



chatham islands council

Performance Audit & Risk Committee

MEETING PACK

for

PARC Meeting

Monday, 15 June 2026

11:00 am (+1245)

Held at:

Chatham Islands Council

13 Tuku Road, Chatham Islands

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AGENDA

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Monday, 15 June 2026
Time:	11:00 am to 1:00 pm (+1245)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Committee Members:	Mr Philip Jones (Committee Chair), Mayor Greg Horler, Cr Celine Gregory-Hunt, Cr Graeme Hoare, Cr Jenna Hoverd
Attendees:	Mr Bob Penter, Ms Mereraina Hemara, Ms Jo Guise

1. Opening Meeting

1.1 Apologies

N/A

1.2 Interests Register

Supporting Documents:

1.2.a Interests Register	6
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1.3 Action List

Supporting Documents:

1.3.a Action List	7
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2. Confirm Minutes

2.1 PARC Meeting Minutes 16 March 2026

11:00 am (2 min)

For Decision

For the PARC to confirm the minutes from the previous meeting.

Supporting Documents:

2.1.a 2.1 Minutes of PARC Meeting .pdf	9
2.1.b Public 16 Mar 2026 Minutes in Review PARC Meeting (1).pdf	10

3. Financial Report

3.1 Financial Report

11:02 am (10 min)

For Information

For the PARC to receive the financial report to 31 May 2026.

Supporting Documents:

3.1.a	3.1 Financial Report.pdf	17
3.1.b	Finance PARC May 2026.pdf	18

4. PARC Reports

4.1 Insurance Report

11:12 am (15 min)

Ms Mereraina Hemara

For Decision

The purpose of this report is to provide PARC with an overview of the Council's current insurance programme and the 2026/27 Insurance Strategy Report prepared by Marsh. The report outlines current insurance cover, market conditions and key risks and considerations ahead of the upcoming insurance renewal.

Supporting Documents:

4.1.a	PARC 4.1 Insurance Renewal.pdf	21
4.1.b	Pre-Renewal Strategy Report 2026.pdf	23

4.2 Draft CIC Conflicts of Interest Policy (Staff)

11:27 am (5 min)

Ms Mereraina Hemara

For Decision

The purpose of this report is to present the draft Staff Conflicts of Interest Policy for review and feedback by the Performance, Audit and Risk Committee prior to Council consideration for adoption.

Supporting Documents:

4.2.a	4.2 Staff Conflicts of Interest Policy 2026.pdf	58
4.2.b	DRAFT CIC Staff Conflicts of Interest Policy 2026.pdf	63

4.3 Operations Manager Report

11:32 am (10 min)

Ms Mereraina Hemara

For Noting

Supporting Documents:

4.3.a	4.3 OM Report.pdf	68
4.3.b	Grants.pdf	71

5. Public Excluded

5.1 Move to Public Excluded

Supporting Documents:

5.1.a	PE Cover Page .pdf	73
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5.2 Public Excluded Minutes 16 March 2026

11:42 am (2 min)

For Decision

Supporting Documents:

5.2.a	PE 5.2 PE Minutes 16 March 2026.pdf	74
5.2.b	PE 16 Mar 2026 Minutes PARC Meeting.pdf	75

5.3 CE Update

11:44 am (11 min)

Mr Bob Penter

For Information

The report for this item was not received prior to the publication of the agenda. The Chief Executive will provide a verbal update or table a report at the meeting for the Committee's consideration.

Supporting Documents:

5.3.a	PE 5.3 CE update.pdf	80
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5.4 Move out of Public Excluded

6. Close Meeting

6.1 Close the meeting

Next meeting: PARC Meeting - 17 Aug 2026, 11:00 am

As there was no further business the meeting closed at 12.58pm.

Interests Register

Performance Audit & Risk Committee



As of: 15 Jun 2026

Person	Organisation	Active Interests	Notice Date
Mayor Greg Horler	Awarakau Homestay	3.3 Sensitive Expenditure - Owner of Awarakau Homestay	9 Feb 2026

Action List

Performance Audit & Risk Committee



As of: 12 Jun 2026

Write formally

Not Started

Formally write to DIA requesting:

- Clear feedback from their assurance review; and
- The formal report outlining activities where DIA considers reduced levels of service could be acceptable.

Philip Jones noted this report is essential to inform the annual plan and support the auditors' going-concern assessment. The committee agreed to follow up with DIA to obtain the documentation they had indicated would be provided.

Due Date: 31 Dec 2025
Owners: Mayor Greg Horler, Mr Philip Jones
Meeting: 3 Dec 2025 PARC Meeting, 1.3 Action List

Legal Expenses

Cancelled

A detailed breakdown of legal expenses be prepared and reported in public excluded to provide clearer oversight of the amounts involved.

Due Date: 16 Mar 2026
Owner: Ms Colette Peni
Meeting: 9 Feb 2026 PARC Meeting, 6.2 Public Excluded Minutes 3 December 2025

DLC additional members

Done

Create a report for Council

5. Recommends to Council that a minimum of four commissioners be appointed to the District Licensing Committee, including:

- At least two members with significant knowledge and experience of District Licensing Committee processes and legislation, and
- At least two members who are residents of the Chatham Islands to provide local knowledge.

6. Recommends that Council consider whether additional members should be appointed to the District Licensing Committee to ensure ongoing capacity and resilience.

Due Date: 30 Apr 2026
Owner: Mr Bob Penter
Meeting: 16 Mar 2026 PARC Meeting, 4.2 District Licensing Committee – Membership and Reporting Update

Extra meeting

Done

THAT an extraordinary meeting be held to discuss concerns raised in the OAG report before the next advertised meeting.

Due Date: 30 Apr 2026
Owner: Mr Bob Penter

Meeting: 16 Mar 2026 PARC Meeting, 5.6 Move out of Public Excluded



Performance, Audit and Risk

2.1 Minutes of PARC Meeting 16 March 2026

Date of meeting	15 June 2026
Agenda item number	2.1
Author/s	Jo Guise, Executive Assistant

Purpose

To present the minutes from the Performance, Audit & Risk meeting held on 16 March 2026.

Recommendations

THAT the minutes of the Performance, Audit & Risk meeting held on 16 March 2026 be received.

MINUTES (in Review)

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Monday, 16 March 2026
Time:	11:00 am to 12:58 pm (+1345)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Committee Members:	Mr Philip Jones (Committee Chair), Cr Celine Gregory-Hunt, Cr Graeme Hoare, Cr Jenna Hoverd
Attendees:	Ms Colette Peni, Ms Denise Thomas, Ms Jo Guise, Ms Tanya Clifford, Mr Bob Penter
Apologies:	Mayor Greg Horler

1. Opening Meeting

1.1 Apologies



Apologies

THAT the apology be received.

Decision Date:	16 Mar 2026
Mover:	Cr Celine Gregory-Hunt
Second:	Cr Jenna Hoverd
Outcome:	Approved

1.2 Interests Register

1.3 Action List

Due Date	Action Title	Owner(s)
21 Aug 2024	Cost reduction programme Status: Cancelled on 18 Feb 2026	Mr Paul Eagle
31 Dec 2025	Write formally Status: Not Started	Mayor Greg Horler, Mr Philip Jones
16 Mar 2026	Legal Expenses Status: Cancelled on 29 Apr 2026	Ms Colette Peni

2. Confirm Minutes

2.1 PARC Meeting Minutes 9 February 2026



Minutes 9 February 2026

THAT the minutes of the Performance, Audit & Risk meeting held on 16 March 2026 be received.

Decision Date:	16 Mar 2026
Mover:	Cr Jenna Hoverd

Seconded: Cr Celine Gregory-Hunt
Outcome: Approved

3. Financial Report

3.1 Financial Report



Financial Report

That the Performance, Audit & Risk Committee receives the report.

Decision Date: 16 Mar 2026
Mover: Cr Jenna Hoverd
Seconded: Cr Graeme Hoare
Outcome: Approved

Tanya Clifford provided an overview of the report, noting that it focused on current revenue and expenditure, projected year-end financial position, and Council's cash position.

Discussion took place regarding rates receivable and the collection of outstanding rates, with it noted that while rates income was tracking as expected, collection of overdue rates continued to present challenges. Council staff advised that some ratepayers had expressed interest in setting up direct debit payments, however these were not always completed.

It was noted that overdue rates recovery options were limited in some cases due to property ownership structures and the absence of mortgages on titles. The possibility of engaging external debt collection services, including Debt Management Central, was discussed, along with the option of approaching banks where mortgages exist on properties.

The Committee noted the risk associated with outstanding rates becoming statute barred after six years, and the importance of addressing overdue debt from a cashflow and risk management perspective.

An update on overdue rates and potential recovery options would be presented at a future meeting.

3.2 Annual Plan 2026/27 – draft budget



Annual Plan 2026/27 - draft budget

That the Performance, Audit & Risk Committee considers for recommendation to Council:

1. notes there are no significant or materially different changes to the LTP or the draft 2026 budget at this time.
2. to note the underlying assumptions as applied to the 2026/27 Annual Plan as reflective of the current operating environment.
3. to note the proposed capital expenditure (noting further capital expenditure may occur if grant funding is secured).
4. to note the draft 2026/27 budget, subject to further cost saving initiatives being implemented.

Decision Date: 16 Mar 2026
Mover: Mr Philip Jones
Seconded: Cr Jenna Hoverd
Outcome: Approved

The Committee discussed the draft 2026/27 budget and rates increase in the context of proposed Government rates-capping legislation, noting that the legislation is not expected to be introduced to Parliament until mid-year and therefore would not legally apply at this time.

Discussion focused on whether Council should consider reducing the proposed 6.75% rates increase below the level signalled in the Long Term Plan. It was noted that reducing the increase could impact Council's ability to deliver core services, particularly given the limited capacity to reduce costs.

The Interim Chief Executive advised that maintaining the 6.75% rates increase would be prudent, particularly while Council continues discussions with the Department of Internal Affairs regarding funding, including the \$4.2 million cap for water services.

Clarification was also sought regarding the Three Waters reforms, with it noted that while funding mechanisms remain uncertain until the Water Services Delivery Plan is approved, the legislative obligations under the Water Services Act remain in place.

The Committee agreed that no significant or material changes to the budget were anticipated compared with the Long Term Plan that would trigger additional consultation requirements.

4. PARC Reports

4.1 Delegations Register



Delegations Register

That the Performance, Audit and Risk Committee:

1. Receives the report on the Delegations Register Review.
2. Reviews the current Delegations Register and confirms that the delegations remain appropriate and relevant.
3. Recommends to Council that all delegations currently assigned to the Chief Executive also apply to the Interim Chief Executive for the duration of the appointment.
4. Recommends that Council approve any necessary updates to the Delegations Register to reflect this decision.

Decision Date:	16 Mar 2026
Mover:	Cr Celine Gregory-Hunt
Seconder:	Cr Graeme Hoare
Outcome:	Approved

Colette Peni gave an overview of the report.

Discussion noted that some committee references in the register were outdated and would be updated before the report is presented to Council. It was also suggested that committee terms of reference could be placed on the Council website to reduce the need for frequent amendments to the delegations register.

The Chair noted that it is good practice for each newly elected Council to review and approve delegations early in the triennium, as delegations ultimately remain the responsibility of Council. The importance of clearly defining delegations to the Chief Executive and relevant officers under specific legislation was also discussed.

Particular attention was drawn to financial delegations, with the Committee noting the need for Council to understand the level of authority delegated to the Chief Executive to ensure appropriate risk management and operational efficiency.

It was also confirmed that Council invests surplus funds in term deposits, with funds managed to align with anticipated expenditure requirements.

The Committee agreed that the current delegations remain appropriate and can be recommended to Council.

4.2 District Licensing Committee – Membership and Reporting Update



District Licensing Committee - Membership and Reporting Update

That the Performance, Audit and Risk Committee:

1. Receives the report titled “District Licensing Committee – Membership and Governance Update”; and
2. Notes the current membership of the District Licensing Committee has lapsed; and
3. Notes that DLC member Casie Seymour has relocated off the Chatham Islands; and
4. Notes that elected members of Council committees may also be appointed to the District Licensing Committee under the Sale and Supply of Alcohol Act 2012, provided they act independently in that role; and
5. Recommends to Council that a minimum of four commissioners be appointed to the District Licensing Committee, including:
 - At least two members with significant knowledge and experience of District Licensing Committee processes and legislation, and
 - At least two members who are residents of the Chatham Islands to provide local knowledge.
6. Recommends that Council consider whether additional members should be appointed to the District Licensing Committee to ensure ongoing capacity and resilience.

Decision Date:	16 Mar 2026
Mover:	Cr Jenna Hoverd
Second:	Cr Graeme Hoare
Outcome:	Approved

Bob Penter noted a familial interest with the current DLC Chair.

The Committee discussed the current District Licensing Committee (DLC) membership, noting that one member has left the island and the current appointments have lapsed.

Discussion highlighted the importance of members having a strong understanding of the legislation and responsibilities of the DLC, particularly given the potential impact of licensing decisions on local businesses and the community. The challenges of making such decisions in a small community environment were also acknowledged.

It was suggested that Council consider appointing a mix of on-island and off-island commissioners, including individuals with experience serving on other District Licensing Committees, to ensure appropriate expertise and independence in decision-making.

The Committee agreed that it would not recommend specific individuals, but instead provide guidance to Council on the preferred structure of the committee.



DLC additional members

Create a report for Council

5. Recommends to Council that a minimum of four commissioners be appointed to the District Licensing Committee, including:
 - At least two members with significant knowledge and experience of District Licensing Committee processes and legislation, and
 - At least two members who are residents of the Chatham Islands to provide local knowledge.

6. Recommends that Council consider whether additional members should be appointed to the District Licensing Committee to ensure ongoing capacity and resilience.

Due Date: 30 Apr 2026
Owner: Mr Bob Penter

5. Public Excluded

5.1 Move to Public Excluded



Move to Public Excluded

THAT the public be excluded from the following part of the proceedings of the meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each 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:

Item No.	Minutes / Report of:	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
PE 5.2	Chief Executive Officer	PE PARC Minutes 9 February 2026	Good reason to withhold exists under Section 7	Section 48(1)(a)
PE 5.3	Chief Executive Officer	Water Tanks Update	Good reason to withhold exists under Section 7	Section 48(1)(a)
PE 5.4	Chief Executive Officer	Correspondence to ECan	Good reason to withhold exists under Section 7	Section 48(1)(a)

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 which would be prejudiced by holding the whole or relevant part of the proceedings of the meeting in public, are as follows:

ITE M NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON
PE 5.2	PE PARC Minutes 9 February 2026	7(2)(b)(ii) 7(2)(h)	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. To maintain legal professional privilege.

		7(2)(i)	To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities.
PE 5.3	Water Tanks Update	7(2)(a) 7(2)(h)	Protect the privacy of natural persons. To maintain legal professional privilege.
PE 5.4	Correspondence to ECan	7(2)(b)(ii) 7(2)(h) 7(2)(i)	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. To maintain legal professional privilege. To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities.



and that appropriate officers remain in the meeting to assist members.

Decision Date: 16 Mar 2026
Mover: Mr Philip Jones
Seconder: Cr Graeme Hoare
Outcome: Approved

6. Close Meeting

6.1 Close the meeting

Next meeting: PARC Meeting - 15 Jun 2026, 11:00 am

As there was no further business the meeting closed at 12.58pm.

Signature: _____

Date: _____



Performance, Audit & Risk Committee

3.1 Financial Report

Date of meeting	15 June 2026
Agenda item number	3.1
Author/s	Bob Penter, Interim Chief Executive / Tanya Clifford, ECan

Purpose

To present to the Performance, Audit & Risk Committee the financial report.

Recommendations

That the Performance, Audit & Risk Committee receives the report.

Summary revenue and expense for the month ended 31 May 2026

	Budget to May \$000	Actual to May \$000	Forecast June \$000	Year end Forecast \$000	Year end Budget \$000
Revenue					
General rates	409	431	-	431	409
Targeted rates	464	465	-	465	464
Rate penalties	-	19	-	19	-
Total rates	873	916	-	916	873
Operating subsidies and grants	5,786	6,265	106	6,370	5,930
Capital subsidies and grants	3,287	2,517	229	2,746	3,586
Total subsidies and grants	9,073	8,782	335	9,117	9,516
Fees and charges	162	122	11	133	177
Council dues	267	246	22	268	291
Petrol income	507	414	38	452	553
Interest on investments	43	8	1	9	47
Other income	273	466	42	508	298
Total revenue	11,198	10,954	449	11,403	11,755
Expenditure					
Employment benefits (including elected members)	1,096	1,144	104	1,248	1,196
Contractors, roading (FH, Stantec)	1,753	1,717	156	1,873	1,912
Contractors, water & wastewater (FH, Stantec)	473	450	156	606	516
Contractors, waste management (FH, Stantec)	656	596	54	650	716
Other key contractor, ECan	949	407	136	543	1,035
Other contractors	250	53	18	71	273
Petrol expense	483	348	32	380	527
Audit fees	111	133	27	160	121
Legal fees	44	309	-	309	48
Insurance	208	173	-	173	227
Rent	351	337	31	368	383
Depreciation and amortisation	2,124	2,480	225	2,705	2,317
Other expenditure	1,087	778	71	849	1,186
Total expenditure	9,586	8,925	1,009	9,934	10,457
Total surplus/deficit	1,613	2,029	(560)	1,469	1,298
Capital expenditure	3,735	2,797	254	3,051	4,075
Loan repayments	-	-	-	-	-

Notes to the report:

* The "year-end budget" figures reflect those adopted in the Annual Plan and have not been adjusted for expected savings.

* The forecast figure is driven by year-to-date actual transactions, which may impact forecast figures where more work occurs closer to year end. Highlighted cells indicate a change from this approach.

Revenue and expenditure overview:

Rates revenue: All rates for the year have been issued. The forth instalment was due on 14 May 2026. Small variances may arise from penalties or database updates. Work to recover rate arrears is progressing, but slowly. Currently, \$176k in rates outstanding; as at 30 June 2025 \$146k in rates were outstanding.

Grants: The roading subsidy is funded at 88% of actual costs, with the NZTA grant aligned to this level of expenditure. Delivery against the three year roading programme is tracking below budget for the year, with any incomplete projects deferred to 2026/27 being the last year of the three-year roading programme. No additional grants are expected in June 2026.

Other revenue: Petrol receipts are intended to recover operating costs; however, timing differences between fuel purchases and sales may affect results. Council is progressing divestment of this activity, with any transition costs to be recovered from the incoming supplier where possible. Other revenue includes Heartlands contribution of \$230k and various rental contributions.

Infrastructure projects: This includes roading, water, wastewater, and waste management. Limited funding continues to restrict three waters work, reducing the level of service Council can provide. Insufficient investment in asset maintenance increases the risk of asset failure. Water expenditure is expected to rise as LWDWp funding must be utilised before 30 June 2026. Waste management expenditure is currently below budget due to contractor constraints.

Contractor, ECan: Invoices are now issued quarterly based on actual costs, forecast has been updated to reflect reduced service level agreement, total annual expenditure of approximately \$500k.

Contractor, Others: Covers resource management services and minor works related to licensing.

Legal fees, insurance & audit fees: Legal fees remain elevated, reflecting a previous method to resolve outstanding matters and addressing legal risks. A different approach has been implemented under new management. Insurance costs are incurred annually at the start of the financial year, with no further charges expected. Audit fees reflect actual costs and are likely to exceed typical budgeted levels due to additional work associated with the infrastructure valuation.

Depreciation: Asset depreciation and revaluation have been processed up to 31 March 2026. Further depreciation has not yet been run and assets have not been capitalised, pending audit sign-off on the revaluation. Depreciation for the two months to 31 May has been estimated; however, actual charges for the final quarter may be higher than previously indicated.

Other expenditure: There are no major issues to highlight. Grants totalling \$180k have been distributed for community initiatives. Council is still holding funds from several earlier grants (NKMR, LWDW, NKMR feasibility & water tanks) where final allocations are pending. These transactions have not been reflected in the 2025/26 budget, and with the exception of LWDW work not included in the forecast, as it is expected this work will be deferred to the 2026/27 financial year.

Overall comment: *Expenditure patterns in the final months of the year indicate a deliberate shift toward tighter cost control, particularly over the last four months. This has had a favourable impact on the expected year-end cash position. However, a number of grant-funded projects (where grant funding has already been received) remain incomplete, which is likely to place additional pressure on Council's cash position in the 2026/27 financial year. In addition, the significant reduction in the ECan contract may affect the level of service Council provides to the community, the impacts of which may be felt later.*

Summary statement of cash flows for the month ended 31 May 2026

	Budget to May \$000	Actual to May \$000	Forecast June \$000	Year end Forecast \$000	Year end Budget \$000
Cash inflow from operating activities					
Receipts from rates revenue	765	877	-	877	834
Receipts from grants and subsidies	9,108	8,691	335	9,026	9,554
Receipts from fees & charges	60	194	11	205	65
Receipts from Council Dues	286	218	22	240	312
Interest received	43	8	38	46	47
Receipts from other revenue	709	1,195	43	1,238	773
Cash inflow from operating activities	10,970	11,183	449	11,632	11,585
Cash outflow from operating activities					
Payments made to employees (including elected members)	(1,063)	(1,060)	(104)	(1,164)	(1,160)
Payments made to key contractors, FH & Stantec	(2,882)	(3,148)	(366)	(3,514)	(3,144)
Payments made to key contractors, ECan	(949)	(438)	(136)	(574)	(1,035)
Interest paid	-	-	-	-	-
Other payments made to suppliers	(2,368)	(2,261)	(178)	(2,439)	(2,583)
Cash outflow from operating activities	(7,262)	(6,907)	(784)	(7,691)	(7,922)
Net cash flow from operating activities	3,708	4,276	(335)	3,941	3,663
Cash flow from investing activities					
Purchase of fixed assets	(3,906)	(3,403)	(254)	(3,657)	(4,261)
Sale/(purchase) of other assets	-	-	-	-	-
Net cash flow from investing activities	(3,906)	(3,403)	(254)	(3,657)	(4,261)
Cash flow from financial activities					
Loans raised/(transfer to investments)	(2,658)	-	-	-	-
Repayment of loans or grants	-	-	-	-	-
Net cash flow from financial activities	(2,658)	-	-	-	-
Increase/(decrease) in cash held	(2,856)	873	(589)	284	(598)
Opening cash balance	110	557	1,430	557	110
Closing cash balance	(2,746)	1,430	841	841	(488)

This report draws the readers attention to the **increase/(decrease) in cash held** and the **closing cash balance** line items in the cash flow report, which estimates cash should increase by approximately \$284k for the year.

Rates receipts: No issues to highlight.

Contractor expenditure: No issues to highlight.

Other expenditure: No issues to highlight, with the exception of those previously identified, some areas of expenditure likely to be transferred to the next financial year.

Cashflow reconciliation to net surplus/deficit for the month ended 31 May 2026

	Budget to May \$000	Actual to May \$000	Forecast June \$000	Year end Forecast \$000	Year end Budget \$000
Total surplus/deficit	1,613	2,029	(560)	1,469	1,298
<i>Adjust for:</i>					
remove depreciation	2,124	2,480	225	2,705	2,317
capital expenditure adjustments	(3,735)	(2,797)	(254)	(3,051)	(4,075)
other financial and timing adjustments	(2,857)	(839)		(839)	(138)
Calculated total	(2,856)	873	(589)	284	(598)
Cash increase/(decrease) for the period	(2,856)	873	(589)	284	(598)
	0	-	-	0	-

Grants summary for the month ended 31 May 2026

	Budget to May \$000	Actual to May \$000	Forecast June \$000	Year end Forecast \$000	Year end Budget \$000
Grants received					
Department of internal affairs (annual appropriation)	4,203	4,203	-	4,203	4,203
NZ Transport Agency Waka Kotahi	4,835	4,059	335	4,394	5,275
Better off funding	-	290	-	290	-
Other	35	230	-	230	38
Total grants	9,073	8,782	335	9,117	9,516
	-	-	-	-	-



Performance, Audit & Risk Committee

4.1 Insurance Renewal 2026/27

Date of meeting	15 June 2026
Agenda item number	4.1
Author/s	Mereraina Hemara, Operations Manager

Purpose

The purpose of this report is to provide PARC with an overview of the Council's current insurance programme and the 2026/27 Insurance Strategy Report prepared by Marsh. The report outlines current insurance cover, market conditions and key risks and considerations ahead of the upcoming insurance renewal.

Recommendations

That the Performance, Audit and Risk Committee:

- 1. Receives the report, and;**
- 2. Approves an inflationary increase between 3–5%, or;**
- 3. Approves the inflationary increase to be aligned with a more conservative rate of 2.3%**

Executive Summary

Marsh has completed its 2026/27 Insurance Strategy Report for Chatham Islands Council in preparation for the upcoming insurance renewal programme. The report provides an overview of the Council's current insurance arrangements, market conditions, claims history, and anticipated premium movements across the various insurance classes. NZ inflation remains at approximately 3.1% annually, continuing to affect replacement values and construction costs. Council benefits from an excellent claims history, with no reported property or motor vehicle claims in the last two policy years.

Background

The Council maintains a comprehensive insurance programme to protect its assets, operations, elected members, staff, and liability exposures. As part of the annual insurance renewal process, Marsh prepares an Insurance Strategy Report which reviews the Council's current insurance arrangements, claims history, market conditions, and renewal considerations.

Discussion

The Council continues to maintain a comprehensive insurance programme to protect its assets, operations, and liability exposures. The report also notes the Council's strong claims history, with no material damage, business interruption, or motor vehicle claims recorded over the previous two insurance periods.

Risk Perspective

Insurance is a key risk management tool that assists Council in protecting its assets, operations, and financial position from unforeseen events and liabilities. Failure to maintain appropriate insurance coverage or adequately insured values may expose Council to financial risk in the event of a significant loss.

Significance and Engagement

This report is provided for information and oversight purposes and does not seek a decision that would result in a significant impact on the community.

No external consultation is required.

Legal and Compliance Implications

Council has a responsibility to maintain appropriate insurance arrangements to support prudent financial management and protect Council assets, operations, elected members, employees, and liability exposures. The annual review of the Council's insurance programme assists in ensuring that insurance coverage remains appropriate, insured values are current, and policy obligations are met.

Attachments

1. Pre-renewal Strategy Report 2026

MARSH

Chatham Islands Council

Insurance Strategy Report 2026

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Section One

Insurance Principles

Contracts of insurance contain special elements, underlying principles and requirements, with some key items as follows;

Utmost Good Faith

Utmost good faith (uberrima fide) is the governing principle of insurance contracts, rather than 'let the buyer beware' (caveat emptor), which is a more common basis of other contracts. This requires both parties of the insurance contract to deal in good faith and in particular it imparts on the insured a duty to disclose all material facts which relate to the risk to be covered.

Duty of Disclosure

As an insured you have a legal duty to disclose material facts when you apply for insurance. This means you must tell your Insurer or any prospective Insurer all information you know (or could reasonably be expected to know) which would influence the judgement of a prudent underwriter:

- whether or not to accept your application;
- and if accepted, on what terms, conditions and at what cost

Examples of information you may need to disclose include:

- full details of the risk for which insurance is being requested
- any cancellation of or refusal to renew insurance, or imposing of special terms by another insurance company;
- any insurance claims or relevant notifications made to previous insurers or unreported claims under your current insurance
- any change in circumstances, operation or activities which could increase the risk of an insurance claim

Failure in your duty of disclosure, or breach of any Policy condition or warranty, could result in an otherwise legitimate claim being declined, a reduction in a claim settlement or your Policies could even be declared null and void.

These examples are intended as a guide to help you understand your duty of disclosure. If you are not sure whether you need to disclose details it is important to discuss this with your account manager.

This duty applies not only at renewal, but throughout the insurance period.

Due Diligence / Prudent Uninsured

It is expected of the Insured to act with reasonable care towards insured property (ie to remove or mitigate potential risks, protect against and/or minimise potential losses), as a prudent uninsured and notify insurers as soon as reasonably practical thereafter. The same principle applies to any other insurance such as people risks, or potential liability situations.

Insurable Interest

Insurance can only be taken out by a party that has an insurable interest in what is being insured. In respect of property it is this the legal owner who would suffer the financial impact of loss or damage to that property and therefore has the insurable interest. Insurable interest can however be transferred contractually ie through lease and hire agreements. Most property policies will also recognise a financial security interest on an insured asset, but will not respond if the interest cannot be shown.

Indemnity

Indemnity is the underlying principle that determines that, following insured loss or damage, the Insured (or third party) shall be put back in the same position, no better nor no worse, as they were in immediately before the happening of the loss or damage.

Subrogation

It Subrogation is a right of the Insurer, who in the event of a loss may take up the position of the Insured to pursue recoveries from any potentially at fault third parties. The ability to pursue recovery can however be altered contractually, of which any such changes to such common law legal liability positions may need to be disclosed to insurers where it materially affects insurers ability to recover. This is usually set out under insurance and/or indemnity clauses within contracts and should be highlighted by and discussed with your contract legal advisor in the first instance. Your insurance advisor is then able to assist and comment on any potential implications from an insurance prospective.

Claims Made and Notified

Certain liability policies are written on a different basis to more common occurrence based wordings, termed 'claims made and notified'. Claims made and notified essentially means that it is the policy in force when the claim is made and notified to insurers that responds, as opposed to when the event occurred that gave rise to the claim. Claims also refer to known circumstances that is likely to lead to a claim (ie third party indicates their dissatisfaction and intention to seek damages). This puts an onus on the insured to notify any claim or circumstance once known and within the current insurance year. Failure to do so is likely to lead to declinature of that claim.

Section Two

Insured Details and Strategy

As part of the annual renewal strategy we want to find out from you how your business is going and are there any changes to your activities that we need to factor into your insurance considerations. The second part involves reviewing market conditions to set budget expectations, reviewing claims and together with any other considerations agree our strategy towards this year's engagement with the insurance market.

Insured Details

The legal entities insured name on the contracts of insurance are;

- **Chatham Islands Council**

Business Description & Activities

Your insured business description is stated as follows;

- Principally **Unitary Authority** including all associated activities incidental to or associated therewith, including ownership or occupation of premises.

Does this description accurately describe your business activities?

Please advise if there has been any changes to your activities that may change the risk profile that is being insured or if you are undertaking any significant projects that need to be considered. For example (but not limited to);

- Creating a new council controlled entity
- Undertaking new activities or services
- Undertaking property construction or alterations to existing property

Market Commentary

Property - Material Damage & Business Interruption

The New Zealand property insurance market is now firmly in a soft market phase with insurers starting to chase market share and continuing to drive rates down. Overseas markets entered the soft market towards earlier than local markets and we are now seeing the % rate of savings starting to decrease.

Also welcome news reinstatement cost inflation has returned to more sustainable levels further reducing the pressure on insurers capacity and removing one of the compounding factors that drove premiums up towards the end of the hard market phase.

Budget expectation -5% on rates not factoring in Sum Insured increases.

Motor Vehicle

Motor Vehicle rates have remained steady over the last two years, with insurers looking to pass on the inflationary increases of repair costs. Competition in this market has increased keeping increase low/flat, with individual loss records (loss ratios) being the biggest driver of premium considerations for insurers.

Budget expectation 5% on rates without factoring any fleet market value changes.

Marine Hull

The Marine Hull insurance market is also stable. In recent years there have been small increases in insurers rates, which we expect to continue this year.

Budget expectation 5% on rates without factoring in changes to vessels.

Forestry

Forestry insurance markets remain limited but stable with no significant local losses occurring locally. Global fire losses and climate change concerns still linger and restrict supply.

Budget expectation 7.5% on rates, without factoring in changes in tree values.

Liability

The liability insurance market continues to be competitive, with most insurers looking to renew on an expiring basis and less reactive to changes in turnover. Despite an overall increase in insurer capacity, insurers to maintain a vigilant approach, closely examining areas of concern. This may lead to higher deductibles and/or significant restrictions on policy coverage as insurers strive to uphold discipline in their risk-based pricing strategies.

Budget expectation 0% on rate not factoring in changes in turnover and activities.

Market/Placement Strategy

To be discussed based on your current circumstances, requirements, and the position of the insurance market as noted above.

Claims Review

As part of our renewal process it is useful to review claims including outstanding claims, issues arising or discuss claims yet to be notified.

Material Damage & Business Interruption

2025-2026 Period - Nil Claims

2024-2025 Period - Nil Claims

Motor Vehicle

2025-2026 Period - Nil Claims
 2024-2025 Period - Nil Claims

Additional Services

In addition to general insurance broking, Marsh has a range of additional risk related advisory services. These service help provide a full understanding, qualification, and quantification of key risk that local authorities face. The data & insights gained aids risk mitigation and retention strategies, helping you make more informed risk transfer decisions. The following are some of these services that might be relevant to you;

Material Damage

- Valuations
- Property Risk Evaluation (underwriting) reports & survey recommendations
- Fire Risk Assessments other Maximum Foreseeable Loss studies
- Risk Tolerance Analysis & Asset Criticality Assessment
- Natural Catastrophe Modelling
- Contract Works

Business Interruption

- BI reviews / Maximum Foreseeable Loss studies
- Business Continuity Planning
- Disaster/Crisis Response Planning (should include cyber)

Cyber

- Cyber Self Assessments
- Cyber Insurance Assessments (12 main controls)
- Cyber Security Management – Full range of cyber services

Climate Change

- ESG reporting
- Climate Change/TCFD reporting
- Natural Catastrophe Modelling or climate related events
- Nat Hazard Assessment (NATHAN)

People Risks – Marsh Mercer Benefits

- Workplace Health & Safety consulting

- Employee Benefit Insurance
- Injury Management / ACC partnership programmes
- Heath & Wellbeing programmes

Section Three

Policy Summary

Material Damage / Business Interruption

Summary of Cover

Insures accidental physical loss or damage happening to Insured Property, including interruption or interference with the Business as a result of such loss or damage, subject to the terms and conditions of the policy.

Sums Insured		
Section 1	Material Damage as per 'schedule of insured assets'	\$14,893,695
Section 2	Business Interruption	
	Gross Revenue	Nil
	Additional Expenses	\$50,000
	Claim Preparation Costs	\$5,000
	Total Business Interruption	\$55,000
Indemnity Period Section 2	Period of interruption as a consequence of damage to insured property from the date of occurrence and following any deferment period;	
	Additional Expenses & Claim Preparation Costs	12 Months
Special Limits Section 1	Capital Additions Memorandum	\$2,000,000
	Electric Current Damage Memorandum	\$100,000
	Gradual Damage	\$25,000
	Hazardous Substance Emergencies Memorandum	\$100,000
	Landslip Memorandum	\$5,000,000
	Lost or Stolen Keys Memorandum	\$250,000
	Machinery (Reinstatement) Extension	\$50,000
	Money Memorandum (section B \$10,000)	\$250,000
	Portable Electronic Equipment (per item \$5,000)	\$25,000
	Pressure Vessel Extension (Reinstatement)	\$50,000
	Property to which the Contract Works Exclusion does not apply	\$2,000,000

	Protection Costs Memorandum	\$500,000
	Refrigerated Goods Memorandum	\$25,000
	Subsidence Memorandum	\$5,000,000
	Theft	\$500,000
	Transit Memorandum	\$500,000
	Unlawful Substances Memorandum (per loss \$25,000)	\$250,000
	Unspecified Locations (\$1,000,000 aggregate)	\$250,000
	Works of Art	\$250,000
Special Limits Section 2	Dependency Memorandum	10% of Sum Insured, max \$1,000,000
	Prevention of Access Memorandum	10% of Sum Insured, max \$1,000,000
	Public Authorities Memorandum	10% of Sum Insured, max \$1,000,000
	Transport Route Memorandum	10% of Sum Insured, max \$1,000,000
	Entanglement Memorandum	10% of Sum Insured, max \$1,000,000
Special Limits Section 1 & 2	Machinery (Reinstatement) Memorandum	\$25,000
Event (Definition)	'Event' means an event or series of events arising from any one cause during any period of 72 consecutive hours.	
Deductible Amount Section 1	In respect of loss for Contract Works	\$5,000
	In respect of loss by Natural Disaster:	
	1. Standard, 5% of Material Damage Site Value, minimum of	\$5,000
	2. Pre 1935 Risks, 10% of Material Damage Site Value, minimum of	\$10,000
	3. Earthquake prone buildings and contents located within such structures, 10% of Material Damage Site Value Sum Insured, minimum of	\$10,000
	Landslip and/or Subsidence (Section 1 & 2 combined)	\$50,000
	In respect of loss by Fluvial Food or Pluvial Flood	\$100,000
	In respect of any loss for Wharf Assets	\$20,000

In respect of any loss for which no other deductible is specified:

\$5,000

Deductible Amount Section 2		Combined MD/BI deductible applies
Waiting Periods	Non-Natural Disaster	
	Dependency Memorandum	24 hours
	Except Item (c)	7 days
	Prevention of Access Memorandum	24 hours
	Public Authorities Memorandum	24 hours
	Transport Routes Memorandum	7 days
	Entanglement Memorandum	24 hours
	Natural Disaster for above Memoranda extensions	14 days
Policy Wording	MDBI Revenue Policy e-DIT V2	
Endorsements	Marsh/Chubb Local Authorities Endorsement 2025	

Required For Insurers

- Review and update the Material Damage schedule of assets where necessary
- Consider nominal inflationary increases and/or valuation updates
- Review Business Interruption values where necessary
- Provide updates list of Machinery Breakdown Schedule (now included MDBI)
- Review and consider any changes to policy limits & coverage
- Any unreported claims

Motor Vehicle

Summary of Cover

Insures direct loss or damage to vehicles, along with liability ('third party' liability) in connection with the use of motor vehicles.

Sums Insured Section 1	As per 'Schedule of Insured Vehicles'	Market Value
	Limit any one Vehicle acquired by the Insured during the Period of Insurance:	\$250,000
Limit of Liability Section 2	Limit any one Accident:	\$10,000,000
Special Limits	Claim Preparation Costs Clause	\$5,000
	Defence Costs Clause	\$5,000
	Exemplary Damages (aggregate \$1,000,000)	\$1,000,000
	Hazardous Substance Emergencies Clause	\$5,000
	Hoists Clause	\$5,000
	Protection & Salvage Costs	\$20,000
	Road Clearing & Load Recovery Costs	\$10,000
	Rental Vehicle – per vehicle (consequential loss \$75k)	\$100,000
	Return Home Costs	\$5,000
	Vibration or Weight	\$500,000
Deductible Amount	Own Damage Deductible unless otherwise stated:	1% of Vehicle value, min \$500
	Underage Drivers, additional excess:	
	Drivers under 21 years of age:	\$1,000
	Drivers under 25 years of age, but over 20	\$500
	Vibration/Weight Damage	\$2,000
	Windscreen/Window Glass	Nil
Policy Wording	Marsh MV Policy e-DIT V1	
Endorsements	Vero MV Endorsement e-DIT V5 300423	

Required For Insurers

- Provide updates list of Vehicles & their Market Values
- Review and consider any changes to policy limits & coverage
- Any unreported claims

Standing Timber

Summary of Cover

Insures direct loss or damage to forestry/standing timber from defined perils (Fire, Impact, Lightning Strike and Malicious Damage) or as extended by the policy.

Sums Insured	Any one Loss and in the aggregate	\$425,000
	Delared tree values	\$310,532
Special Limits	Claims Preparation Costs	\$5,000
	Debris Removal	\$5,000
	Earthquake/Volcanic Eruption	Nil
	Fire Fighting Charges & Expenses	\$100,000
	Hail Damage	Nil
	Landslip	Nil
	Re-establishment	\$5,000
	Windstorm	Nil
	Flood, Snow & Ice, Pest & Disease	Nil
Deductible Amount	Each & every claim	\$20,000

Required For Insurers

- Provide updated Tree values
- Review risk information and confirm any/no changes
- Review and consider any changes to policy limits & coverage
- Advise any unreported claims

Personal Accident

Summary of Cover

Provides lump sum benefits to nominated persons whilst on Insured business (Death and Disablement – reducing for severity) as defined in the Policy Document.

Insured Persons	1. Mayor & Councillors (9)	\$125,000
	2. All other Employees (12)	\$125,000
Scope or Cover	Both Categories	24 hour/worldwide
Deductible Amount	Each & every claim	Nil
Aggregate Limits	Anyone Period of Insurance	\$1,000,000
	Non-scheduled flights	\$500,000
Policy Wording	Chubb Group Injury & Sickness wording NZ 14-21-1020	

Required For Insurers

- Review and update numbers for insured person categories where necessary
- Review and consider any changes to policy arrangements
- Any unreported claims

Public/General Liability

Summary of Cover

Provides indemnity for claims from third parties for property damage or bodily injury arising out of the business activities of the insured, including associated defence costs.

Limits of Indemnity	Any one Occurrence and aggregate for Products	\$20,000,000
Extension Limits	Care, Custody or Control	\$500,000
	Wreck Removal	\$1,000,000
	Service & Repair	\$250,000
	Punitive & Exemplary Damages	\$1,000,000
	Unmanned Aerial Vehicles (Drones)	\$1,000,000
Territory	New Zealand	
Jurisdiction	New Zealand	
Deductibles	Per occurrence, cost exclusive	\$10,000
Policy Wording	Chubb Combined Liability wording (Chubb NZ 02-26-1224)	
Endorsements	Non-compliant Building Materials exclusion	
	Pollution exclusion	
	Sanctions Clause	
	Data and Cyber exclusion	
	Terrorism exclusion	
	Communicable Disease exclusion	
	PFAS exclusion	

Required For Insurers

- Review policy arrangements and consider appropriate limits
- Provide completed Professional Indemnity & Public Liability proposal form
- Advise any unreported claims

Professional Indemnity

Summary of Cover

Provides indemnity for claims from breaches of Professional Duty by reason of any act error or omission arising out of the business activities of the insured, including associated defence costs.

Limits of Indemnity	Each & every claim and in the aggregate	\$15,000,000
Extension Limits	Waiver of Subrogation against Employees	
	Defamation	
	Fraud and Dishonesty	
	Loss of Documents	
	Maritime Functions	
Territory	New Zealand	
Jurisdiction	New Zealand	
Retroactive Date	Unlimited	
Deductibles	Each & every claim, except as follows;	\$50,000
	Building Act	\$250,000
	Each & every claim, cost exclusive	\$50,000
Policy Wording	Chubb Elite Professional Indemnity wording NZ 10-26-1020	
Endorsements	Non-compliant Building Materials exclusion	
	Pollution exclusion	
	Sanctions Clause	
	PFAS exclusion	
	Data and Cyber exclusion	
	Terrorism exclusion	
	Communicable Disease exclusion	

Required For Insurers

- Review policy arrangements and consider appropriate limits
- Provide completed Professional Indemnity & Public Liability proposal form
- Advise any unreported claims

Environmental Impairment

Summary of Cover

Provides Indemnity for legal liability in relation to Property Damage, Clean-up and Natural Resource Damage resulting from gradual Pollution that is at, on, under or migrating from Insured Premises.

Limit of Indemnity	Any on occurrence and in the aggregate	\$1,000,000
Territory/Jurisdiction	New Zealand	
Deductibles	Sewage/Wastewater treatment plants	\$100,000
	All other claims, costs inclusive	\$25,000
Insured Premises	Wastewater treatment plants	Sewage Treatment Plants
	Irrigation facilities	Resource Recovery facilities
	Materials recovery facilities	Water transfer stations
	Depots and workshops	Car park & bus stations
	Libraries, museums & art galleries	Commercial offices
	Public toilets	Cemeteries & crematoria
	Swimming pools & other sports & recreation facilities	
Policy Wording	SCOR Environmental Impairment wording	
Endorsements	Affirmative Cyber	
	Covid-19 Exclusion	

Required For Insurers

- Review and consider any changes to policy arrangements
- Provide completed EIL Pollution Liability proposal form
- Advise any unreported claims

Statutory Liability

Summary of Cover

Provides Indemnity for fines or penalties imposed for unintentional breaches of certain statutes.

Limit of Indemnity	Any one Claim and in the Aggregate	\$500,000
Territory/Jurisdiction	New Zealand	
Conditions	As per the policy wording	
Retroactive Date	Unlimited	
Deductibles	Each & every claim, costs inclusive	\$5,000
Endorsements	Sanctions	
	Defence Costs \$500,000	

Employers Liability

Summary of Cover

Provides Indemnity for claims made by employees against employers for injury or illness occurring in the workplace where cover falls outside the scope of accident compensation legislation.

Limit of Indemnity	Any one Claim and in the Aggregate	\$1,000,000
Territory/Jurisdiction	New Zealand	
Conditions	As per the policy wording	
Retroactive Date	Unlimited	
Deductibles	Each & every claim, costs inclusive	\$5,000
Endorsements	Sanctions	
	Defence Costs \$500,000	

Required For Insurers

- Statutory & Employers (Combined) Liability proposal form required
- Review and consider any changes to policy arrangements
- Advise any unreported claims

Crime

Summary of Cover

Provides Indemnity for loss of money or other property arising through fraudulent or dishonest acts committed by any employees acting alone or in collusion with others (includes electronic or computer crime).

Limits of Indemnity	Any one Occurrence and in the aggregate	\$100,000
Special Limits	Care, Custody & Control	Included
	Interest Receivable/payable	\$100,000
	Fraud Investigation Costs	Included
	Pre-loss Consulting	10% of premium
	Reconstitution Costs	Included
Territory/Jurisdiction	New Zealand	
Deductibles	Each & every Loss	\$5,000
Endorsements	Sanctions	

Required For Insurers

- Crime proposal form required along with latest audit letter to management & council response to any issues raised
- Review and consider any changes to policy arrangements
- Advise any unreported claims

Section Four

General Insurance Policies

The following are types of insurance that are commonly available, and we have indicated which of these are currently part of your programme. Many of these types of insurance may have no application to your current risk profile; however, they may have some application in the future. In other cases you have elected to self-insure the risks. Please let us know if we can assist with a detailed review of your uninsured risks.

PROPERTY AND CASUALTY RISKS	INSURED	NOT INSURED
Advance Profits To cover loss of future income where completion of a construction project is delayed by damage.	☐	☒
Boiler Explosion To cover boilers and other pressure vessels against risk of explosion; this risk is commonly excluded from cover under Material Damage insurance.	☐	☒
Book Debts To cover loss resulting from inability to recover debts because of damage to records.	☐	☒
Business Interruption To cover loss of income and increased costs resulting from damage to assets; sometimes referred to as 'Loss of Profits' or 'Consequential Loss' insurance.	☒	☐
Computer / Computer Consequential Loss To cover computers and computer media against a wider variety of risks than those covered under a Material Damage policy. Cover can be extended to include financial losses and extra costs, including data reconstruction, following damage covered under a computer policy.	☐	☒
Contract Works To cover contract works against physical loss or damage and, as an option, to cover general legal liability arising in connection with the contract works.	☐	☒
Deductible Buy-Down To cover all or part of a deductible imposed under insurance arranged by the company, contractors or subcontractors under which the company is covered.	☐	☒
Fidelity / Computer Crime To cover theft by employees; this risk is commonly excluded from cover under Material damage insurance.	☒	☐

PROPERTY AND CASUALTY RISKS	INSURED	NOT INSURED
Machinery / Machinery Breakdown To cover breakdown risks. These risks are commonly excluded from cover under Material Damage insurance. Cover can be extended to include loss of income and increased costs resulting from damage by a peril insured under a Machinery policy.	☐	☒
Material Damage A general form of policy covering property such as buildings, plant and stock.	☒	☐
Money To cover cash and other forms of money against loss or damage while it is at your premises or in transit.	☒	☐
Stock Deterioration Deterioration following accidental stoppage of refrigeration equipment for chilled or frozen goods. Usually only available in conjunction with Machinery Breakdown insurance.	☐	☒
Terrorism To cover terrorism risks. This risk is commonly excluded from cover under Material Damage insurance.	☐	☒

LIABILITY RISKS	INSURED	NOT INSURED
Associations Liability To cover entities such as professional bodies, sporting associations, not-for-profit organisations, trade industries, ect for legal liability incurred through advice or services provided. Cover is available for the association, its officers, board of management, board of trustees, or management committee members.	☐	☒
Bailees Liability To cover liability for damage to property held under bailment, or in your custody and / or control.	☐	☒
Cyber and Privacy Risk Specialised cover for protection of internet and network exposures some of which are excluded from traditional Material Damage and Business Interruption policies. Also covers liability to third parties as a result of the use of your IT systems as well as damage or destruction of your own systems and records. Cover is also available to protect the company's reputation should a breach of cyber privacy occur.	☐	☒
Directors and Officers Liability To cover directors, executives and employees against liability they might incur in carrying out the duties of a company director. The insurance will also reimburse the company where it has already indemnified its directors for any such liability. Cover includes associated defence costs.	☐	☒

LIABILITY RISKS	INSURED	NOT INSURED
Employers Liability Covers claims made by employees against employers for injury or illness occurring in the workplace where cover falls outside the scope of accident compensation legislation. Cover includes associated defence costs.	☒	☐
Employment Disputes Liability To cover damages and costs arising out of certain employment related disputes such as wrongful termination, harassment and discrimination. Cover includes associated defence costs.	☐	☒
Exemplary Damages (also called Punitive Damages) To cover damages arising out of bodily injury in New Zealand where the law otherwise prevents legal action for compensatory damages.	☒	☐
General Liability To cover claims from third parties for property damage or bodily injury arising out of the business activities of the insured (sometimes referred to as 'Public Liability' insurance). Cover includes associated defence costs.	☒	☐
Liability – Consequential Loss To partially cover loss of gross profit and increased costs arising from an event that also gives rise to a valid claim on a liability policy. This limited form of cover is only available where the liability insurance is provided by the same insurer.	☐	☒
Libel & Slander / Defamation To cover legal liability arising out of defamatory remarks made in either written or oral form. Cover includes associated defence costs.	☒	☐
Private Legal Aid To cover private persons and their families for private legal aid costs for defending a variety of criminal, traffic and civil actions.	☐	☒
Product Guarantee To cover liability for correcting defects in products or for replacing defective products.	☐	☒
Products Liability To cover liability for damage arising out of products supplied. Cover includes associated defence costs.	☒	☐
Product Recall To cover liability for the cost of recalling products which are defective or suspected of being defective.	☐	☒
Prospectus Liability To cover the company, its directors and senior executives for liabilities arising from the issue of a prospectus, information memorandum or other sale/ purchase documents. This liability is generally excluded from Directors and Officers Liability policies unless they are specifically extended to cover it. Cover includes associated defence costs.	☐	☒

LIABILITY RISKS	INSURED	NOT INSURED
Statutory Liability To cover fines or penalties imposed for unintentional breaches of certain statutes. Cover includes associated defence costs.	☒	☐
Trustees Indemnity To cover trustees for personal liability arising from alleged wrongful acts in performing their duties as trustees and to reimburse the trust when it has provided an indemnity to the trustees. Cover includes associated defence costs.	☐	☒
Warranties & Representations Liability To cover liability arising from specific representations or warranties made in an agreement between parties.	☐	☒

PEOPLE RISKS	INSURED	NOT INSURED
Accident Compensation Supplementary Benefits To supplement the limited cover available under Accident Compensation legislation.	☐	☒
Buy Sell Agreements The agreement formalises the procedure for the disposal of shares where the agreed purchase value of those shares is funded by insurance proceeds. Agreements of this nature should be formalised in every co-owned organisation	☐	☒
Group Employee Benefits This includes a variety of individual and group insurance including life insurance, total and permanent disablement insurance, long-term income protection, medical expenses and accident plans.	☐	☒
Key Person Indemnity To provide cash benefits to the company in the event of death or disablement of key personnel.	☐	☒
Personal Insurance Complimentary assessments of personal insurance needs for staff members by Marsh risk advisers.	☐	☒
Shareholder Protection The commercial arrangement of insurance to fund the buy-out of shares of a deceased or disabled shareholder in a privately held business.	☐	☒

TRANSPORT RISKS	INSURED	NOT INSURED
Aviation Hulls To cover aircraft against physical loss or damage.	☐	☒
Aviation Liabilities To cover public liability arising out of the use of aircraft. (Public Liability insurance does not cover liability arising out of the use of aircraft).	☐	☒
Carriers Liability To cover liability under the Carriage of Goods Act. Cover can be extended to include consequential losses and legal expenses arising from the Carriage of Goods Act.	☐	☒
Charterers Liability (Aviation / Marine Hull) Protection tailored to meet the conditions of a Marine or Aviation charter agreement for hull and/or liabilities.	☐	☒
Marine Cargo To cover shipments of goods by land, sea or air.	☐	☒
Marine Hulls To cover watercraft against physical loss or damage.	☐	☒
Marine Liabilities To cover public liability arising out of the use of watercraft (also known as 'Protection and Indemnity' or P & I insurance). Public Liability insurance generally does not cover liability arising out of the use of watercraft greater than 8m in length. 'Towcon' or Towhire' Conditions cover is recommended in the event a vessel suffers a breakdown and requires towage from another vessel.	☐	☒
Motor Vehicle To cover direct loss or damage to vehicles and public liability ('third party' liability) in connection with the vehicles.	☒	☐

MISCELLANEOUS RISKS	INSURED	NOT INSURED
Accidental & Malicious Produce Damage / Tamper Crisis Management providing cover for Product Recall, Restoration Costs, Loss of Income and Incident Response Costs following product tamper.	☐	☒
Bonds Financial devices (rather than insurance policies) designed to avoid the need to provide a bond in cash.	☐	☒
Credit Insurance & Trade Debtors To cover the risk of trade debtors failing to pay debts due to their insolvency or protracted default.	☐	☒
Environmental Impairment A special form of pollution liability insurance.	☒	☐

MISCELLANEOUS RISKS	INSURED	NOT INSURED
Extortion Insurance in this category includes kidnap, ransom and product tampering.	☐	☒
Forest A special form of insurance for forests. This risk is commonly excluded from cover under Material Damage insurance.	☒	☐
Growing Crops A special form of insurance for crops. This risk is commonly excluded from cover under Material Damage insurance.	☐	☒
Legal Expenses To cover legal expenses incurred in civil actions.	☐	☒
Livestock A special form of cover for livestock. This risk is commonly excluded from cover under Material Damage insurance.	☐	☒
Political Risk To cover overseas assets and contracts against confiscation, expropriation or nationalisation. The insurance can also include cover against frustration or repudiation of a contract.	☐	☒
Travel To cover baggage, medical costs and other travel related risks.	☐	☒

Section Five

Market Update

New Zealand Insurance Market Update

February 2026 – Executive Summary

Property insurance

The New Zealand property insurance market entered 2026 from a position of relative strength. Many insurance buyers realised meaningful premium savings through their 2025 renewal. A continuation of abundant reinsurance capital and relatively low insured natural catastrophe losses suggest that in the absence of future market changing events, conditions are likely to remain favourable for insurance buyers as we move through 2026.

Market highlights

- **Reinsurance:** January 2026 treaty reinsurance renewals, a key cost to insurers, observed continued softening with global rate reductions between -12.5 to -20% on non-loss-affected placements. Abundant capacity provided insurers the flexibility to broaden limits and coverage purchased through both traditional insurance structures and alternative risk-transfer mechanisms, such as catastrophe bonds and parametrics.
- **Global natural catastrophes:** A quieter Atlantic (North American) hurricane season helped reduce global insured losses in 2025 from those suffered in recent years. Nonetheless, high-profile events (notably the 2025 California wildfires) underline ongoing volatility and growing secondary-peril risk (convective storms, wildfires, floods).
- **Capacity and competition:** Greater insurance capacity from local insurers combined with international competition resulted in continued downward pressure on pricing to the benefit of insurance buyers through late 2025. This market dynamic was also seen to have encouraged merger and acquisition activity among carriers who continue to be faced with growth targets.
- **Inflation:** Inflation eased in 2025 but remains elevated. The Reserve Bank of New Zealand reported an annual inflation rate of 3.1% in the December 2025 quarter, sustaining upward pressure on valuations and replacement costs. The construction sector, as well supply chains and labour markets, may continue to face pressures throughout 2026.

Regulatory and risk-management developments

- **Earthquake-prone buildings:** A refocused Earthquake-Prone Building (EPB) regime aims to narrow its scope to genuinely high-risk structures and reduce remediation obligations for many owners, however the immediate insurance impact is expected to be limited.
- **FENZ levy (effective 1 July 2026):** Changes to the way this levy is applied (now being charged on sum insured for commercial properties) alongside amended

exemptions and stronger penalties mean insureds should review this closely to assess implications.

- **National Adaptation Framework (NAF):** New Zealand Government has released its long-term plan to improve climate risk information, including the country's first integrated National Flood Map.

Market dynamics and buyer behaviour

- Insurers favour clients demonstrating robust risk mitigation; those with clear loss-prevention plans and accurate valuations will secure superior terms.
- In a soft market, many buyers are using savings to enhance cover (higher limits, reduced deductibles), and may also take the opportunity to revalidate long-term alternative risk transfer and financing strategies.
- High-catastrophe risk zones still face selective capacity constraints despite recent easing. Alongside seismic risk, flood exposures also now attract intensified underwriting scrutiny.

We stand ready to help clients capitalise on favourable market conditions.

Liability and specialty

Across the liability and specialty markets, 2025 was a positive year for many clients. In many cases, the market remains competitive, however, insurers continue to focus on disciplined risk assessment, and as such it is important clients engage with the renewal process early to achieve the best possible results.

Liability market

The New Zealand liability market remains competitive, whilst stable. Premiums are expected to remain reasonably flat with modest savings for some, but increases possible where risk quality has deteriorated. Underwriters have a continued focus on claims, governance, ESG, per- and polyfluoroalkyl substances (PFAS) exposure, cyber risk, and controls.

Directors & Officers (D&O) liability insurance

Favourable conditions continue with premium reductions of -5% to -15% expected for many well-managed risks. In some cases prior years' discounting means further reductions may become challenging for insurers. Insurers are focusing on financial strength, insolvency risks, and corporate activity. Geopolitical, cyber, AI, and ESG (environmental, social, governance) factors continue to shape risk assessments whilst insurers are looking to boards to adapt to evolving regulations and governance expectations.

Professional indemnity

Whilst the market is broadly stable, challenges persist in sectors such as construction and finance. Following positive renewal outcomes for many in 2025, it is anticipated that the market will level off in 2026, with savings achievable for some. Capacity remains available for most, although insurers may be selective for higher risk policies.

Crime insurance

Premiums are anticipated to remain stable or increase modestly, reflecting ongoing

economic pressures and sophisticated fraud risks. Underwriters continue to prioritise robust controls, comprehensive staff training, and effective incident response.

Cyber insurance

After several years of softening, premiums have now stabilised and in some cases are showing a modest upward trend. Robust cybersecurity controls and AI governance frameworks have become essential requirements. Increasing claims frequency and evolving geopolitical risks have the potential to exert upward pressure on future rates. Long-tail claims and heightened regulatory scrutiny continue to present challenges, while global market dynamics increasingly shape local pricing and capacity.

Environmental liability

Demand is rising due to ESG focus and project requirements. Increased competition is driving rate reductions for low-risk insureds, while those with claims may see moderate premium increases. Detailed risk data continues to be a necessity. Coverage for per- and polyfluoroalkyl substances (PFAS) remains available but is cautiously underwritten amid ongoing losses and litigation, especially in the US.

Motor and mobile plant insurance

The New Zealand motor and mobile plant insurance market is strong and competitive, with easing premiums and increased capacity for well-managed fleets. A clear focus on risk management, health and safety - supported by in-cab technology - helps reduce losses, downtime and the associated cost. Insurers continue to invest in supply chain and repair improvements, while bespoke solutions support heavy machinery sectors. Detailed fleet data remains key to securing favourable terms on large and complex fleets.

Construction insurance

Contract works insurance

Premiums for well-managed construction risks are more competitive than the past year, with average reductions of -5% to -10%. Insurers focus on conservative deductibles and strong risk controls, especially for flood, weather, and fire risks. Construction growth is expected in domestic and infrastructure sectors. Local insurers provide most capacity, with growing overseas interest likely to lower premiums and expand coverage.

Construction professional indemnity market

Insurers continue to exercise caution in deploying construction professional indemnity capacity for project policies. The scope of coverage remains consistent, and pricing is anticipated to remain stable. However, insurers are likely to impose high minimum deductible levels, particularly for larger projects.

Marine cargo insurance

2025 was a favourable year in the London market, with increased capacity and no major natural catastrophe losses. In the New Zealand market, conditions remain positive, with stable pricing for low-risk dry cargo. However, the perishable sector faced increased claims

activity due to global supply chain disruptions and Middle East events, causing vessel delays and rerouting, but conditions are improving as major carriers such as Maersk resume transits via the Suez Canal. Global insurers are increasing participation which boosts competition for insurance buyers. Despite lower shipment value and volume, the cargo market is stable and insurers aim to maintain market share. Uncertainty around US tariffs and geopolitical tensions has had limited impact on New Zealand's export volumes, while the weaker New Zealand dollar continued to support exporters.

People risks

Group Life and Disability insurance

The New Zealand market faces challenges including rising stress and mental health claims, alongside concerns over long-term disability premium sustainability. Insurers have taken a cautious stance on pricing, showing a reduced appetite for high-risk plans. Short-term income protection rates have eased where claims align with expectations, but long-term disability is being underwritten cautiously with some insurers limiting new business, shortening rate guarantees and applying base-rate increases of 15% plus. Life and total permanent disability (TPD) remain broadly stable while critical-illness rates are volatile. Market consolidation continues, with Resolution Life acquiring Asteron Life and then their subsequent acquisition by Nippon Life. Further consolidations are anticipated in 2026.

Health insurance

Medical inflation drove 20 to 30% premium increases in 2025 for non-claims experience rated plans. Claims experience-rated plans saw varied increases, often over 25% and, in some cases, over 40%. Southern Cross lowered its loss-ratio target, prompting further premium rises. nib New Zealand introduced a 20% co-pay arrangement on specialist claims to help contain claims costs. Premiums are likely to stabilise in 2026 and deceleration of premium increases has been evident in recent months. Employers continue to value subsidised health cover for talent retention, but there has been a significant shift from direct insurer relationships to appointing intermediaries to provide valued independent advice.

Read more in the full version of the [New Zealand Insurance Market Update - February 2026](#).

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Appendices

Appendix A

Important Notices

Duty of Disclosure

You have a common law duty to disclose all material facts before entering into, renewing or altering a contract of insurance. If you fail to do so, or if any material facts are misrepresented, the insurance could be made void.

The Insurance Law Reform Act defines a material fact as one that would influence a prudent insurer in accepting or rating a risk. Your common law duty of disclosure applies only before each contract is entered into, renewed or changed, but some policies have a condition that extends the duty throughout the period of insurance.

Your duty of disclosure does not include facts which are common knowledge. Nor does it include facts already known to your insurer, or which ought to have been known to your insurer in the ordinary course of business. If in doubt, it is safer to disclose information than to conceal it.

Essential Reading of Policy Wording

We will provide you with a full copy of your policy as soon as it is received from the insurer.

It is essential that you read this document without delay and advise Marsh in writing of any aspects which are not clear or where the cover does not meet with your requirements.

Marsh & McLennan Agency Placement System

Your insurance may be placed with insurer(s) through Marsh & McLennan Agency Limited (MMA), a related party of Marsh Limited, using an internet based placement system that allows for the efficient transfer of underwriting information and issuing of policy documentation. MMA is remunerated by insurers who use the placement platform and this is separate from the remuneration paid to Marsh for placing this insurance. Marsh discloses its wider compensation arrangements in a document entitled "Compensation Guide for New Zealand clients" available at www.marsh.co.nz.

Claims Made Policies

Your insurance programme may include covers which are "claims made" contracts such as Directors & Officers Liability, Statutory Liability, Employer's Liability and Professional Indemnity. It is essential that insurers are made aware of all claims or potential claim circumstances of which you, or your organisation, have become aware of during the current insurance period. A "claims made" contract is a policy which only applies with regard to claims made and notified to insurers during the policy period, subject to the act, error or omission giving rise to the claim occurring after any policy retroactive date.

Any claims or potential claims which arise subsequent to your completion of the proposal form or renewal declaration must be reported to insurers prior to the expiration of the current policy. If you are in any doubt as to whether a matter would be deemed to be a notifiable circumstance, we strongly recommend that you report the matter. Insurers do not usually penalise an Insured for reporting matters "out of an abundance of caution".

Changes and Disclosure

It is important that you advise us immediately of any changes or developments to your business that would be material to your insurance programme. Examples include:

- Acquisition of or merger with another company, newly created or acquired subsidiaries.
- Any new claim, or potential claims incident, that has not been reported to your insurers.
- Business undertaken that is outside the scope of the description in your policies.
- The purchase, construction or occupancy of new premises.
- Alteration, vacancy, unoccupancy, extension or demolition of premises.
- Increase in values beyond the insured limits on property.
- Significant removal of stock or equipment to different locations.
- Assumption of liability or waiver of recovery rights under the terms of any agreement or contract.
- Hiring, leasing or borrowing of vehicles, plant or equipment.
- Charter of aircraft or watercraft.
- Substantial change in processing methods, occupancy of premises, or products.
- Development of new export markets, particularly in North America.
- Alteration to or disconnection of your fire or burglary protection systems.
- Proposed installation or modification of pressure plant, refrigeration plant or key machines.
- Issue of a prospectus, information memorandum or other documents in connection with the sale of the company's own securities.
- New outside directorships undertaken during the policy period.
- Changes to the Indemnity or Insurance clauses in the Company's Constitution.

This list is not exhaustive. Generally, you should let us know about any matter that might have an effect on the adequacy or validity of your insurance.

Many policies contain an express condition requiring notification of any changes that materially increase the risk as originally proposed to the insurer. Breach of such a condition could invalidate cover.

Trade Sanctions

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1 Performance, Audit & Risk Committee

4.2 Draft CIC Conflicts of Interest Policy (Staff)

Date of meeting	15 June 2026
Agenda item number	4.2
Author/s	Mereraina Hemara, Operations Manager

Purpose

The purpose of this report is to present the draft Conflicts of Interest Policy (Staff) for review and feedback by the Performance, Audit and Risk Committee (PARC) prior to Council consideration for adoption.

The policy establishes a formal framework for identifying, declaring, and managing conflicts of interest for Council staff and persons acting on behalf of Council.

Recommendations

That the Performance, Audit and Risk Committee:

- 1. Reviews the draft Conflicts of Interest Policy (Staff) (Attachment 1).**
- 2. Provides feedback and/or recommended amendments to strengthen governance, risk management, and operational clarity.**
- 3. Recommends the policy to Council for adoption, subject to any amendments agreed by the Committee.**

Executive Summary

The draft Conflicts of Interest Policy (Staff) is designed to strengthen governance, integrity, and transparency within Chatham Islands Council by ensuring conflicts of interest are appropriately identified, declared, and managed.

While the Local Government Act 2002 does not prescribe detailed statutory requirements for staff conflicts, Council is expected to maintain robust systems of internal control and ethical conduct consistent with:

- Section 14 – principles of transparency, accountability, and prudent stewardship
- Sections 76–81 – decision-making integrity and procedural fairness

The policy provides:

- Clear definitions of actual, potential, and perceived conflicts
- Mandatory disclosure requirements for staff
- A structured approach to recording and managing conflicts
- Guidance on procurement, contracting, gifts, and external interests
- Defined roles and responsibilities for staff, managers, and the Chief Executive

Background

Conflicts of interest can arise in a range of Council activities including procurement, regulatory decision-making, funding allocations, and delegated authority processes.

Without a consistent framework, there is a risk that conflicts may be:

- Undisclosed or unmanaged
- Inconsistently addressed across departments
- Perceived by the public as compromising impartiality

The development of a formal policy aligns with good governance expectations for local authorities and supports audit assurance over Council's internal control environment.

Discussion

Legislative and Governance Context

The policy supports Council's obligations under the Local Government Act 2002, particularly:

- Section 14 – requiring transparency, accountability, and ethical governance
- Sections 76–81 – ensuring fair, rational, and procedurally sound decision-making

While elected members are subject to statutory conflict provisions, staff conflicts are managed through Council policy and employment governance frameworks. This policy formalises that approach.

Risk Perspective

From a risk management perspective, unmanaged conflicts of interest may result in:

- Reputational damage to Council
- Loss of public trust and confidence
- Poor procurement or funding outcomes
- Potential legal challenge to decision-making processes

- Audit findings relating to governance controls

The policy is intended to mitigate these risks by ensuring:

- Early identification of conflicts
- Consistent escalation pathways
- Documented decision-making and transparency

Key Policy Features for Committee Consideration

The Committee is asked to consider the adequacy of the following key areas:

- Definition and scope of conflicts (actual, potential, perceived)
- Mandatory disclosure requirements
- Role of managers and Chief Executive in decision-making
- Procurement-specific conflict management provisions
- Gifts and hospitality thresholds and controls
- Register maintenance and record-keeping arrangements
- Enforcement and breach consequences

Implementation Approach

If endorsed, implementation will include:

- Staff communication and awareness briefing
- Inclusion in induction and onboarding processes
- Establishment of Staff Conflicts of Interest Register
- Integration with procurement and HR processes
- Manager guidance and escalation protocols

Options

Option 1 – Endorse for Council Adoption (Recommended)

Advantages

- Strengthens governance and risk controls
- Provides consistent staff guidance
- Supports audit and compliance assurance

- Aligns with LGA 2002 principles
- Enhances public confidence in Council decision-making

Disadvantages

- Requires ongoing administrative oversight

Option 2 – Request Further Amendments Before Council Consideration

Advantages

- Allows refinement of policy detail or thresholds
- Enables Committee input on risk tolerance and controls

Disadvantages

- Delays implementation
- Extends period of inconsistent conflict management practices

Option 3 – Do Not Endorse Policy

Advantages

- No immediate implementation burden

Disadvantages

- Continued lack of formalised conflict management framework
- Increased governance and reputational risk
- Weakens audit assurance position

Financial Implications

There are no material financial implications associated with the adoption of the policy. Implementation costs (training, register maintenance, and communication) will be met within existing budgets.

Significance and Engagement

This matter is assessed as low significance, as it relates to internal governance processes and does not materially affect service delivery or external stakeholders.

No external consultation is required.

Legal and Compliance Implications

The policy supports compliance with:

- Local Government Act 2002 (Sections 14, 76–81)
- Council delegation's framework
- Employment and good employer obligations

It also strengthens Council's ability to demonstrate sound governance practices in audit and accountability reviews.

Risk Assessment

Risk	Description	Mitigation
Governance risk	Conflicts not identified or managed	Formal disclosure and register system
Reputational risk	Perception of bias or unfairness	Transparent declaration process
Operational risk	Inconsistent application across teams	Centralised policy and training
Audit risk	Weak internal controls	Documented processes and oversight

Next Steps

If supported by the Committee:

- Amendments (if any) incorporated into final policy
- Policy presented to full Council for adoption
- Implementation plan initiated by Chief Executive
- Staff communication and training commenced

Attachments

1. Draft CIC Conflicts of Interest Policy (Staff)



Chatham Islands Council

CONFLICTS OF INTEREST POLICY 2026 (STAFF)

Chatham Islands Council – Conflicts of Interest Policy (Staff)

1. Purpose

The purpose of this policy is to ensure that all staff of Chatham Islands Council act, and are seen to act, in the best interests of the Council at all times. It aims to protect the integrity, transparency, and public confidence in Council decision-making by identifying, declaring, and appropriately managing conflicts of interest.

2. Scope

This policy applies to:

- All employees (permanent, fixed-term, casual, and temporary)
- Contractors and consultants engaged by the Council (where applicable under contract terms)
- Any person acting on behalf of the Council in an official capacity

This policy relates to staff conflicts of interest only and does not replace obligations applying to elected members under the Local Government Act 2002.

3. Policy Statement

All staff must avoid situations where personal interests could improperly influence, or be perceived to influence, their duties to the Council.

Where a conflict of interest arises, it must be:

- Declared promptly
- Recorded in the Council's Conflicts of Interest Register
- Managed appropriately, which may include removal from decision-making or reassignment of duties

4. Definitions

4.1 Conflict of Interest

A conflict of interest arises when a staff member's:

- Personal interests, relationships, or outside activities may compromise or appear to compromise their ability to act impartially for the Council.

4.2 Types of Conflict

- *Actual conflict*: A real conflict exists between duties and personal interests
- *Potential conflict*: A conflict may arise in the future

- *Perceived conflict*: Others may reasonably believe a conflict exists, even if it does not

5. Principles

Staff must adhere to the following principles:

- Act in the public interest at all times
- Maintain impartiality and transparency
- Avoid using Council position for personal gain
- Disclose conflicts as soon as they arise
- Comply with lawful and reasonable management directions regarding conflicts

6. Identification of Conflicts

Conflicts may arise from:

- Personal or family relationships
- Secondary employment or business interests
- Financial interests in suppliers or contractors
- Participation in community organisations receiving Council funding
- Gifts, hospitality, or benefits
- Procurement or contracting decisions

7. Disclosure Requirements

Staff must:

- Declare conflicts immediately upon becoming aware
- Complete a Conflict of Interest Declaration Form
- Notify their manager or Chief Executive (as appropriate)

Declarations must be recorded in the Conflicts of Interest Register, maintained by the Operations Manager function.

8. Management of Conflicts

Depending on the nature of the conflict, management actions may include:

- No further action (if conflict is minor and well-managed)

- Formal recording and monitoring
- Exclusion from discussions, decisions, or access to information
- Reassignment of duties
- Removal from procurement or evaluation processes
- In rare cases, termination of external interests or employment action

The Chief Executive (or delegate) determines appropriate management actions.

9. Gifts, Benefits, and Hospitality

Staff must not accept gifts or benefits that could:

- Influence decision-making
- Be seen to influence decision-making

All gifts or hospitality over a nominal value (e.g. \$50) must be:

- Declared
- Recorded in the Gifts Register
- Approved for retention or otherwise managed by the Chief Executive or delegate

Cash gifts must never be accepted.

10. Secondary Employment and Outside Interests

Staff must:

- Disclose any secondary employment or business interests
- Ensure outside work does not interfere with Council duties
- Obtain written approval where a potential conflict exists

11. Procurement and Contracting

Staff involved in procurement must:

- Declare any relationship with suppliers or bidders
- Remove themselves from procurement processes where a conflict exists
- Not participate in evaluation or awarding decisions where conflicted

12. Breaches of Policy

Breaches of this policy may result in:

- Formal warnings or disciplinary action
- Removal from duties
- Termination of employment
- Referral to external authorities where appropriate

13. Record Keeping

The Council will maintain:

- Conflicts of Interest Register
- Gifts and Hospitality Register
- Declaration forms and approvals

Records will be managed in accordance with Council information management policies.

14. Responsibilities

Employees

- Identify and declare conflicts
- Comply with management actions

Managers

- Identify and escalate potential conflicts
- Ensure staff compliance

Chief Executive

- Overall responsibility for policy implementation
- Decision-making on complex or senior conflicts

15. Policy Review

This policy will be reviewed every three years, or earlier if required due to legislative or operational changes.

Policy History

Date	Version	Council Adoption	Description
June 2026	1.0	25 June 2026	Initial Policy



Performance, Audit & Risk Committee

4.3 Operations Manager Report

Date of meeting	15 June 2026
Agenda item number	4.3
Author/s	Mereraina Hemara, Operations Manager

Purpose

At the Council meeting held 28 May 2026, Council approved the Terms of Reference included in the Interim Chief Executives report regarding management of Council-owned residential properties. This report is to give an update on upcoming changes to the current arrangements of tenancy occupation.

At the same meeting, Council adopted the Grants and Donations Policy, which includes a recommendation that PARC receive a bi-annual update on the status of grants received by Council.

Recommendations

That the Performance, Audit and Risk Committee:

1. **Receives the report.**

Executive Summary

Housing

This report is provided to PARC to advise on upcoming tenancy changes. Our current tenant in the 2-bedroom rental property located 13 Comflat Road, Chatham Islands, has provided notice that they will be vacating the house. As a result, the property has been advertised for a new tenancy, with applications closing on 19 June 2026.

Grants & Projects

This report provides a bi-annual update on externally funded projects in accordance with Council's Grants and Donations Policy. The update outlines current funding balances, project progress, and any matters requiring Council consideration to ensure effective management and oversight of grant-funded initiatives.

Background

Housing

Council owns and manages three residential properties that are made available as rental housing to support the accommodation needs of the community. These properties are managed in accordance with Council's housing process, which provide the framework for tenancy allocation, occupancy, rental charges, and property management.

Grants & Projects

Council actively seeks and manages grant funding to support the delivery of community projects, infrastructure improvements, and other strategic priorities that benefit the Chatham Islands community. External grant funding enables Council to undertake projects that may otherwise be unaffordable through rates-funded activities alone, while helping to leverage additional investment into the district.

Discussion

Housing

The Council-owned 2-bedroom rental property has been tenanted for an extended period. The current tenant has recently provided notice of their intention to vacate the property, creating an opportunity to identify a new tenant. Following the advertisement of the vacancy, community interest has been significant, with eight applications received to date. The strong level of interest reflects the ongoing demand for affordable housing within the community. Following the close of applications, the successful tenant will be selected in accordance with the Council's tenancy allocation process.

Grants & Projects

This report is provided in accordance with the Grants and Donations policy and is intended to support good governance, transparency, and accountability. The update enables the Committee to monitor grant expenditure, funding outcomes, and any outstanding commitments, ensuring that funds are being managed in line with Council policies and the criteria of the funding agreements.

Risk Perspective

Housing

There are no identified risks associated with this update.

Grants & Projects

Overall, the risks identified through this update are considered low and are largely associated with project timeframes and funding expiry dates. The most notable risk relates to the Lotteries NZ funding for the NKMR Netball Cover Feasibility Study, which remains incomplete. Council intends to mitigate this risk by seeking a funding extension

from Lotteries NZ to enable the study to be undertaken. Given Council's strong working relationship with Lotteries NZ and previous success in obtaining funding extensions, this risk is considered manageable.

Significance and Engagement

Both matters are assessed as low significance, as it relates to internal operational processes.

No external consultation is required.

Legal and Compliance Implications

There are no direct legal implications arising from this report, as no decisions are being sought that would create new legal obligations for Council. At the time of writing, no material compliance issues have been identified. However, several projects require ongoing oversight to ensure funding is utilised within approved timeframes and in accordance with the expectations of the respective funding providers.

Attachments

1. Table of grants

Funder	Project	Amount Received	Amount Remaining	Fund Expiry	Notes
Department of Internal Affairs	Local Water Done Well Service Delivery Plan	\$ 170,000.00	\$ 115,881.06	15/06/2026	At its May 2026 meeting, Council resolved that the remaining grant funding be directed towards water and wastewater-related activities, ensuring the balance of funds continues to support priority infrastructure outcomes.
Department of Internal Affairs - BOF	Housing - Social	\$ 287,809.00	\$ 3,485.00	30/06/2027	Funding has been substantially utilised to complete approved community housing upgrades, repairs, and maintenance works. A small residual balance remains and will be used to undertake minor outstanding repairs, bringing the project to completion.
Department of Internal Affairs - BOF	Wharf - Kaingaroa	\$ 350,000.00	\$ 118,651.00	30/06/2027	Remaining works are currently being scoped and costed by Hunter Civil, with technical support and project assistance being provided by Stantec.
Department of Internal Affairs - BOF	Wharf - Owenga	\$ 450,000.00	\$ 208,707.00	30/06/2027	Funding remains available for works at Owenga Wharf. Should urgent requirements arise at Kaingaroa Wharf, Council may consider reallocating a portion of these funds in recognition of Kaingaroa Wharf's higher priority status. Any proposed reallocation would be presented to Council for approval.
Department of Internal Affairs - BOF	Chatham Islands Strategy - 30 year plan	\$ 100,000.00	\$ 969.00	30/06/2027	The project is now complete, with only a minor balance remaining. It is proposed that any residual funding be consolidated into larger priority infrastructure projects, subject to Council approval.
Department of Internal Affairs - BOF	Chatham Islands Cultural Strategy	\$ 40,000.00	\$ 36,452.00	30/06/2027	Given competing priorities and current funding requirements, Council may wish to consider discontinuing this project and redirecting the remaining funds towards priority wharf infrastructure projects. Further discussion and Council approval would be required before any reallocation occurs.
Department of Internal Affairs - BOF	NKMR Netball Cover	\$ 300,000.00	\$ 300,000.00	30/06/2027	A workshop is scheduled with the NKMR Committee on 18 June 2026 to discuss the project, review progress to date, and identify opportunities to advance project outcomes.
Lotteries NZ	NKMR Fesibility Study for Netball cover	\$ 131,675.00	\$ 131,675.00	20/08/2026	This funding will be discussed alongside the NKMR Netball Cover project at the 18 June workshop. Jackie Gurden has advised that the feasibility study was not undertaken, as procurement processes were unclear at the time. Abby Biltcliff had commenced work on the procurement process with assistance from Council's legal advisors; however, this was not completed prior to her departure from the role. Council intends to request a contract extension and progress this project promptly.
Lotteries NZ	KMT Advisor Funding	\$ 80,000.00	\$ 25,556.04	10/05/2027	This funding supports a dedicated on-island role providing secretariat services to Kāhui Manu Taiko (KMT) and facilitating inter-agency coordination for the implementation of the Chatham Islands Community Strategy. While the original funding term was due to conclude in May 2026, Lotteries NZ approved a one-year extension to enable the utilisation of remaining funds. The funding may be used to support the strategic direction and priorities of the KMT Board, rather than being limited solely to secretariat functions.

Ministry for Social Development	Aged Friendly	\$ 10,000.00	\$ 9,620.44	31/12/2026	The project continues to progress positively. Community "Fix-It" Days are being organised, providing residents with opportunities to repair and extend the life of household items with support from skilled volunteers and community members.
Ministry for Social Development	Building Financial Capability	\$ 63,000.00	\$ 23,506.83	30/06/2027	The Financial Mentor has recently completed the FMIC Certificate of Completion and is expected to begin supporting clients in the coming weeks under the guidance of an online supervisor.
Ministry of Business, Innovation & Employment	TIF-R6-012	\$ 120,316.66	\$ 118,316.66	To be confirmed	Jackie Gurden has advised that the project has experienced some delays due to landowner timeframes and budget constraints. MBIE has proposed a variation to the funding agreement to extend the contract end date and allow sufficient time for project completion. Jackie intends to issue a tender for fencing works at the Stony Cottage site and is currently seeking pricing from Fulton Hogan for metal required for the Stony Cottage track. Interpretation panels have already been commissioned. Four of the five contracted payments have been received, with approximately \$130,000 still available to be claimed through future invoicing.
National Emergency Management Agency	Rural Communities Water Resilience	\$ 500,000.00	\$ 147,809.94	To be confirmed	Following a ballot process approved by the CDEM Group, the final six unallocated water tanks have now been assigned. Remaining funds will be used to complete delivery and installation, with any residual balance to be considered by the CDEM Group for future resilience initiatives.

PARC Public Excluded Agenda

15 June 2026

Chair to Move

THAT the public be excluded from the following part of the proceedings of the meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each 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:

Item No.	Minutes / Report of:	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
PE 5.2	Chief Executive Officer	PE PARC Minutes 16 March 2026	Good reason to withhold exists under Section 7	Section 48(1)(a)
PE 5.3	Chief Executive Officer	CE Update	Good reason to withhold exists under Section 7	Section 48(1)(a)

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 which would be prejudiced by holding the whole or relevant part of the proceedings of the meeting in public, are as follows:

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON
PE 5.2	PE PARC Minutes 16 March 2026	7(2)(b)(ii) 7(2)(h) 7(2)(i)	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. To maintain legal professional privilege. To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities.
PE 5.3	CE Update	7(2)(b)(ii) 7(2)(h) 7(2)(i)	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. To maintain legal professional privilege. To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities.

and that appropriate officers remain in the meeting to assist members.