



chatham islands council

Chatham Islands Council

BOARD PACK

for

Council Meeting

Thursday, 26 March 2026

9:00 am (+1345)

Held at:

Chatham Islands Council

13 Tuku Road, Chatham Islands

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AGENDA

COUNCIL MEETING



Name:	Chatham Islands Council
Date:	Thursday, 26 March 2026
Time:	9:00 am to 11:00 am (+1345)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Board Members:	Cr Bridget Gibb, Cr Celine Gregory-Hunt, Cr Graeme Hoare, Mayor Greg Horler, Cr Jacqui Southcombe, Cr Jenna Hoverd, Cr Keri Day, Cr Nathaniel Whaitiri

1. Opening Meeting

1.1 Meeting Opening 9:00 am (5 min)

Kia hora te marino
 Kia whakapapa pounamu te moana
 Hei huarahi mā tātou i te rangi nei
 Aroha atu, Aroha mai
 Tātou i a tatou katoa
 Hui e! Tāiki e!

1.2 Apologies 9:05 am (2 min)

1.3 Interests Register 9:07 am (2 min)

For Information

Review and update the interests register of board members and key executives.

Supporting Documents:

1.3.a Interests Register	8
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1.4 Action List 9:09 am (5 min)

For Noting

Review the progress of action items from previous meetings and discuss any pending tasks.

Supporting Documents:

1.4.a Action List	9
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2. Democracy

2.1 Ordinary Meeting Minutes 19 February 2026 9:14 am (3 min)

For Decision

Review and confirm the minutes of the previous meeting.

Supporting Documents:

2.1.a	2.1 Minutes 19 February 2026.pdf	10
2.1.b	Public Minutes 19 Feb 2026 Council Meeting.pdf	11

2.2 Appointment of new Member for CE Review Committee

9:17 am (5 min)

Mayor Greg Horler

For Decision

Supporting Documents:

2.2.a	2.2 Appointment of new member to CE Review Committee.pdf	18
2.2.b	CE Review Committee Terms of Reference.pdf	20

3. Finance

3.1 Financial Report

9:22 am (10 min)

For Noting

Supporting Documents:

3.1.a	3.1 Financial Report.pdf	23
3.1.b	Council Feb 2026.pdf	24

3.2 Riskpool: Trust Deed Amendments - Consultation Outcome

9:32 am (5 min)

For Information

Supporting Documents:

3.2.a	3.2 Riskpool - Trust Deed Amendments - Consultation Outcome.pdf	27
3.2.b	Amended Riskpool Trust Deed - Marked Up Cosmetic Changes.pdf	28
3.2.c	Chatham Islands Council - Consent Form.pdf	48
3.2.d	26-03-11 - Chatham Islands Council.pdf	49
3.2.e	Riskpool - Deed of Amendment and Restatement - Signed 11-03-2026.pdf	51

3.3 Better-off Funding

9:37 am (15 min)

For Decision

Supporting Documents:

3.3.a	3.3 Better-off Funding.pdf	76
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3.4 Immediate Policy Strengthening in Response to the OAG Report

9:52 am (10 min)

Supporting Documents:

3.4.a	3.4 Immediate policy strengthening in response to the Office of the Auditor-General's report.pdf	80
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3.5 Annual Plan 2026/27 – draft budget

10:02 am (20 min)

For Decision

For the Council to consider whether the draft 2026/27 budget is significantly or materially different to that estimated in year three of the 2024-34 Long-Term Plan. This is to comply with to the decision-making provisions within the Local Government Act 2002.

Supporting Documents:

3.5.a	3.5 Annual Plan 2026-27 - Draft Budget.pdf	86
3.5.b	Initial budget 202627.pdf	91

4. Works & Services

4.1 Stantec Report

10:22 am (10 min)

For Information

Information to be received.

Supporting Documents:

4.1.a	4.1 Stantec Report1.pdf	94
4.1.b	Stantec Report Feb26.pdf	95

5. Community

5.1 Update - Pitt Island Shed Tender Process and Disposal Request

To provide an update on the Pitt Island Shed removal process following the Council resolution and to advise Council of a disposal request received.

Supporting Documents:

5.1.a	5.1 Pitt Island Shed.pdf	107
5.1.b	Letter to CIC regarding council shed on Pitt Island.docx	109

6. Regulatory

7. Emergency Management

8. Government

9. Chatham Islands

10. Bylaws & Policies

11. Move to Public Excluded

11.1 Move to Public Excluded

Supporting Documents:

11.1.a PE Cover Page 26 March 2026.pdf	110
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12. Public Excluded

12.1 Public Excluded Minutes 19 February 2026 10:32 am (2 min)

For Noting

For Approval

Supporting Documents:

12.1.a PE 19 Nov 2025 Minutes in Review Council Meeting .pdf	111
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12.1.b PE.1 Minutes PE Meeting 19 February 2026.pdf	113
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12.2 Public Excluded Minutes CE Review Committee 27 February 2026 10:34 am (2 min)

For Noting

Supporting Documents:

12.2.a PE Minutes 27 Feb 2026 CERC Meeting .pdf	114
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12.2.b PE.2 Public Excluded Minutes CE Review Committee 27 February 2026.pdf	118
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12.3 Public Excluded Minutes Extraordinary Meeting 2 March 2026 10:36 am (2 min)

For Noting

Supporting Documents:

12.3.a PE Minutes 2 Mar 2026 Extraordinary Council Meeting.pdf	119
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12.3.b PE.3 Public Excluded Minutes Extraordinary Meeting 2 March 2026.pdf	122
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12.4 Public Excluded Minutes Extraordinary Meeting 18 March 2026 10:38 am (2 min)

For Noting

Supporting Documents:

12.4.a FULL PE Minutes 18 Mar 2026 Extraordinary Council Meeting.pdf	123
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12.4.b PE.4 Public Excluded Minutes Extraordinary Meeting 18 March 2026.pdf	126
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12.5 Close the meeting 10:40 am

Next meeting: Council Meeting - 30 Apr 2026, 9:00 am

There being no further business the meeting closed.

Interests Register

Chatham Islands Council



As of: 26 Mar 2026

Person	Organisation	Active Interests	Notice Date
Cr Bridget Gibb	CIC	Distant whanau link to proposed Interim CE	4 Mar 2026
Cr Celine Gregory-Hunt	CIC	6.4 Applicant	27 Sept 2024
Cr Keri Day	Chatham Islands Council	Interested party - Item 7.1 Water Tank Project Update	1 Feb 2024
Cr Nathaniel Whaitiri	CIC	Distant whanau links to suggested Interim CE	27 Feb 2026
	x	x	4 Mar 2026
Mayor Greg Horler	CIC	6.8 Whanau member of applicant	27 Sept 2024

Action List

Chatham Islands Council



As of: 20 Mar 2026

Pitt Island Shed - Tender

In Progress

Initiate a public tender process for the removal and clearance of the structure, with a further report to be presented to Council outlining tender results and associated costs before any contract is awarded.

Due Date: 26 Mar 2026

Owner: Ms Colette Peni

Meeting: 19 Feb 2026 Council Meeting, 5.1 Pitt Island Shed – Permission to Tender for Removal

Lime Pit

Done

Acting Chief Executive to advise the Farmers Group the legal status of the Lime Pit and currently unavailable for agricultural use.

Due Date: 26 Mar 2026

Owner: Ms Colette Peni

Meeting: 19 Feb 2026 Council Meeting, 12.3 Lime Pit - North Road

Latest Update:

Letter sent to Farmers Group 6 March 2026

Ms Colette Peni | 19 Mar 2026

Options for Speed bumps outside Te One School

Not Started

Options report for slowing down traffic outside Te One School.

Due Date: 31 Mar 2026

Owner: Ms Colette Peni

Meeting: 19 Feb 2026 Council Meeting, 4.1 Stantec Report



2. Democracy

2.1 Minutes of Ordinary Meeting 19 February 2026

Date of meeting	26 March 2026
Agenda item number	2.1
Author/s	Jo Guise, Executive Assistant

Purpose

For the Council to receive and confirm the minutes of the Ordinary Meeting held on 19 February 2026.

Recommendations

1. **THAT the minutes from the Ordinary meeting held on 19 February 2026 be a true and accurate record.**

DRAFT MINUTES

COUNCIL MEETING



Name:	Chatham Islands Council
Date:	Thursday, 19 February 2026
Time:	9:00 am to 11:11 am (+1345)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Board Members:	Cr Bridget Gibb, Cr Celine Gregory-Hunt, Cr Graeme Hoare, Mayor Greg Horler, Cr Jacqui Southcombe, Cr Jenna Hoverd, Cr Keri Day, Cr Nathaniel Whaitiri
Attendees:	Ms Colette Peni, Mr Jack Boyd, Mr Nigel Lister, Ms Kirsten Norquay, Ms Rebecca Tinga, Ms Tanya Clifford, Ms Jo Guise
Guests/Notes:	Cr Pita Thomas was late to the meeting and upon arrival tendered his resignation to Council.

1. Opening Meeting

1.1 Meeting Opening

Cr Pita Thomas arrived late to the meeting and, upon arrival, tendered his resignation from Council.

Cr Thomas left the meeting at 9.10am.

The meeting adjourned at 9.11am and reconvened at 9.42am.

1.2 Apologies

1.3 Interests Register

1.4 Action List

1.5 LATE ITEM - Appointment of Acting Chief Executive

Council resolved to consider the report on the appointment of an Acting Chief Executive as a late item. The purpose of the report was to seek approval to appoint Colette Peni-Ataera as Acting Chief Executive, effective immediately, until an Interim Chief Executive is appointed.

The recommendation also authorised the Mayor to negotiate and finalise the remuneration and employment arrangements for the Acting Chief Executive, and to pursue and report back to Council on options for the appointment of an Interim Chief Executive.



Late item - Appointment of Acting Chief Executive

THAT the report 'Appointment of Acting Chief Executive' be considered as a late item.

Decision Date: 19 Feb 2026
Mover: Cr Celine Gregory-Hunt

Seconded: Cr Jenna Hoverd
Outcome: Approved



Appointment of Acting Chief Executive

That Council:

1. Appoint Colette Peni-Ataera as Acting Chief Executive, effective immediately, until such time as an Interim Chief Executive is appointed.
2. Authorise the Mayor to negotiate and finalise remuneration and employment arrangements with the Acting Chief Executive.

Decision Date: 19 Feb 2026
Mover: Cr Bridget Gibb
Seconded: Cr Jacqui Southcombe
Outcome: Approved

2. Democracy

2.1 Ordinary Meeting Minutes 10 December 2025



Minutes 10 December 2026

THAT the minutes from the Ordinary meeting held on 10 December 2025 be a true and accurate record.

Decision Date: 19 Feb 2026
Mover: Cr Celine Gregory-Hunt
Seconded: Cr Jenna Hoverd
Outcome: Approved

2.2 Delegations Register Terms of Reference



Delegations Register Terms of Reference

That the Chatham Islands Council:

1. Receives this report; and
2. Approves the Delegations Register being updated to remove the various Committee Terms of Reference, along with the associated amendments to the Delegations Register, shown in Attachment 1; and
3. Directs that the Terms of Reference for Council Committees be placed on the Council's website.

Decision Date: 19 Feb 2026
Mover: Cr Graeme Hoare
Seconded: Cr Jenna Hoverd
Outcome: Approved

Council considered a report seeking approval to update the Chatham Islands Council Delegations Register by removing the terms of reference for council committees and instead publishing them on the Council website. The change was intended to simplify administration and avoid the need for the full delegations register to be re-approved by Council when committee terms of reference change.

Council resolved to receive the report, approve the proposed amendments to the delegations register, and direct that committee terms of reference be published on the Council website.

2.3 CIET-CIC Support Offer



CIET-CIC Support Offer

That Council receives the report titled CIET-CIC Support Offer Letter”.

Decision Date:	19 Feb 2026
Mover:	Cr Bridget Gibb
Seconded:	Cr Graeme Hoare
Outcome:	Approved

Council considered a report presenting a support offer letter from CIETCIC. The item was provided for information, with the recommendation that the report be received.

Discussion noted the timing of the letter in relation to the agenda closing date and acknowledged the offer of assistance. It was noted that the support could potentially include advice or shared resources while Council considers options for Chief Executive arrangements. Further discussion on this matter was to occur outside the meeting, with any formal decisions to be brought back to Council if required.

2.4 LATE ITEM - Elected Member Remuneration



Late Item - Elected Member Remuneration

THAT the report 'Elected Member Remuneration' be considered as a late item

Decision Date:	19 Feb 2026
Mover:	Cr Jenna Hoverd
Seconded:	Cr Graeme Hoare
Outcome:	Approved



Elected Member Remuneration

1. THAT Council adopts the following remuneration framework for the 2025-28 triennium:
 - Mayor - \$65,876 pa (determined by the Remuneration Authority)
 - Deputy Mayor - \$ (30,678)
 - Councillor (Base) - \$ (20,500)
2. THAT the remuneration for Council determined positions (Deputy Mayor, CDEM, Base Councillor) be allocated from the Councillor Governance Remuneration Pool of \$174,178 in a matter that:
 - a. complies with the Remuneration Authority Determination and amendment;
 - b. reflects the roles, responsibilities and workloads of elected members;
 - and
 - c. ensures the total allocation does not exceed the approved pool.
3. THAT Council submit its approved remuneration Authority for inclusion in the next amending determination, as required under the Local Government Act.

Decision Date:	19 Feb 2026
Mover:	Cr Jenna Hoverd
Seconded:	Cr Jacqui Southcombe
Outcome:	Approved

Council resolved to consider a late report regarding the elected member remuneration structure for the 2025–2028 triennium, as the information was not available in time for inclusion in the agenda.

The report sought Council's adoption of the remuneration framework in accordance with the Remuneration Authority's 2025/26 determination. Council adopted the proposed remuneration structure for the 2025–2028 triennium.

3. Finance

3.1 Financial Report



Financial Report

THAT the Chatham Islands Council receives the report.

Decision Date:	19 Feb 2026
Mover:	Cr Graeme Hoare
Seconder:	Cr Celine Gregory-Hunt
Outcome:	Approved

Council received the financial report for the period ending 31 January 2026. Due to audit work occurring during the reporting period, the report presented was the standard Parks Committee financial report rather than the usual Council financial format.

Discussion covered Council's financial position, including grant funding held by Council for specific purposes which is not available for general expenditure. It was noted that while Council currently holds positive cash balances, a portion of these funds are committed to externally funded projects.

Council also discussed the need to consider future financial management, including potential cost-saving measures and the possibility of holding a workshop to review budget priorities.

4. Works & Services

4.1 Stantec Report



Stantec Report

THAT the Chatham Islands Council receives the report.

Decision Date:	19 Feb 2026
Mover:	Cr Graeme Hoare
Seconder:	Cr Jenna Hoverd
Outcome:	Approved



Options for Speed bumps outside Te One School

Options report for slowing down traffic outside Te One School.

Due Date:	31 Mar 2026
Owner:	Ms Colette Peni

Council received the Stantec Engineering Services report providing updates on infrastructure and engineering activities. Updates included roading works, completion of seal maintenance on previously rehabilitated roads, and ongoing bridge and wharf inspections with reports to follow.

Updates were also provided on water and wastewater operations, including compliance monitoring and reporting to the regulator, and planning for critical maintenance works within available funding.

4.2 Fulton Hogan Road Maintenance Report



FH Road Maintenance Report

THAT the Chatham Islands Council receives the report.

Decision Date:	19 Feb 2026
Mover:	Cr Graeme Hoare
Seconder:	Cr Jenna Hoverd
Outcome:	Approved

Council received the Fulton Hogan monthly report on the Chatham Islands road maintenance programme. Members noted general road conditions and discussed a recent near-miss incident on a section of road where ruts have formed.

4.3 Fulton Hogan Water & Wastewater Report



FH Water & Wastewater report

THAT the Chatham Islands Council receives the report.

Decision Date:	19 Feb 2026
Mover:	Cr Graeme Hoare
Seconder:	Cr Jenna Hoverd
Outcome:	Approved

Council received the water and wastewater operations report outlining ongoing operational updates. It was noted that a new staff member had recently joined the contractor team and was becoming familiar with the role.

4.4 Owenga Wharf Lights update



Owenga Wharf Lights Update

THAT the Chatham Islands Council receives the report.

Decision Date:	19 Feb 2026
Mover:	Cr Jenna Hoverd
Seconder:	Cr Bridget Gibb
Outcome:	Approved

Council received an update on the installation of lighting at Owenga Wharf. It was noted that external electrical contractors would be undertaking the installation work alongside other electrical tasks on the island.

5. Community

5.1 Pitt Island Shed – Permission to Tender for Removal



Pitt Island Shed - Approval to Tender for Removal

That Council:

1. Receives the report titled “Pitt Island Shed – Permission to Tender for Removal”; and
2. Instructs the Acting Chief Executive Officer to initiate a public tender process for the removal and site clearance of the Pitt Island shed; and
3. Receives a further report outlining tender results and associated costs prior to final contract award.

Decision Date:	19 Feb 2026
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Mover:	Cr Jenna Hoverd
Seconded:	Cr Celine Gregory-Hunt
Outcome:	Approved

Council considered a report seeking approval to initiate a tender process for the removal and site clearance of the Pitt Island shed. It was noted that the shed is owned by Council but located on private land and is in a deteriorated and hazardous condition, with debris and loose iron posing safety risks near the school.

Council agreed to instruct the Acting Chief Executive to initiate a public tender process for the removal and clearance of the structure, with a further report to be presented to Council outlining tender results and associated costs before any contract is awarded.



Pitt Island Shed - Tender

Initiate a public tender process for the removal and clearance of the structure, with a further report to be presented to Council outlining tender results and associated costs before any contract is awarded.

Due Date:	26 Mar 2026
Owner:	Ms Colette Peni

6. Regulatory
7. Emergency Management
8. Government
9. Chatham Islands
10. Bylaws & Policies
11. Move to Public Excluded

11.1 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.	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.1	PE Minutes 10 December 2025	Good reason to withhold exists under Section 7	Section 48(1)(a)
PE 2	Letter to Council – P Smith	Good reason to withhold exists under Section 7	Section 48(1)(a)
PE 3	Lime Pit – North Road	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.1.	PE Minutes 10 December 2025	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 2	Letter to Council – P Smith	7(2)(b)(ii) Section 7(2)(a)	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information To protect the privacy of natural persons, including that of deceased natural persons.
PE 3	Lime Pit – North Road	7(2)(b)(ii) Section 7(2)(a)	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information To protect the privacy of natural persons, including that of deceased natural persons.



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

Decision Date: 19 Feb 2026
Mover: Mayor Greg Horler
Second: Cr Jenna Hoverd
Outcome: Approved

12.4 Close the meeting

Next meeting: Council Meeting - 30 Apr 2026, 9:00 am

There being no further business the meeting closed.

Signature: _____	Date: _____
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2. Democracy

2.2 Appointment of additional member to the CE Review Committee

Date of meeting	26 March 2026
Agenda item number	2.2
Author	Bob Penter, Interim Chief Executive

Purpose

To appoint a Councillor to the Chief Executive Review Committee following the resignation of Cr Pita Thomas.

Recommendation

That Council:

- **Receives the report titled “Appointment of Replacement Member to Chief Executive Review Committee”; and**
- **Appoints Cr [Name] as a member of the Chief Executive Review Committee effective immediately.**

Background

The Chief Executive Review Committee is responsible for overseeing the performance review of the Chief Executive in accordance with section 42 of the Local Government Act 2002 and Council's agreed performance review process.

Council needs to appoint a replacement member to ensure the committee remains fully constituted and can continue to operate effectively.

Discussion

The CE Review Committee currently comprises:

Mayor Greg Horler (Chair), Cr Celine Gregory-Hunt, Cr Bridget Gibb and Cr Nathaniel Whaitiri. With the resignation of Cr Pita Thomas, the Committee's membership falls below the agreed number.

The CE Review Committee plays a critical governance role in:

- Undertaking the annual performance review of the Chief Executive
- Recommending remuneration adjustments (if any) to Council

- Monitoring progress against agreed performance objectives
- Ensuring statutory obligations relating to the Chief Executive's employment are met

It is important that the Committee maintains sufficient membership to ensure continuity, confidentiality, and effective oversight.

Key considerations for the appointment include:

- Ensuring a mix of experience and perspectives on the Committee.
- Maintaining quorum and decision-making capacity.
- Alignment with Council's Terms of Reference for committees.

Council may appoint any current elected member to fill this vacancy. The appointment will remain in place for the remainder of the current triennium or until Council resolves otherwise.

Legal Considerations

Under the Local Government Act 2002, Council must ensure appropriate governance arrangements are in place, including the establishment and maintenance of committees responsible for the oversight of the Chief Executive.

The appointment of a replacement member ensures compliance with Council's governance requirements and supports effective management of statutory obligations.

Attachments

- CE Review Committee Terms of Reference



TERMS OF REFERENCE: CHIEF EXECUTIVE REVIEW COMMITTEE

1. Membership

- a) The Chief Executive's Review Committee (**Committee**) will ordinarily be made up of those individuals who at the time are serving as:
 - i) The Mayor
 - ii) Deputy Mayor

as well as three other members to be agreed and appointed by Council.

- b) The Mayor will be the Chair of the Committee with the Deputy Mayor to act as Deputy Chair of the Committee.
- c) A quorum is three, of whom one must be the Mayor, unless that person is on leave of absence.

2. Purpose

To assist Council to meet its employment obligations to the Chief Executive and to advise Council on all matters relating to the employment of the Council's Chief Executive, including recruitment, performance and relationship management.

3. Responsibilities and Delegations

- a) Recommend to Council for approval, when required, a recruitment, selection and appointment process for a Chief Executive.
- b) Oversee, within any Council agreed process, Chief Executive recruitment and selection, and recommend candidates and proposed remuneration to Council for approval.
- c) Negotiate an initial performance agreement, subsequent agreements and any variations with the Chief Executive.
- d) Conduct quarterly review meetings with the Chief Executive to assess progress against the performance targets (KPIs) and report the outcome to Council.
- e) Conduct an annual review of the Chief Executive's performance and remuneration in accordance with the agreed processes or at such time as agreed with the Chief Executive.
- f) Report the outcome of the annual review of the Chief Executive's performance and make recommendations to Council for approval.
- g) Review the Chief Executive's remuneration and package in accordance with the employment agreement and performance and make recommendations to Council for approval.
- h) Develop and agree with the Chief Executive an annual development plan or targets to address any training needs, professional development opportunities or preferences.
- i) Develop and carry out the end-of-term review process in accordance with the Local Government Act 2002, Sch7, cl 35.



- j) Provide updates on issues and progress to Council when required or requested.
- k) Manage day to day employment matters or employment relationship issues with the Chief Executive.
- l) Engage relevant external advice including independent legal advice and / or a consultant to assist the committee at any time.

4. Limitations

- a) The following matters are prohibited from being subdelegated in accordance with the Local Government Act 2002 Sch 7 cl 32(1):
 - i) the power to appoint a chief executive; or
 - ii) the power to adopt a remuneration and employment policy.



Document History and Version Control

Version	Date Approved	Approved By	Brief Description
1	19/11/25	Council	Terms of Reference approved by Council at Council Meeting on 19 November 2025.



3. Finance

3.1 Financial Report

Date of meeting	26 March 2026
Agenda item number	3.1
Author/s	Bob Penter, Interim Chief Executive / Tanya Clifford, ECan

Purpose

To present to the financial report as at 28 February 2026.

Recommendations

That the Chatham Islands Council receives the report.

Chatham Islands Council - Council cash financial report year-to-date transactions

Report to 28 February 2026

Year to date 'cash' transactions for four months	Revenue	Expenditure	Net surplus/ (loss)	Capital	Cash surplus/ (loss)
Leadership & community partnerships	2,783	134,023	(131,240)	-	(131,240)
Transportation, roading & coastal networks	3,076,494	1,313,574	1,762,921	2,337,793	(574,872)
Roothing	3,042,207	1,277,798	1,764,409	2,337,793	(573,384)
Coasts	34,287	35,776	(1,489)	-	(1,489)
Three waters supply & treatment - potable water	386,284	236,507	149,776	-	149,776
Three waters supply & treatment - wastewater	112,973	112,819	154	-	154
Waste management & minimisation	115,089	558,903	(443,814)	-	(443,814)
Community development & emergency response	803,819	964,420	(160,601)	-	(160,601)
Community services	458,039	547,783	(89,745)	-	(89,745)
Petrol	345,780	298,903	46,877	-	46,877
Emergency services	-	117,734	(117,734)	-	(117,734)
Environmental protection, compliance & planning	54,518	338,901	(284,383)	-	(284,383)
Biosecurity and animal control	16,329	275,661	(259,331)	-	(259,331)
Resource management and regulatory	38,189	63,240	(25,052)	-	(25,052)
Corporate services and other overheads	4,909,929	1,305,392	3,604,536	10,665	3,593,871
Corporate services	706,929	1,305,392	(598,464)	10,665	(609,129)
Annual appropriation	4,203,000	-	4,203,000	-	4,203,000
Totals	9,461,887	4,964,539	4,497,348	2,348,458	2,148,890

All figures are 'cash' based and exclude year-to-date depreciation budgeted at \$2,300,000 for the year.

Budget figures reflect those adopted as part of the 2025/26 Annual Plan process, and have not been adjusted for cost savings. The Annual Plan budget expected a cash loss of \$320k, which excludes the timing impact of year-end account balances.

Notes:

Leadership & community partnerships	Predominately includes costs related to Councillor honorarium. No issues of note.
Transportation, roading & coastal networks	Roothing projects primarily on track. NZTA subsidy rate remains at 88%.
Three waters supply & treatment - potable water	Three waters - income primary rates and grants, with some expenditure to occur on project grants funded by Local Water Done Well funding support.
Three waters supply & treatment - wastewater	Expenditure on three water operational and capital costs is low reflective of Council's funding restrictions, this may have further impacts on the levels of service Council is able to provide. Lack of investment in critical asset maintenance increases the risk of asset failure.
Waste management & minimisation	Waste management expenditure tracking well and below budgeted levels. Council could benefit from reviewing for additional cost efficiencies that could be achieved going forward.
Community development & emergency response	Larger transactions for this activity compared with budget, includes payment of grants to community organisations, which are one-off in nature and payment of rent expense.
Environmental protection, compliance & planning	No issues of note to report, primarily related to works performed by ECan. ECan service contract reduced to approximately \$500k (with regional council services focused predominately in this activity), this may impact on service levels experienced by the community.
Corporate services and other overheads	Annual budget was \$1.9 million, some overhead expenses have increased significantly, such as audit fees and insurance costs.

Chatham Islands Council - Council cash financial report year-end forecast (continued)

Report to 28 February 2026

Remaining 'cash' difference to budget for eight months	Revenue	Expenditure	Net Surplus/ (loss)	Capital	Cash surplus/ (loss)
Leadership & community partnerships	4,837	156,523	(151,686)	-	(151,686)
Transportation, roading & coastal networks	2,220,355	735,879	1,484,476	1,737,207	(252,731)
Roading	2,184,165	655,422	1,528,742	1,737,207	(208,465)
Coasts	36,191	80,457	(44,266)	-	(44,266)
Three waters supply & treatment - potable water	-	125,091	(125,091)	-	(125,091)
Three waters supply & treatment - wastewater	-	118,806	(118,806)	-	(118,806)
Waste management & minimisation	10,287	279,451	(269,164)	-	(269,164)
Community development & emergency response	245,304	1,183,440	(938,136)	-	(938,136)
Community services	-	860,805	(860,805)	-	(860,805)
Petrol	207,689	228,211	(20,522)	-	(20,522)
Emergency services	37,615	94,424	(56,809)	-	(56,809)
Environmental protection, compliance & planning	86,593	153,498	(66,905)	-	(66,905)
Biosecurity and animal control	118	67,442	(67,325)	-	(67,325)
Resource management and regulatory	86,475	86,056	420	-	420
Corporate services and other overheads	176,970	647,891	(470,920)	-	(470,920)
Corporate services	176,970	647,891	(470,920)	-	(470,920)
Annual appropriation	-	-	-	-	-
Totals	2,744,347	3,400,579	(656,232)	1,737,207	(2,393,439)
Expected annual transactions	12,206,235	8,365,118	3,841,116	4,085,665	(244,549)
Annual Plan/Budget	11,891,073	8,139,792	3,751,281	4,075,000	(323,719)

The above tab takes the difference between amounts in the Annual Plan Budget and year-to-date transactions (above), to estimate remaining transactions to year end, with the exception of adjustments made below.

Adjustments made:

Actual exceeds annual budget		Standard formula removed, no further transactions expected
Transactions re-estimated, subsequent to budget		Transfer of seed funding to NKMR - \$265k and other grants Reduction of ECan contract by \$500k
		Actuals tracking lower than budgeted, incorporated into forecast

Key points:

Expected remaining cash movement to 30 June 2026	(2,393,439)	Council will spend more than it receives over the next four months
Estimated overall cash movement to 30 June 2026	(244,549)	Council will spend more than it receives for the year
Change to originally estimated movement	(79,170)	Favourable impact

Notes:

Corporate services and other overheads	Annual budget was \$1.9 million. Some overhead expenses have recently increased significantly, such as audit fees and insurance costs.
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Chatham Islands Council - Council financial report benchmarks (continued)

Report to 28 February 2026

Ratio or measure of sustainability	Achieved?	Target	February	November	June
<i>Cash management:</i>					
Available cash/ (overdraft)	Yes	> -\$150k	1,095,423	351,386	198,761
Total cash/ (overdraft)	Yes	> \$200k	2,348,656	2,511,744	586,997
Working capital ratio (ability to pay our bills)	Yes	> 1	3.31	11.94	0.85
<i>Operating cash performance:</i>					
Net cash movement for period (2024/25)	Yes	> \$0	2,149,896	2,312,983	698,241
Operating performance (cash flow) ratio	Yes	> 5%	25%	33%	4.9%
Adjusted balanced budget (cash) ratio	Yes	> 100%	129%	160%	110%
<i>Asset replacement:</i>					
Asset sustainability ratio	Yes	> 85%	152%	140%	167%

Notes:

In the initial part of the year, the Council experiences high cash liquidity and positive reporting targets. This is a reflection of the Council receiving the full annual appropriation in July for the 2025/26 financial year. As the comparative results for June 2025 demonstrate, the year-end position is less rosy, with some sustainability ratios below targeted levels.

Future 'committed' projects - such as the Tourist Infrastructure Fund (TIF) projects and some better off funded projects, are also likely to pull further on Council's resources.

Both the budget and the revised cash estimate show expected cash outflows to exceed cash inflows by approximately \$280k for the year ended 30 June 2026. If no further adjustments are made, either by reducing expenditure or increasing revenues, Council may face serious cashflow pressures in the future. Any reduction in expenditure may impact on the levels of service Council can offer to the community. Council historically received significant financial support from three waters funding, which will not be available in the future.

Formulas:

Working capital ratio (ability to pay our bills)	$=\text{SUM}(\text{cash and debtor assets, excluding JV})/\text{SUM}(\text{creditors, excluding loan balances})$
Net cash movement for period (2023/24)	$=\text{(Total current bank balance)}-\text{(Total bank balance 2022/23)}$
Operating performance (cash flow) ratio	$=\text{(Total current bank balance)}/\text{(Total operating revenue for the period)}$
Adjusted balanced budget (cash) ratio	$=\text{(Total operating revenue for the period)}/\text{(Total operating expenditure \& capital for)}$
Asset sustainability ratio	$=\text{(Total capital expenditure for the period)}/\text{(Total depreciation for the period)}$

Highlighting rules:

Ratio within benchmarked expectation	Yes	Ratio not within benchmarked expectation	No
Ratio within +/- 2% of benchmarked expectation	Acceptable		



3. Finance

3.2 Riskpool: Trust Deed Amendment - Consultation Outcome

Date of meeting	26 March 2026
Agenda item number	3.2
Author/s	Bob Penter, Interim Chief Executive / Tanya Clifford, ECan

Purpose

To present to Council an update on Trust Deed Amendments from Riskpool.

Recommendations

That the Chatham Islands Council receives the report.

Background

A verbal update will be provided at the meeting.

DATED _____ 1
JULY 1997, AS AMENDED AND RESTATED FROM TIME TO TIME

**CIVIC FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS NEW
ZEALAND LOCAL GOVERNMENT INSURANCE CORPORATION LIMITED)**

(“LGIC”)

AND

LOCAL GOVERNMENT MUTUAL FUNDS TRUSTEE ~~COMPANY~~ LIMITED

(“Trustee Company”)

DEED OF TRUST

THIS DEED OF TRUST originally made the 1st day of July—_1997

PARTIES

CIVIC FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS NEW ZEALAND LOCAL GOVERNMENT INSURANCE CORPORATION LIMITED) ("LGIC")

LOCAL GOVERNMENT MUTUAL FUNDS TRUSTEE ~~COMPANY~~ LIMITED ("Trustee Company")

BACKGROUND

- A. LGIC is a Local Authority Trading Enterprise as that term is defined in the Local Government Act 1974.
- B. Trustee Company is a company incorporated under the Companies Act 1993 and is a wholly owned subsidiary of LGIC.
- C. LGIC, in consultation with Jardine, has agreed to establish a Trust pursuant to this deed to provide the Fund and the Scheme (to be known as the New Zealand Mutual Liability Riskpool) for the benefit of the Members of the Scheme and to manage all Claims for Civil Liabilities against the Members of the Scheme which may arise in connection with the exercise by the Members of any of their powers, duties or functions.
- D. The purpose for establishing this Trust in consultation with Members is to benefit residents and ratepayers of New Zealand and in particular that purpose is to be achieved by enabling Members to be recompensed from the Fund in respect of liabilities thus reducing the need for insurance cover and reducing Members' annual expenses. In addition the Scheme Manager will work with Members to ensure that proper systems are developed to promote the efficient and safe fulfilment of each Member's functions thus providing a benefit to the community as a whole.
- E. LGIC has agreed to hold all the shares in Trustee Company on trust for the Members of the Scheme pursuant to this deed.
- F. Trustee Company has agreed to act as Trustee of the Scheme and to hold and apply the Fund in accordance with this deed and the other Scheme Documents so as to provide the benefits intended to be obtained by Members of the Scheme as envisaged by this deed and the other Scheme Documents.

THIS DEED WITNESSES:

1. Interpretation

1.1. In this deed unless the context clearly requires otherwise:

“**Act**” means the Companies Act 1993.

“**Additional Contribution**” means any additional or further contribution to an Annual Fund by a Member, after the initial Contribution to that Annual Fund, called for or demanded by the Board pursuant to this deed and the Scheme Rules.

“**Annual Fund**” means the separate fund established, pursuant to the Scheme Documents, for each Fund Year of the Scheme.

“**Board**” means the directors of Trustee Company who number not less than the quorum required pursuant to the Constitution acting together as a board of directors.

“**Call**” means each call or demand for an Additional Contribution.

“**Civil Liability**” means any civil liability resulting from an obligation, function, power or duty of a Member arising under law and includes any public liability and any liability for negligence of the Member.

“**Claim**” means any claim by a Member in respect of that Member’s Civil Liability during the term of the Scheme in respect of the Risks.

“**Constitution**” means the constitution of Trustee Company as may be varied, or substituted from time to time.

“**Contribution**” includes each Member’s initial contribution to each Annual Fund as determined by the Board, pursuant to clause 11 and each Additional Contribution.

“**Deed of Amendment and Restatement**” means [the deed of amendment and restatement dated on or about 11 March 2026 between Civic Financial Services Limited and Local Government Mutual Funds Trustee Limited amending and restating this deed of trust.](#)

“**Deed of Participation**” means the deed of participation required to be entered into by each Member pursuant to clause 16.

“**Effective Date**” means [the “Effective Date” as defined in the Deed of Amendment and Restatement.](#)

“**Fund**” means all assets and property of the Scheme and includes each separate Annual Fund.

“**Fund Manager**” means the manager of the Fund pursuant to clause 10.

“**Fund Year**” means the year commencing 4.00pm on 30th June in each year and terminating 4.00pm on 30th June in the next following year, or as otherwise determined by the Board.

“**Guidelines for Exercise of Discretion**” or “**Guidelines**” means the guidelines from time to time set out by the Board as detailed in clause 8.1.

“**Indemnity Cover**” means insurance cover purchased by the Board on behalf of Members to meet the Claims of the Members in the amount and in respect of the Risks determined from time to time by the Board being amounts payable in excess of the pooled cover.

“**Jardine**” means Jardine Risk Consultants Limited.

“**Local Authority**” means a local authority pursuant to the Local Government Act 1974.

“**Member**” means any person or body (whether incorporated or not) admitted as a Member to the Scheme pursuant to the Scheme Documents.

“**Pooled Cover**” means cover provided from the Fund to manage and, if the Claims are accepted by the Board, settle or pay the Claims against the Members in respect of the Risks.

“**Risks**” means those risks of Civil Liability of each Member and which fall within the Guidelines for Exercise of Discretion for the relevant Fund Year.

“**Scheme**” means the scheme, to be known as the New Zealand Mutual Liability Riskpool, constituted by this deed and the other Scheme Documents.

“**Scheme Documents**” means this deed, the Scheme Rules, and the Constitution of Trustee Company and for each Member, its Deed of Participation and the Guidelines.

“**Scheme Manager**” means the manager of the Scheme appointed from time to time pursuant to clause 9.

“**Scheme Manager’s Quantum**” shall mean \$30,000 inclusive of self retained limit or such other amount as shall from time to time be fixed by the Board.

“**Scheme Rules**” means the rules of the Scheme as promulgated by the Board from time to time.

“**Scheme Solicitor**” means the solicitor appointed from time to time by the Board.

“**Self Retained Limit**” means the deductible or excess to be borne by each Member in respect of its Risks and Claims against it as provided in the Guidelines.

“**Shares**” means the shares in Trustee Company.

“**Underlying Claim**” means any claim for civil liability (covered for the time being under the Guidelines) made against a Member which may give rise to a Liability; but also includes a claim which may give rise to a Liability to a Member under any other category of risk to that Member which the Guidelines of the Scheme may properly have been extended to cover pursuant to the terms of this deed.

1.2. In this deed, unless the context clearly otherwise requires:

- 1.2.1. Words importing the singular shall include the plural and vice versa;
- 1.2.2. References to any legislation shall include references to all amendments to that legislation and to any legislation passed in substitution for it (in whole or in part);
- 1.2.3. References to “director” or “directors” shall be to a director, or directors, of Trustee Company, acting in their capacity as such; and;
- 1.2.4. References to persons shall be deemed to include references to individuals, companies, corporations, firms, partnerships, joint ventures, associations, organisations, trusts, states or agencies of state, government departments and local and municipal authorities in each case whether or not having separate legal personality.

2. Constitution of the Scheme

- 2.1. A scheme is hereby established by LGIC and Jardine for the benefit of Members of the Scheme with the objects set out in clause 2.4. The name of the Scheme shall be the New Zealand Mutual Liability Riskpool.
- 2.2. The parties agree that Trustee Company shall act as the Trustee of the Scheme established under this deed and shall be responsible to ensure that the purposes of the Scheme as provided by this deed and the other Scheme Documents are carried into effect.
- 2.3. The Fund of the Scheme shall include all assets and property for the time being held by or on behalf of Trustee Company, derived from:
 - 2.3.1. Contributions;
 - 2.3.2. Additional Contributions;
 - 2.3.3. Any gifts, donations or grants;
 - 2.3.4. Revenue from investments;
 - 2.3.5. Proceeds of realisation of investments;
 - 2.3.6. Any policies or contracts of re-insurance or indemnity;
 - 2.3.7. Any recoveries;
 - 2.3.8. Any other source.
- 2.4. The Fund shall be held in trust for the benefit of the Members of the Scheme by Trustee Company upon the trusts and for the objects contained in this deed and shall be managed, administered and applied by Trustee Company in accordance with the powers contained in this deed, in order to attain those objects.

- 2.5. LGIC hereby declares that it holds the Shares on trust for the benefit of the Members in accordance with the terms of this deed and the other Scheme Documents for the objects and purposes of the Scheme.
- 2.6. Trustee Company is and shall remain responsible for the safe custody of all money, policies, certificates and other documents of title and value in connection with the Fund and for the safe custody, realisation and distribution of all assets and property from the Fund, from time to time vested in Trustee Company.

3. Purposes and Objects

- 3.1. LGIC and Trustee Company declare that their purposes in entering into this deed and the objects of the Scheme are:
 - 3.1.1. To establish and maintain an Annual Fund for each Fund Year during the term of the Scheme for the benefit of the Members to meet the costs of establishing and running the Scheme and, subject to the terms of this deed and the other Scheme Documents and the Guidelines, to pay the Civil Liabilities of the Members arising from the Risks covered by the Scheme and specified in the Scheme Documents with the intention that Members' needs for insurance cover and insurance expenses are reduced for the benefit of residents and ratepayers;
 - 3.1.2. To provide Pooled Cover in respect of Risks as may be determined from time to time by the Board;
 - 3.1.3. To manage and settle or pay Claims made against Members;
 - 3.1.4. To develop programmes for the management of the risk of loss arising out of Civil Liability of the Members;
 - 3.1.5. To reduce the amount and frequency of losses to the Members arising out of Civil Liability;
 - 3.1.6. To purchase such Indemnity Cover or re-insurance in respect of such Risks as may be determined from time to time by the Board;
 - 3.1.7. To undertake such other functions in relation to the management of Civil Liability as the Board may from time to time require having regard to the interests of the Members, including making grants from the Fund to a Member or any other person or body approved by the Board;
 - 3.1.8. To investigate and if deemed appropriate by the Board, establish other Funds to cater for the insurance needs of Local Authorities and other local government organisations;
 - 3.1.9. To work with Members to ensure that proper systems are developed to promote the efficient and safe fulfilment of each Member's functions to provide to the Community as a whole;
 - 3.1.10. To do all other things as may be necessary or desirable to further the above objects in the interests of the Members of the Scheme.

- 3.2. The parties agree that they will co-operate to the fullest extent with each other in the implementation of the purposes stated in clause 3.1 and act in accordance with the provisions and spirit and intent of this deed.
- 3.3. LGIC shall be entitled to be paid an administration fee to be determined from time to time by the Board for the performance of its functions and duties under this deed as Fund Manager and for the provision of any other services to Trustee Company.

4. The Fund

- 4.1. Trustee Company shall establish and maintain a Fund in the amount recommended by the Board and shall at the commencement of each Fund Year during the term of the Scheme on the advice of the Board invite the Members of the Scheme to contribute to the Fund at such levels as are determined pursuant to clause 6.6 to meet:
 - 4.1.1. such Underlying Claims as may be made against any one or more of the Members during that Fund Year in respect of Risks to the extent of the Pooled Cover.
 - 4.1.2. the premium payable to an appropriate indemnity insurer or insurers to provide Indemnity Cover for the Members during that Fund Year.
 - 4.1.3. the operating expenses of the Scheme for that year.
 - 4.1.4. the grants or allocations to be made pursuant to clauses 3.1.7 or 3.1.8 (if any).
 - 4.1.5. any other amount determined by the Board to be required for the continuation of the Scheme.
- 4.2. Each Underlying Claim made upon any of the Members during a Fund Year in respect of Risks may at the discretion of the Board be met:
 - 4.2.1. to the extent that the Underlying Claim does not exceed the amount of the Pooled Cover of the Annual Fund for that Fund Year from that Annual Fund;
 - 4.2.2. to the extent that the Underlying Claim exceeds the amount of the Pooled Cover but does not exceed the amount of the Indemnity Cover for that Fund Year:
 - (i)(a) to the amount of the Pooled Cover, from the relevant Annual Fund for that Fund Year;
 - (ii)(b) thereafter from Indemnity Cover for that Fund Year to the extent of that Cover;
 - 4.2.3. ~~Feto~~ to the extent that the Underlying Claim exceeds the amount of the Pooled Cover and the Indemnity Cover for that Fund Year;

~~(i)~~(a) to the amount of the Pooled Cover, from the relevant Annual Fund for that Fund Year;

~~(ii)~~(a) to the amount of the Indemnity Cover for that Fund Year, to the extent of that cover;

~~(iii)~~(a) the balance by the Fund from surpluses from previous Fund Years and from Additional Contributions from Members;

~~(iv)~~(a) to the limit of any guarantee provided by LGIC, by LGIC.

- 4.3. The Members shall be invited to Contribute to the Fund in the proportions to be determined annually by the Board. The Contributions by Members for each Fund Year shall be held and accounted for as a separate Annual Fund for that Fund Year.
- 4.4. Trustee Company shall administer the Fund with the intent that upon the settlement of all Claims made in respect of occurrences or events arising during the relevant Fund Year:
- 4.4.1. any surplus or anticipated surplus remaining in the Annual Fund for that Fund Year shall be allocated at the absolute direction of the Board towards liabilities of the Fund for any later Fund Year; and
- 4.4.2. any deficiency in the Annual Fund for that Fund Year shall be met by Additional Contributions by each Member in the proportion in which Contributions were made to the Annual Fund for that Fund Year.

5. Board of Trustee Company

- 5.1. LGIC shall, following consultation with the Board, appoint persons (not exceeding a maximum of six at any one time) as directors for a term not exceeding three years and one month, and may following consultation with the Board at any time remove, with or without a replacement, any director.
- 5.2. Unless otherwise expressly provided in this deed or the Constitution, questions arising at any meeting of the Board shall be decided by a simple majority of the votes of those directors present and voting.
- 5.3. The quorum necessary for the transaction of business at meetings of the Board shall be the majority of the Directors. A director is to be counted for quorum purposes whether entitled to vote or not.
- 5.4. Subject to the provisions of this deed and any applicable law, LGIC shall determine, from time to time, what (if any) directors fees, other valuable consideration or other benefit shall be paid or given by Trustee Company out of the Fund to any director in respect of that person's performance of duties as a member of the Board.
- 5.5. No director may hold office for more than twelve years, whether continuously or in aggregate over several periods.

6. Duties of the Trustee Company

- 6.1. The Trustee Company shall be responsible to LGIC as shareholder (as trustee for the Members). Notwithstanding anything to the contrary in the Constitution, the duties of the Trustee Company shall include:
 - 6.1.1. ~~Implementing~~implementing and achieving the purposes and objects of the Scheme;
 - 6.1.2. ~~Considering~~considering all Claims made against the Fund and determining whether or not the Trustee Company's discretion should be exercised to meet the Claim for the Member from the Pooled Cover;
 - 6.1.3. ~~Ensuring~~ensuring the Scheme is and remains financially viable and solvent within the "solvency tests" laid down by the Act and generally at law;
 - 6.1.4. ~~Conduct~~conducting its business in accordance with this deed and other Scheme Documents, and otherwise in such manner as is resolved by the Board from time to time; ~~and~~
 - 6.1.5. ~~Promulgating~~promulgating and amending the Scheme Rules and the Guidelines from time to time.
- 6.2. The Trustee Company shall regard the purposes and objects of this deed and the Scheme as being of paramount importance in decisions made and policies adopted by it in relation to the Scheme and shall adopt and use such management and other techniques as will ensure that those main objectives are achieved.
- 6.3. The Trustee Company being a wholly-owned subsidiary of LGIC (as trustee for the Members), any director may act in a manner which he or she believes is in the best interests of LGIC (as trustee for the Members) and the Members, notwithstanding that it may not be in the best interests of the Trustee Company.
- 6.4. A director who is an officer, employee, nominee or representative of a Member shall only be disqualified from voting on any matter that affects that Member if it affects the Member directly and in a materially different way from which it affects other Members or there are personal reasons why that director has a conflict of interest.
- 6.5. The Trustee Company shall from time to time appoint the Scheme Solicitor for such tenure and upon such terms as it shall in its sole discretion decide, but such appointment shall be formally reviewed by the Trustee Company at least every three years.
- 6.6. The Trustee Company shall be responsible for the financial management of the Scheme to the extent that it shall:
 - 6.6.1. annually prepare the financial statements and, where considered necessary, report to the Members on any items arising from those statements;
 - 6.6.2. annually determine the Guidelines for the Risks to be provided for from the Fund for any Fund Year;

- 6.6.3. annually determine the amount of Pooled Cover to be provided for the Members from the Fund for any Fund Year;
- 6.6.4. annually determine the amount and nature of Indemnity Cover to be purchased for the Members from the Fund for any Fund Year and to determine the indemnity insurer or insurers for this purpose; [and](#)
- 6.6.5. be responsible for the assessment of the Members to determine the proportion in which they are to contribute to the Fund in each year. Each Member shall be required to and shall provide to the Trustee Company and to the Scheme Manager such information as the Trustee Company or the Scheme Manager may require in relation to the history of Civil Liability Claims made against the Member, the Member's operating procedures or such other matters as may be directed in order to permit the Trustee Company to carry out its obligations under this clause.
- 6.7. The Trustee Company may from time to time establish, or disestablish, a Claims Committee. Any such Claims Committee shall have such membership, duties, functions and powers, and be subject to such procedures, as the Board may from time to time stipulate. Where a Claims Committee is disestablished, its duties, functions and powers shall revert to the Trustee Company (but without prejudice to the validity or effectiveness of any act or omission of the Claims Committee prior to its disestablishment), and any reference in this deed to the Claims Committee shall be read accordingly.
- 6.8. The Trustee Company at its discretion may establish such other committees, to be constituted by such persons, as the Board may determine. The Trustee Company, and the Board may delegate such of its powers, duties and functions as it may determine to any committee or person.
- 6.9. The Trustee Company at all times remains responsible for powers and duties delegated to any committee or person and must monitor, by means of reasonable methods properly used, the exercise of those powers and duties by the delegate.
- 6.10. The Trustee Company shall consider regularly the reports of the Scheme Manager and the Claims Committee in relation to Claims and:
 - 6.10.1. shall, on the recommendation of the Claims Committee and Scheme Manager, determine whether to accept or reject any Claim;
 - 6.10.2. from time to time shall issue instructions to the Claims Committee and Scheme Manager regarding the processing of Claims; [and](#)
 - 6.10.3. shall, on written request from a Member, reconsider any Claim that has been rejected.
- 6.11. [Intentionally Omitted]
- 6.12. Where it becomes apparent to the Trustee Company that the Annual Fund for any Fund Year will be insufficient to meet Claims payable from that Annual Fund, the Trustee Company may at any time require the payment by the Members of an Additional Contribution in the same proportions as the Contributions paid by each

of the Members to that Annual Fund in order to ensure that all Claims upon that Annual Fund are able to be met.

- 6.13. In addition to the provisions of this clause, the Trustee Company may at any time resolve to apply by way of transfer or loan any actual or anticipated surplus then remaining in any Annual Fund to any later Annual Fund, or to such purposes as the Trustee Company in its absolute discretion determines from time to time to be appropriate having regard to the purposes of the Scheme and this deed.
- 6.14. The Trustee Company, in accordance with the provisions of this deed, may make payments and grants from the Fund for the benefit of the Members and to further the objectives of the Scheme as the Trustee Company deems fit in its absolute discretion.
- 6.15. The Trustee Company shall within 12 months from the commencement of the Scheme hold an annual meeting of Members to be convened no earlier than 30 days after the mailing to Members of notice of such meeting. In each subsequent year in which the Scheme continues the Board shall in the same manner hold an annual meeting.
- 6.16. Any meeting of the Members shall be called and conducted as closely as is practicable in accordance with the Constitution and the Act as if it were a meeting of the shareholders of Trustee Company and as if the Members were shareholders of Trustee Company, and each meeting shall otherwise regulate its own proceedings, however at any such meeting:
- 6.16.1. a Member shall have one vote;
- 6.16.2. a Member may vote only in respect of matters arising in, from or relating to a Fund Year during which the Member was or is a Member of the Scheme; and
- 6.16.3. matters arising in, from or relating to different Fund years shall be considered and voted on separately.

7. [Intentionally Omitted]

8. Guidelines and Claims

- 8.1. The Trustee Company (acting through the Board) upon the recommendation of the Scheme Manager shall set at the commencement of each Fund Year Guidelines for the exercise of its discretion as to whether or not Claims by Members should be met out of the Pooled Cover.
- 8.2. The Trustee Company (acting through the Board) shall have absolute and unfettered discretion as to whether or not any Claim should be met out of the Pooled Cover and shall be influenced by but not bound by the Guidelines.
- 8.3. The Claims Committee may authorise the Scheme Manager to meet Claims out of the Pooled Cover where:
- 8.3.1. ~~Those~~those Claims do not exceed the Scheme Manager's Quantum; and;

- 8.3.2. ~~The~~ Claim falls within the Guidelines; and;
- 8.3.3. ~~The~~ Underlying Claim against the Member is one for which the Member is reasonably liable and would in all probability be held liable at law for the amount of the Claim.
- 8.4. Where the quantum of any Underlying Claim exceeds the Scheme Manager's Quantum the Claims Committee shall authorise the Scheme Manager in conjunction with the Scheme Solicitor to administer and deal with that Underlying Claim but any settlement of a claim shall be authorised by the Claims Committee.

9. Engagement of Scheme Manager

- 9.1. The Trustee Company shall appoint a person to be the Scheme Manager upon such conditions as to tenure and remuneration or otherwise as shall be determined by the Trustee Company in its sole discretion and agreed upon by the Scheme Manager, and the parties record that:
- 9.1.1. ~~the~~ first Scheme Manager appointed by the Trustee Company was Jardine, which was appointed for a period of 5 years from commencement of the Scheme; and
- 9.1.2. ~~With~~ effect from 30 June 2012 LGIC was appointed as Scheme Manager on and, without interruption, has continued in that capacity from that date and remains the Scheme Manager as at the ~~date of this deed~~ Effective Date.
- 9.2. The Scheme Manager's duties shall be determined by the Trustee Company from time to time and may include:
- 9.2.1. ~~from~~ From time to time undertake an assessment of the Members or any of them and their activities to assist the Fund Manager in the determination of the proportion in which the Members are to contribute to the Fund in any year and upon the conclusion of any such investigation direct the Members or any of them as to the procedures to be adopted by them to prevent losses or to minimise Civil Liability.
- 9.2.2. ~~under~~ Under the supervision and direction of the Claims Committee and the Board, the management of Claims made against each Member including:
- (a) the investigation and assessment of those Claims;
 - (b) the preparation of regular reports to the Board on the progress of Claims and the preparation of recommendations as to the acceptance, rejection, settlement, litigation or other handling of the Claims; and
 - (c) the issue of instructions to the Scheme Solicitor for advice in respect of Claims and for assistance in the defence of Claims.

- 9.2.3. the provision of loss prevention and risk minimisation guidelines to members.
- 9.3. The Scheme Manager shall be available at all times to any member of the Trustee Company, the Board, or any member of the Claims Committee or any other committee of the Board, or any of the Members of the Scheme, to answer any questions on the conduct of the Scheme's activities.

10. Fund Manager

- 10.1. LGIC shall be the Fund Manager upon such conditions as to remuneration or otherwise as shall be agreed by the Board and LGIC. In the event that LGIC becomes insolvent or ceases to trade then the Board shall appoint a new Fund Manager.
- 10.2. The Fund Manager's duties shall be determined by the Board from time to time and shall include:
- 10.2.1. the keeping of the accounts of the Annual Fund for each Fund Year;
- 10.2.2. the provision of administrative and secretarial services to Trustee Company and the Board including setting agendas and submitting reports;
- 10.2.3. the preparation of advice and recommendations on the investment of any moneys of the Fund not immediately required and implementation of decisions of the Board;
- 10.2.4. the preparation of regular reports to the Board in such form as the Board shall from time to time direct in respect of each Annual Fund as to:
- (i)(a) ~~Claims~~ claims outstanding;
 - (ii)(a) ~~The~~ the Scheme Manager's assessment of liability in respect of each outstanding Claim;
 - (iii)(a) ~~The~~ the ability of the Fund to meet the assessment of liability;
 - (iv)(a) ~~The~~ the assessment of further Additional Contributions required, if any;
 - (v)(a) ~~The~~ the investment of the moneys of the Fund not immediately required; and
 - (vi)(a) ~~The~~ the allocation of surplus moneys in the Fund, if any;
- 10.2.5. the preparation of the annual operating budget;
- 10.2.6. the calculation of Contributions in conjunction with actuarial advice and advice from the Scheme Manager;
- 10.2.7. the recommendation of the level of Pooled Cover to be provided in any Fund Year; and

- 10.2.8. the recommendation of the level of Indemnity Cover to be provided in any Fund Year.
- 10.3. The Fund Manager shall be available at all times to any member of the Board or any member of the Claims Committee or any other committee of the Board or any Member of the Scheme to answer questions on the management of the Fund.
- 10.4. The Fund Manager shall negotiate Indemnity Cover as requested by the Board and satisfying any specific requirements of LGIC while LGIC's Deed of Guarantee is operative or while there are outstanding amounts due to LGIC under any Deed of Guarantee.

11. Contributions to Scheme

- 11.1. Each Member, as a condition of membership of the Scheme for that Fund Year, shall pay the initial Contribution determined by the Board for that Member for that Fund Year.
- 11.2. The Contributions determined for any Member in respect of any Fund Year, shall be determined having regard to the advice from the Claims Committee, the Fund Manager and the Scheme Manager and such matters as the Board considers relevant to the Scheme Member's level of risk and may include, without limitation:
- 11.2.1. the Member's revenue base;
 - 11.2.2. the geographical location of the Member's territory;
 - 11.2.3. the population of the Member's territory;
 - 11.2.4. the Member's Civil Liability claims history (both during and prior to its membership of the Scheme);
 - 11.2.5. any matter relating to the nature of the Member's territory or its operations which create increased or reduced risks of Civil Liability;
 - 11.2.6. any matters relevant to the Scheme Member's risk management practices that are known to the Board; [and](#)
 - 11.2.7. any other matters the Board considers relevant, having regard to the purposes and objects of the Scheme.
- 11.3. If during a Fund Year it becomes apparent to the Board that as a result of unexpected or exceptional circumstances the Fund for that Fund Year will be insufficient to meet Claims payable from the Fund, the Board may determine an Additional Contribution payable by each Member for the Fund Year (which will be in the same proportion to the Additional Contributions of all other Members as the initial Contribution paid by the Member for that Fund Year bears to the initial Contributions of all Members for that Fund Year).
- 11.4. All Contributions (including any Additional Contribution under sub-clause 11.3) must be paid within twenty days of the date of the contribution notice given to the

Member by the Board, the Scheme Manager or the Fund Manager (or such longer period as stated in the notice or determined by the Board).

11.5. Without affecting any other Rule, if the amount of any Contribution (including any Additional Contribution under sub-clause 11.3) is not paid by the due date:

11.5.1. interest may, if the Board so determines, accrue calculated daily, on daily balances (and compounding semi-annually) at the Bank of New Zealand Indicator Rate from the due date to the date of actual payment; [and](#)

11.5.2. an unpaid Contribution (and interest) constitutes a debt payable by the relevant Member to the Scheme and Trustee Company may bring proceedings for the recovery of that debt in its name on behalf of the Scheme.

12. Bank Account, Investment and Borrowing Powers

12.1. Trustee Company shall open a bank account for the Fund with a registered Bank determined by the Board.

12.2. The name of the bank account and the persons authorised as signatories to operate the bank account shall be determined by the Board.

12.3. The parties agree that the Trustee Company may invest moneys received in respect of the Fund and not immediately required to meet the liabilities of the Fund;

12.3.1. with any registered Bank; [or](#)

12.3.2. in any security or investment authorised by the Trustee Act; or

12.3.3. in any security or investment authorised by the Local Government Act 1974 or prescribed pursuant to and for the purposes of that Act; or

12.3.4. with the Trustee of any other Trust Fund established for the benefit of Local Authorities or other local government organisations.

12.4. The parties agree that for any of the purposes of this deed, Trustee Company may borrow moneys and for that purpose secure the repayment of its borrowings by granting security over the assets of the Scheme and the Fund.

12.5. All Contributions and other moneys received by Trustee Company shall be deposited to the credit of the Fund and shall be applied at its discretion as follows:

12.5.1. in payment of any establishment costs for the Scheme;

12.5.2. in payment of all administrative and operating costs associated with the Scheme;

12.5.3. in payment of fees due to the Scheme Manager and the Fund Manager;

12.5.4. in payment of all Claims accepted by the Board;

- 12.5.5. by way of any grant or allocation approved under this deed; and
 - 12.5.6. generally in furtherance of the Scheme's objectives including a transfer, payment or loan in accordance with the Scheme Documents.
- 12.6. The parties agree that Trustee Company and the Board shall keep or cause to be kept all such accounting records for the Scheme and the Fund as fully and correctly explain the transactions and financial position of the Scheme and the Fund.

13. Limitation of liability and indemnity

- 13.1. The liability of the Trustee Company for any loss, claim, or other liability arising out of or connected with the performance of its obligations under this [Deeddeed](#) (including, but not limited to, loss or liability of, or claims against, the Scheme, or in respect of the performance of any obligation of the Trustee Company or the Scheme under this deed), is limited to, and can only be recovered to the extent of, the right of indemnity (conferred under clause 13.3) of the Trustee Company from the Fund and other assets and property of the Scheme, provided however that this limitation does not apply to the extent that the Trustee Company's right of indemnity is impaired as a direct result of the Trustee Company's dishonesty or wilful default.
- 13.2. No claim may be made or endorsed by a Member against:
- 13.2.1. any director, officer, or employee of the Trustee Company, or the Board;
 - 13.2.2. the Scheme Manager or the Fund Manager in any capacity other than as Scheme Manager or Fund Manager of the Scheme;
 - 13.2.3. except to the extent of LGIC's indemnity to Trustee Company, LGIC; or
 - 13.2.4. any other Member.
- 13.3. The Trustee Company, the Board and every member of the Board are, to the fullest extent permissible at law, unconditionally and irrevocably indemnified out of the Fund and other assets and property of the Scheme:
- 13.3.1. in respect of all liabilities, losses, costs and expenses incurred by the Trustee Company, the Board or a member of the Board; and
 - 13.3.2. against all actions, proceedings, claims, demands, costs, expenses, losses or liabilities in respect of any matter or thing done or omitted by the Trustee Company the Board or a member of the Board,
- in each case:
- 13.3.3. in connection with administering this [Deeddeed](#) and the Scheme;
 - 13.3.4. when exercising their powers, authorities and discretions under this deed and the Scheme;

- 13.3.5. in relation to any matter or thing done, or omitted to be done, in any way in relation to this [Deeddeed](#) and the Scheme; and
- 13.3.6. even where the liability, loss, cost or expense or the action, proceedings, claims, demands, costs, expenses, losses or liabilities (as the case may be) arise from a failure or alleged failure by the Trustee Company, the Board or a member of the Board to comply with the terms of this deed, or the terms of the Scheme or any duty, limitation or restriction howsoever arising (including, by way of example, at common law, in equity, under statute or contract).

except for any liability arising in respect of any dishonesty or wilful default of the Trustee Company or the Board, or a member of the Board. Where the exception applies it only applies to deprive the person whose conduct amounts to dishonesty or wilful default of the benefit of the indemnities and no other person.

14. Order of Priority of Scheme Documents

- 14.1. The Scheme Documents shall be construed in the following order of priority:
- 14.1.1. this deed, which shall be paramount; then
- 14.1.2. the Scheme Rules; then
- 14.1.3. the Constitution; and then
- 14.1.4. the Deed of Participation and the Guidelines for each Member.

15. Surplus on Liquidation of Scheme

- 15.1. Upon the winding up of the Scheme (including the liquidation of Trustee Company) the assets, if any, remaining after payment of the debts and liabilities of the Scheme and the costs of winding up (“the surplus assets”) shall be distributed among the then Members of the Scheme in proportion to their Contributions to the Scheme over the Fund Year in which the winding up commenced and the previous four Fund Years, provided however that Members whose Contributions are not fully paid up at the commencement of the winding up shall receive only a proportionate share of their entitlement being the amount which is in proportion to the amount of their Contributions paid up. In calculating a Member’s Contributions for the purposes of this clause the amount of the Contribution shall be reduced by the amount of any Claim or Claims paid or payable pursuant to the Scheme.

16. Deed of Participation

- 16.1. Each Member, as a condition of membership of the Scheme, shall be required to execute under seal and deliver to Trustee Company a Deed of Participation in the form annexed as Schedule 1, as may be varied or substituted by the Board from time to time, whereby the Member covenants and agrees, for the benefit of Trustee Company and LGIC, to be bound and to observe and perform all the terms of this deed and the other Scheme Documents as if the Member was a party to this [Deeddeed](#) and the other Scheme Documents.

16.2. Members shall provide the Scheme Manager with all information as is necessary to give effect to the Scheme and in particular will:

- 16.2.1. ~~Disclose~~disclose all material facts to the Scheme Manager as if the Member was an insured and the Scheme Manager was an agent for an insurer ~~and~~;
- 16.2.2. ~~Conduct~~conduct itself in its dealings with the Scheme in the same manner as if it was an insured under a policy of insurance with the Scheme and in particular act in good faith towards the Scheme ~~;~~ and
- 16.2.3. ~~Immediately~~immediately advise the Scheme Manager of any Underlying Claim and co-operate with the Scheme Manager and Scheme Solicitor in dealing with Underlying Claims

17. Variations

17.1. LGIC and Trustee Company may make any variation or addition to this deed if it is consented to in writing by not less than 90% in number of Members, and any such variation or addition shall be binding on all Members.

[NOTE: ORIGINALLY EXECUTED 1 JULY 1997]

EXECUTED AS A DEED

EXECUTED by ~~NEW ZEALAND
LOCAL GOVERNMENT
INSURANCE
CORPORATION~~ **CIVIC FINANCIAL
SERVICES LIMITED** by two of its
directors:

Director (signature)

Director (signature)

Name (Please Print)

Name (Please Print)

EXECUTED by **LOCAL
GOVERNMENT MUTUAL FUNDS
TRUSTEE** ~~COMPANY~~ **LIMITED** by
two of its directors:

Director (signature)

Director (signature)

Name (Please Print)

Name (Please Print)

SCHEDULE 1

DEED OF PARTICIPATION

(Name of Member)

HEREBY DECLARES covenants and agrees for the benefit of Local Government Mutual Funds Trustee [Company](#) Limited and [New Zealand Local Government Insurance Corporation](#)[Civic Financial Services](#) Limited to be bound by and observe and perform all of the terms of the Deed of Trust establishing the New Zealand Mutual Liability Riskpool and the Scheme Documents referred to in that Deed of Trust as if it was a party to those documents (as amended from time to time).

SIGNED BY

as the duly authorised agent of the
Member in the presence of:

(Signature of duly authorised Agent)

(Signature of Witness)

(Name of Witness)

(Address of Witness)

(Date)

CONSENT TO TRUST DEED AMENDMENTS

Chatham Islands Council, a local authority within the meaning of the Local Government Act 2002, in its capacity as a Member of the Scheme (and having received such advice, if any, as it has considered appropriate in the circumstances), hereby irrevocably consents to the amendments to the deed of trust dated 1 July 1997 and as varied pursuant to a Deed of Variation of Deed of Trust dated 22 July 2007 between Civic Financial Services Limited (previously named New Zealand Local Government Insurance Corporation Limited) and Local Government Mutual Funds Trustee Company Limited (**Trust Deed**) as proposed in the draft Deed of Amendment and Restatement of Trust Deed relating to the New Zealand Mutual Liability Riskpool circulated under cover of the letter from Stephen Ferson, General Counsel of Riskpool, dated 21 August 2025.

The terms "Member" and "Scheme" shall have the same meaning in this Consent as in the Trust Deed.

Dated: 19 February 2026

SIGNED for and on behalf of
Chatham Islands Council by:



Authorised Signatory



11 March 2026

Colette Peni
Chatham Islands Council
PO Box 24
Waitangi
CHATHAM ISLANDS 8942

Colette.peni@chathamislands.govt.nz

Dear Colette

RISKPOOL: TRUST DEED AMENDMENTS – CONSULTATION OUTCOME

We write further to our letter of 21 August 2025 commencing consultation on proposed amendments to the Riskpool Trust Deed. The consultation process has now concluded.

In accordance with clause 17.1 of the Trust Deed, the amendments required the written consent of not less than 90% of Members in order to take effect. With 75 Members of the Riskpool Scheme, this required approval from at least 68 Members.

We are pleased to advise that the required threshold was reached on 2 February 2026. As at the date of this letter, 71 of the 75 Riskpool Members have provided written consent to the amendments as circulated, representing approximately 95% support from the membership.

The Board greatly appreciates the careful consideration given to the proposed amendments by Members and the constructive engagement shown throughout the consultation process.

The Deed of Amendment and Restatement, a draft of which was circulated on 21 August 2025, has now been executed by the trustee, Local Government Mutual Funds Trustee Limited, and Civic Financial Services Limited. As the required level of Member consent has been achieved, the amendments are now in effect.

During the course of the consultation process, we identified a small number of cosmetic and formatting issues in the Trust Deed. We have taken the opportunity to address these as part of the amendment and restatement process. For transparency, we have included both a clean copy of the amended Trust Deed and a version showing those corrections in mark-up.

For completeness, we enclose the following documents:

- i. A copy of the executed Deed of Amendment and Restatement, including a clean copy of the final amended and executed Trust Deed;
- ii. A copy of the Trust Deed showing the final cosmetic amendments in mark-up against the draft circulated on 21 August 2025; and
- iii. Where applicable, a copy of your Council's signed and dated consent form.

On behalf of the Board, thank you again for your engagement and support.

If you have any questions or would like to discuss any of the matters outlined above, please don't hesitate to contact me at: stephen.ferson@riskpool.org.nz

Ngā mihi



Stephen Ferson
General Counsel
Local Government Mutual Funds Trustee Ltd (Riskpool)

Deed of Amendment and Restatement

DEED dated 11 March 2026

Parties

1. **Civic Financial Services Limited** (formerly known as New Zealand Local Government Insurance Corporation Limited) (**Civic**)
2. **Local Government Mutual Funds Trustee Limited (LGMFT)**

Background

- A. On 1 July 1997, the parties entered into a Deed of Trust (as varied by Deed of Variation dated 22 June 2007) (**Deed of Trust**).
- B. The parties now wish to amend and restate the Deed of Trust, on the terms set out in this deed.
- C. The amendments to the Deed of Trust are in the interests of Members, and (in accordance with, and for the purposes of clause 17.1 of the Deed of Trust) the consent of Members will be sought in respect of them.

The parties agree as follows:

1. Interpretation

1.1 In this Deed:

- (a) **Effective Date** means the date on which the consent (pursuant to clause 17.1 of the Deed of Trust) of the requisite number of Members is received in writing, in accordance with clause 2 of this deed;
- (b) **Deed of Trust** has the meaning given to it in the Background;
- (c) **Revised Deed** means the deed set out in the Appendix of this deed;
- (d) capitalised terms that are not defined in this deed have the meaning given to them in the Revised Deed; and
- (e) headings are to be ignored in construing this deed.

2. Condition

In accordance with clause 17.1 of the Deed of Trust, the amendment and restatement of the Deed of Trust pursuant to this deed is conditional on not less than 90% of Members consenting in writing to the changes shown as marked up in the version of the Revised Deed attached as the Appendix to this deed.

3. Amendment

3.1 Amendment and restatement

Subject to clause 2, with effect on and from the Effective Date, the Deed of Trust is amended and restated in the form of the deed set out in the Appendix. Except to the extent amended by this deed, the Deed of Trust continues in full force and effect.

3.2 Confirmation

- (a) Each party acknowledges and confirms that on and from the Effective Date, the parties shall have the benefit of the Revised Deed in accordance with its terms and are bound by the terms of the Revised Deed and have the obligations set out in it.
- (b) The parties:
 - (i) acknowledge that, in the period prior to the Effective Date, the references in clause 6 of the Deed of Trust to duties, responsibilities, discretions, and powers of the "Board" were intended by the parties to mean (and have been understood and applied as being) duties, responsibilities, discretions, and powers of the Trustee Company, acting by and through the instrumentality of the Board; and
 - (ii) agree and confirm that, as a result, the amendments to that clause 6 as set out in the Revised Deed are consistent with that intent and understanding.

4. General

4.1 Further assurance

Each party shall take all steps, execute all documents and do or procure all other acts and things reasonably required to give effect to this deed according to its true intent.

4.2 Entire agreement

This deed records the entire agreement between the parties concerning the amendment and restatement of the Deed of Trust.

4.3 Counterparts

This deed may be executed in any number of counterparts (including electronically scanned copies) all of which, when taken together, will constitute one and the same instrument. A party may enter into this deed by executing any counterpart.

4.4 Deed binding and delivered

For the purposes of Section 9 of the Property Law Act 2007, this deed:

- (a) is intended to be immediately and unconditionally binding upon each party to be bound by it when that party executes this deed; and
- (b) without limiting any other mode of delivery, will be delivered by each of the parties immediately on execution and exchange of this deed in accordance with clause 4.3.

4.5 **Governing Law**

This deed is governed by the laws of New Zealand and each party irrevocably and unconditionally:

- (a) submits to the non-exclusive jurisdiction of the courts of New Zealand; and
- (b) waives any right to object to any proceedings being brought in, or transferred to, those courts.

Executed as a Deed

Signed for LOCAL GOVERNMENT MUTUAL FUNDS TRUSTEE LIMITED by:



Signature of director

Marty Grenfell

Name of director



Signature of director

Rob Flannagan

Name of director

Signed for CIVIC FINANCIAL SERVICES LIMITED by:



Craig Stevenson

Name of director



Signature of director

Dr Sue Bidrose

Name of director

Appendix 1 - Revised Deed

DATED 1 JULY 1997, AS AMENDED AND RESTATED FROM TIME TO TIME

**CIVIC FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS NEW
ZEALAND LOCAL GOVERNMENT INSURANCE CORPORATION LIMITED)**

(“LGIC”)

AND

LOCAL GOVERNMENT MUTUAL FUNDS TRUSTEE LIMITED

(“Trustee Company”)

DEED OF TRUST

THIS DEED OF TRUST originally made the 1st day of July 1997

PARTIES

CIVIC FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS NEW ZEALAND LOCAL GOVERNMENT INSURANCE CORPORATION LIMITED) ("LGIC")

LOCAL GOVERNMENT MUTUAL FUNDS TRUSTEE LIMITED ("Trustee Company")

BACKGROUND

- A. LGIC is a Local Authority Trading Enterprise as that term is defined in the Local Government Act 1974.
- B. Trustee Company is a company incorporated under the Companies Act 1993 and is a wholly owned subsidiary of LGIC.
- C. LGIC, in consultation with Jardine, has agreed to establish a Trust pursuant to this deed to provide the Fund and the Scheme (to be known as the New Zealand Mutual Liability Riskpool) for the benefit of the Members of the Scheme and to manage all Claims for Civil Liabilities against the Members of the Scheme which may arise in connection with the exercise by the Members of any of their powers, duties or functions.
- D. The purpose for establishing this Trust in consultation with Members is to benefit residents and ratepayers of New Zealand and in particular that purpose is to be achieved by enabling Members to be recompensed from the Fund in respect of liabilities thus reducing the need for insurance cover and reducing Members' annual expenses. In addition the Scheme Manager will work with Members to ensure that proper systems are developed to promote the efficient and safe fulfilment of each Member's functions thus providing a benefit to the community as a whole.
- E. LGIC has agreed to hold all the shares in Trustee Company on trust for the Members of the Scheme pursuant to this deed.
- F. Trustee Company has agreed to act as Trustee of the Scheme and to hold and apply the Fund in accordance with this deed and the other Scheme Documents so as to provide the benefits intended to be obtained by Members of the Scheme as envisaged by this deed and the other Scheme Documents.

THIS DEED WITNESSES:

1. Interpretation

1.1. In this deed unless the context clearly requires otherwise:

“**Act**” means the Companies Act 1993.

“**Additional Contribution**” means any additional or further contribution to an Annual Fund by a Member, after the initial Contribution to that Annual Fund, called for or demanded by the Board pursuant to this deed and the Scheme Rules.

“**Annual Fund**” means the separate fund established, pursuant to the Scheme Documents, for each Fund Year of the Scheme.

“**Board**” means the directors of Trustee Company who number not less than the quorum required pursuant to the Constitution acting together as a board of directors.

“**Call**” means each call or demand for an Additional Contribution.

“**Civil Liability**” means any civil liability resulting from an obligation, function, power or duty of a Member arising under law and includes any public liability and any liability for negligence of the Member.

“**Claim**” means any claim by a Member in respect of that Member’s Civil Liability during the term of the Scheme in respect of the Risks.

“**Constitution**” means the constitution of Trustee Company as may be varied, or substituted from time to time.

“**Contribution**” includes each Member’s initial contribution to each Annual Fund as determined by the Board, pursuant to clause 11 and each Additional Contribution.

“**Deed of Amendment and Restatement**” means the deed of amendment and restatement dated on or about 11 March 2026 between Civic Financial Services Limited and Local Government Mutual Funds Trustee Limited amending and restating this deed of trust.

“**Deed of Participation**” means the deed of participation required to be entered into by each Member pursuant to clause 16.

“**Effective Date**” means the “Effective Date” as defined in the Deed of Amendment and Restatement.

“**Fund**” means all assets and property of the Scheme and includes each separate Annual Fund.

“**Fund Manager**” means the manager of the Fund pursuant to clause 10.

“**Fund Year**” means the year commencing 4.00pm on 30th June in each year and terminating 4.00pm on 30th June in the next following year, or as otherwise determined by the Board.

“**Guidelines for Exercise of Discretion**” or “**Guidelines**” means the guidelines from time to time set out by the Board as detailed in clause 8.1.

“**Indemnity Cover**” means insurance cover purchased by the Board on behalf of Members to meet the Claims of the Members in the amount and in respect of the Risks determined from time to time by the Board being amounts payable in excess of the pooled cover.

“**Jardine**” means Jardine Risk Consultants Limited.

“**Local Authority**” means a local authority pursuant to the Local Government Act 1974.

“**Member**” means any person or body (whether incorporated or not) admitted as a Member to the Scheme pursuant to the Scheme Documents.

“**Pooled Cover**” means cover provided from the Fund to manage and, if the Claims are accepted by the Board, settle or pay the Claims against the Members in respect of the Risks.

“**Risks**” means those risks of Civil Liability of each Member and which fall within the Guidelines for Exercise of Discretion for the relevant Fund Year.

“**Scheme**” means the scheme, to be known as the New Zealand Mutual Liability Riskpool, constituted by this deed and the other Scheme Documents.

“**Scheme Documents**” means this deed, the Scheme Rules, and the Constitution of Trustee Company and for each Member, its Deed of Participation and the Guidelines.

“**Scheme Manager**” means the manager of the Scheme appointed from time to time pursuant to clause 9.

“**Scheme Manager’s Quantum**” shall mean \$30,000 inclusive of self retained limit or such other amount as shall from time to time be fixed by the Board.

“**Scheme Rules**” means the rules of the Scheme as promulgated by the Board from time to time.

“**Scheme Solicitor**” means the solicitor appointed from time to time by the Board.

“**Self Retained Limit**” means the deductible or excess to be borne by each Member in respect of its Risks and Claims against it as provided in the Guidelines.

“**Shares**” means the shares in Trustee Company.

“**Underlying Claim**” means any claim for civil liability (covered for the time being under the Guidelines) made against a Member which may give rise to a Liability; but also includes a claim which may give rise to a Liability to a Member under any other category of risk to that Member which the Guidelines of the Scheme may properly have been extended to cover pursuant to the terms of this deed.

1.2. In this deed, unless the context clearly otherwise requires:

- 1.2.1. Words importing the singular shall include the plural and vice versa;
- 1.2.2. References to any legislation shall include references to all amendments to that legislation and to any legislation passed in substitution for it (in whole or in part);
- 1.2.3. References to “director” or “directors” shall be to a director, or directors, of Trustee Company, acting in their capacity as such; and
- 1.2.4. References to persons shall be deemed to include references to individuals, companies, corporations, firms, partnerships, joint ventures, associations, organisations, trusts, states or agencies of state, government departments and local and municipal authorities in each case whether or not having separate legal personality.

2. Constitution of the Scheme

- 2.1. A scheme is hereby established by LGIC and Jardine for the benefit of Members of the Scheme with the objects set out in clause 2.4. The name of the Scheme shall be the New Zealand Mutual Liability Riskpool.
- 2.2. The parties agree that Trustee Company shall act as the Trustee of the Scheme established under this deed and shall be responsible to ensure that the purposes of the Scheme as provided by this deed and the other Scheme Documents are carried into effect.
- 2.3. The Fund of the Scheme shall include all assets and property for the time being held by or on behalf of Trustee Company, derived from:
 - 2.3.1. Contributions;
 - 2.3.2. Additional Contributions;
 - 2.3.3. Any gifts, donations or grants;
 - 2.3.4. Revenue from investments;
 - 2.3.5. Proceeds of realisation of investments;
 - 2.3.6. Any policies or contracts of re-insurance or indemnity;
 - 2.3.7. Any recoveries;
 - 2.3.8. Any other source.
- 2.4. The Fund shall be held in trust for the benefit of the Members of the Scheme by Trustee Company upon the trusts and for the objects contained in this deed and shall be managed, administered and applied by Trustee Company in accordance with the powers contained in this deed, in order to attain those objects.

- 2.5. LGIC hereby declares that it holds the Shares on trust for the benefit of the Members in accordance with the terms of this deed and the other Scheme Documents for the objects and purposes of the Scheme.
- 2.6. Trustee Company is and shall remain responsible for the safe custody of all money, policies, certificates and other documents of title and value in connection with the Fund and for the safe custody, realisation and distribution of all assets and property from the Fund, from time to time vested in Trustee Company.

3. Purposes and Objects

- 3.1. LGIC and Trustee Company declare that their purposes in entering into this deed and the objects of the Scheme are:
 - 3.1.1. To establish and maintain an Annual Fund for each Fund Year during the term of the Scheme for the benefit of the Members to meet the costs of establishing and running the Scheme and, subject to the terms of this deed and the other Scheme Documents and the Guidelines, to pay the Civil Liabilities of the Members arising from the Risks covered by the Scheme and specified in the Scheme Documents with the intention that Members' needs for insurance cover and insurance expenses are reduced for the benefit of residents and ratepayers;
 - 3.1.2. To provide Pooled Cover in respect of Risks as may be determined from time to time by the Board;
 - 3.1.3. To manage and settle or pay Claims made against Members;
 - 3.1.4. To develop programmes for the management of the risk of loss arising out of Civil Liability of the Members;
 - 3.1.5. To reduce the amount and frequency of losses to the Members arising out of Civil Liability;
 - 3.1.6. To purchase such Indemnity Cover or re-insurance in respect of such Risks as may be determined from time to time by the Board;
 - 3.1.7. To undertake such other functions in relation to the management of Civil Liability as the Board may from time to time require having regard to the interests of the Members, including making grants from the Fund to a Member or any other person or body approved by the Board;
 - 3.1.8. To investigate and if deemed appropriate by the Board, establish other Funds to cater for the insurance needs of Local Authorities and other local government organisations;
 - 3.1.9. To work with Members to ensure that proper systems are developed to promote the efficient and safe fulfilment of each Member's functions to provide to the Community as a whole;
 - 3.1.10. To do all other things as may be necessary or desirable to further the above objects in the interests of the Members of the Scheme.

- 3.2. The parties agree that they will co-operate to the fullest extent with each other in the implementation of the purposes stated in clause 3.1 and act in accordance with the provisions and spirit and intent of this deed.
- 3.3. LGIC shall be entitled to be paid an administration fee to be determined from time to time by the Board for the performance of its functions and duties under this deed as Fund Manager and for the provision of any other services to Trustee Company.

4. The Fund

- 4.1. Trustee Company shall establish and maintain a Fund in the amount recommended by the Board and shall at the commencement of each Fund Year during the term of the Scheme on the advice of the Board invite the Members of the Scheme to contribute to the Fund at such levels as are determined pursuant to clause 6.6 to meet:
 - 4.1.1. such Underlying Claims as may be made against any one or more of the Members during that Fund Year in respect of Risks to the extent of the Pooled Cover.
 - 4.1.2. the premium payable to an appropriate indemnity insurer or insurers to provide Indemnity Cover for the Members during that Fund Year.
 - 4.1.3. the operating expenses of the Scheme for that year.
 - 4.1.4. the grants or allocations to be made pursuant to clauses 3.1.7 or 3.1.8 (if any).
 - 4.1.5. any other amount determined by the Board to be required for the continuation of the Scheme.
- 4.2. Each Underlying Claim made upon any of the Members during a Fund Year in respect of Risks may at the discretion of the Board be met:
 - 4.2.1. to the extent that the Underlying Claim does not exceed the amount of the Pooled Cover of the Annual Fund for that Fund Year from that Annual Fund;
 - 4.2.2. to the extent that the Underlying Claim exceeds the amount of the Pooled Cover but does not exceed the amount of the Indemnity Cover for that Fund Year:
 - (a) to the amount of the Pooled Cover, from the relevant Annual Fund for that Fund Year;
 - (b) thereafter from Indemnity Cover for that Fund Year to the extent of that Cover;
 - 4.2.3. to the extent that the Underlying Claim exceeds the amount of the Pooled Cover and the Indemnity Cover for that Fund Year:

- (a) to the amount of the Pooled Cover, from the relevant Annual Fund for that Fund Year;
 - (b) to the amount of the Indemnity Cover for that Fund Year, to the extent of that cover;
 - (c) the balance by the Fund from surpluses from previous Fund Years and from Additional Contributions from Members;
 - (d) to the limit of any guarantee provided by LGIC, by LGIC.
- 4.3. The Members shall be invited to Contribute to the Fund in the proportions to be determined annually by the Board. The Contributions by Members for each Fund Year shall be held and accounted for as a separate Annual Fund for that Fund Year.
- 4.4. Trustee Company shall administer the Fund with the intent that upon the settlement of all Claims made in respect of occurrences or events arising during the relevant Fund Year:
- 4.4.1. any surplus or anticipated surplus remaining in the Annual Fund for that Fund Year shall be allocated at the absolute direction of the Board towards liabilities of the Fund for any later Fund Year; and
 - 4.4.2. any deficiency in the Annual Fund for that Fund Year shall be met by Additional Contributions by each Member in the proportion in which Contributions were made to the Annual Fund for that Fund Year.

5. Board of Trustee Company

- 5.1. LGIC shall, following consultation with the Board, appoint persons (not exceeding a maximum of six at any one time) as directors for a term not exceeding three years and one month, and may following consultation with the Board at any time remove, with or without a replacement, any director.
- 5.2. Unless otherwise expressly provided in this deed or the Constitution, questions arising at any meeting of the Board shall be decided by a simple majority of the votes of those directors present and voting.
- 5.3. The quorum necessary for the transaction of business at meetings of the Board shall be the majority of the Directors. A director is to be counted for quorum purposes whether entitled to vote or not.
- 5.4. Subject to the provisions of this deed and any applicable law, LGIC shall determine, from time to time, what (if any) directors fees, other valuable consideration or other benefit shall be paid or given by Trustee Company out of the Fund to any director in respect of that person's performance of duties as a member of the Board.
- 5.5. No director may hold office for more than twelve years, whether continuously or in aggregate over several periods.

6. Duties of the Trustee Company

- 6.1. The Trustee Company shall be responsible to LGIC as shareholder (as trustee for the Members). Notwithstanding anything to the contrary in the Constitution, the duties of the Trustee Company shall include:
 - 6.1.1. implementing and achieving the purposes and objects of the Scheme;
 - 6.1.2. considering all Claims made against the Fund and determining whether or not the Trustee Company's discretion should be exercised to meet the Claim for the Member from the Pooled Cover;
 - 6.1.3. ensuring the Scheme is and remains financially viable and solvent within the "solvency tests" laid down by the Act and generally at law;
 - 6.1.4. conducting its business in accordance with this deed and other Scheme Documents, and otherwise in such manner as is resolved by the Board from time to time; and
 - 6.1.5. promulgating and amending the Scheme Rules and the Guidelines from time to time.
- 6.2. The Trustee Company shall regard the purposes and objects of this deed and the Scheme as being of paramount importance in decisions made and policies adopted by it in relation to the Scheme and shall adopt and use such management and other techniques as will ensure that those main objectives are achieved.
- 6.3. The Trustee Company being a wholly-owned subsidiary of LGIC (as trustee for the Members), any director may act in a manner which he or she believes is in the best interests of LGIC (as trustee for the Members) and the Members, notwithstanding that it may not be in the best interests of the Trustee Company.
- 6.4. A director who is an officer, employee, nominee or representative of a Member shall only be disqualified from voting on any matter that affects that Member if it affects the Member directly and in a materially different way from which it affects other Members or there are personal reasons why that director has a conflict of interest.
- 6.5. The Trustee Company shall from time to time appoint the Scheme Solicitor for such tenure and upon such terms as it shall in its sole discretion decide, but such appointment shall be formally reviewed by the Trustee Company at least every three years.
- 6.6. The Trustee Company shall be responsible for the financial management of the Scheme to the extent that it shall:
 - 6.6.1. annually prepare the financial statements and, where considered necessary, report to the Members on any items arising from those statements;
 - 6.6.2. annually determine the Guidelines for the Risks to be provided for from the Fund for any Fund Year;
 - 6.6.3. annually determine the amount of Pooled Cover to be provided for the Members from the Fund for any Fund Year;

- 6.6.4. annually determine the amount and nature of Indemnity Cover to be purchased for the Members from the Fund for any Fund Year and to determine the indemnity insurer or insurers for this purpose; and
- 6.6.5. be responsible for the assessment of the Members to determine the proportion in which they are to contribute to the Fund in each year. Each Member shall be required to and shall provide to the Trustee Company and to the Scheme Manager such information as the Trustee Company or the Scheme Manager may require in relation to the history of Civil Liability Claims made against the Member, the Member's operating procedures or such other matters as may be directed in order to permit the Trustee Company to carry out its obligations under this clause.
- 6.7. The Trustee Company may from time to time establish, or disestablish, a Claims Committee. Any such Claims Committee shall have such membership, duties, functions and powers, and be subject to such procedures, as the Board may from time to time stipulate. Where a Claims Committee is disestablished, its duties, functions and powers shall revert to the Trustee Company (but without prejudice to the validity or effectiveness of any act or omission of the Claims Committee prior to its disestablishment), and any reference in this deed to the Claims Committee shall be read accordingly.
- 6.8. The Trustee Company at its discretion may establish such other committees, to be constituted by such persons, as the Board may determine. The Trustee Company, and the Board may delegate such of its powers, duties and functions as it may determine to any committee or person.
- 6.9. The Trustee Company at all times remains responsible for powers and duties delegated to any committee or person and must monitor, by means of reasonable methods properly used, the exercise of those powers and duties by the delegate.
- 6.10. The Trustee Company shall consider regularly the reports of the Scheme Manager and the Claims Committee in relation to Claims and:
 - 6.10.1. shall, on the recommendation of the Claims Committee and Scheme Manager, determine whether to accept or reject any Claim;
 - 6.10.2. from time to time shall issue instructions to the Claims Committee and Scheme Manager regarding the processing of Claims; and
 - 6.10.3. shall, on written request from a Member, reconsider any Claim that has been rejected.
- 6.11. [Intentionally Omitted]
- 6.12. Where it becomes apparent to the Trustee Company that the Annual Fund for any Fund Year will be insufficient to meet Claims payable from that Annual Fund, the Trustee Company may at any time require the payment by the Members of an Additional Contribution in the same proportions as the Contributions paid by each of the Members to that Annual Fund in order to ensure that all Claims upon that Annual Fund are able to be met.

- 6.13. In addition to the provisions of this clause, the Trustee Company may at any time resolve to apply by way of transfer or loan any actual or anticipated surplus then remaining in any Annual Fund to any later Annual Fund, or to such purposes as the Trustee Company in its absolute discretion determines from time to time to be appropriate having regard to the purposes of the Scheme and this deed.
- 6.14. The Trustee Company, in accordance with the provisions of this deed, may make payments and grants from the Fund for the benefit of the Members and to further the objectives of the Scheme as the Trustee Company deems fit in its absolute discretion.
- 6.15. The Trustee Company shall within 12 months from the commencement of the Scheme hold an annual meeting of Members to be convened no earlier than 30 days after the mailing to Members of notice of such meeting. In each subsequent year in which the Scheme continues the Board shall in the same manner hold an annual meeting.
- 6.16. Any meeting of the Members shall be called and conducted as closely as is practicable in accordance with the Constitution and the Act as if it were a meeting of the shareholders of Trustee Company and as if the Members were shareholders of Trustee Company, and each meeting shall otherwise regulate its own proceedings, however at any such meeting:
- 6.16.1. a Member shall have one vote;
- 6.16.2. a Member may vote only in respect of matters arising in, from or relating to a Fund Year during which the Member was or is a Member of the Scheme; and
- 6.16.3. matters arising in, from or relating to different Fund years shall be considered and voted on separately.

7. [Intentionally Omitted]

8. Guidelines and Claims

- 8.1. The Trustee Company (acting through the Board) upon the recommendation of the Scheme Manager shall set at the commencement of each Fund Year Guidelines for the exercise of its discretion as to whether or not Claims by Members should be met out of the Pooled Cover.
- 8.2. The Trustee Company (acting through the Board) shall have absolute and unfettered discretion as to whether or not any Claim should be met out of the Pooled Cover and shall be influenced by but not bound by the Guidelines.
- 8.3. The Claims Committee may authorise the Scheme Manager to meet Claims out of the Pooled Cover where:
- 8.3.1. those Claims do not exceed the Scheme Manager's Quantum; and
- 8.3.2. the Claim falls within the Guidelines; and

- 8.3.3. the Underlying Claim against the Member is one for which the Member is reasonably liable and would in all probability be held liable at law for the amount of the Claim.
- 8.4. Where the quantum of any Underlying Claim exceeds the Scheme Manager's Quantum the Claims Committee shall authorise the Scheme Manager in conjunction with the Scheme Solicitor to administer and deal with that Underlying Claim but any settlement of a claim shall be authorised by the Claims Committee.

9. Engagement of Scheme Manager

- 9.1. The Trustee Company shall appoint a person to be the Scheme Manager upon such conditions as to tenure and remuneration or otherwise as shall be determined by the Trustee Company in its sole discretion and agreed upon by the Scheme Manager, and the parties record that:
- 9.1.1. the first Scheme Manager appointed by the Trustee Company was Jardine, which was appointed for a period of 5 years from commencement of the Scheme; and
- 9.1.2. with effect from 30 June 2012 LGIC was appointed as Scheme Manager on and, without interruption, has continued in that capacity from that date and remains the Scheme Manager as at the Effective Date.
- 9.2. The Scheme Manager's duties shall be determined by the Trustee Company from time to time and may include:
- 9.2.1. From time to time undertake an assessment of the Members or any of them and their activities to assist the Fund Manager in the determination of the proportion in which the Members are to contribute to the Fund in any year and upon the conclusion of any such investigation direct the Members or any of them as to the procedures to be adopted by them to prevent losses or to minimise Civil Liability.
- 9.2.2. Under the supervision and direction of the Claims Committee and the Board, the management of Claims made against each Member including:
- (a) the investigation and assessment of those Claims;
- (b) the preparation of regular reports to the Board on the progress of Claims and the preparation of recommendations as to the acceptance, rejection, settlement, litigation or other handling of the Claims; and
- (c) the issue of instructions to the Scheme Solicitor for advice in respect of Claims and for assistance in the defence of Claims.
- 9.2.3. the provision of loss prevention and risk minimisation guidelines to members.
- 9.3. The Scheme Manager shall be available at all times to any member of the Trustee Company, the Board, or any member of the Claims Committee or any other

committee of the Board, or any of the Members of the Scheme, to answer any questions on the conduct of the Scheme's activities.

10. Fund Manager

- 10.1. LGIC shall be the Fund Manager upon such conditions as to remuneration or otherwise as shall be agreed by the Board and LGIC. In the event that LGIC becomes insolvent or ceases to trade then the Board shall appoint a new Fund Manager.
- 10.2. The Fund Manager's duties shall be determined by the Board from time to time and shall include:
 - 10.2.1. the keeping of the accounts of the Annual Fund for each Fund Year;
 - 10.2.2. the provision of administrative and secretarial services to Trustee Company and the Board including setting agendas and submitting reports;
 - 10.2.3. the preparation of advice and recommendations on the investment of any moneys of the Fund not immediately required and implementation of decisions of the Board;
 - 10.2.4. the preparation of regular reports to the Board in such form as the Board shall from time to time direct in respect of each Annual Fund as to:
 - (a) claims outstanding;
 - (b) the Scheme Manager's assessment of liability in respect of each outstanding Claim;
 - (c) the ability of the Fund to meet the assessment of liability;
 - (d) the assessment of further Additional Contributions required, if any;
 - (e) the investment of the moneys of the Fund not immediately required; and
 - (f) the allocation of surplus moneys in the Fund, if any;
 - 10.2.5. the preparation of the annual operating budget;
 - 10.2.6. the calculation of Contributions in conjunction with actuarial advice and advice from the Scheme Manager;
 - 10.2.7. the recommendation of the level of Pooled Cover to be provided in any Fund Year; and
 - 10.2.8. the recommendation of the level of Indemnity Cover to be provided in any Fund Year.

- 10.3. The Fund Manager shall be available at all times to any member of the Board or any member of the Claims Committee or any other committee of the Board or any Member of the Scheme to answer questions on the management of the Fund.
- 10.4. The Fund Manager shall negotiate Indemnity Cover as requested by the Board and satisfying any specific requirements of LGIC while LGIC's Deed of Guarantee is operative or while there are outstanding amounts due to LGIC under any Deed of Guarantee.

11. Contributions to Scheme

- 11.1. Each Member, as a condition of membership of the Scheme for that Fund Year, shall pay the initial Contribution determined by the Board for that Member for that Fund Year.
- 11.2. The Contributions determined for any Member in respect of any Fund Year, shall be determined having regard to the advice from the Claims Committee, the Fund Manager and the Scheme Manager and such matters as the Board considers relevant to the Scheme Member's level of risk and may include, without limitation:
 - 11.2.1. the Member's revenue base;
 - 11.2.2. the geographical location of the Member's territory;
 - 11.2.3. the population of the Member's territory;
 - 11.2.4. the Member's Civil Liability claims history (both during and prior to its membership of the Scheme);
 - 11.2.5. any matter relating to the nature of the Member's territory or its operations which create increased or reduced risks of Civil Liability;
 - 11.2.6. any matters relevant to the Scheme Member's risk management practices that are known to the Board; and
 - 11.2.7. any other matters the Board considers relevant, having regard to the purposes and objects of the Scheme.
- 11.3. If during a Fund Year it becomes apparent to the Board that as a result of unexpected or exceptional circumstances the Fund for that Fund Year will be insufficient to meet Claims payable from the Fund, the Board may determine an Additional Contribution payable by each Member for the Fund Year (which will be in the same proportion to the Additional Contributions of all other Members as the initial Contribution paid by the Member for that Fund Year bears to the initial Contributions of all Members for that Fund Year).
- 11.4. All Contributions (including any Additional Contribution under sub-clause 11.3) must be paid within twenty days of the date of the contribution notice given to the Member by the Board, the Scheme Manager or the Fund Manager (or such longer period as stated in the notice or determined by the Board).

- 11.5. Without affecting any other Rule, if the amount of any Contribution (including any Additional Contribution under sub-clause 11.3) is not paid by the due date:
- 11.5.1. interest may, if the Board so determines, accrue calculated daily, on daily balances (and compounding semi-annually) at the Bank of New Zealand Indicator Rate from the due date to the date of actual payment; and
 - 11.5.2. an unpaid Contribution (and interest) constitutes a debt payable by the relevant Member to the Scheme and Trustee Company may bring proceedings for the recovery of that debt in its name on behalf of the Scheme.

12. Bank Account, Investment and Borrowing Powers

- 12.1. Trustee Company shall open a bank account for the Fund with a registered Bank determined by the Board.
- 12.2. The name of the bank account and the persons authorised as signatories to operate the bank account shall be determined by the Board.
- 12.3. The parties agree that the Trustee Company may invest moneys received in respect of the Fund and not immediately required to meet the liabilities of the Fund;
 - 12.3.1. with any registered Bank; or
 - 12.3.2. in any security or investment authorised by the Trustee Act; or
 - 12.3.3. in any security or investment authorised by the Local Government Act 1974 or prescribed pursuant to and for the purposes of that Act; or
 - 12.3.4. with the Trustee of any other Trust Fund established for the benefit of Local Authorities or other local government organisations.
- 12.4. The parties agree that for any of the purposes of this deed, Trustee Company may borrow moneys and for that purpose secure the repayment of its borrowings by granting security over the assets of the Scheme and the Fund.
- 12.5. All Contributions and other moneys received by Trustee Company shall be deposited to the credit of the Fund and shall be applied at its discretion as follows:
 - 12.5.1. in payment of any establishment costs for the Scheme;
 - 12.5.2. in payment of all administrative and operating costs associated with the Scheme;
 - 12.5.3. in payment of fees due to the Scheme Manager and the Fund Manager;
 - 12.5.4. in payment of all Claims accepted by the Board;
 - 12.5.5. by way of any grant or allocation approved under this deed; and

- 12.5.6. generally in furtherance of the Scheme's objectives including a transfer, payment or loan in accordance with the Scheme Documents.
- 12.6. The parties agree that Trustee Company and the Board shall keep or cause to be kept all such accounting records for the Scheme and the Fund as fully and correctly explain the transactions and financial position of the Scheme and the Fund.

13. Limitation of liability and indemnity

- 13.1. The liability of the Trustee Company for any loss, claim, or other liability arising out of or connected with the performance of its obligations under this deed (including, but not limited to, loss or liability of, or claims against, the Scheme, or in respect of the performance of any obligation of the Trustee Company or the Scheme under this deed), is limited to, and can only be recovered to the extent of, the right of indemnity (conferred under clause 13.3) of the Trustee Company from the Fund and other assets and property of the Scheme, provided however that this limitation does not apply to the extent that the Trustee Company's right of indemnity is impaired as a direct result of the Trustee Company's dishonesty or wilful default.
- 13.2. No claim may be made or endorsed by a Member against:
- 13.2.1. any director, officer, or employee of the Trustee Company, or the Board;
 - 13.2.2. the Scheme Manager or the Fund Manager in any capacity other than as Scheme Manager or Fund Manager of the Scheme;
 - 13.2.3. except to the extent of LGIC's indemnity to Trustee Company, LGIC; or
 - 13.2.4. any other Member.
- 13.3. The Trustee Company, the Board and every member of the Board are, to the fullest extent permissible at law, unconditionally and irrevocably indemnified out of the Fund and other assets and property of the Scheme:
- 13.3.1. in respect of all liabilities, losses, costs and expenses incurred by the Trustee Company, the Board or a member of the Board; and
 - 13.3.2. against all actions, proceedings, claims, demands, costs, expenses, losses or liabilities in respect of any matter or thing done or omitted by the Trustee Company the Board or a member of the Board,
- in each case:
- 13.3.3. in connection with administering this deed and the Scheme;
 - 13.3.4. when exercising their powers, authorities and discretions under this deed and the Scheme;
 - 13.3.5. in relation to any matter or thing done, or omitted to be done, in any way in relation to this deed and the Scheme; and

- 13.3.6. even where the liability, loss, cost or expense or the action, proceedings, claims, demands, costs, expenses, losses or liabilities (as the case may be) arise from a failure or alleged failure by the Trustee Company, the Board or a member of the Board to comply with the terms of this deed, or the terms of the Scheme or any duty, limitation or restriction howsoever arising (including, by way of example, at common law, in equity, under statute or contract),

except for any liability arising in respect of any dishonesty or wilful default of the Trustee Company or the Board, or a member of the Board. Where the exception applies it only applies to deprive the person whose conduct amounts to dishonesty or wilful default of the benefit of the indemnities and no other person.

14. Order of Priority of Scheme Documents

- 14.1. The Scheme Documents shall be construed in the following order of priority:
- 14.1.1. this deed, which shall be paramount; then
 - 14.1.2. the Scheme Rules; then
 - 14.1.3. the Constitution; and then
 - 14.1.4. the Deed of Participation and the Guidelines for each Member.

15. Surplus on Liquidation of Scheme

- 15.1. Upon the winding up of the Scheme (including the liquidation of Trustee Company) the assets, if any, remaining after payment of the debts and liabilities of the Scheme and the costs of winding up (“the surplus assets”) shall be distributed among the then Members of the Scheme in proportion to their Contributions to the Scheme over the Fund Year in which the winding up commenced and the previous four Fund Years, provided however that Members whose Contributions are not fully paid up at the commencement of the winding up shall receive only a proportionate share of their entitlement being the amount which is in proportion to the amount of their Contributions paid up. In calculating a Member’s Contributions for the purposes of this clause the amount of the Contribution shall be reduced by the amount of any Claim or Claims paid or payable pursuant to the Scheme.

16. Deed of Participation

- 16.1. Each Member, as a condition of membership of the Scheme, shall be required to execute under seal and deliver to Trustee Company a Deed of Participation in the form annexed as Schedule 1, as may be varied or substituted by the Board from time to time, whereby the Member covenants and agrees, for the benefit of Trustee Company and LGIC, to be bound and to observe and perform all the terms of this deed and the other Scheme Documents as if the Member was a party to this deed and the other Scheme Documents.
- 16.2. Members shall provide the Scheme Manager with all information as is necessary to give effect to the Scheme and in particular will:

- 16.2.1. disclose all material facts to the Scheme Manager as if the Member was an insured and the Scheme Manager was an agent for an insurer;
- 16.2.2. conduct itself in its dealings with the Scheme in the same manner as if it was an insured under a policy of insurance with the Scheme and in particular act in good faith towards the Scheme; and
- 16.2.3. immediately advise the Scheme Manager of any Underlying Claim and cooperate with the Scheme Manager and Scheme Solicitor in dealing with Underlying Claims

17. Variations

- 17.1. LGIC and Trustee Company may make any variation or addition to this deed if it is consented to in writing by not less than 90% in number of Members, and any such variation or addition shall be binding on all Members.

[NOTE: ORIGINALLY EXECUTED 1 JULY 1997]

EXECUTED AS A DEED

EXECUTED by **CIVIC FINANCIAL SERVICES LIMITED** by two of its directors:

Director (signature)

Director (signature)

Name (Please Print)

Name (Please Print)

EXECUTED by **LOCAL GOVERNMENT MUTUAL FUNDS TRUSTEE LIMITED** by two of its directors:

Director (signature)

Director (signature)

Name (Please Print)

Name (Please Print)

SCHEDULE 1

DEED OF PARTICIPATION

(Name of Member)

HEREBY DECLARES covenants and agrees for the benefit of Local Government Mutual Funds Trustee Limited and Civic Financial Services Limited to be bound by and observe and perform all of the terms of the Deed of Trust establishing the New Zealand Mutual Liability Riskpool and the Scheme Documents referred to in that Deed of Trust as if it was a party to those documents (as amended from time to time).

SIGNED BY

as the duly authorised agent of the
Member in the presence of:

(Signature of duly authorised Agent)

(Signature of Witness)

(Name of Witness)

(Address of Witness)

(Date)



3. Finance

3.3 Better-off Funding

Date of meeting	26 March 2026
Agenda item number	3.3
Author	Colette Peni-Ataera, Operations Manager

Purpose

To provide an update on the Better Off Funding (BOF) projects, confirm remaining balances, and seek Council direction on which projects to continue supporting or redirecting.

Recommendation

That Council:

- 1. Review active projects and confirm which should continue.**
- 2. Decide on the redirection of funds from active projects (if required) to water related projects.**
- 3. Authorise the Interim Chief Executive Officer to submit any necessary changes to DIA for approval.**

Background

Council has received a total of \$2,210,000 in Better Off Funding. Projects are a mix of active, completed, and discontinued. The funding must be spent by 30 June 2027.

Council is required to decide whether funds should be reallocated. Any change to a project requires approval from the Department of Internal Affairs (DIA). Funding can only be redirected to water-related projects.

Current Project Status

Project	Original Cost	Variation	Project Cost	Agreed Crown Funding	Claim to Date	Status	Remaining	Notes
Housing – Social	\$287,809	-	\$287,809	\$287,809	\$284,324	Active	\$3,485	Small projects still to be completed on House #3
Housing – CEO/Staff	\$200,000	\$300,000	\$500,000	\$460,000	\$460,000	Complete	\$0	-
Wharf – Kaingaroa (make safe)	\$350,000	-	\$350,000	\$350,000	\$231,349	Active	\$118,651	-
Wharf – Owenga	\$450,000	-	\$450,000	\$450,000	\$208,707	Active	\$241,293	Wharf lights to be accounted for (not started as at 3/3/2026)
NKMR – Netball Court Roof	\$300,000	-	\$300,000	\$300,000	\$300,000	Active	\$300,000	Funds in CIC bank account – not spent
Waste Management	\$122,191	-	\$122,191	\$122,191	\$122,191	Complete	\$0	-
Chatham Islands Cultural Strategy	-	\$40,000	\$40,000	\$40,000	\$3,548	Discontinued	\$36,452	Project discontinued
Chatham Islands 30 Year Plan/Strategy	-	\$100,000	\$100,000	\$100,000	\$99,031	Active	\$969	-
CCTV Project	-	\$25,000	\$25,000	\$25,000	\$25,000	Complete	\$0	-
Chatham Islands Deal	-	\$75,000	\$75,000	\$75,000	\$75,000	Complete	\$0	-

Project	Original Cost	Variation	Project Cost	Agreed Crown Funding	Claim to Date	Status	Remaining	Notes
Organic Waste Project	-	\$60,000	\$60,000	-	-	Discontinued	\$0	Project discontinued
New House	\$300,000	- \$300,000	-	-	-	Discontinued	\$0	Funds diverted to projects in red above
Visitor Accommodation	\$200,000	- \$200,000	-	-	-	Discontinued	\$0	Funds diverted to projects in red above

Total Agreed Funding: \$2,210,000

Claimed to Date: \$1,809,150

Remaining Funds: \$700,850

Key Points

1. Active Projects with Remaining Funds:
 - Wharf – Owenga: \$241,293 remaining (pending Wharf lights).
 - Wharf – Kaingaroa: \$118,651 remaining.
 - NKMR Netball Court Roof: \$300,000 (funds not yet spent).
 - Housing – Social: \$3,485 remaining.
 - Chatham Islands 30 Year Plan/Strategy: \$969 remaining.
2. Funds Redirection:
 - Only water projects are eligible for redirected funds.
 - Any proposed changes must be formally submitted to DIA for approval.

Options for Council Resolution

1. **Continue Current Projects:**
Approve the continuation of active projects and ensure remaining funds are spent before 30 June 2027.
2. **Combination:**
Maintain active projects while redirecting any discretionary funds to priority water projects (require DIA approval to redirect funds).



3. Finance

3.4 Immediate policy strengthening in response to the Office of the Auditor-General's report

Date of meeting	26 March 2026
Agenda item number	3.4
Author/s	Bob Penter, Interim Chief Executive

Purpose

1. This report seeks Council approval for immediate policy, control and reporting changes in response to the Office of the Auditor-General's report so that governance is strengthened now, and confidence is rebuilt with Government, key stakeholders and the community.

Recommendations

2. That the Chatham Islands Council:

- a. Receive this report.
- b. Note that the Office of the Auditor-General found a misalignment between Council policy and practice, weak internal controls over spending, and serious organisational integrity concerns.
- c. Note that Council must respond in a way that rebuilds trust and confidence with Government as a significant funder, with key stakeholders, and with the Chatham Islands community.
- d. Approve, with immediate effect, that all Chief Executive-related sensitive expenditure be submitted to the Performance, Audit and Risk Committee (PARC) for approval and review, including credit card expenditure, reimbursement claims, travel, accommodation, hospitality, gifts, koha, relocation costs, housing-related expenditure, contractual travel entitlements, and any other employment-related benefits outside normal payroll processing.
- e. Approve, with immediate effect, that all Mayoral sensitive expenditure be submitted to PARC for approval and review, including credit card expenditure, reimbursement claims, travel, accommodation, hospitality, gifts and koha.
- f. Agree that the change in recommendation (e) is required because it is not appropriate for the Mayor-alone to approve Chief Executive-related sensitive expenditure and it is equally unfair to place the Deputy Mayor in the position of approving the Mayor's expenditure.

- g. Direct the Interim Chief Executive to put in place an interim approval protocol immediately, pending formal policy amendments, so that no Chief Executive-related or Mayoral sensitive expenditure is processed without PARC approval.**
- h. Direct the Interim Chief Executive to return to Council within one month with proposed amendments to the Sensitive Expenditure Policy, Delegations Register, procurement procedures, expense claim forms and related controls to give effect to this decision.**
- i. Agree that the amended controls are to require timely monthly claims, full receipts, a clear business purpose, names of attendees where hospitality is involved, and written explanation for any exception.**
- j. Direct the Interim Chief Executive to establish improved procurement and contract controls immediately, including documented procurement pathways, no retrospective approvals except in genuine emergencies, use of purchase orders before work starts where required, a central contract register, and documented conflict management plans for actual or perceived conflicts of interest.**
- k. Direct that PARC receive a monthly sensitive expenditure and exceptions report, and that Council receive a quarterly governance strengthening update.**
- l. Note that the strengthening package has been signalled to Audit NZ and will be included in regular progress reporting to the Office of the Auditor-General for the next 12 months.**
- m. Endorse a Council workshop to be arranged as soon as practicable, potentially with support from the Serious Fraud Office's Counter Fraud Centre if available, covering fraud, bribery, corruption, procurement risk and sensitive expenditure awareness.**
- n. Authorise the Interim Chief Executive to make minor administrative changes needed to implement these decisions.**

Key points

- The OAG report points to a need for tighter approvals, better documentation, stronger reporting and visible leadership on integrity.
- The immediate change proposed is that PARC becomes the approval and review point for all Chief Executive-related and Mayoral sensitive expenditure.
- The package also strengthens procurement practice, contract and invoice control, conflict management, staff awareness and regular reporting.
- These steps are intended to provide visible assurance to Audit NZ and the Office of the Auditor-General, while also helping rebuild confidence with Government, key stakeholders and the community.
- Further policy amendments will return to Council within one month, but the approval changes can and should start immediately.

Background

3. The Office of the Auditor-General's March 2026 report found that the Council had relevant policies in place but that those policies were not routinely followed, and that the systems and processes to monitor and control spending were not working well. The report identified problems with the management of sensitive expenditure, procurement, contract documentation, conflict management and reporting to elected members.
4. The report is particularly significant for this Council because so much of Council's funding comes from Government and because Council must continue to work credibly with auditors, government agencies, infrastructure partners and the community. A response that is practical, visible and prompt is therefore needed.

Why immediate action is needed

5. The key issue is not simply whether Council has policies on paper. The OAG's concern is the gap between written policy and day-to-day practice. A credible response therefore needs to tighten who approves expenditure, improve the quality of supporting information, lift PARC visibility, and make it clear that Council expects better control discipline immediately.
6. The OAG also makes the point that the Chatham Islands context creates genuine procurement and operational challenges. That means controls need to be practical and tailored, but it does not reduce the need for proper authority, transparency, documented conflicts management and reliable reporting.

Recommended immediate changes

Sensitive expenditure approvals

7. Chief Executive-related sensitive expenditure should no longer be approved by the Mayor. Given the nature of the OAG findings, the stronger and fairer arrangement is for PARC to approve and review that expenditure. The same approach should apply to Mayoral expenditure, rather than placing the Deputy Mayor in that role. This creates a clearer approval line, avoids reciprocal arrangements, and gives elected members better assurance over the highest-risk expenditure categories.
8. This should include contractual travel entitlements, travel and accommodation, credit card expenditure, reimbursement claims, hospitality, gifts, koha, relocation costs, and any housing or employment-related expenditure that can reasonably be seen as sensitive expenditure. Claims should be submitted monthly, not in batches, and should not be processed unless they clearly state the business purpose and are supported by receipts and any other relevant documentation.

Procurement, contracts and invoice control

9. The OAG report also points to weaknesses in procurement pathways, contract execution, use of purchase orders, invoice management and the visibility of whole-of-life contract cost. Immediate practice changes are recommended so that work does not begin without the

right approval pathway, no contract is allowed to drift without being recorded centrally, and any exception is documented at the time rather than reconstructed later.

10. In a small and remote council, direct procurement will sometimes be justified, but the reason for that decision still needs to be written down and capable of later scrutiny. The same applies to changes in contract scope, any use of urgency, and any situation where a conflict of interest needs to be managed.

Conflict management and transparency

11. Where actual or perceived conflicts of interest arise, a written management plan should be prepared before the work proceeds, approved at the right level, and made visible to the people who need to monitor it. That is especially important in a small community where personal and professional connections are often unavoidable.
12. Regular reporting also needs to improve. PARC should receive a monthly schedule of credit card expenditure, reimbursements, sensitive expenditure approvals, procurement exceptions and any overdue invoices or control breaches. Council should then receive a quarterly summary of what has been changed, what exceptions have occurred and whether any further decisions are needed.

Training and integrity awareness

13. Policy tightening on its own will not be enough. Staff and elected members need a shared understanding of fraud risk, bribery and corruption risk, procurement red flags, conflicts of interest and how sensitive expenditure should be handled in practice.
14. A workshop for Council and staff, potentially with support from the Serious Fraud Office's Counter Fraud Centre if available, would be a practical early step and would demonstrate that Council is taking an active approach to lifting capability and awareness.

Why PARC is the right approving body

15. PARC already has a governance, risk and assurance role and is better placed than any individual office-holder to provide collective oversight. Using PARC for Chief Executive-related and Mayoral sensitive expenditure also reduces the perception risk identified by the OAG, strengthens independence in the approval process, and gives a clearer audit trail.
16. In the current environment, that visibility matters for Government, Audit NZ, the Office of the Auditor-General, key stakeholders and the wider community. It is a practical way to show that Council has learned from the report and is acting on it.

Area	Immediate change	Effect
Sensitive expenditure	PARC approval and review for all Chief Executive-related and Mayoral sensitive expenditure, with monthly claims and full supporting information.	Independent oversight, better audit trail and clearer separation from individual office-holders.
Procurement and contracts	Written procurement pathway, contract and purchase order discipline, central contract register, timely invoice management and written conflict plans.	Fewer control gaps, less ambiguity about authority, and stronger evidence for later review.
Reporting and awareness	Monthly PARC reporting, quarterly Council / Audit NZ / OAG updates for 12 months, and an integrity workshop.	Visible assurance to funders, stakeholders and the community, and stronger staff awareness.

Cost, compliance and communication

Financial implications

17. Most of the changes recommended in this paper can be implemented within existing budgets because they are mainly about approval settings, reporting discipline, templates and management practice. There may be minor costs associated with training or external facilitation of the proposed workshop, and there may be small administrative or system costs in improving registers and reporting templates. Any larger system investment should come back to Council separately.

Risk assessment and legal compliance

18. These changes reduce governance, reputational, funding and fraud risk. They also help protect the Council in its dealings with central government agencies, auditors and other stakeholders. The recommendations are directed at policy, process and control settings only. They do not require Council to comment publicly on any individual employment matter or on any matter that has been referred elsewhere. That boundary should continue to be observed.

19. The legal and assurance focus should be on proper authority, documented decision-making, transparent conflict management, good record keeping and demonstrable compliance with Council's own policies and delegations. Formal policy amendments should be brought back promptly so the interim arrangements are clearly embedded.

Significance and engagement

20. The affected parties are elected members, Council staff, Audit NZ, the Office of the Auditor-General, Government agencies, the Chatham Islands Enterprise Trust, other local authority partners, iwi and imi, and the community. These recommendations are about internal governance and control improvements, so formal consultation is not required before

adoption. However, the way Council communicates the changes is important because the response needs to restore confidence as well as improve process.

Communication

21. Once adopted, the decisions should be communicated immediately to elected members and staff. Audit NZ should be advised of the decisions and the implementation timetable, consistent with what has already been signalled. The Office of the Auditor-General should receive regular progress updates over the next 12 months.

Next steps

22. If Council agrees, the following steps should occur:

- Immediately on adoption: PARC approval requirements for Chief Executive-related and Mayoral sensitive expenditure take effect.
- Within 10 working days: the Interim Chief Executive issues the interim approval protocol, updated claim requirements and staff guidance.
- Within one month: the proposed Council workshop is scheduled and invitations are issued, including to the Serious Fraud Office's Counter Fraud Centre if available.
- Within one month: revised policy and control documents return to Council for formal adoption.
- Monthly for 12 months: PARC receives a sensitive expenditure and exceptions report.
- Quarterly for 12 months: Council, Audit NZ and the Office of the Auditor-General receive a governance strengthening progress update.

Attachments

1. Office of the Auditor-General, Chatham Islands Council: Inquiry into sensitive expenditure and procurement, March 2026.



Finance

3.5 Annual Plan 2026/27 – draft budget

Date of meeting	26 March 2026
Author/s	Tanya Clifford, ECan

Purpose

For the Council to consider whether the draft 2026/27 budget is significantly or materially different to that estimated in year three of the 2024-34 Long-Term Plan. This is to comply with to the decision-making provisions within the Local Government Act 2002. Noting:

- The 2026/27 budget was prepared based on the outlined assumptions in the document.
- The proposed capital expenditure for 2026/27 are limited to roading works.
- The information has been previously provided to the Performance, Audit and Risk Committee, with no concerns raised or points of variance noted.
- The financial information will form part of the 2026/27 Annual Plan.
- *For clarity, the purpose is not to confirm the 2026/27 budget at this stage, rather it is to identify whether there is any significant difference to the comparative budget in the Long-Term Plan, which would require further community consultation. The 2026/27 budget will be confirmed in June 2026, along with the Annual Plan adoption and rates strike.*

Recommendations

That the Council:

1. Confirms the underlying assumptions applied to the 2026/27 Annual Plan are appropriate.
2. Confirms the rate increase of 6.75% (as set in the Long-Term Plan 2024-34, being 3.75% inflationary movements and 3% affordability adjustments).
3. Endorses the proposed capital expenditure (noting further capital expenditure may occur if grant funding is secured).
4. Determines whether the variations to the draft 2026/27 budget are significantly or materially different to that estimated in the 2024-34 Long-Term Plan for that year (or not a significant variation), and

EITHER

5. *For significant variations:* Direct the CE to complete further community consultation (requiring an audited amendment and consultation document).

OR

5. *For non-significant variations:* Direct the CE to complete a community engagement document to outline Council's funding situation and other factors impacting the Council

Background information

The Long-Term Plan (LTP) is a planning document required under the Local Government Act 2002 that sets out a Council's priorities in the medium to long term. Whilst the plan is for a 10-year period, the document is revised every three years. Its purpose is to –

- Describe the council's activities and the community outcomes it aims to achieve.
- Provide integrated decision-making and coordination of the resources.
- Provide a long-term focus.
- Show accountability to the community.
- Provide an opportunity for participation by the public in council decision-making processes.

An annual plan is completed once a year and focuses on year-to-year budgets. Councils prepare an annual plan in each of the two years between LTP reviews and set out in them what the council plans to do in the next 12 months to move towards achieving its goals.

These plans are adopted before the start of the financial year in July. Whether the Council is required to consult with the public is at the Council's discretion and is dependent on the level of change between the proposed Annual Plan budget and that of the comparative budget in the Long-Term Plan for that year.

Our underlying assumptions

The 2026/27 Annual Plan has been prepared using the following assumptions:

- **Annual Crown Contribution:** Council currently receives an annual appropriation of \$4.2 million as a contribution to the operational costs of Council's statutory responsibilities. The level of support is not determined until May each year, as part of the appropriation process, so a significant level of uncertainty related to funding exists. Funding for the 2026/27 financial year is anticipated to be \$4.2 million. The Long-Term Plan assumed the annual appropriation would include an inflationary adjustment, this assumption difference has resulted in a \$200k decrease in grant income recognised.
- **NZ Transport Agency Waka Kotahi subsidy rates:** The current Funding Assistance Rate provided by Waka Kotahi is 88% of total roading expenditure. It is assumed the financial subsidy will continue at this rate. the approved Waka Kotahi programme of work for the three-year period ending 2027. The Long-Term Plan assumed an expenditure and grant levels reflective of the initial draft application, with the final agreed programme slightly lower than applied for, this assumption difference has resulted in a \$200k reduction in grant income recognised.
- **Expenditure assumptions:** The council has engaged the services of several organisations to fulfil its statutory responsibilities. Where this is the case, agreed service amounts have been incorporated into the draft budget. In all other cases, inflated 2024/25 actual costs have been used. Draft budget figures have then been reviewed on a line-by-line basis to assess the reasonableness of the estimate and adjusted accordingly. The expenditure assumption include two significant areas of high uncertainty, which might have further implications on the budget:
 - Three waters expenditure is base on inflated 2024/25 figures, but these may be too low when compared with the Long-Term Plan and potential expected costs of transitioning to the new Local Water Done Well plan.
 - The contract for regional council services and corporate support will cease on 30 June 2026. These services will need to be provided by a new service

provider, which ongoing costs (including any transitional costs) are yet to be determined. These costs have been estimated at \$1 million. If a reduced services approach is to be adopted, then these costs could be lower. Alternatively, if service arrangements are higher, then this will have a detrimental impact on the budget.

- **Rates, growth and other inflationary price changes:** Rate increases are 6.75%, reflecting an inflationary adjustment and an additional affordability increase of 3% as agreed in the 2024-34 Long-Term Plan. Given the Government's direction signalling a move toward a rates-capping environment, other councils may seek to align with this legislation by lowering rates ahead of any formal application. This is particularly relevant in the current economic climate, where higher rates increases are proving to be increasingly unpalatable for communities. Council may wish to consider removing the 3% 'affordability' adjustment, with rating increases mirroring expected inflation movements.
 - It has been assumed that the population base will remain stable for the foreseeable future.
 - It has been further assumed that the number of rateable properties will not change significantly over the period. Council assumes any ratepayer financial hardships will be managed through the rates remission and postponement policy.
 - Future price level adjustments are based on those recommended to Local Government by BERL. The Chatham Islands' isolation and small population result in a higher cost of living overall compared with the rest of New Zealand. To incorporate the higher costs of living and transportation impacts into Council's budgetary assumptions, an additional adjustment of 0.75% to price movements has been made.
- **Legislative change:** No provision has been made for the impact of legislative or other changes in the Annual Plan. Council does not have the ability to fund higher levels of expenditure driven by legislative change unless additional funding support is provided from Central Government. If such funding is not provided, the Council will be unable to comply with the legislation.
- **Climate change:** No significant financial adjustments related to climate change impacts has been included in the financial forecast.
- **Resilience of infrastructure related to natural hazards:** Financial estimates exclude the financial implications of a natural disaster as it is not possible to quantify any impact on Council. Although Council is insured, not all costs would be covered.
- **The Three Waters reform:** Changes giving effect to the Government's reform of New Zealand's drinking water, wastewater and stormwater services are underway. There exist significant uncertainties in relation to the final application of legislation on Council. While the funding mechanisms and legislative obligations are now set in legislation, the full implication to Council is unclear as the proposed Water services delivery plan has not been accepted by the Crown. The Council has assumed for 2026/27, ownership and management of Council's three water assets will sit with the Council. No adjustment has been made to reflect the potential additional compliance costs of meeting the revised legislative requirements, any additional ongoing costs are expected to be funding through an increase to the annual appropriation.

- **Opening balances:** Opening balances are estimated based on closing 2024/25 actual balances, adjusted for the expected value of transactions, initially based on information in the 2025/26 Annual Plan. Actual results may vary and may impact on the level of future required savings for 2026/27 to remain financially viable by 30 June 2027.
- **Asset revaluations:** An asset revaluation was expected to occur in the 2024-34 Long-Term Plan in 2026/27, but it is like to occur in the prior year (2025/26), an adjustment of \$21 million this has been incorporated into the opening balances and removed from 2026/27 transactions. The revaluation will predominately have an impact on the balance sheet only, but the increase in asset values will have a minor impact on the depreciation charge in 2026/27.

Our capital expenditure

With the exception of roading capital works identified in the Long-Term Plan for year three, no other capital purchases have been identified. During the course of the 2026/27 financial year, Council may secure additional grant funding to invest in other capital projects, the budget does not include any essential capital upgrades where funding has not been secured, for example water upgrades.

Property, plant and equipment opening balances are assumed to reflect the closing balance as at 30 June 2024/25, adjusted for estimated additions, depreciation and revaluation for the 2025/26 financial year. Subsequent review may identify other items that require to be added to/removed from this balance and this may impact on the opening property plant and equipment balance.

Our budget

- Our budget for the 2026/27 financial year is based on inflated actual figures for 2024/25. However, key balances, including: roading (Stantec/Fulton Hogan contract), three waters, estimated regional council and corporate services contract, salary information and depreciation expenditure estimates have been updated as with the annual appropriation.
- Based on previous PARC/Council recommendation as part of the 2024 Long-Term Plan process, the rates increase reflects inflation plus a 3% additional adjustment to the base rate.
- The budget has been reviewed for reasonableness, with adjustments made to remove transactions not expected to occur in 2026/27. For example, a one-off grant that is unlikely to be repeated in the future.
- Opening balances have been estimated based on best available information, with actual results likely to differ, depending on the actual level of change in the opening balances. This may have an impact on Council's financial viability and create further need to review their 2026/27 budget to ensure the Council has sufficient liquidity as at 30 June 2026.

- Based on this work performed, a surplus of **\$0.3 million** is expected, along with a negative cash movement of **\$0.05 million** and reserve contribution of **\$0.1 million**. While the balanced budget assumption is met, the ongoing situation of reserve funding capital works and the impact on the bank balance is now starting to be experienced. Further review to identify additional cash savings or alternative revenue avenues are advised to be investigated, to ensure Council can continue to operate in a financially sustainable manner.
- The expected closing cash balance as at 30 June 2027 is **\$327 thousand**, of which **\$345 thousand** is held in Trust as seed funding for the Normal Kirk Memorial Reserve.

Attachments

2026/27 Annual Plan financial extract.

Statement of Comprehensive Revenue and Expense

	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Long-Term Plan 2025/26 \$000	Long-Term Plan 2026/27 \$000	Annual Plan 2026/27 \$000	Variance 2026/27 \$000
Revenue						
General Rates	417	381	406	431	437	6
Targeted Rates	426	436	463	493	497	4
Grants & Subsidies	9,259	9,214	9,761	9,146	8,716	-430
Council Dues	264	309	318	327	281	-46
User Pays, Fees & Charges and Other Income	1,192	374	388	396	993	597
Interest	17	42	44	45	40	-5
Total Revenue	11,575	10,756	11,380	10,838	10,964	126
Expenditure						
Depreciation and Amortisation	2,590	2,210	2,317	2,364	2,573	209
Employment Benefits	1,070	1,060	1,091	1,122	1,145	23
Financial Costs	5	1	-	-	-	-
Other Expenditure	6,802	6,333	6,400	6,570	6,920	350
Total Expenditure	10,467	9,604	9,808	10,056	10,638	582
Total Surplus/Deficit	1,108	1,152	1,572	782	326	-456
Comprehensive Income						
Increase/decrease in Revaluation Reserve	63	-	-	21,086	-	-21,086
Share of surplus of associate	-237	109	112	116	-	-116
Total Other Comprehensive Income	-174	109	112	21,202	-	-21,202
Total Comprehensive Income	934	1,261	1,684	21,984	326	-21,658

Notes

At least \$200k adjustment due to lack of inflationary movement on DIA grant; also NZTA grant decreased by approximately \$200k reflective of actual agreed roading programme containing less works being completed

Petrol income included of \$510k

Petrol expenditure included of \$510k

Expect revaluation to occur 2025/26 financial year

Statement of Changes in Net Assets/Equity

	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Long-Term Plan 2025/26 \$000	Long-Term Plan 2026/27 \$000	Annual Plan 2026/27 \$000	Variance 2026/27 \$000
Equity at the start of the year	98,508	100,941	102,202	103,886	122,212	18,326
Total comprehensive income	934	1,261	1,684	21,984	326	-21,658
Equity at the end of the year	99,442	102,202	103,886	125,870	122,538	-3,332

Statement of Financial Position

	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Long-Term Plan 2025/26 \$000	Long-Term Plan 2026/27 \$000	Annual Plan 2026/27 \$000	Variance 2026/27 \$000
Current Assets						
Cash & Cash Equivalents	237	-	-	-	-	-
Cash investments	345	187	193	199	345	146
Current Trade And Other Receivables	689	731	774	737	653	-84
Total Current Assets	1,271	919	967	936	998	62
Non-Current Assets						
Investment in associate	131	351	463	579	131	-448
Property, Plant & Equipment	99,965	102,509	104,267	126,222	123,397	-2,825
Total Non-Current Assets	100,096	102,860	104,730	126,801	123,528	-3,273
Total Assets	101,367	103,779	105,697	127,737	124,526	-3,211
Current Liabilities						
Bank Overdraft	-	189	402	425	18	-407
Payables and other financial liabilities	1,835	1,297	1,319	1,353	1,880	527
Total Current Liabilities	1,835	1,487	1,721	1,777	1,898	121
Non-Current Liabilities						
Term Liabilities	90	90	90	90	90	-
Total Non-Current Liabilities	90	90	90	90	90	-
Total Liabilities	1,925	1,577	1,811	1,867	1,988	121

NKMR seed funding held in Trust

Movement from share in associate

Net Assets	99,442	102,202	103,886	125,870	122,538	-3,332
Public Equity						
Accumulated Funds & Reserves	99,442	102,202	103,886	125,870	122,538	-3,332
Total Public Equity	99,442	102,202	103,886	125,870	122,538	-3,332

Statement of Cash Flows

	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Long-Term Plan 2025/26 \$000	Long-Term Plan 2026/27 \$000	Annual Plan 2026/27 \$000	Variance 2026/27 \$000
Cash Flow from Operating Activities						
Receipts from rates revenue	834	816	865	927	919	-8
Receipts from grants and subsidies	9,462	9,204	9,726	9,176	8,733	-443
Receipts from Council Dues	262	309	316	328	280	-48
Interest received	17	42	44	45	40	-5
Receipts from other revenue	1,889	372	380	403	1,014	611
Cash provided from Operating Activities	12,464	10,742	11,332	10,880	10,987	107
Payments made to employees	-1,048	-1,060	-1,091	-1,122	-1,138	-16
Interest paid	-5	-1	-	-	-	-
Other payments to suppliers	-7,103	-5,944	-6,367	-6,540	-6,893	-353
Cash required for operating activities	-8,156	-7,005	-7,458	-7,662	-8,030	-368
Net Cash Flow from operating activities	4,308	3,737	3,874	3,218	2,956	-262
Cash Flow from Investing Activities						
Purchase of Fixed Assets	-3,699	-3,748	-4,075	-3,235	-3,005	230
Sale (Purchase) of Other Assets	103	-	-	-	-	-
Net Cash Flow from Investing Activities	-3,597	-3,748	-4,075	-3,235	-3,005	230
Cash Flow from Financial Activities						
Loans Raised	-	-	-	-	-	-
Repayment of Loans	-19	-22	-5	-	-	-
Net Cash Flow from Financial Activities	-19	-22	-5	-	-	-
Increase/(Decrease) in Cash Held	693	-33	-206	-17	-49	-32
Opening Cash Balance	-111	31	-3	-208	376	584
Closing Cash Balance	582	-2	-209	-226	327	553

Noting \$345k are funds held for NKMR



4. Works & Services

4.1 Stantec Report – February 2026

Date of meeting	26 March 2026
Agenda item number	4.1
Author/s	Stantec New Zealand

Purpose

To update and inform Council about its Engineering Services contract.

Recommendations

THAT the reports be received.

Background

Members from the Stantec team will teleconference in to the meeting to give a verbal report on monthly activities.

Attachments

1. Stantec Monthly Report February 2026



CIC Engineering Services Contract: Monthly Report

Financial update – February 2026

Financial Position: Roothing

The total roading budget allocated for the 2025/26 financial year is \$5.8M. The approved budget for the subsidised Continuous Maintenance Programme is \$5.7M.

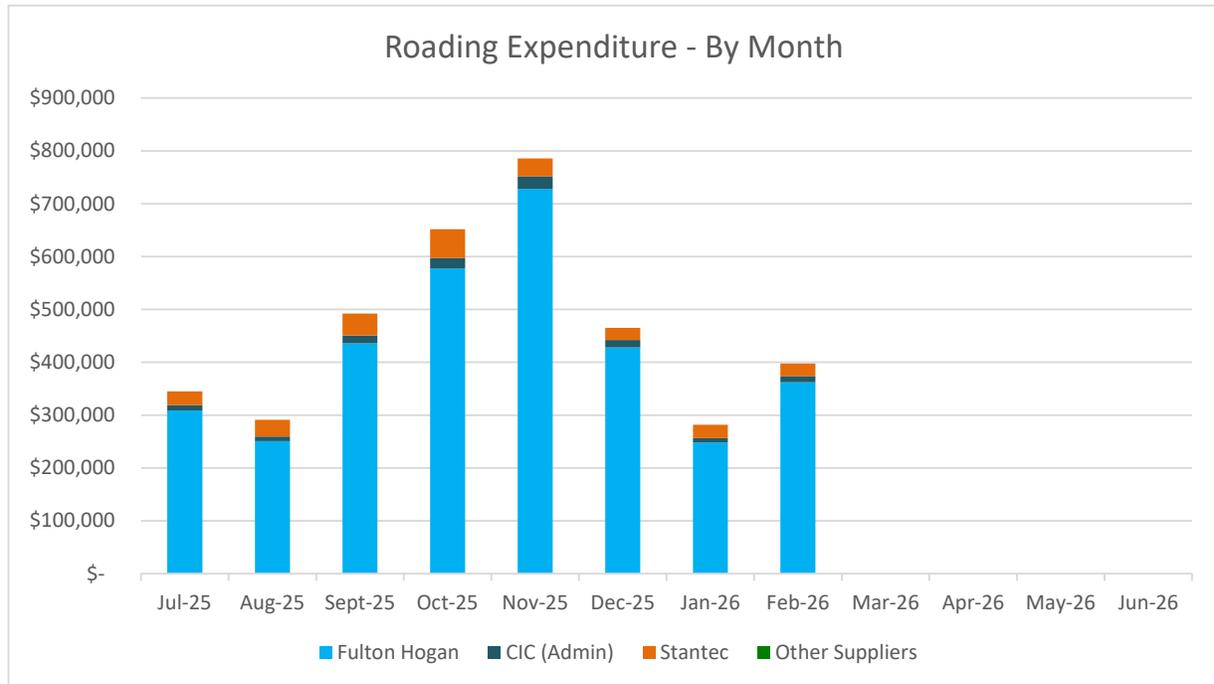
The February roading claim totalled \$398k.

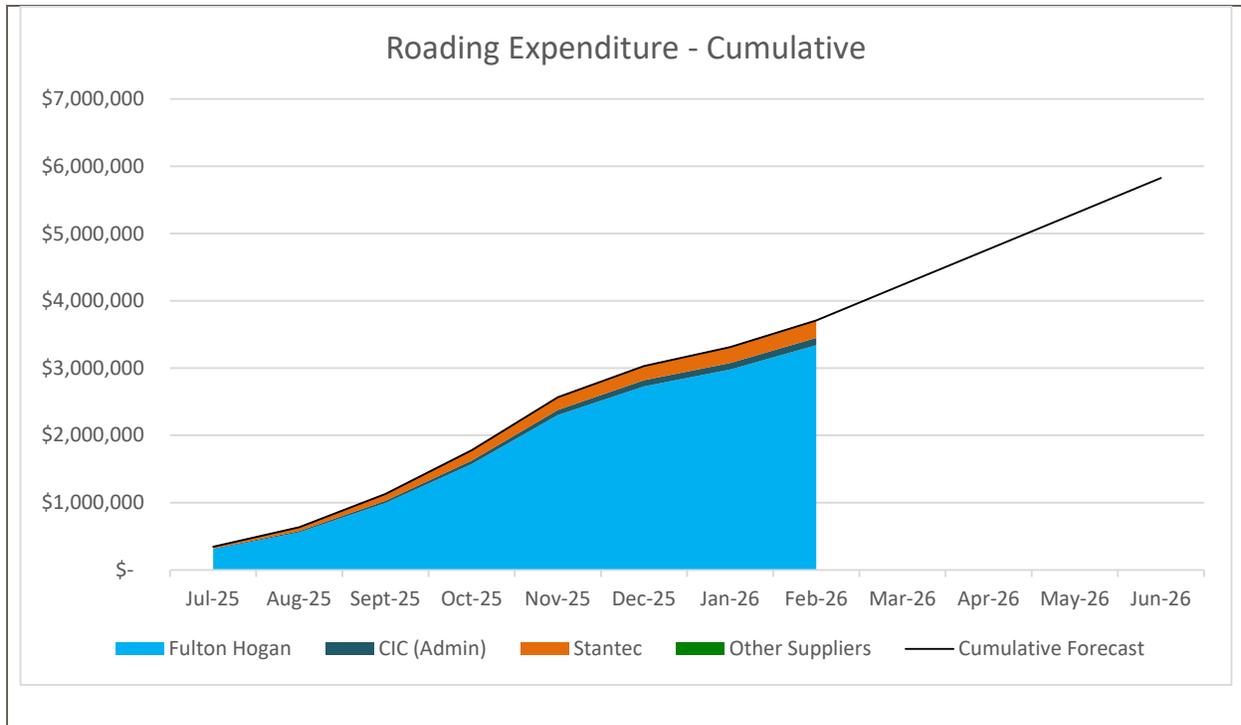
Expenditure of the Continuous Maintenance Programme has used 66% of the funding allocated for 25/26 and we are 67% of the way through the 2025/26 financial year.

The largest construction costs in February were for the material supply for the Maipito deck and beam replacements, and the largest engineering cost was for the asset revaluation.

Expenditure Tracking of Waka Kotahi Funding

Tracking graphs for roading expenditure are presented below.





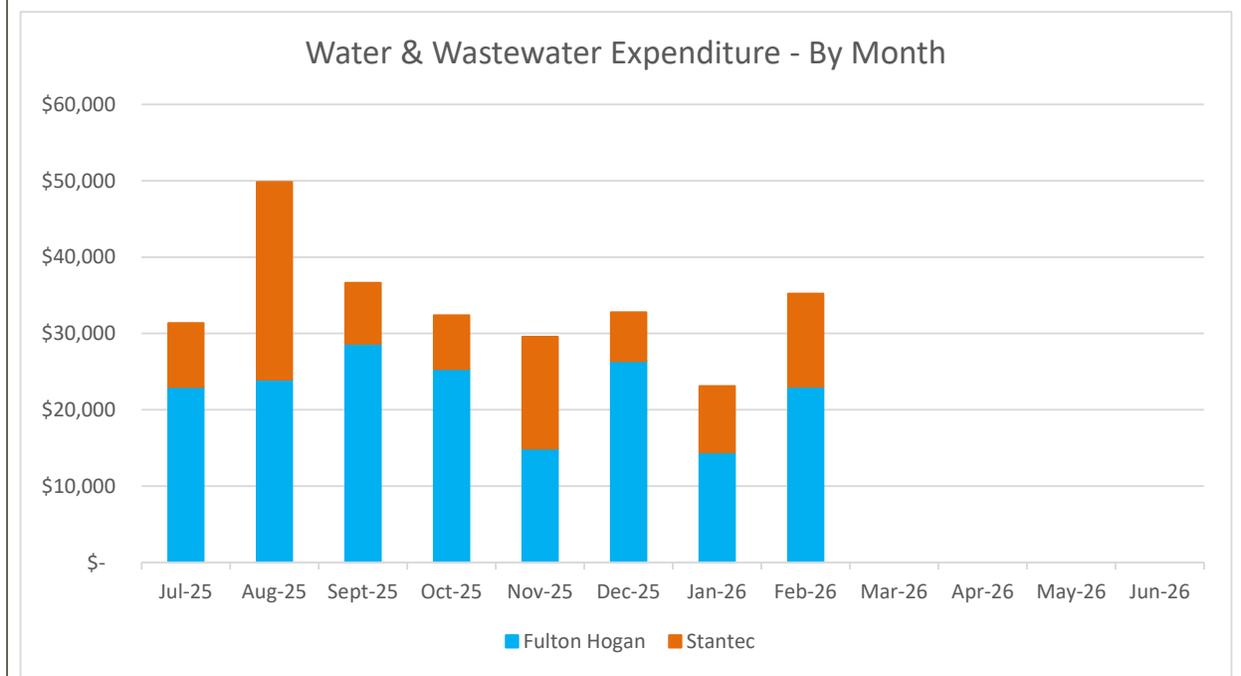
Financial Position: Water and Wastewater

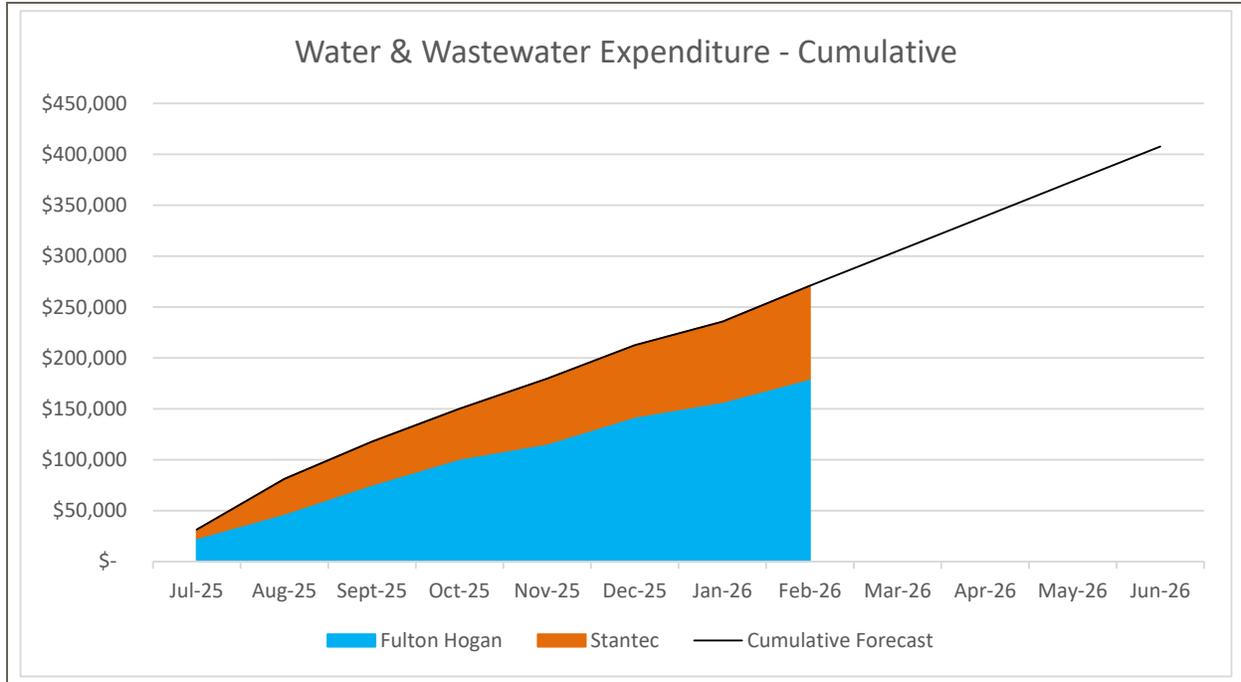
The February claim totalled \$35.2k

The main construction cost for February was for some replacement water tobys in Waitangi, and the largest engineering costs were for ongoing design inputs on the critical works list.

Expenditure Tracking of Water & Wastewater Funding

Tracking graphs for the W+WW expenditure are presented below.







Roading Update – February 2026

Short- & Medium-Term Roading Forward Work Programme	
Pavement Maintenance	<ul style="list-style-type: none"> Unsealed renewals will re-start in the next financial year Grading and metalling will be prioritised as weather allows, as windrows and wheel tracks are getting very pronounced
Bridges and Structures	<ul style="list-style-type: none"> Removal of retired Maipito bridge steel and timber components to be replaced with now Glulam beams and deck baulks
Network & Asset management	<ul style="list-style-type: none"> Begin updating Council's activity management plan and preparing 2027-30 funding application to submit to NZTA
Long Term Roading Forward Work Programme	
Network & Asset management	<ul style="list-style-type: none"> Clarify how NZTA's One Network Framework will apply to the Chathams Islands Begin transition of CIC's asset data the new Asset Management Data Standard (AMDS)

Pavement Maintenance	
<p>Previous Status:</p> <ul style="list-style-type: none"> Sealed pavement strengthening and resurfacing work is completed for another 3 year cycle Some unsealed maintenance has been completed in the Tuku Gully where rainwater has made channel in the wheel paths 	<p>Updates:</p> <ul style="list-style-type: none"> Some damage has been observed to the shoulders of the Peni Lane overlay, the swales will be modified to avoid this

Drainage Maintenance	
<p>Previous Status:</p> <ul style="list-style-type: none"> A culvert on target hill has been extended to ensure it does not undermine the road shoulder The culvert beyond Owenga may be reduced in length depending on what components are failing Nigel and Rebecca will undertake an inspection next week Investigations to be completed on drainage assets across the network noted as being in poor condition with a view to complete replacements 	<p>Updates:</p> <ul style="list-style-type: none"> The failed armco extension to the concrete culverts at The Brook in Owenga will be removed. The concrete culverts are fine so the road will be narrowed slightly over the existing structures to reduce the cost of the repair



Bridge & Structures Maintenance	
<p>Previous Status:</p> <ul style="list-style-type: none"> The replacement beams for Maipito bridge have arrived on Island Further materials to be shipped A civil crew is pencilled to come out later in February to undertake the deck and beam replacement work 	<p>Updates:</p> <ul style="list-style-type: none"> No significant works items were recommended from the last round of structural inspections, and small maintenance items will be forwarded to FH shortly The full report will be presented to Council in the coming months, though it is fairly similar to the 2024 inspection report.
Network & Asset Management	
<p>Previous Status:</p> <ul style="list-style-type: none"> Updates to the forward work planer to be completed in the next quarter to allow draft funding estimates to be produced 	<p>Updates:</p> <ul style="list-style-type: none"> Activity management plan updates and funding applications will be submitted in 2026 These will not be significantly different for 2027-30 as they were for 2024-27
Kaingaroa & Owenga Wharves	
<p>Previous Status:</p> <ul style="list-style-type: none"> An electrical crew are coming out to install the lighting on Owenga wharf early in February – the trip was pushed back a small amount. 	<p>Updates:</p> <ul style="list-style-type: none"> No updates in February
Stantec Site Visits	
<p>Previous Status:</p> <ul style="list-style-type: none"> Nigel, Rebecca, and Wayne will be visiting 9th to 12th February 	<p>Updates:</p> <ul style="list-style-type: none"> Next visit will be in late May or early June
NZTA Waka Kotahi Updates	
<p>Previous Status:</p> <ul style="list-style-type: none"> Some progress reporting is required early in the new year to help NZTA understand their overall funding position 	<p>Updates:</p> <ul style="list-style-type: none"> NZTA have progressed the roll-out of their One Network Framework classification, but it doesn't map the Chathams roads with enough detail and may risk de-prioritising the Chathams for funding applications A meeting is set up for in March to discuss how to modify the framework or create an exemption for the Chatham Islands

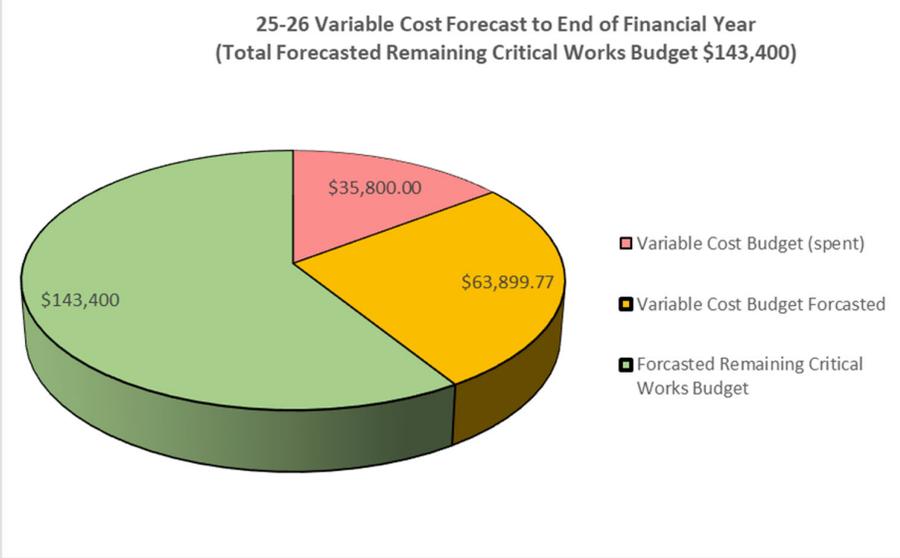
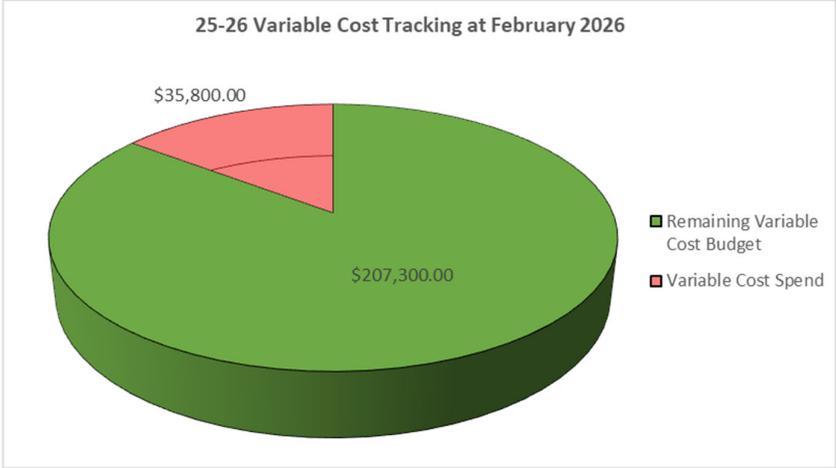
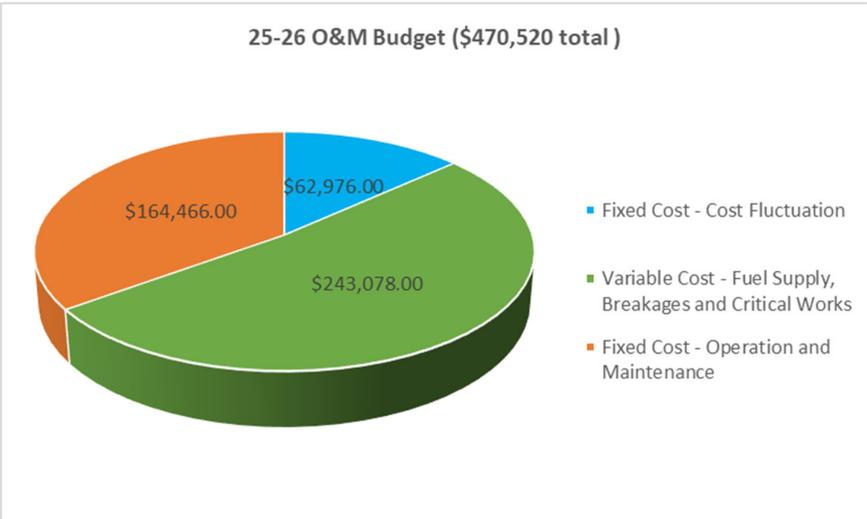


CIC Water and Wastewater O& M meeting – February 2026

Three Watersg								
Item	Current Status:	Action						
<p>General</p>	<ul style="list-style-type: none"> • An operational expenditure of \$571,000 was allocated in the 2024-34 Long Term Plan for 2025/26. • We discussed the live version of the Critical Works List which is now on SharePoint and includes a programme of the "funded" critical works. FH and Stantec work through and update the proposed programme each meeting. • The ship is currently operating on scheduled. No concerns. • The planned maintenance schedules seem to be working well so far and is live. PG to have a chat to Pat Wall and review reports. Still to formalise reporting. JB/KN to discuss compliance reporting with Pat Wall. • Personal changes – PG or SD to attend calls for continuity to reduce risk. JB/KN to forward any island changes to all where possible. • Issues/ incidents – boil waters, wastewater overflows. KN explained the process for responding to any issues/ incidents relating to the 3 waters. TM to call JB/ KN and notify PG. Stantec to work with Klicky as CIC Ops manager. Stantec notify Taumata Arowai, hospital & school. • JB to circulate Pix4D links • JB to update budget figures below. revise figures/ charts • DW noted that there was bad weather forecasted for Chatham Islands on Thursday. KN explained some of the historical issues that have been caused by high wind include pump station tank covers (by the bridge) being blown off, RBC covers being blown off, wind causing stirring up of Lake Rangitai. FH to strap down all covers and fill up raw water tanks at Kaingaroa before weather events. If the wastewater system overflows, FH to call JB or KN for assessment of effects. <p>Critical Works</p> <div data-bbox="446 1176 1198 1690" style="border: 1px solid black; padding: 10px;"> <p style="text-align: center;">Critical Works - Total \$818,000 (100k funded)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Priority Band</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Critical Works - Priority band 1 (Must do now)</td> <td>\$666,710.00</td> </tr> <tr> <td>Critical Works - Priority band 2 (Must do now)</td> <td>\$145,200.00</td> </tr> </tbody> </table> </div>	Priority Band	Amount	Critical Works - Priority band 1 (Must do now)	\$666,710.00	Critical Works - Priority band 2 (Must do now)	\$145,200.00	<p>All</p> <p>PG & JB/KN</p> <p>JB</p> <p>JB</p>
Priority Band	Amount							
Critical Works - Priority band 1 (Must do now)	\$666,710.00							
Critical Works - Priority band 2 (Must do now)	\$145,200.00							



Budget tracking update:



Opportunities

Opportunities:

- Utilizing full potential of Water Outlook for monitoring and reporting.



Water Supply		
Project:	Current Status:	
Kaingaroa Water Supply Scheme	<ul style="list-style-type: none"> • New Issues: <ul style="list-style-type: none"> ○ Water sampling delayed a week due to flights 	
	<ul style="list-style-type: none"> • Ongoing Issues <ul style="list-style-type: none"> ○ Ongoing chlorate monitoring required as part of default sampling: <ul style="list-style-type: none"> ▪ August sampling recorded at 0.66 mg/L, below the 0.8 mg/L MAV. ▪ September/ October sampling recorded at 0.40 mg/L, below the 0.8 mg/L MAV. ▪ November sampling recorded at 0.58 mg/L, below the 0.8 mg/L MAV. ▪ December sampling recorded at 0.33 mg/L, below the 0.8 mg/L MAV ▪ January sampling recorded at 0.54 mg/L, below the 0.8 mg/L MAV ○ Turbidity meters aren't connecting to software. RP to talk to Craig Freeman (Ex Filtec) who may have a fix. ○ JB/TM to contact Hills Labs – add PG, TM, DW 	RP JB/TM
	<ul style="list-style-type: none"> • Work in Progress: <ul style="list-style-type: none"> ○ Lake Rangitai intake extension (not invoiced). Approval to install when lake levels allow. Lake is still very high. FH to think of ideas to safely install the pipe while the lake is high. ○ Additional samples from Dannys sink still required. 1st from Dannys tap and 2nd from Dannys tap downstream of the under the sink filter. Measure for TOC, DOC, UVT. JB to recirculate email with requirements. ○ Order critical spare for WTP pump. JB to check sizing is sufficient for additional GAC units. Awaiting input from Filtec. ○ FH to confirm diesel motor type for critical spare ○ Hydraulic motor on Island. New critical spares to be stored in Waitangi and labelled 	FH RP/ TM / DW JB RP/ TM / DW
	<ul style="list-style-type: none"> • Completed: <ul style="list-style-type: none"> ○ Ongoing operations and maintenance 	
	<ul style="list-style-type: none"> • Critical Works Updates <ul style="list-style-type: none"> ○ None 	
Waitangi Water Supply Scheme	<ul style="list-style-type: none"> • New Issues: <ul style="list-style-type: none"> ○ Duty pump not working at Tiki Tiki (FH to confirm which pump). 	TM / DW
	<ul style="list-style-type: none"> • Ongoing Issues: <ul style="list-style-type: none"> ○ Steady water demands this month with no major new leaks found. Water usage is around 40-50 m³. ○ M2M – JB to talk to Danny about adding Derek and Tom to M2M ○ Electrical equipment tripped at WTO. Caused by a hose (that is used to top up the brine tank) disconnecting while in use. This caused water to spray within the WTP which shorted out electrical equipment. The water supply was off until it was checked in the morning when it was found. Electrician has been and fixed. Tomby/Russ to find spare 90-degree bend to add to hose tap fitting to limit water spray if this happens again. Plumber will install. 	JB TM / DW



	<ul style="list-style-type: none"> • Work in Progress: <ul style="list-style-type: none"> ○ FH have turned off the water supply at Nairn house to reduce water loss. Awaiting fix. ○ Chlorine make up water filter material can be replaced during the next annual service. FH to ensure the filter is added to maintenance plans on Water Outlook to make sure it is not missed in the future. 	<p>TM / DW /RP</p> <p>TM / DW /RP</p>
	<ul style="list-style-type: none"> • Completed: <ul style="list-style-type: none"> ○ Softener brine tank has been stripped down and cleaned, seems to be running better. ○ Pipe supports installed at bridge ○ Ongoing operations and maintenance 	
	<ul style="list-style-type: none"> • Critical Works Updates <ul style="list-style-type: none"> ○ None 	
<p>Compliance Monitoring January 2026</p>	<p>January 2026 Monthly Water Quality Compliance:</p> <ul style="list-style-type: none"> • <i>Waitangi</i> <ul style="list-style-type: none"> ○ No E. coli or Total Coliforms detected in raw, treated, or network samples. ○ Treated water turbidity (<0.05 NTU) was below the operational target (0.3 NTU). ○ The UVT for treated water was satisfactory at 98%. <ul style="list-style-type: none"> ▪ Protozoa compliance is being met. • <i>Kaingaroa</i> <ul style="list-style-type: none"> ○ Chlorate measured at 0.54 mg/L, below the 0.8 mg/L MAV. ○ No E. coli or Total Coliforms detected in the treated, or network samples. ○ Low level of Total Coliforms and E.coli were detected in the raw sample, but as expected with a lake water source. ○ Treated water turbidity (0.10 NTU) was below the operational target (0.3 NTU). ○ The UVT for treated water was not satisfactory on the day of sampling at 61.7%. <ul style="list-style-type: none"> ▪ Protozoa compliance may not have been provided for this period. • <i>Recycling Center Supply</i> <ul style="list-style-type: none"> ○ No E. coli or Total Coliforms detected in treated sample • <i>Council Office Supply (not a CIC supply)</i> <ul style="list-style-type: none"> ○ No E. coli or Total Coliforms detected in treated sample. ○ The UVT was good at 98% 	
<p>Wastewater</p>		
<p>Project:</p>	<p>Current Status:</p>	
<p>Waitangi Wastewater Scheme</p>	<ul style="list-style-type: none"> • New Issues: <ul style="list-style-type: none"> ○ None this month • Ongoing Issues: <ul style="list-style-type: none"> ○ One of the wastewater pumps is currently stuck in balance tank. RP explained that they suspect the lifting chain is wrapped around bottom of the pump. FH to develop SWP for someone to access the tank to untangle the pump chain. FH to inspect tank when drained and photograph for record. 	<p>TM / DW /RP</p>



	<ul style="list-style-type: none"> • Work in Progress: <ul style="list-style-type: none"> ○ Flow jumps from 20m³ to 100m³ over rain events, pumps have kept up so far. FH to investigate sources of stormwater infiltration to the wastewater network next rain event. Phil had suspected flows came from Met Lane and the Hospital. ○ FH are waiting on a bearing to be sent from Steve Riley to repair the spare irrigation pump. Received still to install. 	TM / DW RP
	<ul style="list-style-type: none"> • Completed: <ul style="list-style-type: none"> ○ Ongoing operations and maintenance 	
	<ul style="list-style-type: none"> • Critical Works Update <ul style="list-style-type: none"> ○ None 	
Compliance Monitoring January 2026	<p>January 2026 Monthly Compliance Monitoring</p> <ul style="list-style-type: none"> • All parameters were below the annual median. The land application system will further reduce nitrogen and micro-organisms prior to reaching groundwater. • Consent application paused. 	
AOB	<p>JB to add to TM, DW, & Bruce Winter to M2M processor.</p> <p>Personel update: Derek Wisniewski is replacing Asheesh, starting 2 Feb 2026 Dylan Fraser will be looking after claims & general help behind scene Danny is off island for a long period in March.</p>	JB



Solid Waste Update – February 2026

Landfill Operation	
<p>Current Status.</p> <ul style="list-style-type: none"> Fulton Hogan have been issued with NTC02 for Contract CIC21/01 to provide CIC with prices for: <ul style="list-style-type: none"> a 20-tonne excavator for compaction of waste, a solid pipe to replace the subsoil pipe that currently discharges treated leachate to the treated leachate application area. FH staff to provide information for the Owenga Landfill Annual Report. FH has regraded the treated leachate pipe from the pilot plant to the application area and has refilled the pilot plant tank with peat. Landfill operations are going well, though FH staff would like to spend more time on compacting and covering waste. Firebreaks are to be mowed when the tractor is repaired. 	<p>Actions – Stantec</p> <ul style="list-style-type: none"> To continue working with CIC and FH on operational matters. Stantec to undertake the Owenga Annual Report. Stantec to assess prices when FH responds to NTC02. <p>Actions - Council</p> <ul style="list-style-type: none"> CIC to act on recommendations for NTC02, when they are received. <p>Actions – Fulton Hogan</p> <ul style="list-style-type: none"> FH to respond to NTC02 FH staff to accompany ECan staffer in the field to learn where the sampling locations are. FH staff to provide photos and reports for the Annual Report. FH to mow the firebreaks.
Te One Operations	
<p>Current Status.</p> <ul style="list-style-type: none"> Fulton Hogan have been issued with NTC02 for Contract CIC21/01 to provide CIC with prices for: <ul style="list-style-type: none"> the replacement of 12 No. metal skip bins, the provision of flexi skip bin bags to be used whilst metal skip bins are being manufactured, baling straps suitable for baling general waste, supplying and installing solar-powered security cameras at Te One. EnviroNZ has provided a quote for dealing with disposal of waste oil and batteries. FH has forwarded to CIC for decision on this. FH to find out about costs for accepting cardboard bales. Stantec has confirmed that the WMMP allows for the use of waste levy funds to send waste oil and batteries back to NZ for recycling. FH noted that the on-site wastewater system is becoming blocked. As-built details have been provided by Stantec. FH to send email details to CIC who will then follow up with the plumber on the island. FH and CIC to discuss messaging for signs, and then FH to get a quotation for signs about what is acceptable for disposal at the TS. TS operations over Christmas period went well. A gantry trailer for handling skip bins is being manufactured at Petone. FH to follow up on when it is due to be delivered. 	<p>Actions - Stantec</p> <ul style="list-style-type: none"> Work with Council and Fulton Hogan staff to identify a solution for the waste scrap metal. Stantec to assess prices when FH responds to NTC02. <p>Actions - Council</p> <ul style="list-style-type: none"> To discuss messaging for signs required at Te One with FH. To act on recommendations for NTC02, when they are received. To contact on-island plumber about addressing wastewater issues at Te One. <p>Actions – Fulton Hogan</p> <ul style="list-style-type: none"> FH to respond to NTC02. FH to send details of wastewater issues at Te One to CIC. Follow up with EnviroNZ on acceptance of cardboard bales. Follow up on the progress with gantry trailer.
Other Waste Management Matters	
<p>Current Status:</p> <ul style="list-style-type: none"> Monthly solid waste matters meetings have been re-scheduled for 2nd Wednesday of each month. There are only two functional skip bins at Kaingaroa which makes transferring wastes difficult. The compactor truck is presently decommissioned. This needs to be sorted by FH. CIC are to add new FH manager to the OWLS system. Stantec are to provide an updated valuation of SW assets. 	<p>Actions - Stantec</p> <ul style="list-style-type: none"> Provide an updated valuation of SW assets. <p>Actions - Council</p> <ul style="list-style-type: none"> Council to determine further action regarding Solid Waste Charging. To add FH staff to OWLS system. <p>Actions – Fulton Hogan</p>



	<ul style="list-style-type: none">• To continue to identify waste sources in OWLS returns.• To sort out the compactor truck.• To continue to service Kaingaroa TS weekly.
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Public Excluded Agenda

26 March 2026

Mayor 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.	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.1	PE Minutes 19 February 2026	Good reason to withhold exists under Section 7	Section 48(1)(a)
PE 2	PE Minutes CERC 27 February 2026	Good reason to withhold exists under Section 7	Section 48(1)(a)
PE 3	PE Minutes Extraordinary 2 March 2026	Good reason to withhold exists under Section 7	Section 48(1)(a)
PE 4	PE Minutes Extraordinary 18 March 2026	Good reason to withhold exists under Section 7	Section 48(1)(a)
PE 5	Update Pitt Island Shed Tender Process and Disposal	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.1.	PE Minutes 19 February 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 2	PE Minutes CERC 27 February 2026	7(2)(b)(ii) Section 7(2)(a) 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 3	PE Minutes Extraordinary 2 March 2026	7(2)(b)(ii) Section 7(2)(a) 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 4	PE Minutes Extraordinary 18 March 2026	7(2)(b)(ii) Section 7(2)(a) 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	Update Pitt Island Shed Tender Process and Disposal	7(2)(b)(ii) Section 7(2)(a) 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 to provide advice to the Committee.