' are not the same as 'issues' and are also managed differently. A risk is a future event or situation that may or may not arise, and which could have an impact on the achievement of our objectives. An issue is an existing problem or situation that requires resolution. There is no uncertainty attached to the likelihood of occurrence – something has happened, and action needs to be taken.

A risk category is given to each risk to allow for consistent classification of risks across the organisation. These are outlined below:

Risk Category	Description
Asset / Infrastructure	Managing assets – including condition assessment, replacement and planning new assets
Financial	Risks associated with budgetary requirements and allocation, Grants or operational budgets not being met
Data / Information Security	Risks associated with the management of data and information, including related to retention and management of personal data.
Customer relations / service delivery	Meeting the current and changing expectations of customers
Project / Programme	Risks associated with the delivery of significant projects or programmes of work
Environment	The risks arising from the management of the environment when applying Council services and functions
People and Capabilities	Risks associated with recruitment and retention of employees and workforce planning. Includes payroll and HR issues
Compliance / Legal	Compliance with legislative and policy framework
Reputation	Risks associated with the delivery of Local Government legislation and meeting Council's overall strategic goals
Health, Safety & Wellbeing	Risk associated with the health, safety and wellbeing of employees and contractors of Council.

Step 3: Risk Analysis

The purpose of risk analysis is to understand the effectiveness of the controls currently in place, and then to determine the 'current level of risk'.

Risk Controls:

- A control is any measure that is currently modifying risk.
- Controls often operate as 'barriers' that prevent or modify the likelihood of occurrence of the uncertain event (pre-event controls) - or reduce the scale of the consequences once an event has occurred or a situation has arisen (post-event controls).
- Examples include policies, operating procedures, business rules, physical barriers (fences, machine guards), and other practices or devices (e.g. smoke alarm, emergency response plan).
- Control 'effectiveness' is an important consideration because controls may not always exert the intended or assumed modifying effect. It may be useful to think of control effectiveness as having two components – design and implementation.

Control effectiveness is described here:

Control Effectiveness	Description
Effective	The control is in place, is well designed for the cause / threat and is working as designed / intended.
Mostly effective	The control is in place and generally working as intended, but there is scope for improvement.
Partially effective	The control is not modifying the risk to the extent expected, or of which it is capable.
Not effective	The control has no impact in modifying the risk.

Level of Risk:

The current level of risk is calculated using the Risk Matrix - the value at the intersection of the consequence axis and the likelihood axis.

- From the range of identified consequences, select the one that equates to a 'credible worst-case scenario'.
- From the likelihood table, determine the value that best describes the likelihood that the above selected consequence will be experienced.
- Use the Risk Matrix to determine the current level of risk.

Note: the Risk Matrix, Consequence and Likelihood tables are provided in the **Core Risk Management Tools** section).



Step 4: Risk Evaluation

- The purpose of risk evaluation is to assist in deciding which risks can be accepted at their current level, which risks require further treatment to improve the effectiveness of the existing control regime, and the priority for treatment implementation.
- If the level of risk falls within the established risk criteria (or, Risk Appetite Statement) then it is at an 'acceptable / tolerable' level. The only actions required are to continuously monitor aspects such as changes in the external / internal environments, the ongoing validity of assumptions that have been made, changes in control effectiveness, etc.
- Unacceptable / intolerable risks require treatment actions designed to strengthen the current control regime and thereby lower the level of risk.
- Ideally, there will be a set of 'evaluation criteria' – terms of reference against which the significance of a risk is compared – (or perhaps, Risk Appetite Statements) that will guide the accept / treat decision. If not, then use your knowledge of Selwyn District Council values, responsibilities, together with customer expectations and your own judgement in the accept/treat decision.
- Risks that can be 'accepted' at their current level do not require treatment plans (i.e. Step 5 is not necessary).

Step 5: Risk Treatment

The purpose of risk treatment is to select and implement viable options for addressing unacceptable/intolerable levels of risk and fall within the following strategies:

- Risk acceptance
- Risk transference
- Risk avoidance
- Risk reduction

Once implemented, risk treatment actions will either create a new control, or strengthen an existing control – and the current level of risk should be re-calculated (as per the iterative process above). Treatment actions should indicate WHAT will be done, WHO will do it, and WHEN it will be done by. The level of risk will remain as 'intolerable / unacceptable' until such time as the treatment actions have been fully implemented. Consider whether the agreed Risk Treatment Actions are likely to bring the level of risk within an acceptable level.

Ongoing activity: Monitoring and review

This is an important ongoing activity because contexts, sources of risk, people, and assumptions are all subject to change. Consider:

- Has anything changed that could influence the previous effectiveness of controls?
- Has the level of risk changed because treatment actions have been implemented?
- Have I incorporated lessons from recent learnings?
- Have I got systems in place to identify changes that are relevant?

The frequency of full risk review will be influenced by several aspects, such as: the level of risk, the business planning cycle, a significant contextual change, a decision by a governance body, etc. The Risk Manager will liaise with Risk Owners to ensure that this activity is being completed.

**Ongoing activity: Recording and reporting**

Recording - Ensure records are retained that include:

- how and why certain decisions were made
- the views of stakeholders who were involved in the process
- whether the process has been conducted in a planned and systematic manner.

Reporting - aims to:

- communicate risk management activities and impacts
- provide information for decision-making
- facilitate interaction with stakeholders
- help management and steering committees meet accountability and governance responsibilities.

The Risk Manager will liaise with Risk Owners to maintain a central risk register to record and report on Selwyn District Council risks. Risk information recorded in the risk register will need to adequately document the causes, consequences, controls, analysis, treatments, and action plan progress against the proposed treatments.

A discussion on the enterprise top risks should be included in ELT meetings on a monthly and/or quarterly basis. However, each business unit should regularly review the risks 'owned' by the unit and update their risk register as required (i.e. to reflect the external and internal context changes) or each quarter.

Core Risk Management Tools

The Risk Manager will maintain and update the core risk management tools listed below to enable consistent processes across the Council.

a. Risk Register template

To support the assessment of risks, a SDC risk register template has been created to enable consistent application of the risk management process outlined above.

b. Consequence Table

To support Risk Analysis, select the consequence level on the attached table, that equates to a 'credible worst-case scenario'. Where there are multiple potential consequences, select the largest / highest. See Appendix A.

c. Likelihood Table

To support Risk Analysis, select the likelihood level below. Consider the likelihood of the *consequence* being realised e.g. if the risk event occurred, how likely is it that the consequence(s) identified above would be realised?

Rating descriptor	Rating	Description	Probability
Almost certain	5	Consequence expected to be realised based on previous incidents or current control environment. Expected to occur more than once in the next year. Likely to occur multiple times during a project.	95%
Likely	4	Consequence likely to be realised, based on previous incidents or current control environment. Expected to occur once in the next year. Has occurred in similar projects.	75-90%
Possible	3	Consequence not expected to be realised but could under specific circumstance. Could occur at least once in the next two years. Has occurred in a small number of similar projects.	25-75%
Unlikely	2	Consequence conceivable but not likely to occur given current operations and controls. Could occur at least once in the next three to five years. Could occur but has not in similar projects.	5-25%
Rare	1	Consequence only expected to be realised in exceptional circumstances. Unlikely to occur in the next five years or during the project.	<5%

d. Risk Matrix

To support Risk Analysis, determine the current level of risk as the intersect between consequence and likelihood level.

			Consequence				
			Insignificant	Minor	Moderate	Major	Catastrophic
			1	2	3	4	5
Likelihood	5	Almost Certain	5	10	15	20	25
	4	Likely	4	8	12	16	20
	3	Possible	3	6	9	12	15
	2	Unlikely	2	4	6	8	10
	1	Rare	1	2	3	4	5

Related Policies, Procedures and Forms

- SDC Risk Management Policy
- SDC Risk Register Template

Version control table

[Grammatical corrections, spelling corrections, role corrections either in or outside of a review period are to be recorded as follows in the below table in the "Version" column as a half number e.g., 1.3]

Major changes will be recorded as a whole number e.g., 1.00. Major changes are anything that are not those outlined above]

Version	Action	Approver	Action Date
1.00	Full revision of the Risk Management Framework	Director People, Culture and Capability	November 2024

Appendix A: Consequence Table					
	Consequence rating				
	1	2	3	4	5
Source of risk	Insignificant	Minor	Moderate	Major	Catastrophic
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.
Health, safety and wellbeing	Near miss, or minor medical treatment required (including first aid). No impact on morale.	Medical treatment or restricted work injury. Negligible impact on morale. Minor public health impact i.e. some cases of water-borne illness.	Time off work, hospitalisation or event notifiable to WorkSafe. Short term effect on morale and business. Moderate public health impact i.e. tens of cases of water-borne illness.	Serious harm, single fatality or permanent total disability. Significant impact on morale and business. Major public health impact i.e. hundreds of cases of water-borne illness.	Multiple fatalities. Long term effect on morale and performance of business. Widespread public health impact involving thousands of cases of water-borne illness.
Governance, reputation, legislative compliance and control	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 or activities.	Major impact on public confidence resulting in some national media coverage. Prosecution action taken against Council. Professional sanctions for officers such as loss of memberships.	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. Imprisonment of officers.
Environment	Little or no impact on the environment, and / or effects able to be fully mitigated within 1 week.	Short-term or minor impact on the environment and / or with non-compliance possible, and / or effects able to be fully mitigated within 3 months.	Serious damage of local importance with possible regulatory intervention, and / or with non-compliance probable, and / or effects able to be fully mitigated within 1 year.	Serious damage of regional importance with regulatory intervention, with prosecution expected, and / or effects able to be fully mitigated within 5 years.	Permanent damage with national important, and / or with prosecution certain, and / or requiring ongoing remediation and monitoring with regulatory involvement.
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 enquiry and / or appointment of a Commissioner.
Financial	Cost to the organisation of less than \$100k.	Cost to the organisation between \$100k and \$1m.	Cost to the organisation between \$1m and \$5m.	Cost to the organisation between \$5m and \$10m.	Cost to the organisation of over \$10m.
Information management	Isolated equipment / system of record 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.
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.
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.
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 specifications 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. Specification of the project 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 project must be mothballed. Delay of 16+ weeks.
Strategy	Individual significance or concern that can be managed as part of business as usual.	No amendment to the strategic plan but adjustment to extent and / or timing of current strategies. No restructuring required. May result in a minor reduction of staff levels. No impact on discretionary service being offered currently, but may.	Amendments to the current strategic plan for Council but not reissue. May involve consideration of some restructuring of Council. May result in a moderate reduction of staff levels. May result in some discretionary services (less than 5) not being offered.	May involve consideration of significant restructuring of Council. May result in a significant reduction of staff levels. May result in several discretionary services (more than 5) not being offered by the Council.	Complete change to strategic plan for the Council - full reissue. Loss of social licence. Legal penalty.

REPORT

TO: Steve Gibling, Executive Director People, Culture and Capability
FOR: Audit and Risk Committee
FROM: Lisa Fawcett, Head of People
DATE: 5 November 2024
SUBJECT: **SELWYN DISTRICT COUNCIL PEOPLE DASHBOARD REPORT
JULY – SEPTEMBER 2024**

RECOMMENDATION

That the Audit and Risk Committee

1. *receive the report “Selwyn District Council People Dashboard Report July - September 2024”.*

1. PURPOSE

The purpose of this paper is to provide the Committee with an overview of key people focused data. The intent is that this report will become a regular report for the Committee.

2. SIGNIFICANCE ASSESSMENT/COMPLIANCE STATEMENT

The decisions and matters of this report are assessed as of low significance, in accordance with the Council's Significance and Engagement Policy.

3. BACKGROUND

Councils' People Team manages all people-related data, ensuring accuracy and access while collaborating with Finance to ensure alignment of budgets. As key advisors to the ELT, we provide robust data essential for informed decision-making, helping the organisation maintain the right capacity and capability to deliver services. Sharing this information with the Subcommittee enhances governance awareness of key metrics and facilitates feedback on employee risks and trends.

4. DISCUSSION

Approved FTE through the Long-term Plan

During the Long-term Plan (LTP) process in late 2023, and into early 2024, Council reviewed its staffing levels required to deliver the long-term plan and fulfil activity management plans. The Executive Team then applied a robust risk assessment risk assessment process, using four criteria:

- Legislative requirements

- Level of service and reputational risk
- District growth (size and complexity requirements)
- Funding source (Whether the role would need to be funded through Operating Expenditure / General Rates, or whether alternative funding was available e.g. offsetting consultant cost, or funded by fees and charges)

After completing the risk assessment, the final recommendation made to Council was that 22.65 full time equivalent roles be approved, at a total cost of \$1.36 million. These roles were subsequently approved by Council in the long-term plan.

At the time that the recommended additional role requirements were brought forward to Council, there was a new Government forming, elections had been held on 14 October 2023, with the coalition agreement announced on 24 November, enacting the 54th New Zealand Parliament, led by the National Party.

Current state

We are now a year down the track with the new Government direction. There has been a significant degree of central government reform and changes in policy direction in a twelve-month period. Council is responding to:

Changes in our external environment:

- Local Water Done Well - Enactment of the Local Government (Water Services Preliminary Arrangements) Bill passed on 27 August 2024, which requires Council to deliver a Water Services Delivery Plan by 2 September 2025 and as a result Council will consider the most appropriate structure to deliver Local Water Services.
- Resource Management Act reform and the Building Consenting Act reform may also impact Council operating models, resourcing requirements and/or ways of working.

Changes in our internal environment:

- 2024 has been a period of steady incremental change within Council, amounting to significant change overall.
- Leadership changes: In the Executive Team, 4 new leaders have joined Council, and there have been two internal movements into new roles within the last 12-month period.
- Internal realignment: A series of progressive and positive internal changes have been made to the organisational design. The People, Digital and Finance teams have all been shifted from the Enabling Services group and elevated to have these functions represented independently at the Executive Leadership table, and the Customer Service team has moved across to the Community Services and Facilities group to better align our efforts in this area. The Strategy team has shifted to the Enabling Services group.
- Finance – The 2023 year-end audit report from Audit New Zealand highlighted that the Finance team were under resourced, and a lessons learnt activity has been completed after completion of the 2023 / 2024 LTP process. The new CFO has completed a review of the broader Finance team, organisational needs and system requirements and ultimately recommended a business case to the Executive of the resourcing that will be required to support SDC and its regulatory reporting requirements in the future.

5. FTE CHANGES APPROVED SINCE THE LONG-TERM PLAN

The CEO has approved the following new roles to be added to those approved in the long-term plan. Delegated authority to approve new roles sits with the Chief Executive Officer under Council's Delegated Authority Manual. Internal approval process for all new roles is in line with risk assessment process applied at the LTP including seeking alternative funding sources where possible for additional roles. Funding has been sourced from within overall Council approved LTP envelope, by re-purposing other budgets. No additional funding is sought for approval by Council.

- Development & Growth – Planning Department - Between January to June 2024, Council has experienced a 48% increase in resource consent applications compared to the previous year. The complexity of the workload for the Planning Department has increased significantly, coupled with the volume increase, this has led to the risk of failure to meet statutory compliance timeframes, and an increased reliance on high-cost consultants to manage the gap between capacity and demand. Seven additional roles detailed below have been approved to mitigate the risk to Council if resourcing levels were not addressed.
- Infrastructure & Property – As above, the 48% increase in resource consent applications compared to the previous year has had a flow on effect in work volume for the Development Engineering team, and this volume is expected to continue. Three additional roles detailed below have been approved to address the additional work volume.
- Finance - The key drivers for the additional resource are the increased demands on business-as-usual tasks as the Council and district grow, the need to increase the financial maturity in the team and in the broader organisation and the need to support the financial hygiene project (part of the Digital Strategy). Three additional permanent roles have been approved in Finance, as well as a six-month fixed term role. The changes to Finance include a change in structure, splitting the team into two key areas:
 - Financial Control – this area includes all statutory reporting requirements, treasury, capital, insurance, adherence to financial policies and capital and project reporting.
 - Financial Operations – this area includes all transactional processing (accounting payable/receivable), rates and finance business partnering.

In total, there have been an additional 15.5FTE approved, no additional ratepayer funding is sought, as they are being funded through a mixture of user pays and / or reappropriated operating expenditure / savings.

Additional roles approved

Group	Role title	FTE	Funding source
Development and Growth	Resource Management Planner	4	Self-funded - user pays
Development and Growth	Planning Technician	1	Self-funded - user pays
Development and Growth	Planning Technician Lead	1	Self-funded - user pays
Development and Growth	Resource Consents Admin	1	Self-funded - user pays

Finance	Finance Business Partner	1	Budget repurpose
Finance	Finance Officer - Accounts Payable	0.5	Budget reallocation
Finance	Financial Performance Specialist	1	Budget reallocation
Finance	Fixed Asset Accountant (Fixed term 6 months)	1	Budget reallocation
Finance	Head of Financial Operations	1	Budget reallocation
Finance	Head of Financial Control	1	Budget repurpose
Infrastructure & Property	Senior Landscape Development Advisor	1	Budget reallocation
Infrastructure & Property	Development Engineer	1	Self-funded - user pays
Infrastructure & Property	Senior Development Engineer	1	Self-funded - user pays
Total increase to FTE		15.5	No additional funding requested by Council

There are a number of other business cases under development that will be brought forward to future meetings as they are approved.

6. KEY METRICS FROM PEOPLE DASHBOARD – JULY - SEPTEMBER 2024

- **Total people count for September – 633** made up of 318 full-time; 219 part-time; 15 fixed term; 15 secondment and 56 casual)
- **Full time Equivalent (FTE)**
 - 506.6 Approved FTE including the additional roles approved above and all current vacancies.
 - 421 Actual FTE currently employed (calculated on a 40-hour work week).

75 offers of employment made in the quarter - 50 to external candidates and 25 internal employees

- The time to Hire - from Advert Open to Offer Acceptance - was 28 days compared to the industry average of 50 days.

23 resignations received in the quarter

- Majority of resignations are in the Community Services and Facilities group which experiences regular natural turnover due to the nature of the roles – part-time, casual, many university students employed in this area.
- The average turnover rate for the quarter is 1.3%. Turnover covers all leavers, including fixed term end dates and resignations.
- The extremely low turnover rate has been impacted by a high rate of recruitment throughout the organisation during a period of significant growth balanced against a relatively low number of leavers.

Annual and Sick Leave steadily increasing and requires management attention

- Our annual leave liability is valued at \$2,531,508 as at 30 September.
- 34 team members have leave balances more than 6 weeks, the Human Resources Team is addressing this by:
 - Highlighting high leave balances to the Executive through regular reporting.
 - Targeted interventions for team members with high leave balances.
 - Leaders Guide for Managing Leave.

Training and Development

- Our training spend year to 30 September is \$210,612 compared to a year-to-date budget of \$390,246. Committed and planned training will shift spend closer towards budgeted levels in Q3 and Q4.
- A leadership development framework has been endorsed by ELT and delivery is underway. Delivery is beginning with Senior Leaders.



Lisa Fawcett
Head of People

ENDORSED FOR AGENDA



Steve Gibling
Executive Director People Culture and Capability

Audit and Risk Committee People report

July - September 2024

People count

Department	Headcount	FTE	Approved FTE
Chief Executive	5	5	7.0
Community Services and Facilities	283	120	147.3
Development and Growth	111	95	108.9
Digital Services	36	33	38.5
Enabling Services	61	55	64.4
Finance	31	28	30.4
Infrastructure and Property	88	72	93.5
People Culture and Capability	18	15	16.6
Total	633	421	506.6

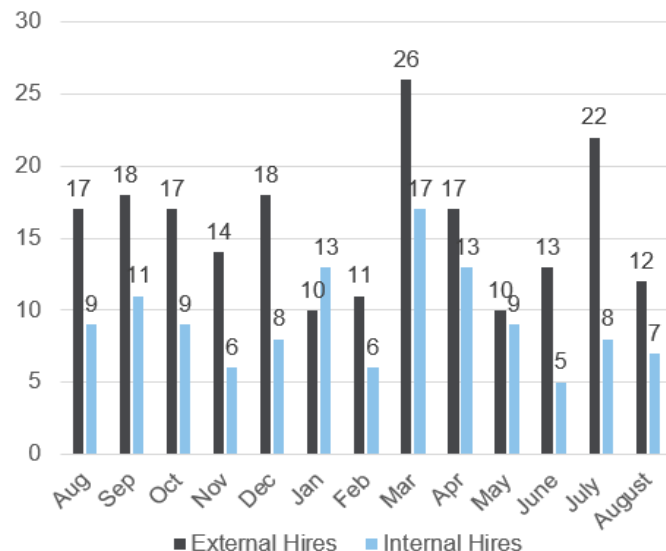
- **Total headcount – 633**
- **Actual FTE – 421**
Current (made up of 318 full-time; 219 part-time; 15 fixed term; 15 secondment and 56 casual)
- **Position data accuracy** – At the time of reporting any new roles approved by the CEO have yet to be added to HR Data.
- **Secondments and Fixed Term:** There remains several secondments and fixed term positions in the organisation, some of these are being extended due to business needs.

Recruitment

Total Hires FY 24/25 – 49 (FY 23/24 – 307)

External Hires – 34 (FY 23/24 – 187)

Internal Transfers – 15 (FY 23/24 – 120)



*Internal Hires includes transfers to new positions, casual to perm, fixed term to perm, additional/dual roles and secondments.

Applications: Direct traffic to our SDC Jobs Page continues to be the highest volume of applications, followed closely from Seek then LinkedIn.

NZ Labour Market: This quarter continued to be an employer's market. High quantity (significant numbers of job applications per job) and great quality candidates coming directly to SDC.

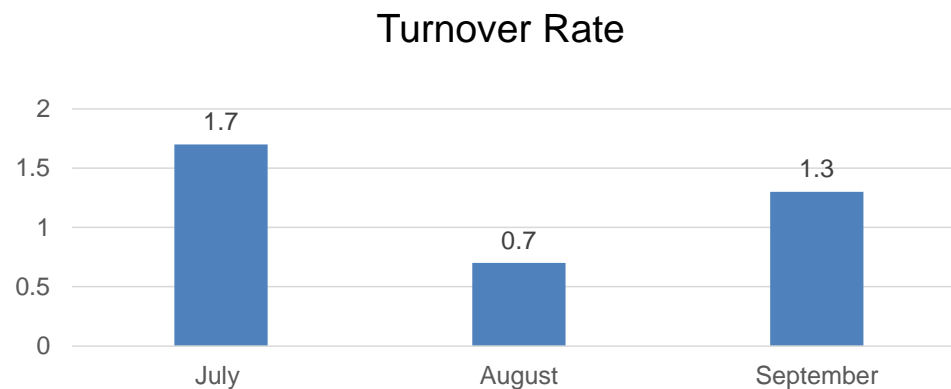
Offers:

This quarter there were 75 offers made in total. 50 to external candidates, 25 to internal candidates (employees).

Time to Hire:

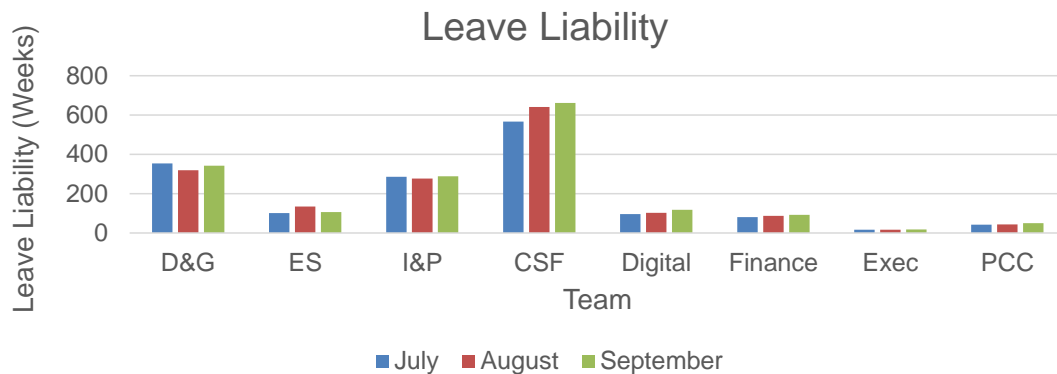
From advert open to offer accepted: 28 days (Industry average is 50 days).

Resignations by month



- **Resignations** - Resignations have increased steadily over the quarter. The majority of resignations are received from the Community, Services and Facilities group.
- **Turnover Rate** – Turnover covers all leavers, including fixed term end dates and actual exits.
- SDC low turnover rate has been impacted by a high rate of recruitment throughout the organisation during a period of significant growth balanced against a relatively low number of leavers.

Annual leave and sick leave

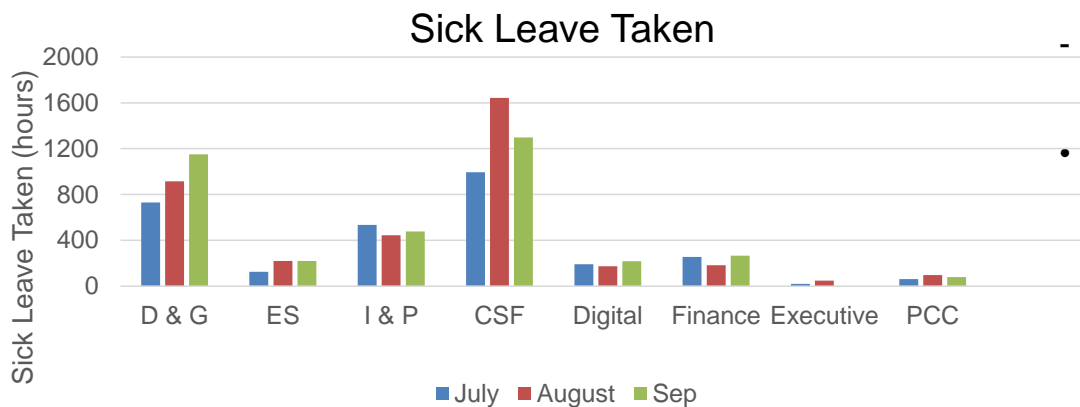


- Leave liability is steadily increasing, the impact of this is the continual rise in the cost of leave liability, currently sitting at **\$2,531,508**

- **34 team members have leave balances more than 6 weeks**, SDC HR Team is addressing this by:

- Highlighting high leave balances to the ELT
- Targeted interventions for team members with high leave balances
- Leaders Guide for Managing Leave

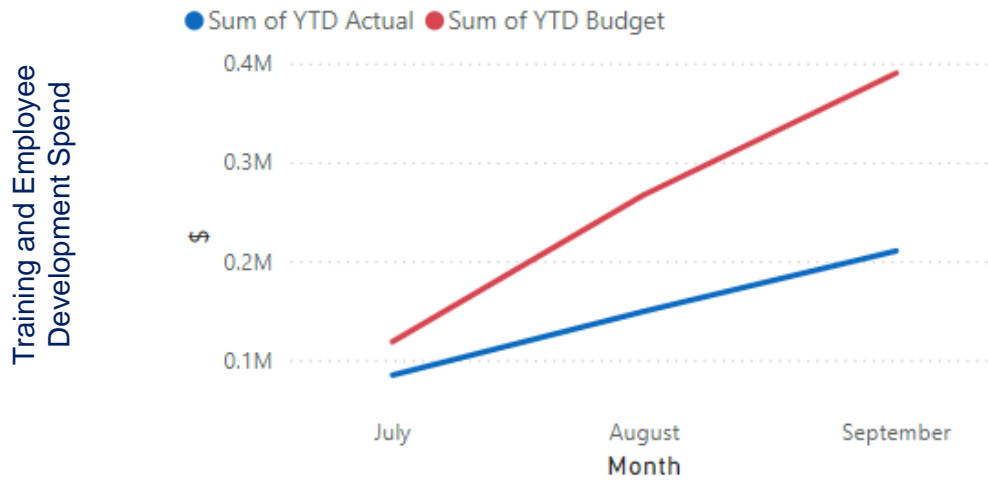
- Sick Leave has been well utilised over the last quarter, this demonstrates team members are taking sick leave available and shifting away from a culture of working from home while sick



Employee Development

	Spend	Year to Date Budget	Year to Date Var	Full Year Budget	Budget Remaining
Total	210,612	390,246	179,634	1,474,576	1,263,964

YTD Actual and YTD Budget by Month



Training is an investment in Council capability and capacity to ensure organisational performance.

Training spend year to date is behind budget. Committed and planned training will shift spend closer towards budgeted levels in Q3 and Q4.

Work is underway to deliver leadership capability development through training aimed at all levels, with delivery beginning at Senior Leaders.

Organisation Training Update:

- DiSC Workshops have been provided for 145 employees
- Prevention of Bullying and Harassment Training completed in September by 31 leaders
- Leadership Development Framework endorsed by ELT and delivery underway
- Caring Customer Interaction workshops have commenced

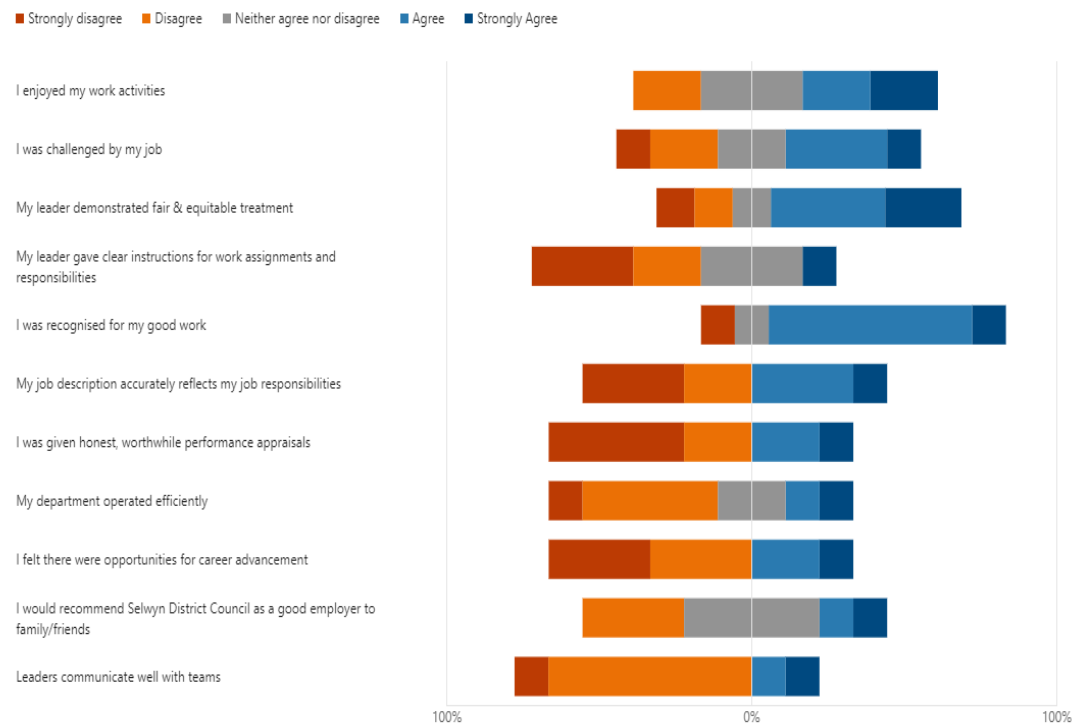
Exit Survey Summary

Key themes from Exit Surveys:

- Lack of role clarity including responsibilities not aligning with Position Description
- Leadership concerns
- Lack of Induction and training

Reasons for leaving:

- Dissatisfaction with job
- Relocation
- Better Opportunity / Career Change
- Improved salary / benefits



PUBLIC REPORT

TO: Audit and Risk Committee

FROM: Julie Hands, Head of Legal and Risk

DATE: 29 October 2024

SUBJECT: LGOIMA Update

RECOMMENDATION

‘That the Audit and Risk Committee receives this report’

1. EXECUTIVE SUMMARY

The period between 1 July and 25 October 2024, has seen a significant improvement in the number of LGOIMA requests being processed within the initial 20 working days timeframe.

Improvements are still required in early triaging and communication with requestors. Work to upskill the organisation and the LGOIMA team is underway to support continued improvement.

Head of Legal and Risk will bring a clear plan for improvement to the February 2025 Audit and Risk meeting.

2. SIGNIFICANCE ASSESSMENT/COMPLIANCE STATEMENT

This matter is of low significance in terms of Council’s significance and engagement policy. This is an information rather than decision paper and does not require external consultation.

3. PURPOSE

To update the Audit and Risk Committee on the challenges associated with Council meeting its obligations under the Local Government Official Information and Meetings Act 1987, specifically in relation to responding to requests for official information, and how this is being addressed.

4. HISTORY/BACKGROUND

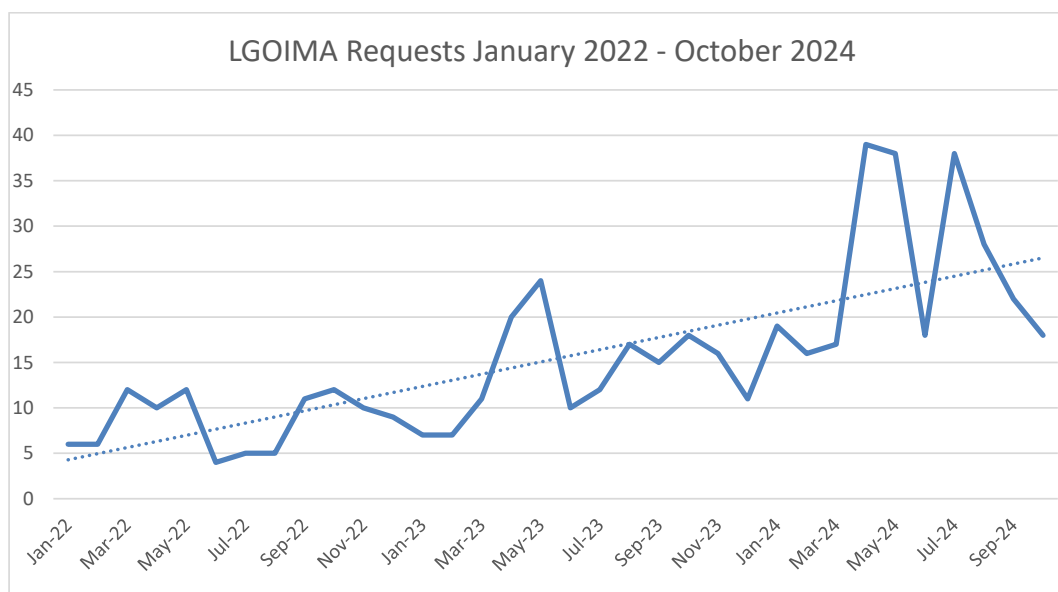
- a. This is an update from the report dated 29 July 2024, which set out the current challenges Council has been facing meeting its obligations under LGOIMA.

- b. This is the first report, following the commencement of the new permanent Head of Legal and Risk in mid-September 2024. Improvement of LGOIMA compliance is a key focus area.
- c. The Ombudsman's Office released its Annual Report in July 2024. This report confirms that ensuring transparency remains a focus of the Ombudsman and reflects on a national level the trends Council is also seeing.
- d. Specifically, in the previous 12-month period, the Ombudsman's Office received 38% more complaints regarding OIA / LGOIMA than the previous five-year average. This indicates that Council can continue to expect a heightened rate of scrutiny of its LGOIMA practices and reinforces the need to invest in capability to ensure compliance, both in terms of people and technology.

5. DISCUSSION/PROPOSAL

Volume

- a. Since 31 July 2024, the general trend of increasing LGOIMA requests year on year has continued. However, the number of requests per month has fallen against 2024 peak levels¹.



*Note October 2024 is reported as a partial month.

- b. Since 31 July 2024:
 - Council has received 64 LGOIMA requests. YTD total is 255.

¹ Peak levels were in the 38 – 39 requests per month range for three months of this year. Requests during those peaks periods also had increased complexity.

- Council has extended the 20-working day timeframe for making a decision on 7 of the requests (11%). This was 26% in the last reported period. 3 of these extensions were for 1 day only.
 - 4 requests (6%) have not been completed within the required timeframes, and instead have had decisions made and communicated to the requester after the applicable deadline for a response. This is down from 24% in the last reported period.
- c. One trend to draw attention to is we can see that the spikes in volume have occurred around the time of consultation or media attention on key issues such as Upper Selwyn and Representation Review. Forward looking, this indicates we can expect spikes around key issues entering the public sphere. Proactive release may help in these instances. Whatu Rau and Lincoln Town capital works are upcoming projects we expect could initiate volume spikes.

Process improvement

- d. Improvement in meeting compliance timeframes is linked to improvement in resource (1 extra temporary FTE) and processes. The temporary resource has been extended to 28 February 2024 to ensure these gains are not lost and to allow a long-term plan to be developed.
- e. In terms of missed timeframes, contributing factors include:
- i. The complexity and breadth of requests to Council, which continue to require capacity and resource from across Council and from specialist staff members;
 - ii. On-going issues with accessing information from Council information management systems;
 - iii. Delays in processing from an administrative perspective;
 - iv. An over-reliance on formal legal advice being sought which caused delays; and
 - v. On-going knowledge gap across organisation regarding LGOIMA processes.
- f. While extensions and missed deadlines have decreased since July, communication of required extensions is still happening late in the statutory processing period. To ensure more prompt triaging and communication with requestors, the LGOIMA team have prepared a process flow with target timeframes for the various stakeholders. This will be implemented over next quarter and compliance with this process flow monitored by the LGOIMA team.
- g. Other process improvements underway or being developed include:
- i. By February 2025 undertake an Official Information Practice Self-Assessment using the tool released by the Ombudsman Office to establish a baseline and set improvement actions.

- ii. Investigations of technological solutions for sourcing of information out of Information Management systems and to manage administration of LGOIMA. The focus is on ensuring systems are scalable to cope with spikes.
 - iii. Implementation of new process flows which are to be communicated, understood and agreement with wider Council functions.
 - iv. Standardised process documentation and better / earlier triaging of queries by LGOIMA team, supported by internal legal resource.
 - v. Upskilling of LGOIMA team, including proposed observation and connection with LGOIMA / OIA functions of other institutions including University of Canterbury and CCC.
 - vi. Looking at developing a process for proactive release and previous LGOIMA information and key documents relating to matters where public interest is known to be high.
 - vii. External online LGOIMA webinar on 12 November 2024 is being offered Council wide.
- h. We hope to be in a position to deliver a considered strategy for a continued improvement plan to ARC in February 2025.

Complaints

- i. There are no new Ombudsman LGOIMA complaints for this period. There are no updates to the two complaints previously reported (below). Please note, complainants have been given a pseudo-name to protect privacy.

Complainant	Complaint reason	Outcome/status
Complainant E March 2024	Refusal of request In addition, the complainant has made a complaint under s16 of the Ombudsman Act 1975 alleging Council has acted unreasonably towards the complainant.	Council understands that the requester made a complaint to the Office of the Ombudsman. The next step would be the Ombudsman contacting Council with an initial information request, if the matter was being investigated. Council has not yet heard from the Office of the Ombudsman on this. Tavendale and Partners is acting for Council on this LGOIMA.
Complainant V July 2024	Complaint relating to Council decision to extend timeframe to make a decision on requests	We understand that the requester made a complaint to the Office of the Ombudsman. Council has not yet heard from the Office of the Ombudsman in relation to this complaint.

6. VIEWS OF THOSE AFFECTED / CONSULTATION

(a) Views of those affected

Council acknowledges the key stakeholders here are the members of the public who are wishing to access official information held by Council, who want to receive the information they have requested, within time.

Council is also very aware of the expectations the Office of the Ombudsman has of agencies subject to the Official Information Act and LGOIMA.

(b) Consultation

This report has been prepared in consultation with Council's Executive Team, Legal and LGOIMA Team.

(c) Māori implications

N/A

(a) Climate Change considerations

N/A

7. FUNDING IMPLICATIONS

There may be cost implications of technological solutions investigated that are not currently budgeted. We will provide an update at the next Audit and Risk Committee meeting.



Julie Hands
HEAD OF LEGAL AND RISK

Endorsed For Agenda



Steve Gibling
EXECUTIVE DIRECTOR – PEOPLE, CULTURE AND CAPABILITY

REPORT

TO: Steve Gibling, Executive Director - People, Culture and Capability
FOR Audit & Risk Committee Meeting
FROM: Jodie Beker
DATE: 5 November 2024
SUBJECT: **POLICY REVIEW AND DEVELOPMENT PROGRAMME UPDATE**

RECOMMENDATION

'That the Audit & Risk Committee:

- 1. 'Receive the report', and*
- 2. 'Note the appended review schedules'*

1. PURPOSE

To provide the Audit & Risk Committee with visibility over the management of operational policies as part of the system of organisation-wide internal controls which contribute to risk management.

2. HISTORY/BACKGROUND

Good policy management and development processes

- assist an organisation to comply with legal and regulatory obligations,
- support favourable audit results,
- support planning exercises,
- provide clear and consistent direction, and
- set clear expectations regarding behaviour and working standards.

A key task of good policy development and management is understanding what currently exists. A stocktake of all operational policy documents (being all those documents which relate to operational decision-making and management) was completed over June – August 2024.

A policy review and development framework was endorsed by ELT in August 2024 to provide a more structured approach to operational policy review and development.

Roles and responsibilities of those involved in the development and review process right through from development to approval/adoption have also been clearly articulated and will form part of a Metapolicy (policy on policies) which is being drafted.

The policy stocktake and the creation of a policy review and development framework will

- provide visibility of council's operational policy document suite,
- enable individual policy documents to be centralised in one place, where version history and document integrity can be guaranteed,
- provide consistency in operational decision-making through the communication of clear standards and expectations, and
- facilitate the efficient implementation and integration of internal and external decisions into operations e.g., strategies, government reform.

3. REVIEW SCHEDULES

One resource was dedicated to managing the project, which includes the identification and collation of operational policies, identifying review dates, and setting up a centralised system to store and access individual policy documents.

Each group assigned resources to assist the project lead identify policies within their areas and undertake the risk assessment to determine the need for the policy, review dates (where the policy was still needed), policies which were no longer needed, and what policies were being developed.

All policy documents identified in the stocktake underwent an initial rationalisation exercise which included a risk assessment (see Appendix 1), to confirm that:

- a) A policy was required or needed,
- b) A date to have any overdue policies reviewed and updated was scheduled, and
- c) An appropriate review period was determined e.g., reviewed every 3 years

Review dates were determined based on a ranking system using the risk assessment criteria outlined in Appendix 1, with the high priority policies having more immediate review dates.

Following the operational stocktake completed over the June 2024- August 2024 period, three (3) groups of documents were identified. These being:

- policies overdue (past their review date) (see Table 1: Appendix 2)
- policies suitable for a possible merger with existing documents or rescind(remove) based on the assessment criteria in Appendix 1 (see Table 2: Appendix 2), and
- policies in development (see Table 3: Appendix 2).

A picture of the number of operational policy documents was able to be formed and is summarised below:

Policy description	Total number (as of 22 October 2024)
<i>Total number of published policies (includes current and overdue policies and policies to merge/rescind)</i>	165
Policies reviewed or not yet requiring a review	44
Policies requiring review	105
Policies recommended to rescind or merge with existing policies	16
Policies in development	45

The appended tables to this report (refer to Appendix 2) provide visibility over the number of existing operational policy documents. The tables also indicate which policies need to be developed and which policies can be merged with existing documents or rescinded completely.

Analysis of the overdue policies also identified several policies which were no longer correctly assigned to the right group. These have been reassigned to the correct groups to better reflect where functional responsibility lies.

Procedure and process documents will be reviewed and put into Promapp which is a dedicated system to capture documents outlining “how to’s” and processes.



Jodie Beker

Legal Counsel – Policy and Compliance



Endorsed For Agenda

Steve Gibling

EXECUTIVE DIRECTOR – PEOPLE, CULTURE AND CAPABILITY

Appendix 1: Policy Risk Assessment Criteria

Note: The risk matrix contained in the Risk Framework will be used to undertake this assessment going forward. The below was developed as an initial place to start identifying policies of priority.

Criteria 1: Currency of the policy

Is the policy out of date or will it soon become out of date?

Criteria 2: Organisational need

Is there is a pressing or urgent need for clarity of direction? This could be because legislation requires it, or it is needed for efficiency and mitigation of identified risks.

Criteria 3: Risk

Determine the priority of review using a risk management approach when **there are multiple policies** needing review and it is **not clear how best to prioritize them**. The following criteria can be used.

- (a) Does the policy topic deal with an Extreme or Significant Risk
- (b) Is the policy key to achieving or establishing organisational vision or culture?
- (c) Is the policy required by law and if so, are there any expectations about frequency of review?
- (d) Is it referred to frequently, integral to operations or affects numerous staff?

Rank your policies for prioritization in the order which reflects the policies from highest priority down to lowest priority

e.g.,

Highest priority would have characteristics that might look like: Extreme risk, prevent values or mission being realised, policy is required by law, policy is accessed everyday by many staff.

Once you have completed your assessment of ALL of the above criteria, you can assign a high medium or low priority.

Appendix 2: Review Schedules

Table 1: Policies to be reviewed

#	Policy	Group	Review due date	Update on review progress where overdue for review
1.	Prevention of Bullying & Harassment Policy	PCC	Aug 2024	Review complete. Heading to ELT in Nov 24.
2.	Advertising of Employee Vacancy Policy	PCC	Aug 2024	Review completed, consultation with PSA required before finalising.
3.	Art in Public Spaces Policy	PCC	Sep 2024	Initial review by subject matter expert complete. Next step is internal consultation with other groups.
4.	Safe work practices – contractor management Policy	PCC	Oct 2024	On track for completion
5.	Equity and Diversity Policy	PCC	Nov 2024	On track for completion
6.	Sister Cities Policy	CSF	Oct 2024	On track for completion
7.	Flexible Working Guidelines	PCC	Nov 2024	On track for completion
8.	Emergency Staff Recognition Policy	PCC	Nov 2024	On track for completion
9.	Illness-injury Management Policy	PCC	Nov 2024	On track for completion
10.	Leave Policy	PCC	Nov 2024	On track for completion
11.	Guidelines for the Prevention of Bullying and Harassment	PCC	Nov 2024	On track for completion
12.	Computer Health & Safety Policy	PCC	Nov 2024	On track for completion
13.	Guidelines for the Prevention of Bullying and Harassment	PCC	Nov 2024	On track for completion
14.	Risk Management Framework	PCC	Nov 2024	On track for completion
15.	Risk Policy	PCC	Nov 2024	On track for completion
16.	Recruitment and selection process	PCC	Nov 2024	On track for completion
17.	Media Policy	ES	Nov 2024	On track for completion
18.	Renewal of leases and licences Policy	ES	Nov 2024	On track for completion
19.	Terms of leases and licensing	ES	Nov 2024	On track for completion
20.	Leases and Licences Rental review Policy	ES	Nov 2024	On track for completion
21.	Transfer of farming leases or licences Policy	ES	Nov 2024	On track for completion
22.	Sale of Vehicle and Plant Policy	I&P	Nov 2024	On track for completion
23.	Vehicle and Plant Replacement Policy	I&P	Nov 2024	On track for completion
24.	Disciplinary Procedures	PCC	Dec 2024	On track for completion
25.	Disciplinary Policy	PCC	Dec 2024	On track for completion
26.	Procurement Policy	ES	Feb 2025	On track for completion
27.	Memorial Seats in Reserves Public Spaces Policy	I&P	Feb 2025	On track for completion
28.	Public toilets Policy	I&P	Feb 2025	On track for completion
29.	Reserves Charging Policy	I&P	Feb 2025	On track for completion
30.	Vegetation and Tree Management Policy	I&P	Feb 2025	On track for completion
31.	Waste Management Policy	I&P	Feb 2025	On track for completion
32.	Fencing on Reserves Policy	I&P	Feb 2025	On track for completion

33.	Outdoor Sport Lighting Policy	I&P	Feb 2025	On track for completion
34.	Point Strip Policy	I&P	Feb 2025	On track for completion
35.	Reward and Benefits Policy	PCC	Feb 2025	On track for completion
36.	Infectious Diseases Policy	PCC	Feb 2025	On track for completion
37.	Suspected Notifiable Diseases Policy	PCC	Feb 2025	On track for completion
38.	Conflict of interest Policy	PCC	Feb 2025	On track for completion
39.	Contract for Services Procedure	PCC	Feb 2025	On track for completion
40.	Local Alcohol Policy	D&G	Feb 2025	On track for completion
41.	Climate Change Policy	D&G	Feb 2025	On track for completion
42.	Crime Prevention through Environmental Design Policy	D&G	Feb 2025	On track for completion
43.	Rating for Utilities Policy	Finance	Feb 2025	On track for completion
44.	Water billing policy	Finance	Feb 2025	On track for completion
45.	Anzac Day Policy	CSF	Feb 2025	On track for completion
46.	Child protection Policy	CSF	Feb 2025	On track for completion
47.	Allowances for Elected members Policy	CE's office	Feb 2025	On track for completion
48.	Public Statements Policy	CE's Office	Feb 2025	On track for completion
49.	Public Forum Policy	CE's Office	Feb 2025	On track for completion
50.	Camping on Reserves Policy	I&P	May 2025	On track for completion
51.	Camping on Reserves Policy	I&P	May 2025	On track for completion
52.	Processing of Late Submissions and Further Submissions Policy	D&G	July 2025	On track for completion
53.	Resource Consent Applications By Council, Councillors, Malvern Community Board Members and Council Staff Policy, and where Council may be deemed an affected party	D&G	July 2025	On track for completion
54.	Maintenance of boundary roads Policy	I&P	Sep 2025	On track for completion
55.	Bonding Policy for Subdivisions Works and Large Projects	I&P	Sep 2025	On track for completion
56.	Standards and guidelines for construction and maintenance of roads Policy	I&P	Sep 2025	On track for completion
57.	Temporary road closure Policy	I&P	Sep 2025	On track for completion
58.	Parking areas on road frontages at schools Policy	I&P	Sep 2025	On track for completion
59.	Directorial signs Policy	I&P	Sep 2025	On track for completion
60.	Cost of cattle stops Policy	I&P	Sep 2025	On track for completion
61.	Mailbox access Policy	I&P	Sep 2025	On track for completion
62.	Sealing of entranceway Policy	I&P	Sep 2025	On track for completion
63.	Streetlights in rural zones Policy	I&P	Sep 2025	On track for completion
64.	Cost of lighting of dairy cow crossings Policy	I&P	Sep 2025	On track for completion
65.	Road names signs format Policy	I&P	Sep 2025	On track for completion
66.	Berm maintenance Policy	I&P	Sep 2025	On track for completion
67.	Cellphone antenna mast/streetlight pole installation Policy	I&P	Sep 2025	On track for completion
68.	Parking areas on road frontages at Schools Policy	I&P	Sep 2025	On track for completion
69.	Political Signs Policy	I&P	Sep 2025	On track for completion
70.	Land Sales Policy	I&P	Sep 2025	On track for completion

71.	Housing Policy	I&P	Sep 2025	On track for completion
72.	Strategic Purchase of land for designated purposes Policy	I&P	Sep 2025	On track for completion
73.	Property numbering Policy	I&P	Sep 2025	On track for completion
74.	Road Naming Policy	I&P	Sep 2025	On track for completion
75.	Amalgamation Policy	I&P	Sep 2025	On track for completion
76.	Stock Underpass Policy	I&P	Sep 2025	On track for completion
77.	Road Stopping Policy	I&P	Sep 2025	On track for completion
78.	Property Numbering Policy	I&P	Sep 2025	On track for completion
79.	Sensitive Expenditure Policy	Finance	By end of 2025	On track for completion
80.	Creditors Policy	Finance	By end of 2025	On track for completion
81.	Graffiti Removal Policy	I&P	By end of 2025	On track for completion
82.	Reserves Naming Policy	I&P	By end of 2025	On track for completion
83.	Water Race Ponds Policy	I&P	By end of 2025	On track for completion
84.	Irrigation from Water Races Policy	I&P	By end of 2025	On track for completion
85.	Water Race Ponds Policy	I&P	By end of 2025	On track for completion
86.	Water Race Cleaning and Maintenance	I&P	By end of 2025	On track for completion
87.	Water Race Tailings Policy	I&P	By end of 2025	On track for completion
88.	Relocation and Construction of New Water Races Policy	I&P	By end of 2025	On track for completion
89.	Closure of Water Races Policy	I&P	By end of 2025	On track for completion
90.	Exemptions From Paying Water Race Rates Policy	I&P	By end of 2025	On track for completion
91.	Water Races within Subdivisions Policy	I&P	By end of 2025	On track for completion
92.	Soak Holes Policy	I&P	By end of 2025	On track for completion
93.	Credits for Unplanned Disruption of the Water Race Supply Policy	I&P	By end of 2025	On track for completion
94.	Repair of Water Race Sinkholes Policy	I&P	By end of 2025	On track for completion
95.	Planned Works Outage Management Policy	I&P	By end of 2025	On track for completion
96.	Commitment to Water Supply Management	I&P	By end of 2025	On track for completion
97.	Extension of Water Supplies Policy	I&P	By end of 2025	On track for completion
98.	Council's Role in Community Water Supplies Policy	I&P	By end of 2025	On track for completion
99.	Temporary Connection to Council Community Water Supplies Policy	I&P	By end of 2025	On track for completion
100.	Backflow Protection at Point of Supply Policy	I&P	By end of 2025	On track for completion
101.	Soak Holes Policy	I&P	By end of 2025	On track for completion
102.	Credits for Unplanned Disruption of the Water Race Supply Policy	I&P	By end of 2025	On track for completion
103.	Bonding Policy for Subdivisions Works and Large Projects	I&P	By end of 2025	On track for completion
104.	Smoke-free Policy	CSF	By end 2025	On track for completion
105.	Career Pathways Procedure	CSF	TBC	On track for completion

Table 2: To be rescinded and/or merged with existing policies

#	Policy	Action	Update as at 22 October 2024
1.	Emergency Staff Recognition Policy	PCC	To be considered as part of REM review. Discussions around rescinding/removing and covering off within REM review to occur between EM staff and Executive Director, PCC
2.	Mycoplasma Bovis Contamination Prevention Policy	PCC	Considering merging as part of Communicable and Notifiable Diseases Policy. Proposal to Rescind and merge
3.	Delegations Manual	PCC	To be rescinded and replaced with a policy and delegations uploaded onto a digital platform. Updates to financial limits have replaced some of existing content.
4.	Employee Performance Policy	PCC	Research underway to determine whether this policy is required going forward. Proposal to rescind
5.	The 30-60-90 day reviews	PCC	To be rescinded within a year and merged with existing documents due to duplication of coverage. Proposal to merge.
6.	Reward & Recognition Process	PCC	Replaced by rewards and benefits framework. Proposal to rescind
7.	Safety in the field Manual	PCC	Replaced by other H&S documents. Proposal to rescind.
8.	Transition to Retirement Policy	PCC	Policy not required based on assessment criteria. Proposal to rescind.
9.	Recruitment Policy	PCC	Proposal to merge with Advertising of Employee Vacancy Policy due to the coverage of content relating to the same topic area.
10.	Local Products Alcohol Policy	D&G	Discussions with Regulatory Team have resulted in a recommendation to rescind due to development in the coverage of relevant regulations/legislation. Proposal to rescind.
11.	Trespass and Access to Facilities and Council Property Policy & Process	CSF	Policy largely duplicates content in other documents and non-duplicated content could be merged within existing document. Proposal to rescind and merge content with existing documents.
12.	Ward Discretionary Policy	CSF	Replaced with Community Grants Policy. Proposal to rescind
13.	Community Centres, Public Halls, Recreation Reserves & Township Committees Policy	CSF	Such committees no longer exist. Proposal to rescind.
14.	Gifts Policy (internal)	Finance	Document largely duplicates other policies in the policy suite and non-duplicated content could sit in other documents. Proposal to rescind and merge non-duplicated content with broader Gifts Policy and Sensitive Expenditure Policy.
15.	General Journal Processing Policy	Finance	Discussions with Finance indicate this policy is not required as an org wide policy document. Proposal to rescind
16.	Fraud Policy	Finance	Duplicate policy. Proposal to merge relevant content and rescind duplicated content.

Table 3: In Development as at 22 October 2024

#	Policy	Group	Update on development progress
1.	Delegation of Authority Policy	PCC	General principles developed. Final draft will be finalised following the review of non-financial delegations set to be completed by end of 2024.
2.	Metapolicy (policy on policy review, development and management)	PCC	Drafting commenced. Due go to ELT Jan 2025.
3.	Compliance Strategic Framework Document	PCC	Discussions occurring on what is needed to ensure alignment with the Canterbury Strategic Framework for compliance within the region.
4.	SDC Accommodation Policy	CSF	Drafting occurred in 2019. CSF staff have re-initiated the development of this policy.
5.	Uniform Policy	CSF	Discussions around development occurring. Drafting yet to commence.
6.	Security - Acceptable Use (Council wide)	Digital	Will support amendments to the existing Computer Usage Policy. due to be completed in Nov 24.
7.	Security – Cyber (Council wide)	Digital	To apply Council-wide. Will support amendments to the existing Computer Usage Policy. Due to be completed in Nov 24.
8.	Security – Email (Council wide)	Digital	To apply Council-wide. Will support amendments to the existing Computer Usage Policy. Due to be completed in Nov 24.
9.	Security - Internet Use (Council wide)	Digital	To apply Council-wide. Will support amendments to the existing Computer Usage Policy. Due to be completed in Nov 24.
10.	Asset Management - Approved Software (Council wide)	Digital	Development commenced.
11.	Asset Management – BYOD (Council-wide)	Digital	Development commenced.
12.	Asset Management – Disposal (Internal to Digital Team Only)	Digital	Development commenced.
13.	Asset Management - IT (Internal to Digital Team Only)	Digital	Development commenced.
14.	Asset Management - IT Procurement (Internal to Digital Team Only)	Digital	Development commenced.
15.	Asset Management – Licencing (Internal to Digital Team Only)	Digital	Development commenced.
16.	Asset Management - Loan Equipment (Internal to Digital Team Only)	Digital	Development commenced.
17.	Asset Management - Sensitive Media (Internal to Digital Team Only)	Digital	Development commenced.
18.	Facilities Management - Physical Access (Internal to Digital Team Only)	Digital	Development commenced.
19.	Application & Software - Applications (Internal to Digital Team Only)	Digital	Development commenced.
20.	Application & Software - Cloud Services	Digital	Development commenced.
21.	Application & Software - Copyright(Council wide)	Digital	Development commenced.
22.	Application & Software - Testing & Implementation (Internal to Digital Team Only)	Digital	Development commenced.

23.	Access Control (Internal to Digital Team Only)	Digital	Development commenced.
24.	Access Control - Account Management (Internal to Digital Team Only)	Digital	Development commenced.
25.	Access Control - On-boarding & Off-boarding(Internal to Digital Team Only)	Digital	Development commenced.
26.	Access Control - Password Settings(Council wide)	Digital	Development commenced.
27.	Access Control - Remote Access(Council wide)	Digital	Development commenced.
28.	Operations - Backup & Recovery (Internal to Digital Team Only)	Digital	Development commenced.
29.	Operations - Change & Release (Internal to Digital Team Only)	Digital	Development commenced.
30.	Operations - Configuration(Internal to Digital Team Only)	Digital	Development commenced.
31.	Operations - Management & Reporting (Internal to Digital Team Only)	Digital	Development commenced.
32.	Operations - Operational Procedures (Internal to Digital Team Only)	Digital	Development commenced.
33.	Operations - Service Management (Internal to Digital Team Only)	Digital	Development commenced.
34.	Operations - Patch Management (Internal to Digital Team Only)	Digital	Development commenced.
35.	Info Management - Classification, Privacy & Sensitivity (Council wide)	Digital	Development commenced.
36.	Info Management - Compliance (Internal to Digital Team Only)	Digital	Development commenced.
37.	Info Management - Retention & Disposal (Council wide)	Digital	Development commenced.
38.	Disaster Recovery - Disaster recover planning (Internal to Digital Team Only)	Digital	Development commenced.
39.	Cash Handling Policy	Finance	Development commenced.
40.	Debt Recovery Policy	Finance	Drafting commenced.
41.	Credit Card policy	Finance	Development commenced.
42.	Project Governance Policy	ES	Drafting commenced.
43.	Consultation and Submission Policy	ES	Initial drafting and internal consultation completed. Next step is the review of feedback.
44.	Customer Complaints Policy	CSF	Drafting commenced.
45.	Customer Response Policy	CSF	Development commenced. In first stages with the working group.

RESOLUTION TO EXCLUDE THE PUBLIC

'That the public be excluded from the following proceedings of this meeting. The general subject matter to be considered while the public is excluded, the reason of passing this resolution in relation to the matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reasons for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution	Date information can be released
1.	Minutes	<i>Good reason to withhold exists under Section 7</i>	<i>Section 48(1)(a)</i>	
5.	CORDE Presentation			

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

1 & 5	Enable the local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or	Section 7(2)(h)
1 & 5	Enable the local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or	Section 7(2)(i)

that appropriate officers remain to provide advice to the Committee.'

Unuhia, unuhia
Te pou, te pou
Kia wātea, kia
wātea
Āe, kua wātea

Remove, uplift
The posts
In order to be
free
Yes, it has been
cleared