

Queenstown Lakes District Council

Desktop Review of the Risk Management Framework

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1. Introduction and Scope

This report presents the results of a desktop review of Queenstown Lakes District Council's (the Council's) risk management framework, with a particular focus on:

- The Risk Management Policy
- The corporate risk register (including structure, content and use)
- A sample of risk reports provided to governance

The review has been conducted through document review and discussion with the Assurance and Risk Manager. It has not included observation of the framework in operation.

Out of scope for this review are:

- Observation of risk management in day-to-day practice
- Direct observation of Executive Team engagement with risk
- Observation of Risk and Assurance Committee meetings or other governance forums
- Testing or validating underlying source data

Accordingly, this report comments on the design and documented operation of the framework, rather than providing full assurance over its effectiveness in practice.

2. Overview and Overall Conclusion

Based on the documents reviewed and discussion with the Assurance and Risk Manager, the Council's risk management framework appears to be well-designed, contemporary and generally fit for purpose for an organisation of its scale and complexity. The framework is clearly anchored in recognised good practice (including ISO 31000) the "three lines" model and demonstrates a level of maturity that compares favourably with other local authorities.

The Risk Management Policy is current, public, and clearly sets expectations. The risk register has been purpose-built to support the framework and is supported by a structured three-stage maturity programme for technology enablement. Risk reporting to governance is comprehensive, structured around tiered risks, and appears to provide a higher degree of framing and assurance than is commonly seen in comparable councils.

At the same time, there are some areas where further refinement would strengthen both consistency and assurance, particularly around data quality in the risk register, consistent use of treatment plans, and the next phase of automation to better understand and manage risk interdependencies. Resource constraints (time and people) are a practical limiting factor and are not unique to this Council, but they do present a risk to sustaining and building on the current maturity.

Overall, the framework as documented is thorough and impressive, and provides a strong platform for continued development.

3. Risk Management Policy

The policy is a public-facing document available on the Council's website. This openness supports transparency and community confidence, particularly given the growth and development pressures the district is experiencing. It also enables external stakeholders, including auditors and peer councils, to understand the Council's approach and, where appropriate, to benchmark against it.

The Council's Risk Management Policy appears to be fit for purpose and appropriately tailored to the Council's context. It has been subject to a recent review (7 May), which resulted in minor amendments relating to Internal Audit Plan sign-off rather than any fundamental change in approach. The recency of review positively suggests active stewardship of the policy.

The Council explicitly adopts a "three lines" model for risk management, consistent with widely accepted governance guidance and provides a clear structure for responsibilities and accountabilities.

The tone and themes of the policy are closely aligned to ISO 31000, including the emphasis on integration with organisational processes, proportionality, and continuous

improvement. This alignment is evident in the language used and in the expectation that risk management will inform planning, decision-making and performance management, rather than being treated as a standalone compliance activity.

In summary, at the policy level the framework is well articulated, up to date, and aligned with good practice for a high-growth local authority context.

4. Risk Register and Technology Enablement

4.1 Design and structure

The Council's risk register is a bespoke, purpose-built solution designed specifically for the Council's needs. It supports a tiered risk structure:

- **Tier 1 risks** (circa 34): As per the Risk Management Policy, these Tier 1 risks are “broad in nature, requiring an organisation-wide response and likely to endure for an extended period”.
- **Tier 2 risks** (circa 320): These are more operational, transient or short-term in nature and are updated more frequently. While this number could, in many organisations, be considered unwieldy, the transient and dynamic nature of these risks, combined with the Council's technology platform, appears to keep them reasonably manageable.

Risk delegations in the risk register are linked to risk rating, with higher-rated risks requiring more senior ownership and sign-off. This is a sensible and pragmatic approach, supporting the escalation of high-impact, high-likelihood exposures and ensuring that the most significant risks receive appropriate senior attention.

4.2 Maturity programme

The Council is progressing a three-stage maturity programme for its risk management technology:

- **Stage 1 – Create an IT-driven risk management solution:**
This stage, focusing on establishing a digital platform for capturing and maintaining risk data, has been delivered as an in-house build. It provides a solid foundation for centralised risk information and structured reporting.
- **Stage 2 – Enable workflow and delegated editing:**
This stage, more recently delivered, allows subject matter experts and risk owners to edit and update risks and ratings directly as part of their

responsibilities. It embeds ownership and supports more current and accurate risk information.

- **Stage 3 – Automation of risk interdependencies (to be completed):**

The planned next step is to collect and collate information to support an automated model that shows how each risk influences and is influenced by other risks, presenting risk interdependencies for review and planning. This is an ambitious and forward-looking development that, if delivered, will significantly enhance the Council's ability to understand systemic risk and cascading effects across services and projects.

The deliberate progression through these stages demonstrates a clear vision for integrating people, process and technology in the risk framework.

4.3 Data quality and consistency

While the underlying design is strong, there is some inconsistency in risk data quality:

- The original set-up and groundwork for the register has been undertaken by the Assurance and Risk Manager to reduce the burden on risk owners. This has helped establish a strong baseline structure and common language.
- However, as risk owners contribute updates, differences emerge in the quality and completeness of narratives and in the use of treatment plan fields. In some cases, the treatment plan section is not used to articulate clear, actionable deliverables; instead, users are attaching documents, some of which do not fully meet the need for specific, testable actions and timelines.

These inconsistencies do not undermine the overall value of the register but do reduce its potential as a consistent, organisation-wide decision support tool.

5. Risk Reporting to Governance

The risk reports reviewed appear to be comprehensive and sufficiently detailed for their intended governance purpose. They provide:

- Clear updates on risk movements since the previous reporting period, including changes in ratings and treatment status
- A structured view across Tier 1 and Tier 2 risks
- Narrative context that appears to offer slightly higher framing of assurance to governance than observed in many other councils' risk reports

The presentation of risks as Tier 1 (strategic/enduring/community-scale) and Tier 2 (more operational and transient) aids clarity and helps governance members focus on the most material exposures while retaining visibility of the broader risk environment.

The reporting appears to align with the Council's articulated risk appetite, although some of the language used suggests a relatively high level of assurance about treatment status and control effectiveness. This is not necessarily inappropriate, but it increases the importance of ensuring that underlying risk and treatment data are robust, consistent, and subject to periodic independent review.

6. Risk Appetite and Risk Levels Above Appetite

Risk appetite is articulated clearly and in a way that is more mature than is commonly observed across comparable councils. The Council's risk appetite work has reportedly been used as an exemplar by other local authorities, which is a positive indicator of leading practice in this area.

It is noted that the Council is operating in an environment where some risks are rated above the stated appetite. In a high-growth district experiencing both residential and transient population increases, the associated infrastructure, housing, environmental and service delivery pressures, this position is both realistic and, in many respects, unavoidable. Being above appetite is not, in itself, a sign of failure; rather, it reflects:

- The inherent risk profile associated with rapid growth, constrained resources, and high community expectations
- The reality that major infrastructure, land-use, climate-related and community-wellbeing risks cannot be fully mitigated within short timeframes
- The need to prioritise and sequence investments and interventions over multiple years

In this context, clearly articulated risk appetite, combined with transparent acknowledgement that certain risks remain above appetite, provides a sound basis for:

- **Target-driven treatment planning:** Setting target ratings and timeframes that are realistic given funding, workforce and legislative constraints.
- **Strategic prioritisation:** Supporting governance decisions on which risks require the greatest focus, and where residual risk may need to be tolerated for a period.

- **Community transparency:** Explaining to stakeholders why some risk levels remain elevated and what is being done to manage them over time.

From a governance perspective, being explicit about risks above appetite, and tracking movement toward target ratings, is an appropriate and mature response to the Council's challenging operating environment.

7. Culture, Engagement and People

Workshops are diarised as part of an engagement culture that embeds risk discussion within the organisation, including sessions on organisational risk appetite. This indicates that risk is not seen solely as a centralised function but as a shared management responsibility.

The combination of technology and people appears well balanced. The Assurance and Risk Manager meets with all Tier 3 manager-level risk owners, which supports:

- Consistent understanding of risk definitions and rating scales
- More robust treatment planning and follow-up without sole reliance on IT
- A culture in which risk is openly discussed and escalated where necessary

These elements are important contributors to the effectiveness of the framework and help convert strong design into practical value.

8. Effectiveness of the Framework (Desktop View)

On a desktop basis, the risk management framework appears effective and well-matched to the Council's needs:

- The policy is current, transparent, and grounded in ISO 31000 and the three lines model.
- The risk register is purpose-built, logically structured, and supported by a clear technology development roadmap.
- Reporting is comprehensive and provides governance with an informed view of both static exposures and changes over time.
- Risk appetite is well articulated and actively used, with explicit recognition of risks that remain above appetite in a context of strong growth and limited resources.

- Culture and engagement efforts, including workshops and regular interaction between the Assurance and Risk Manager and risk owners, indicate that the framework is being actively embedded.

There are, however, some design and implementation risks relating mainly to consistency and sustainability:

- Data quality and treatment planning practices vary between risk owners.
- Time and resource constraints may limit the pace at which further improvements can be made.

These issues are not unusual and, in most cases, reflect the reality of operating in a constrained environment rather than any weakness in the underlying framework.

9. Recommendations

The following recommendations are made to support continued strengthening of the framework. They build on the strong foundations observed and are intended to be practical within an environment where time and resources are limited.

1. Proceed with Stage 3 automation of risk interdependencies

Continue to prioritise the development of the automated risk interdependency model. This will:

- Improve visibility of systemic and cascading risks, particularly relevant in a high-growth, infrastructure-intensive environment.
- Support more integrated planning decision making across business units and projects.
- Enhance governance understanding of how multiple risks could combine to impact service delivery, financial sustainability or community outcomes.

2. Standardise treatment plan expectations and guidance

Develop and communicate clear minimum standards for the use of the treatment plan section in the risk register, for example:

- To encourage engagement, every material risk to include at least one treatment with a defined action, owner, timeframe and success measure.
- Use attachments only as supporting evidence, not as a substitute for clearly articulated actions in the system.

- Provide short guidance examples (good/less good treatment statements) to support risk owners.
- Periodic spot-checks by the Assurance and Risk Manager, with feedback that has the relevant support which leads to action by risk owners, would help drive consistency.

3. **Reflect on resource constraints**

Acknowledge explicitly that time and resource constraints are a limiting factor and not unique to this Council. Within that reality:

- Use the risk appetite and tiered structure to identify where the greatest uplift in data quality and treatment planning is required (e.g. Tier 1 risks above appetite).

4. **Deep-dive review of framework in practice**

Building on this desktop review, commission a more detailed review of how the framework operates in practice, including:

- Observation of how risk is discussed and used in Executive and Risk and Assurance Committee meetings.
- Testing of a sample of risk and treatment records back to source documentation and operational practice.
- Interviews with selected risk owners to understand ease of use, barriers and improvement ideas to provide assurance that the strong design and documentation are being translated into consistent, effective practice.

5. **Periodic independent benchmarking**

Given that the Council's framework already compares favourably with other councils, consider periodic (e.g. three-yearly) independent benchmarking or peer review. This would:

- Validate continued alignment with evolving good practice and ISO 31000 guidance.
- Provide external perspectives on emerging risks and innovations (particularly in automation and data analytics).
- Help maintain the Council's position as a leading example in the sector.

10. Closing Comment

Within the limits of a desktop review, the Council's risk management framework appears robust, contemporary and fairly mature. The policy and technology foundations are strong, risk appetite is clearly articulated, and engagement with managers is active. The recommendations above are intended to build on these strengths and to support the next stage of maturity, particularly in relation to data consistency, automation of interdependencies, and assurance that practice aligns with policy and design.

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