

Risk & Assurance Committee

1 October 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Assurance, Finance & Risk

Title | Taitara: Risk Management Update, October 2026

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to provide a governance update regarding the status of the Queenstown Lakes District Council (QLDC) risk context.

Recommendation | Kā Tūtohu

That the Risk & Assurance Committee:

1. **Note** the contents of this report;
2. **Confirm** the Tier 1 Risks that the committee requires Risk Owners to provide further detail on at the next committee meeting (15 December 2026); and
3. **Recommend** that KPMG consider amending its proposed Risk Appetite Template to incorporate a five-point scale and engage with the business as necessary before preparing a revised Risk Appetite Statement for consideration by the Risk & Assurance Committee.

Prepared by:



Name: Gareth Noble
Title: Assurance & Risk Manager
3 September 2026

Reviewed and Authorised by:



Name: Katherine Harbrow
Title: General Manager, Assurance, Finance & Risk
8 September 2026

Context | Horopaki

1. This report seeks to support the governance role of the Risk & Assurance Committee (the Committee) by providing updates on material changes in Council risk context.
2. The report informs the Committee to enable it to discharge its roles and responsibilities as provided for in the [Risk Management Policy](#).

Analysis and Advice | Tatāritaka me kā Tohutohu

3. **Attachment A** provides a summary of Tier 1 strategic risks recorded in the TechOne Risk Register. The format of the Strategic Risk Summary has been updated to incorporate feedback from the Committee.
4. Since the last risk management report to the Risk and Assurance Committee (23 June 2026), additional risks have been added to the Strategic Risk Summary reflecting risks associated with 'growth management' (RISK10009) and 'Government reform' (RISK10019). The Assurance & Risk Manager is working with the Strategy and Policy Team to document existing treatment plans associated with these risks, following which a review will be undertaken of the residual risk rating.
5. There have been no other material changes to Tier 1 risks during the reporting period. The Assurance & Risk Manager is working with Risk Owners on the implementation of treatment plans to reduce risk exposure to reflect Target Risk Ratings (based on QLDC's Risk Appetite Statements).
6. The Risk Strategy Group has been re-engaged to undertake a self-assessment of QLDC's Risk Management Framework against the All-of-Government Enterprise Risk Maturity Assessment Framework. The Group was originally established in 2023 under the Chief Executive's distributed leadership model to guide the organisation's risk management maturity journey and comprises experienced representatives from across Council with expertise in risk management. Having successfully supported the development of QLDC's current risk management framework, the Group is well placed to provide an informed assessment of current maturity. The outcome of the review will be reported to the Committee once completed.
7. Following the release of the independent review into the Mount Maunganui Beachside Holiday Park landslide, and subsequent correspondence from the Minister of Local Government (**Attachment B**), requesting that councils consider the report's findings, Council officers have convened a cross-functional review to consider any lessons relevant to QLDC's management of natural hazard risks, Council-owned assets and risk governance arrangements. At the time of writing, this meeting had not yet occurred - it is scheduled for 25 September 2026. A verbal update on the initial outcomes of this work will be provided at this Committee meeting. The Assurance & Risk Manager will report back to the Committee on any findings, observations or recommended actions arising from this review, and in response to the Minister's letter, at the 15 December 2026 Committee meeting.

8. The heightened El Niño conditions and their potential implications for wildfire risk have been noted and will be considered as part of the scheduled update on the Wildfire Programme at the Council workshop on 10 September 2026. This will provide an opportunity to assess whether the prevailing climatic conditions affect QLDC's wildfire risk profile, the adequacy of existing controls, or the need for any further risk treatment actions.
9. At a Council workshop on 28 July 2026, elected members considered QLDC's Risk Appetite Statement as part of the review being facilitated by KPMG. Following that workshop, KPMG provided a proposed Risk Appetite Template for consideration by the Committee (**Attachment C**). The template contains *"risk appetite statements for [an example] risk category as well as practical 'we will/we won't' guardrails to enable mid-tier management to use appetite for decision-making.* These guardrails also serve as escalation points for reporting to governance." It is intended that the Committee provide feedback on the template prior to KPMG engaging with the business to develop a revised Risk Appetite Statement for further consideration by the Committee before being presented to Council for adoption.
10. The proposed template incorporates three risk appetite positions and responds to Council's feedback regarding the desirability of a simple and practical approach to articulating risk appetite. While the proposed model is conceptually simpler, as outlined at the workshop, QLDC's existing risk management framework, supporting systems, and risk assessment methodology are structured around five levels. Any move to a three-position model would therefore require changes to system configuration, supporting guidance, and the relationship between risk appetite and risk ratings. As a result, consideration should be given to whether the benefits of adopting a three-position model outweigh the effort and complexity associated with modifying existing processes and systems.
11. Options in relation to paragraphs four to nine have not been presented, as the content is provided for the Committee to note and to identify any Tier 1 Risks for which it requires further detail at the next committee meeting.
12. In relation to paragraphs 10-12, this report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
13. Option 1: Adopt KPMG's Proposed Risk Appetite Template and proceed with the development of a revised Risk Appetite Statement based on the three-position risk appetite model.

Advantages

- Gives effect to Council's decision to engage KPMG to undertake an independent review of QLDC's Risk Appetite Statement and governance framework.
- Reflects feedback from elected members seeking a simpler and more accessible articulation of risk appetite.

- Aligns with the approach proposed by KPMG following its review of QLDC's current arrangements.
- May reduce complexity in communicating risk appetite at a governance level.

Disadvantages

- Would introduce a three-position risk appetite model that is not directly aligned with QLDC's existing five-level risk assessment framework and risk management system.
- May require amendments to supporting guidance, processes, reporting and system configuration to accommodate the revised structure.
- Could create ambiguity when translating risk appetite positions into target risk ratings, which currently operate on a five-level scale.
- May not result in a simpler operating environment for management, given existing familiarity

14. Option 2: (Recommended) Request KPMG Revises the Risk Appetite Template to Incorporate a Five-Point Scale and engage with the business as necessary before preparing a revised Risk Appetite Statement for consideration by the Risk & Assurance Committee.

Advantages

- Retains the benefit of KPMG's independent review while allowing refinement of the proposed approach to better align with QLDC's operating environment;
- Aligns risk appetite positions with QLDC's existing five-level risk assessment framework and target risk rating methodology;
- Improves the clarity of the relationship between risk appetite and target risk ratings;
- Minimises the need for changes to systems, processes, reporting and training materials;
- Builds on established organisational understanding of the current five-level risk framework;
- Provides greater consistency across risk identification, assessment, treatment and reporting activities.

Disadvantages

- Results in a risk appetite framework that is less simplified than the three-position model proposed by KPMG;

- Requires further engagement and refinement work before a final Risk Appetite Statement can be prepared;
- May result in a longer timeframe before a revised statement is presented to Council for adoption.

15. This report recommends **Option 2** for addressing the matter because it retains the benefit of KPMG's independent review while enabling the proposed framework to be better aligned with QLDC's existing risk management architecture. Incorporating a five-point risk appetite scale would provide greater consistency with QLDC's current risk assessment methodology, risk management system, and five-level risk rating framework. This approach is expected to improve the clarity of the relationship between risk appetite and target risk ratings, support organisational understanding, and minimise the need for system and process changes. It also allows KPMG's recommendations to be refined through further engagement with the business before a revised Risk Appetite Statement is presented to the Risk & Assurance Committee and Council for consideration.

Consultation Process | Hātepe Matapaki

16. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because it has:

- a lower impact on the importance to the Queenstown Lakes District, providing an increased level of assurance at little additional cost;
- a lower significance in relation to community interest, as it does not provide for material changes in how services are delivered;
- a lower significance in relation to consistency with existing policies and strategies, as the risk management update provides governance oversight;
- a lower impact on the Council's capability and capacity, as the matters outlined in the report provide increased assurance regarding QLDC's risk framework;
- a lower impact in relation to climate change, supporting the management of risks in this regard; and
- a lower impact in relation Mana Whenua, supporting the management of risks in this regard.

17. The persons who are affected by or interested in this matter are all residents/ratepayers of the Queenstown Lakes district community, as the matters outlined in this report provide increased assurance regarding QLDC's risk framework.

18. The Council has not undertaken consultation in relation to matters outlined in this report, because the matters are of low significance.

Māori Consultation | Iwi Rūnaka

19. As the significance of this matter is low, no consultation with the community or local iwi is required.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

20. This matter relates to the management of all Strategic and Operational risks that are documented within the QLDC Risk Register. The QLDC Risk Management Framework and risk management maturity work programme helps to support the development of a more engaged and capable resilience culture across the Council, leading to more effective risk identification, evaluation, and mitigation outcomes.

Financial Implications | Kā Riteka ā-Pūtea

21. There are no financial implications associated with this matter.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

22. The following Council policies, strategies and bylaws were considered:

- Strategic Framework including the Vision Beyond 2050: Our Strategic Framework | Queenstown Lakes District Council <https://www.qldc.govt.nz/your-council/our-strategic-framework/> has been considered during risk identification, analysis, evaluation and treatment planning;
- QLDC Risk Management Policy;
- Climate & Biodiversity Action Plan;
- QLDC Long Term Plan 2024-2034;
- QLDC Spatial Plan;
- QLDC Financial Strategy; and
- 30 Year Infrastructure Strategy.

23. The matters outlined in this report support the Long Term/Annual Plans through ensuring that an effective risk framework is in place to provide assurance regarding the delivery of planned programmes.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

24. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. There are no recommendations in this report. The activities of the Assurance & Risk Team outlined in this report:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- Are consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	Tier 1 Strategic Risk Report
B	Letter from the Minister of Local Government
C	KPMG – QLDC Risk Appetite Template

Strategic Risk Summary



Strategic Risks

PURPOSE:

The purpose of this report is to present Queenstown Lakes District Council's strategic risks to the Risk and Assurance Committee meeting in October 2026.

SUMMARY OF UPDATES:

The Queenstown Lakes economy continues to demonstrate resilience, underpinned by strong visitor activity, population growth and ongoing investment across the district. Council has continued to support economic diversification initiatives to strengthen long-term resilience and reduce reliance on traditional growth drivers. Despite generally positive economic conditions, affordability pressures, infrastructure demand and broader economic uncertainty continue to influence business and community confidence.

Council's financial position continues to be influenced by the delivery of a significant debt-funded capital programme, infrastructure growth requirements and preparations for the transition of water services to QLDC 3Waters Ltd (QLDC's Water Services Council-Controlled Organisation).

Financial performance, debt levels and capital delivery are being closely monitored, with ongoing efforts to optimise investment timing, maintain affordability and ensure growth-related infrastructure costs are appropriately funded.

Significant progress has been made towards establishing the Water Services Council-Controlled Organisation, including the appointment of its Board and Chief Executive alongside continued transition planning ahead of service transfer.

Council has continued to strengthen its control environment across risk management, procurement, assurance, cyber-security and information management. An independent review confirmed the Risk Management Framework remains robust, while identifying opportunities to improve risk treatment planning consistency, data quality and understanding of risk interdependencies. Procurement governance improvements remain underway through implementation of the Annual Procurement Plan and review of the Procurement Policy. In parallel, work is progressing to strengthen organisational understanding of critical controls and develop a more integrated approach to managing technology, information and business risks.

Strategic focus remains on natural hazards, climate change, biodiversity and infrastructure resilience. Recent work has further strengthened the link between hazard modelling, infrastructure planning, emergency management, insurance strategy and long-term investment decisions. Council is also further refining its approach to partnering with mana whenua, through the development of a more structured iwi/rūnaka partnership framework to support stronger strategic and operational engagement.

The operating environment remains dynamic, with ongoing local government reform, establishment of the Water Services Council-Controlled Organisation, continued infrastructure growth pressures, and increasing expectations around resilience, climate adaptation and partnership with mana whenua. In August 2026, QLDC resolved to work with Dunedin City Council to develop a Head Start proposal exploring a twin unitary authority model for Otago. Importantly, no decisions have been made. Any significant changes to governance arrangements would require substantial further analysis, community consultation and Government consideration.



Current risk rating

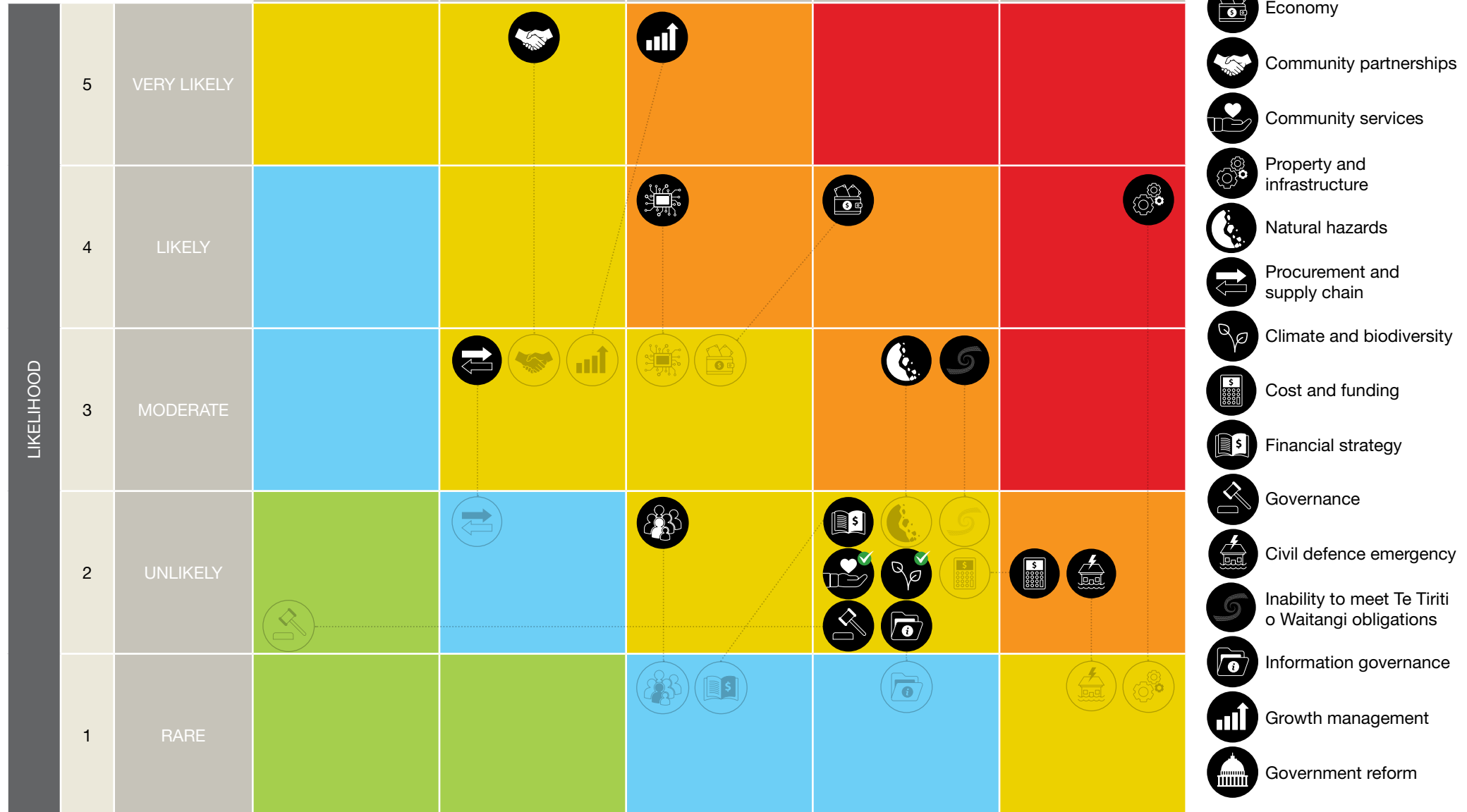


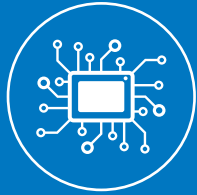
Target risk rating



Risk on target

Residual Risk Rating





Digital and Technology Systems

RISK DESCRIPTION:

There is a chance that business continuity may be compromised or minimum service standards not be met due to insufficient or inadequate strategic planning, funding, provision, or maintenance of core digital and technology systems, or due to external threats such as cyber-attacks, will result in potential service disruptions or failures.

RISK SPONSOR:

Chief Information Officer

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● **Very high**

Residual risk: ● **High**

Target risk: ● **Moderate**



Erosion of Social Cohesion

RISK DESCRIPTION:

There is a chance that there is an erosion of social cohesion due to a failure to provide services or facilities, ineffective management of social nuisance issues will result in people, whanau and communities being unable to thrive, belong and feel respected.

RISK SPONSOR:

General Manager Community Services

RISK APPETITE:

Moderate

RISK RATING:

Inherent risk: ● **Moderate**

Residual risk: ● **Moderate**

Target risk: ● **Low**



Economy

RISK DESCRIPTION:

There is a chance that the community's prosperity is adversely affected due to a stagnation or decline in the local, regional or national economy will result in reduced quality of life.

RISK SPONSOR:

General Manager Strategy and Policy

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● **Very high**

Residual risk: ● **High**

Target risk: ● **High**



Community Partnerships

RISK DESCRIPTION:

There is a chance that community partnerships do not meet strategic objectives due to lack of integrated planning, unclear roles definition and responsibilities, lack of funding, poor networks, people capability and capacity will result in reduced quality of life, broken community partnership relationships.

RISK SPONSOR:

Community Partnerships Manager

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● Moderate

Residual risk: ● Moderate

Target risk: ● Low



Community Services

RISK DESCRIPTION:

There is a chance that that insufficient or inadequate community services or facilities are available due to insufficient funding, strategic or operational planning will result in reduced levels of service, reduced quality of life.

RISK SPONSOR:

General Manager Community Services

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● High

Residual risk: ● Moderate

Target risk: ● Moderate



Property & Infrastructure

RISK DESCRIPTION:

There is a chance that insufficient, inadequate, or non-compliant property or infrastructure assets are provided due to insufficient funding or strategic planning will result in impacts on people's health, environmental damage, reduced levels of service.

RISK SPONSOR:

General Manager Property and Infrastructure

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● High

Residual risk: ● High

Target risk: ● Low



Natural Hazards

RISK DESCRIPTION:

There is a chance that natural hazards are not effectively mitigated due to fragmented strategic coordination, misalignment of roles and responsibilities, and insufficient integration of mitigation measures across planning, infrastructure, emergency management, and investment decision-making, will result in increased exposure of communities, assets and infrastructure to natural hazards, leading to harm to people and property, increased response and recovery costs, and potential liability and reputational impacts for Council.

RISK SPONSOR:

Resilience and Climate Action Manager

RISK APPETITE:

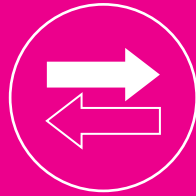
Adverse

RISK RATING:

Inherent risk: ● **Very high**

Residual risk: ● **High**

Target risk: ● **Moderate**



Procurement & Supply Chain

RISK DESCRIPTION:

There is a chance that suppliers will not have the available capability and capacity to support Council's work programme due to difficulty in recruiting, strategic decisions on which clients to work with, or which location or region to target, because QLDC's work is unattractive, or because QLDC is considered a 'difficult' client will result in Council being unable to deliver its strategic and operational objectives.

RISK SPONSOR:

General Manager Finance, Assurance and Risk

RISK APPETITE:

Justified

RISK RATING:

Inherent risk: ● **High**

Residual risk: ● **Moderate**

Target risk: ● **Moderate**



Climate and Biodiversity

RISK DESCRIPTION:

There is a chance that climate change and biodiversity degradation continue to accelerate and are not effectively mitigated due to insufficient coordinated action, investment and behavioural change across Council and the wider community, will result in increased frequency and severity of climate-related events, loss of natural ecosystems, and growing impacts on communities, infrastructure and the local economy, including higher response and recovery costs, reduced resilience, and erosion of community wellbeing and trust.

RISK SPONSOR:

Resilience and Climate Action Manager

RISK APPETITE:

Adverse

RISK RATING:

Inherent risk: ● **Very high**

Residual risk: ● **High**

Target risk: ● **Moderate**



Cost & Funding

RISK DESCRIPTION:

There is a chance that QLDC is unable to fund its objectives due to a change in priorities, inability to secure funding, poor financial planning or cost management, external economic impacts or an unexpected liability will result in the inability to meet annual or long term plan financial objectives, a requirement to reprioritise projects, and/or change the funding or financing model (e.g. increase rates/increased borrowing).

RISK SPONSOR:

General Manager Finance, Assurance and Risk

RISK APPETITE:

Measured

RISK RATING:

Inherent risk: ● **Very high**

Residual risk: ● **High**

Target risk: ● **Moderate**



Financial Strategy

RISK DESCRIPTION:

There is a chance that Council does not have, or is unable to demonstrate a prudent approach to financial management, rating and development contribution models due to a lack of system, processes or people capability will result in exposure to financial loss, lower credit rating or other fiscal impacts.

RISK SPONSOR:

General Manager Finance, Assurance and Risk

RISK APPETITE:

Measured

RISK RATING:

Inherent risk: ● **High**

Residual risk: ● **Moderate**

Target risk: ● **Low**



Governance

RISK DESCRIPTION:

There is a chance that there will be ineffective political governance due to an ineffective electoral process, inadequate training of elected members, poor meeting planning, a failure in officers to proactively inform elected members, or a breakdown in relationship between politicians and management/officers will result in Council failing to meet its strategic or operational objectives.

RISK SPONSOR:

Director Democracy Services

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● **High**

Residual risk: ● **Moderate**

Target risk: ● **Insignificant**



Civil Defence Emergency

RISK DESCRIPTION:

There is a chance that there is an ineffective response to a civil defence emergency event due to poor planning, a lack of resources, failing to prioritise planning or a lack of capability and capacity will result in potential harm to people, property and the environment.

RISK SPONSOR:

Interim Chief Executive

RISK APPETITE:

Adverse

RISK RATING:

Inherent risk: ● **Very high**

Residual risk: ● **High**

Target risk: ● **Moderate**



Te Tiriti Partnership

RISK DESCRIPTION:

There is a chance that Council is unable to meet its Te Tiriti o Waitangi obligations and effectively progress key strategic and operational outcomes due to deterioration of Council's partnership with Mana Whenua (including erosion of trust and alignment), will result in increased opposition to consenting and delivery of priority projects, heightened legal, reputational and political risk and increased cost, delay, or failure of programmes reliant on effective partnership with Iwi.

RISK SPONSOR:

Māori Partnerships Manager

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● **High**

Residual risk: ● **High**

Target risk: ● **Low**



Information Governance

RISK DESCRIPTION:

There is a chance that QLDC may fail to effectively manage or utilise its information assets due to insufficient, inadequate, or ineffective information governance will result in information loss, misuse of information, privacy breaches, inconsistent information quality, inefficient information discovery, damage to physical archives/records, undocumented decisions and/or liability, loss of institutional intellectual property and organisational memory, and non-compliance with laws governing local government information management.

RISK SPONSOR:

Chief Information Officer

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● **Very high**

Residual risk: ● **Moderate**

Target risk: ● **Low**



Growth Management

RISK DESCRIPTION:

There is a chance that growth occurs faster than anticipated and in an unplanned, uncoordinated or unsustainable manner due to funding constraints, misalignment between growth and infrastructure delivery, consenting pressures, and reliance on external infrastructure and transport investment, resulting in QLDC being unable to provide well-functioning urban environments, maintain service levels, or meet community needs, leading to infrastructure shortfalls, increased costs, environmental impacts, reduced community wellbeing, and failure to achieve strategic objectives.

RISK SPONSOR:

General Manager Strategy and Policy

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● **Very high**

Residual risk: ● **High**

Target risk: ● **Moderate**



Government Reform

RISK DESCRIPTION:

There is a chance that QLDC is unable to achieve its strategic objectives due to Government-led reform altering the operating environment, will result in QLDC being unable to maintain service levels and respond to community needs, resulting in financial, operational, reputational and governance impacts.

RISK SPONSOR:

General Manager Strategy and Policy

RISK APPETITE:

Conservative

RISK RATING:

Inherent risk: ● **Very high**

Residual risk: ● **High**

Target risk: ● **Moderate**

Attachment B: Letter from the Minister of Local Government
Hon Simon Watts

Minister for Building and Construction
Minister of Climate Change
Minister of Local Government
Minister of Revenue
Minister for Auckland



MIN127

20 August 2026

Dear Chairs, Chief Executives, and Mayors

Yesterday the Tauranga City Council released the report of Hon Paul Davison KSO KC into the Mount Maunganui Beachside Holiday Park landslide. Its findings make for sobering reading.

I was concerned to read that warnings over some years about the vulnerability of Mauao were not acted upon. This raises questions about risk and assurance processes across the country. The lessons learned in Tauranga should be noted across New Zealand. We do not want another repeat of this tragedy.

Councils manage sites and facilities across a range of terrain, hosting millions of New Zealanders and visitors each year. Appropriate systems are required to ensure that risks are identified, managed, and, where possible, mitigated.

I ask all councils to review this report. The Central Government is doing so and will take its findings into account for the Crowns review into this matter.

Councils have an important role in keeping our communities safe. I look forward to you prioritising this important matter.

Yours sincerely

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Hon Simon Watts
Minister of Local Government

Stakeholders & reputation



WORKING
TEMPLATE

APPETITE POSITION	WE WILL...	WE WILL NOT...
HIGH Provide clear, evidence-based guidance.	• Share timely, accurate information • Document the rationale	• Hold back material context • Overstate certainty
LOW Lose stakeholder confidence.	• Escalate emerging risks early • Protect sensitive information	• Misrepresent decisions • Disclose confidential information
MODERATE Challenge constructively when it improves outcomes.	• Listen, test and adapt • Engage before high-impact change	• Rush change without engagement • Dismiss credible feedback