

ANNUAL REPORT OCTOBER 2025

NEW ZEALAND LOCAL AUTHORITY
PROTECTION PROGRAMME
DISASTER FUND



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CHAIR'S REPORT

Cover from LAPP

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993, designed to provide local authorities with the maximum affordable amount of protection to fund the recovery of their underground infrastructure assets damaged by natural disaster events.

Where a local authority suffers a natural disaster there is an arrangement between Central Government and the local authority where Central Government will cover 60% of the reinstatement cost and the local authority will cover 40% of the reinstatement cost. Provided the local authority can demonstrate they can fund 40% of the cost to reinstate or replace their affected underground infrastructure caused by a natural disaster then Central Government will step in and fund the other 60%. The 60/40 split is currently uncapped.

A local authority through its membership with LAPP has cover for 40% of this cost allowing Central Government to cover the other 60%.

LAPP provided cover in 2024-25 for two major events of up to an amount of \$300 million (at 100%) for each event. LAPP's reinsurance deductible is \$7.5 million (at 100%). LAPP is required to pay up to \$3 million (40%) of this deductible per claim, to be met by the claiming members' deductibles and the LAPP Fund reserves. LAPP's reinsurers are required to pay 40% of any amount over the \$7.5 million threshold up to LAPP's cover limits.

Three-Waters Reform – Local Water Done Well

Following the October 2023 General Election, the new Government announced in mid-December 2023 that it would introduce legislation repealing the Three Waters Reforms early in 2024, being part of its 100 Days programme. In mid-February 2024 the Government introduced the Water Services Act Repeal Bill repealing the previous Government's Three Waters Reform legislation. It also outlined the legislative process that it would follow to implement its own waters "reform", Local Water Done Well. On 2 September 2024 the Local Government (Water Services Preliminary Arrangements) Act passed into law, introducing the framework for water services delivery plans and establishing the regulator.

On 17 December 2024 Parliament introduced the third instalment of the Local Water Done Well Reforms, the Local Government (Water Services) Bill, which established the regulatory framework for water services delivery. Part of this Bill established the water service delivery models available to local authorities. The models available to councils included retaining water services within the council or a council-controlled organisation, as well as options for multi-council-owned water organisations and mixed council/consumer trust owned water organisations. Where any new water entities were majority owned or controlled by one or more local authorities, they would be considered council-controlled organisations. Where the water entities were majority owned or controlled by a consumer trust, they would not be council-controlled organisations.

Local Authorities were to set out how they planned to deliver water services using these options in a Water Services Delivery Plan and to submit their plan to the Secretary for Local Government by 3 September 2025. The Secretary would then consider the Local Authority's plan and accept it if it complied with the Local Government (Water Services Preliminary Arrangements) Act 2024, after which Local Authorities must give effect to their Water Service Delivery Plan.

Your Trustees, after having closely monitored the Government's Local Water Done Well regime are delighted to confirm that LAPP will participate in Local Water Done Well, allowing existing members to retain the membership and new members to join LAPP, offering LAPP's cover of membership across the wider Local Government sector.

CHAIR'S REPORT

Financial Position

LAPP was managing two existing claims in the twelve months to 31 October 2025. This included the claim from Marlborough District Council suffered by the July 2021 floods, which after reinsurance recoveries is expected to cost LAPP \$1.8 million, of which \$0.5 million has already been paid in the financial year ending 31 October 2022, and \$0.4 million paid in the financial year ending 31 October 2024. The other claim which has been settled in March 2025 was from Wairoa District Council which suffered damage to their underground infrastructure caused by Cyclone Gabrielle in February 2023, which cost LAPP \$0.1 million. LAPP's surplus for 2024-2025 was \$1,784,396, taking the LAPP Fund from \$19,281,779 at 1 November 2024 to \$21,066,175 at 31 October 2025.

LAPP received a post-balance date notification of two claims from Marlborough District Council for its June and July 2025 floods. LAPP is reserving an amount of \$1.4 million as a provisional cost for these two claims.

Claims History

Since inception (1 July 1993), LAPP has paid 25 claims to 17 different members who are shown below:

Bay of Plenty Regional Council	Christchurch City Council
Horizons Regional Council	Hurunui District Council
Kaikōura District Council	Marlborough District Council
Manawatu District Council	Nelson City Council
Otorohanga District Council	Rangitikei District Council
Ruapehu District Council	Tararua District Council
Tasman District Council	Waimakariri District Council
Wairoa District Council	West Coast Regional Council
Whakatane District Council	

The amount paid to members in claims totals \$234.2 million, not counting an estimated \$1.8 million to be paid to Marlborough District Council resulting from its July 2021 floods, and provisional cost of \$1.4 million to Marlborough District Council for its June and July 2025 floods. The amount collected from members in contributions from 1 July 1993 to 31 October 2025 totals \$146.5 million. Insurance claims on average typically equate to around 50 cents for every dollar of premium collected. LAPP has paid approximately \$1.6 in claims for every dollar of contribution collected.

LAPP has also made a huge contribution to the sector's understanding of the natural hazard risks to its three-waters and flood protection infrastructure, and this work continues.

CHAIR'S REPORT

Appointment of Trustees

The LAPP Board is made up of six trustees; two of which are appointed by Taituarā – Local Government Professionals Aotearoa (“Taituarā”), two by New Zealand Local Government Association Incorporated (“LGNZ”) and two by Civic Financial Services Ltd (“Civic”) with the Chair of the Board being appointed by the Board Trustees.

In December 2025 Taituarā made a change to one of their existing trustee appointments by replacing Andrew Dalziel with Shayne Harris, Chief Executive of Manawatu District Council.

I would like to extend my thanks to Andrew Dalziel for his service and commitment to LAPP and welcome Shayne Harris as a new trustee to the LAPP Board.

The members of the LAPP Board are:

Trustee	Designation	Appointed By
Langley Cavers (Chair)	Contractor, formerly CEO, Hauraki District Council Director of Water Services Authority – Taumata Arowai	Taituarā
Shayne Harris	Chief Executive of Manawatu District Council	Taituarā
Tim Davies	Adjunct Professor, University of Canterbury	Civic
Charles Hett	Consulting Actuary	Civic
Dan Gordon	Mayor of Waimakariri District Council	LGNZ
Craig Little	Mayor of Wairoa District Council	LGNZ

Acknowledgements

I would like to extend my thanks to the Civic staff, Charlie Howe, Ian Brown, Glenn Watkin, Ivy Liang, Racheal Harold and Lisa Lummis, who provide the administration services to LAPP, and to Aon New Zealand, who are LAPP’s insurance brokers.



Langley Cavers

Chair

TO THE READERS OF NEW ZEALAND LOCAL AUTHORITY PROTECTION PROGRAMME DISASTER FUND'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 OCTOBER 2025

The Auditor-General is the auditor of New Zealand Local Authority Protection Programme Disaster Fund (the Trust). The Auditor-General has appointed me, David Gates, using the staff and resources of KPMG, to carry out the audit of the financial statements and statement of service performance of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 7 to 15, that comprise the statement of financial position as at 31 October 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust on pages 16 to 19.

In our opinion:

- the financial statements of the Trust:
 - present fairly, in all material respects:
 - its financial position as at 31 October 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with disclosure concessions; and
- the statement of service performance of the Trust presents fairly, in all material respects, the Trust's achievements measured against the performance targets adopted for the year ended 31 October 2025.

Our audit was completed on 2 March 2026. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the statement of service performance, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the financial statements and the statement of service performance

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are also responsible for preparing a statement of service performance for the Trust that is fairly presented. This responsibility arises because the Trust has elected to prepare performance information in accordance with Public Benefit Entity Standards with disclosure concessions.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Trustees intend to wind up the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from clause 5.3 of the Trust Deed of the Trust.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and the statement of service performance.

We have agreed to audit the statement of service performance that the Trustees have elected to prepare for the Trust.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported service performance within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and statement of service performance, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities to audit the financial statements arise from the Public Audit Act 2001.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirement of the Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Trust.



David Gates

KPMG

On behalf of the Auditor-General

Wellington, New Zealand

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 OCTOBER 2025

	NOTE	OCTOBER 2025 \$	OCTOBER 2024 \$
INCOME			
Members' Contributions		9,178,614	7,329,164
Interest		1,056,544	1,146,319
TOTAL INCOME		10,235,158	8,475,483
EXPENDITURE			
Direct Expenses			
Claims Expense / (Reversal)	4 & 5	1,410,617	(2,193,807)
Net Claims Expense		1,410,617	(2,193,807)
Excess of Loss Insurance Premium		6,469,428	5,736,367
		7,880,045	3,542,560
Other Expenses			
Administration Fees	9	350,000	310,000
Audit Fees		34,424	42,921
Consultancy		-	237,500
Legal Fees		28,552	15,123
Meeting/Travel Expenses		29,050	18,189
Printing and Stationery		7,565	7,780
Trust Board Liability Insurance		35,173	36,080
Trust Board Remuneration		85,747	47,575
Sundry Expenses		206	145
		570,717	715,313
TOTAL EXPENDITURE		8,450,762	4,257,873
NET SURPLUS/(DEFICIT)		1,784,396	4,217,610

The notes to the Financial Statements form part of, and are to be read in conjunction with, these Statements.

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2025

	OCTOBER 2025	OCTOBER 2024
	\$	\$
Net Surplus for the Year	1,784,396	4,217,610
TOTAL RECOGNISED REVENUES AND EXPENSES	1,784,396	4,217,610
EQUITY AT BEGINNING OF THE YEAR	19,281,779	15,064,169
EQUITY AT END OF THE YEAR	21,066,175	19,281,779

The notes to the Financial Statements form part of, and are to be read in conjunction with, these Statements.

BALANCE SHEET AS AT 31 OCTOBER 2025

	NOTE	OCTOBER 2025 \$	OCTOBER 2024 \$
TOTAL EQUITY		21,066,175	19,281,779
Represented By:			
Current Assets			
Cash	6	2,480,014	124,592
Short Term Deposits	6	25,834,012	24,880,000
Accrued Interest	6	350,566	463,174
Accounts Receivable & Prepayments	6	22,027	24,160
Total Current Assets		28,686,619	25,491,926
TOTAL ASSETS		28,686,619	25,491,926
Current Liabilities			
Accounts Payable	6	54,118	59,799
Deferred Income	7	4,585,568	4,516,871
GST Payable		680,758	669,377
Provision for Claims	5, 6	2,300,000	964,100
Total Current Liabilities		7,620,444	6,210,147
TOTAL LIABILITIES		7,620,444	6,210,147
EXCESS OF ASSETS OVER LIABILITIES		21,066,175	19,281,779

Approved for and on behalf of the Board on 2 March 2026:



LANGLEY CAVERS (CHAIR OF THE BOARD)



CHARLES HETT (TRUST BOARD MEMBER)

The notes to the Financial Statements form part of, and are to be read in conjunction with, these Statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2025

	NOTE	OCTOBER 2025 \$	OCTOBER 2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was Provided from:			
Members' Contributions		9,247,310	8,644,780
Interest Received – Bank		1,169,152	1,060,963
		10,416,462	9,705,743
Cash was Applied to:			
Net Claims		70,537	412,461
Excess of Loss Insurance		6,469,428	5,736,367
Administration Fees		350,000	310,000
Meeting/Travel Expenses		29,050	18,189
Trust Board Remuneration		85,747	47,575
Other Expenses		112,907	316,438
Net GST Paid		(10,641)	(197,274)
		7,107,028	6,643,756
NET CASH FLOW FROM OPERATING ACTIVITIES	8	3,309,434	3,061,987
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was Applied to:			
Investments – Short Term Bank Deposits		(954,012)	(3,810,000)
		(954,012)	(3,810,000)
NET CASH FLOW FROM INVESTING ACTIVITIES		(954,012)	(3,810,000)
Net Increase/(Decrease) in Cash Held		2,355,422	(748,013)
Opening Cash Balance		124,592	872,605
CLOSING CASH BALANCE		2,480,014	124,592
Represented by:			
Cash		2,480,014	124,592
		2,480,014	124,592

The notes to the Financial Statements form part of, and are to be read in conjunction with, these Statements.

NOTE 1 REPORTING ENTITY

The purpose of the New Zealand Local Authority Protection Programme Disaster Fund, ("The Fund") is to provide cover to member local authorities for losses or damage to infrastructure assets resulting from flooding, earthquakes and other damaging events.

The Fund is a charitable trust registered with the Charities Services on 8 May 2008 and is governed by a Deed of Trust dated 12 July 2019.

Statement of Compliance

The financial statements have been prepared in accordance with Tier 2 Public Sector Public Benefit Entity (PBE) Standards. The criteria under which the Fund is eligible to report in accordance with Tier 2 PBE Standards are that it is not publicly accountable and is not large and disclosure concessions have been applied.

NOTE 2 GOING CONCERN

The financial statements have been prepared on a going concern basis. The Trust Board believe that while members have the right to leave the fund, the equity (\$21.1 million) provides a solid basis to conclude that the Fund will continue as a going concern.

NOTE 3 STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

The reporting currency is New Zealand dollars. Income and expenses are accounted for on an accruals basis.

Particular Accounting Policies

The following are particular accounting policies which materially affect the measurement of financial performance and financial position. Further particular accounting policies are contained in the relevant notes to the financial statements.

INCOME RECOGNITION

Contributions are recorded in the Statement of Financial Performance in the year in which they relate. All revenue is exchange revenue.

TAXATION

The Fund has been granted charitable status under section CW 41(1) of the Income Tax Act 2007 by the Inland Revenue Department, hence no taxation has been provided for in the financial statements.

GOODS AND SERVICES TAX

The Financial Statements are prepared on a GST exclusive basis, except for receivables and payables that are stated inclusive of GST.

Changes in Accounting Policies

There have been no changes in accounting policies during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2025

NOTE 4 CLAIMS AND REINSURANCE RECOVERIES

Gross outstanding claims liabilities total \$2.3 million (2024: \$0.96m). This estimate represents loss assessors' estimates for the Marlborough floods from July 2021 (\$0.9m), June 2025 (\$1.08m) and July 2025 (\$0.32m), as at October 2025 and of what LAPP will ultimately pay in relation to these claims. The estimates or projections are based on the known facts, circumstances and assumptions regarding future events and key variables.

Loss assessors have performed assessments on the claims however the extent of these assessments range from initial visual assessments to full detailed reviews. As such, the final extent of the claims that would be subject to consideration by LAPP is still being quantified.

Given the nature and number of uncertainties associated with the Marlborough floods, the actual claims experience may deviate from the gross outstanding claims liabilities as at 31 October 2025. Any changes to estimates will be recorded in the accounting period when they become known.

The Wairoa District Council claim from the February 2023 Cyclone Gabrielle event was settled by the Fund in March 2025.

NOTE 5 PROVISION FOR CLAIMS

Accounting Policy:

A provision for a claim is recognised when:

- a claim has been received;
- a potential obligation has been recognised by the Trust Board;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

	OCTOBER 2025	OCTOBER 2024
	\$	\$
Opening Balance	964,100	3,570,367
<i>Less: Claims Paid</i>		
Marlborough flood July 2021	(4,180)	(400,000)
Cyclone Gabrielle February 2023	(70,537)	(12,460)
<i>Plus: Claims Assessed</i>		
Marlborough flood July 2021	10,617	-
Cyclone Gabrielle February 2023	-	(2,193,807)
Marlborough flood June 2025	1,080,000	-
Marlborough flood July 2025	32,000	-
Closing Balance	2,300,000	964,100

Claims payments are made as claims are quantified and approved by the Trust Board.

NOTE 6 FINANCIAL INSTRUMENTS*Accounting Policy:*

A financial instrument is recognised if the Fund becomes a party to the contractual provisions of the instrument. Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

Financial Assets

The Fund's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables at amortised cost.

Bank and Cash Equivalents

Bank and cash equivalents are measured at amortised cost using the effective interest rate and any accrued interest is recorded separately in the Balance Sheet.

Receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate.

Financial Liabilities

Financial liabilities include Sundry Creditors and Provision for Claims. Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, liabilities are measured at amortised cost.

Categories of Financial Assets and Liabilities

All fixed interest investments were managed around a 90 to 210 day duration and carry a minimum Standard and Poor's credit rating of "A1" or equivalent.

	OCTOBER 2025	OCTOBER 2024
	\$	\$
Financial Asset: Loans and Receivables		
Bank & Cash Equivalents	28,314,025	25,004,592
Accounts Receivable	350,566	463,174
Total Loans and Receivables	28,664,591	25,467,766
Financial Liability: Amortised Cost		
Accounts Payable	54,118	59,799
Provision for Claims	2,300,000	964,100
TOTAL AMORTISED COST	2,354,118	1,023,899

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2025

NOTE 7 DEFERRED INCOME

The Deferred Income totals \$4,585,568 (2024: \$4,516,871) which represents member contributions received in advance.

The Fund receives member contributions for each fund year. The rates and cover limits of the contributions for each member are determined before the start of the fund year. The invoices to each individual member are issued in two equal instalments, with the 1st being issued in early September. The payments would mostly be received at the end of October before the fund year starts on the 1st of November.

NOTE 8 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Accounting Policy:

The following are definitions of the terms used in the Cash Flow Statement:

Cash: comprises cash balances held with banks in New Zealand and overseas. Cash excludes term deposits that are not used as part of the Fund's day to day cash management.

Investing activities: comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash.

Operating activities: include all transactions and other events that are not investing activities.

	OCTOBER 2025	OCTOBER 2024
	\$	\$
Net Surplus	1,784,396	4,217,610
Add/(less) movements in other working capital items		
Accrued Interest	112,608	(85,355)
GST (Payable) / Receivable	11,382	124,286
Accounts Receivable & Prepayments	2,133	532,665
Accounts Payable, Deferred Income & Claims Provision	1,398,915	(1,727,219)
	1,525,038	(1,155,623)
NET CASH FLOW FROM OPERATING ACTIVITIES	3,309,434	3,061,987

NOTE 9 RELATED PARTIES

Civic Financial Services Limited (Civic) provides administration services and technical support to the Fund. The Fund paid \$350,000 for these services for the year to 31 October 2025. Civic also has the power to appoint two Trustees to the Trust Board. The Chair received \$24,499 and the five Trustees received \$12,250 each for their services over the year.

NOTE 10 COMMITMENTS AND CONTINGENT LIABILITIES

The Fund has the ability to provide support to Members based on its reserves and its ability to make reinsurance recoveries.

Protection is only available to Members at the discretion of the Trust Board exercised in accordance with the provisions of the Trust Deed.

NOTE 11 EVENTS AFTER BALANCE DATE

Subsequent to balance date Marlborough District Council has agreed to a settlement figure with LAPP for their July 2021 flood claim, whereby the Fund is responsible for paying Marlborough District Council \$1.8 million as its contribution for this claim. The Fund has already paid \$900,000 towards this claim in two previous payment instalments, leaving a further \$900,000 as a final payment to settle this claim. At the date of signing of these financial statements, LAPP and Marlborough District Council are in the process of completing a settlement agreement, together with arranging for settlement of the final payment of \$900,000 to Marlborough District Council.

Marlborough District Council advised of two new claims arising from two flood events in June and July 2025. The initial combined estimate of liability for the Fund for both events has resulted in claim reserves net of the member deductibles of \$1.4 million.

The events described above have been adjusted for within the financial statements, refer to Note 5 for further information.

There have been no other material events subsequent to 31 October 2025 that requires adjustment to or disclosure in the financial statements.

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 OCTOBER 2025

LAPP's purpose, what it intends to achieve and how it goes about this

LAPP is a charitable trust that was set up by Local Government New Zealand ("LGNZ") and Civic Financial Services Ltd ("Civic") in 1993, designed to provide local authorities with the maximum affordable amount of protection to fund the recovery of their underground infrastructure assets damaged by natural disaster events.

Where a local authority suffers a natural disaster there is an arrangement between Central Government and the local authority where Central Government will cover 60% of the reinstatement cost and the local authority will cover 40% of the reinstatement cost. Provided the local authority can demonstrate they can fund 40% of the cost to reinstate or replace their affected underground infrastructure caused by a natural disaster then Central Government will step in and fund the other 60%. The 60/40 split is currently uncapped.

A local authority, through its membership of LAPP, provides cover for 40% of this cost allowing Central Government to cover the other 60%. As such the formulation of the member's deductible, subsequent LAPP contribution and level of reinsurance has been designed to deliver just that.

The LAPP Board is responsible for looking after the interests of the members of the Fund, the administration and management of the Fund and its ability to pay claims to the members in accordance with LAPP's Trust Deed.

Pre-Renewal Member Engagement

LAPP, in conjunction with its broker Aon NZ, conduct a series of LAPP Member Pre-Renewal Presentations, typically in the first half of each year. The purpose is to meet with all members, to set out and explain the rationale and timeline for the next upcoming renewal of insurance due on 1 November of that current year. The Member Pre-Renewal Presentations for this upcoming renewal on 1 November 2025 were held with all members between 31 March – 1 May 2025 and between 5–10 June 2025.

A key objective is to receive signed-off current asset valuations from each member in time to be presented to the LAPP Board at their August Board Meeting. This is required for the Board to sign-off and approve the new contribution rates and LAPP's cover protection limits for the upcoming renewal due on 1 November of that current year. Signed-off asset valuations were received from all members by 14 July 2025.

Member Renewal Communication

The member contribution rates and cover limits for the 2025-2026 renewal were signed-off by the Board at the Board Meeting on 4 August 2025. This is required for the following Member Renewal Communication timeline to proceed.

Early August: A Renewal Advice Letter is sent to each member advising them of their new contribution rate and LAPP's cover protection limits for the next renewal period commencing from 1 November of that current year. This renewal advice letter also confirms the member's current asset valuation being used for this renewal, and their member claim threshold and deductible levels. LAPP's annual renewal date and period of cover runs from 1 of November of each year through to and including 31 October of the following year.

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 OCTOBER 2025

These advice letters are required to be issued in early August as LAPP's two-month withdrawal notice condition requires any member intending to withdraw from the Fund from the next annual renewal date to provide LAPP with written notice of their withdrawal before 1 September of that year. The Renewal Advice Letter for the 2025-2026 renewal were issued to members on 7 August 2025.

Early September: Issue first Member Contribution Letter and Invoice to each member requiring payment of the first invoice by 20 October, prior to the 1 November renewal. It is LAPP's current practice to issue each member with two invoices for each yearly renewal period, each representing 50% of their annual contribution. The first invoice being issued before the end of September prior to the 1 November renewal with the second invoice being issued before the end of March of the following year. The first Member Contribution Letter and Invoice for the 2025-2026 renewal was issued to members on 5 September 2025.

November: Issue Member Certificates to each member confirming the member's value of assets protected, annual contribution, claim threshold and deductible, and LAPP's cover limits for the current period of protection. Membership Certificates for the 2025-2026 renewal were issued to members on 6 November 2025.

March of Following Year: Issue second Member Contribution Letter and Invoice to each member requiring payment of the second invoice to be paid by 20 April of that year.

Current claims: Claims currently being managed by LAPP

Member	Claim Event	Claims Paid / Provision
Marlborough District Council	Marlborough floods July 2021	\$1.80m
Marlborough District Council	Marlborough floods June 2025	\$1.08m
Marlborough District Council	Marlborough floods July 2025	\$0.32m

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 OCTOBER 2025

Claims History: The table below shows contributions from members collected life to date against gross claims paid / provisioned over that period.

Fund Year	Contributions	Gross Claims Paid / Provisioned
November 2024 - October 2025	9,178,614	1,410,617
November 2023 - October 2024	7,329,164	(2,193,807)
November 2022 - October 2023	6,011,103	2,300,000
November 2021 - October 2022	4,819,400	0
November 2020 - October 2021	3,812,571	3,400,000
November 2019 - October 2020	3,225,206	0
July 2019 - October 2019	823,874	0
July 2018 - June 2019	2,471,621	(74,006)
July 2017 - June 2018	2,713,435	0
July 2016 - June 2017	4,019,300	5,276,141
July 2015 - June 2016	4,155,960	(2,397,572)
July 2014 - June 2015	5,326,100	(6,948,317)
July 2013 - June 2014	8,500,000	(84,164,466)
July 2012 - June 2013	9,007,386	(188,245,827)
July 2011 - June 2012	14,153,451	298,281,611
July 2010 - June 2011	13,807,736	522,225,951
July 2009 - June 2010	3,213,066	1,327,394
July 2008 - June 2009	5,052,323	(366,276)
July 2007 - June 2008	3,533,164	0
July 2006 - June 2007	4,134,700	0
July 2005 - June 2006	2,038,315	251,871
July 2004 - June 2005	1,746,633	0
July 2003 - June 2004	1,534,785	4,819,429
July 2002 - June 2003	1,540,393	0
July 2001 - June 2002	2,257,113	5,143
July 2000 - June 2001	2,446,698	22,215
July 1999 - June 2000	2,337,860	132,232
July 1998 - June 1999	4,008,445	344,225
July 1997 - June 1998	2,761,867	0
July 1996 - June 1997	2,533,226	0
July 1995 - June 1996	2,634,176	0
July 1994 - June 1995	2,932,083	0
July 1993 - June 1994	2,898,250	0
TOTAL	146,958,018	555,406,558

*Note the \$555.4 million gross claims paid / provisioned includes a layer of cover that LAPP provided to Civic Assurance for its above ground insurance programme. This means that the claims paid includes payments for above ground assets (predominantly related to the Canterbury earthquake claims) and the traditional underground assets covered by LAPP. Gross claims paid / provisioned specific to traditional LAPP coverage totals \$237.4 million over this period.

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 OCTOBER 2025**Protection Cover Provided by LAPP**

LAPP provided cover in the 2024-25 renewal period for two events of up to an amount of \$300 million for each event (at 100%). LAPP's reinsurance deductible is \$7.5 million (at 100%). LAPP is required to pay up to \$3 million (40%) of this deductible per claim, to be met by the claiming members' deductibles and the LAPP Fund reserves. LAPP's reinsurers are required to pay 40% of any amount over the \$7.5 million threshold up to LAPP's cover limits.

Performance Report

Service Performance Measures	2024/25		2023/24	
	Target Met	Target Not Met	Target Met	Target Not Met
Pre-renewal meetings held with every member prior to 31 July	✓		✓	
Renewal advice letters sent to all members by 31 August	✓		✓	
First member contribution invoices issued by 30 September	✓		✓	
Second member contribution invoices issued by 31 March	✓		✓	
Member Certificates issued to members by 30 November	✓		✓	
Maintain or increase insurance coverage for LAPP members	✓		✓	
All claims settled within three years**		✓	N/A	

** Note – the Wairoa District Council claim from the Cyclone Gabrielle event was settled during the year which was within the three year target. The Marlborough District Council claim from the July 2021 flood event has still not been settled however that is due to circumstances outside of LAPP's control.

TRUSTEE INFORMATION

The Trustees as at 31 October 2025 and their nominating bodies are:

LD Cavers	Taituarā	Contractor, formerly CEO, Hauraki District Council
AJ Dalziel	Taituarā	Contractor, formerly GM Infrastructure / Deputy CE, Porirua City Council
TRH Davies	Civic	Adjunct Professor, University of Canterbury
DB Gordon	LGNZ	Mayor, Waimakariri District Council
CS Hett	Civic	Independent Actuary
C Little	LGNZ	Mayor, Wairoa District Council

During the year, the Trustees met for formal meetings on four occasions.

Attendance was:

LD Cavers	4
AJ Dalziel	4
TRH Davies	3
DB Gordon	3
CS Hett	3
C Little	4

2024–2025 FUND YEAR MEMBERSHIP

Ashburton District Council

Carterton District Council

Gore District Council

Hastings District Council

Hauraki District Council

Horowhenua District Council

Hurunui District Council

Invercargill City Council

Kaikōura District Council

Marlborough District Council

Masterton District Council

New Plymouth District Council

Palmerston North City Council

South Taranaki District Council

South Wairarapa District Council

Southland District Council

Stratford District Council

Timaru District Council

Waimakariri District Council

Waimate District Council

Wairoa District Council

Waitaki District Council

DIRECTORY

ADMINISTRATION MANAGER

Civic Financial Services Ltd
Level 6, Wellington Chambers
154 Featherston Street
Wellington 6011

THE ADDRESS FOR CORRESPONDENCE IS

Ian Brown
Administration Manager
NZ Local Authority Protection Programme Disaster Fund
PO Box 5521
Wellington 6140

Phone: 04 978 1263

Email: ian.brown@civicfs.co.nz

New Zealand Local Authority
Protection Programme
Disaster Fund

TRUST DEED

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THIS DEED is made the 12th day of July 2019

BETWEEN **NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION INCORPORATED**, a society incorporated in Wellington pursuant to the Incorporated Societies Act 1908 ("the Settlor")

AND **JOHN MCGREGOR CARTER** of Ninety Mile Beach, Mayor of Far North District Council, **LANGLEY DAVID CAVERS** of Waihi Beach, Chief Executive of Hauraki District Council, **ANDREW JAMES DALZIEL** of Wellington, General Manager Porirua City Council, **TIMOTHY REGINALD HOWARD DAVIES** of West Melton, Professor University of Canterbury, **CHARLES STEWART HETT** of Wellington, Consultant and **JOSHUA TRACY HICKS** of Gore, Mayor of Gore District Council, (together "the Trustees")

WHEREAS

- A The Settlor established a fund for the reinstatement of lost or damaged generally uninsurable local government infrastructure known as the New Zealand Local Authority Protection Programme Disaster Fund ("Fund"), by Deed of Trust dated 29 June 1993 ("the Establishment Trust Deed"). The Fund is currently governed by a Deed of Trust dated 14 December 2007 ("Existing Trust Deed").
- B Only those Local Authorities that are contributing to the Fund are to be eligible for distributions in the event of loss or damage to their infrastructure.
- C The Fund is to continue to be accumulated and applied for the purpose by the Trustees in accordance with this Deed.
- D The Existing Trust Deed provides that the Trustees may amend the Trust Deed by unanimous resolution of the Trustees present at any validly convened meeting, provided such amendment is not inconsistent with the charitable scope of the trusts contained in the Existing Trust Deed.
- E The Establishment Trust Deed was amended by Deeds of Variation dated 14 February 1997, 5 June 2003 and 14 December 2007, with the consent of the Settlor as required by the Establishment Trust Deed.
- F At a meeting of the Trustees held on 15 April 2019 the Trustees unanimously resolved to:
- (a) amend and replace the Existing Trust Deed with this Deed, and
 - (b) that this would take effect on the date the consent of the Settlor had been obtained in writing.

COVENANTS

In accordance with the powers of amendment contained in clause 9 of the Existing Trust Deed it is declared that from the date the Settlor gives its written consent to the amendments to the terms of the Existing Trust Deed reflected in this Deed, the provisions of the Existing Trust Deed are hereby substituted in their entirety with the provisions of this Deed, so that the Fund established pursuant to the Existing Trust Deed continues in existence without interruption but from the date of the Settlor's consent will be administered exclusively in accordance with the provisions of this Deed.

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Each of the following words and expressions shall, unless the context otherwise requires, have the following meanings, as indicated:

"the Act" means the Charitable Trusts Act 1957;

"Administration Manager" means the person appointed to that office;

"Advisory Trustee" means any advisory trustee appointed pursuant to clause 3.1.8;

"Alternative Trustee" means any alternate trustee appointed pursuant to clause 3.1.3;

"Annual Accounts" means statements of income and expenditure and balance sheets of the Fund prepared or to be prepared in accordance with the provisions of this Trust Deed;

"Annual Contribution" means the payment to the Fund made by each Member in return for Coverage by the Fund for a Fund Year;

"Asset Value" means the cost of reinstatement or replacement of a Member's Infrastructure as determined pursuant to clause 7.1.1(a);

"Auditor" means the office of auditor or auditors to the Fund for the time being;

"Commencement Date" means 1 July 1993;

"Coverage" means protection for the cost of reinstatement or replacement of the Members' Infrastructure required as a result of a Damaging Event;

"Damaging Event" includes flooding, earthquake, volcanic eruptions (including the effects of volcanic ash), storm surge, tsunami, wildfire, gas explosion, hail, snow, wind damage, landslide, lahar and any other sudden event or sudden situation causing serious disruption, loss or damage to Infrastructure;

"Deductible" means any first amount of any loss or damage following a Damaging Event that the Trustees determine shall be borne by the Member;

"Distribution" means payment, made to a Member from the Fund, consequent upon their Coverage;

"Extraordinary Contribution" means any contribution to the Fund which a Member is required to make as:

- (i) a condition of their entry to membership of the Fund at any time after the Commencement Date; or
- (ii) any contribution for Coverage for any part or portion of a year;

"Fund" means the New Zealand Local Authority Protection Programme Disaster Fund, established by the Establishment Trust Deed;

"Fund Year" means:

- (i) in respect of any twelve-month period commencing on 1 July and ending no later than 30 June 2019, each year of the Fund commencing on 1 July and ending on 30 June in the following calendar year; and
- (ii) in respect of the four-month period commencing 1 July 2019 and ending on 31 October 2019, the four-month period of the Fund commencing on 1 July 2019 and ending on 31 October 2019; and
- (iii) in respect of the twelve-month period commencing on 1 November 2019 and each twelve-month period commencing on 1 November thereafter, each year of the Fund commencing on 1 November and ending on 31 October in the following calendar year.

"Infrastructure" means any asset accepted as such by the Trustees for the purposes of this Trust Deed and registered with the Trustees for Coverage in relation to a Local Authority and may include reticulation, storage and treatment facilities (water, sewage, stormwater); tunnels other than road tunnels; dams; canals; stopbanks; flood control protection works; drainage works; detention ponds; sea walls; and harbour risks (including buoys, beacons and foreshore lighthouses).

"Investment Manager" means any person to whom the Trustees have contracted the investment of some or all of the assets of the Fund pursuant to clause 4.1.1(b);

"Local Authority" means any New Zealand Local Authority or Territorial Authority or Regional Council as defined in section 5 of the Local Government Act 2002 and includes any Council- Controlled Organisation as defined by section 6 of that Act.

"Member" means any Local Authority admitted as a member of the Fund, the membership of which has not been terminated.

"Participation Deed" means the agreements so called entered into by Local Authorities on admission to membership of the Fund;

"Stated Value" means the Member's estimate of the reinstatement or replacement value of its Infrastructure.

"the Trustees" means the trustees named in this Trust Deed (until removed from office), any new trustees appointed either pursuant to clause 3.1.2 or clause 3.1.6, any Alternate Trustees appointed pursuant to clause 3.1.3 and any Advisory Trustees appointed pursuant to clause 3.1.8 collectively.

"written" or "in writing" includes printing, facsimile, or emails or other form of electronic communication, or any other communication by written word.

1.2 Interpretation

- 1.2.1 Words importing any one gender shall include the other.
- 1.2.2 Plurals shall include the singular and vice versa.
- 1.2.3 Reference to persons shall include body corporates.
- 1.2.4 Reference to any Act of Parliament shall be deemed to include every amendment or re-enactment of it and every Act of Parliament substituted for it, and any regulations made under the Act.
- 1.2.5 All references in this Trust Deed, or to provisions or clauses of this Trust Deed, shall be deemed to be references to this Trust Deed and to those provisions or clauses as altered from time to time pursuant to the provisions of this Trust Deed.
- 1.2.6 Except as otherwise defined in this Trust Deed, the terms used in this Trust Deed which have been defined in the Act shall have the same meaning as ascribed to those terms in the Act.

2 CONSTITUTION OF THE FUND

2.1 New Zealand Local Authority Protection Programme Disaster Fund

- 2.1.1 A fund is hereby established by the New Zealand Local Government Association Incorporated, with the charitable purposes set out in clause 2.1.3.
- 2.1.2 The name of the fund shall be the New Zealand Local Authority Protection Programme Disaster Fund.
- 2.1.3 The charitable purposes of the Fund shall be:
- To assist New Zealand local government to carry out its responsibilities under central government's disaster recovery policies and plans; and
 - To provide funds for Members for the purpose of reinstatement of lost or damaged Infrastructure as a result of Damaging Events; and
 - To facilitate effective programmes to enable New Zealand local government to identify and manage risks to their Infrastructure by minimising and reducing the exposure, limiting the risks and diminishing the potential for loss or damage; and
 - To provide Members with the capacity for self-help to recover from consequences of Damaging Events; and
 - To do anything else which the Trustees may think is conducive or incidental to the attainment of the above charitable purposes.
- 2.1.4 There are no non-charitable purposes for the Fund.

2.1.5 The Fund shall consist of all property for the time being held by or on behalf of the Trustees, derived from:

- Any gifts or donations;
- Extraordinary Contributions;
- Annual Contributions;
- Income from investments;
- Proceeds of realisation of investments;
- Any policies or contracts of re-insurance;
- Any recoveries;
- Any other source.

2.1.6 The Fund shall be held in trust by the Trustees upon the trusts and for the charitable purposes contained in this Trust Deed and shall be managed, administered and applied by the Trustees, in accordance with the powers contained in this Trust Deed, in order to attain those charitable purposes.

2.1.7 The Trustees are 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 of the assets from the Fund, from time to time vested in them.

3 TRUSTEES

3.1 Appointment and Removal of Trustees

- 3.1.1 The number of Trustees shall be not less than four nor more than six. The Trustees shall be one or two appointees of the Settlor; one or two appointees of Civic Financial Services Limited; and one or two appointees of the NZ Society of Local Government Managers Incorporated (together called the "Appointors").
- 3.1.2 The power of appointing new Trustees shall be vested in the Appointors each of which shall have the power to appoint two persons as Trustees and they having been appointed as Trustees to remove and/or replace them, by notice in writing given to the Administration Manager.
- 3.1.3 The Appointors shall be entitled to appoint any person as an Alternative Trustee in place of any Trustee appointed by them, by notice in writing given to the Administration Manager, either for a specified period, or for a specified meeting or any part of a meeting, or for any particular subject matter at any meeting, or generally during the absence of any such Trustee, and from time to time, in the same manner, to remove any Alternate Trustee.
- 3.1.4 An Alternate Trustee appointed pursuant to clause 3.1.3 shall:
- not be remunerated otherwise than out of the remuneration of the Trustee in whose place the Alternate Trustee acts;
 - be deemed to have automatically vacated office when the Trustee in whose place the Alternate Trustee acts vacates office;
 - unless otherwise provided by the terms of appointment of the Alternate Trustee, have the same rights, powers and privileges (including without limitation, the right to receive notice of meetings of Trustees, the power to sign resolutions of Trustees and the power to witness the affixing of the common seal) as the Trustee in whose place the Alternate Trustee is appointed;
 - discharge all the duties of and be subject to the same provisions in this Trust Deed as the Trustee in whose place the Alternate Trustee acts.
- 3.1.5 The Administration Manager shall within seven days of it being notified in writing of the appointment, removal or resignation of a Trustee give to every Member and Appointor (other than an Appointor exercising its powers of appointment or removal) written notice of the appointment, removal or resignation of the Trustee.

- 3.1.6 Notwithstanding the provisions of clause 3.1.2 of this Trust Deed, if any Appointor shall fail at any time to exercise its power of appointment and notify the Administration Manager in writing accordingly, within fourteen days of:
- it being notified in writing of the removal or resignation of their appointee; or
 - it becoming aware of the occurrence of another event which creates a vacancy (as provided for in clause 3.1.7); and
 - the number of Trustees falls below four –
then the Trustees shall forthwith appoint further or additional Trustees on behalf of any Appointors so failing, so as to ensure there are not less than four nor more than six Trustees and every Trustee then appointed may thereafter only be removed by resolution of the Trustees.
- 3.1.7 A vacancy in the office of Trustee shall arise if:
- a Trustee is adjudged bankrupt; or
 - a Trustee resigns by notice in writing to the Administration Manager;
 - a Trustee refuses to act; or
 - a Trustee becomes of unsound mind; or becomes subject to a property order under the Protection of Personal and Property Rights Act, 1988; or
 - a Trustee is removed by their Appointor in accordance with the provisions of this Trust Deed or by resolution of the Trustees under clause 3.1.6; or
 - a Trustee is otherwise removed by operation of law.
- 3.1.8 The Trustees shall have power to appoint any person at any time as an Advisory Trustee to the Fund, and to prescribe the function of such Advisory Trustee. An Advisory Trustee shall not be counted in the number of Trustees required by clause 3.1.1, or in the quorum required for meetings of the Trustees, nor be entitled to vote thereat.
- 3.2 Meetings of Trustees**
- 3.2.1 The Trustees shall from time to time meet for the despatch of business of the Fund and, subject to the provisions of this Trust Deed and particularly this clause 3.2, shall have the power to adjourn or otherwise regulate their meetings and proceedings and vary the regulation and procedure of such meetings and proceedings as the Trustees think fit.
- 3.2.2 Questions arising at any meeting of the Trustees shall be determined by a majority of the votes of those present and voting.
- 3.2.3
- The Trustees shall at their inaugural meeting and again before the end of each Fund Year elect one of their number to be the chairman of Trustees for the ensuing Fund Year. The person so elected shall hold office as chairman of Trustees during the ensuing Fund Year, and shall be eligible for re-appointment.
 - The person so appointed shall chair all meetings of the Trustees at which they are present. If at any meeting the chairman is not present within fifteen minutes of the appointed time for holding the meeting the Trustees present shall then choose one of their number to be the chairman of that meeting.
 - A chairman shall not be entitled to a second or casting vote.
- 3.2.4 Every meeting of the Trustees shall be called by giving not less than seven days' notice in writing to the Trustees provided that a meeting of the Trustees shall be deemed to have been duly called if it is so agreed by all the Trustees entitled to attend and vote thereat.
- 3.2.5 Upon the written request of three Trustees giving notice of the subject matter of that meeting, the Administration Manager shall summon a special meeting of the Trustees, within seven days of that request.
- 3.2.6 Every notice of a meeting of the Trustees shall;
- be given in writing by the Administration Manager to each Trustee at their last known address;
 - be exclusive of the day on which it is served and of the day of the meeting;
 - specify the place, day and hour of the meeting;
 - specify, in the case of special business, the general nature of that business.
- 3.2.7 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any Trustee shall not invalidate the proceedings at the meeting.
- 3.2.8
- No business shall be transacted at any meeting of the Trustees unless a quorum is present at the time when the meeting proceeds to business. The quorum for meetings of the Trustees shall be as fixed by resolution of the Trustees and until so fixed any number of the Trustees more than one-half of the total number of the Trustees entitled to vote thereat shall constitute a quorum. Where one-half in number of the Trustees so entitled to vote is a fraction it shall be rounded-up to the next whole number and such number shall be the quorum for a meeting of the Trustees.
 - If within half an hour from the time appointed for a meeting of the Trustees a quorum is not present the meeting shall stand adjourned to the same day in the next week at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Trustees present shall constitute a quorum.
 - Every Trustee present shall, notwithstanding their conflict between interest and duty (if any), be counted in a quorum present.
- 3.2.9 A validly called meeting of the Trustees at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under this Deed vested in or exercisable by the Trustees.
- 3.2.10 Any Trustee who is in any way, whether directly or indirectly;
- personally interested in a contract or arrangement or any proposed contract or arrangement with the Trustees or with any Member; or
 - is an elected member, office or employee of any Member or proposed Member which is interested –
shall declare the nature of the interest and unless the interest is no greater than or any different from –
 - in the case of an interest to which subclause (a) of this clause applies, that of the other Trustees present; or
 - on the case of an interest to which subclause (b) of this clause applies, that of the Members generally,
they shall thereafter take no further part in the deliberations in respect of that matter.
- 3.2.11 The foregoing rule shall not operate to prevent any Trustee taking part in discussions and decisions regarding rules, guidelines, or policies regarding Annual Contributions.
- 3.2.12 All disclosures of interest by any Trustee, and whether or not they took part in discussion on or voted on the matter before the meeting, shall be recorded in the minutes of the meeting.
- 3.2.13
- The Trustees may meet by means of a Telephone Meeting, the Trustees having been given notice of the meeting as required by the provisions of this Trust Deed.

- (b) In this clause:
 “Telephone Meeting” means the contemporaneous linking together by telephone of Trustees comprising a quorum (whether or not any one or more of those persons is outside New Zealand); “Telephone” means and indicates any instant electronic means of communication.
- (c) Before a Telephone Meeting proceeds to business:
- (i) each of the Trustees taking part must be able to hear each of the other Trustees taking part;
 - (ii) the chairman shall ask each Trustee taking part in turn to respond by way of confirmation that they are in fact linked to and are taking part in the Telephone Meeting;
 - (iii) the chairman shall thereupon announce to the Telephone Meeting the names of those Trustees who have so responded.
- (d) The Trustees so named by the chairman shall be conclusively deemed to be present at the Telephone Meeting and, unless given permission to leave under subclause (e) of this clause, to have been present all the time during the Telephone Meeting.
- (e) No Trustee may leave a Telephone Meeting by disconnecting their telephone unless the chairman has first granted that Trustee permission to leave.
- (f) A minute of the proceedings at a Telephone Meeting shall be conclusive evidence of the proceedings and the regularity of the meeting if certified as a correct minute by the chairman.

3.3 Subcommittees

- 3.3.1 (a) The Trustees may at any time, for any specified purpose, appoint such of their number as they think fit to be members of any one or more subcommittees.
- (b) Each such subcommittee shall have such powers and duties as are delegated to it by the Trustees.
- (c) Each such subcommittee shall have power to co-opt such person or persons whether or not Trustees as the Trustees think fit, provided that:
- (i) in relation to each subcommittee the number of co-opted members shall not exceed the number of Trustees who are members of the subcommittee; and
 - (ii) such co-option shall be subject to the approval of the Trustees at the first meeting of the Trustees following the co-option.
- (d) The Trustees may appoint a chairman of each subcommittee. If no such chairman is appointed or if at any meeting the chairman is not present within 15 minutes after the time appointed for holding the same, the members of the subcommittee present shall then choose a chairman of the meeting.
- (e) Each subcommittee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of all those present and voting. In the case of an equality of votes the chairman shall have a second or casting vote.

3.4 Validity of Acts of Trustees

- 3.4.1 All acts done in good faith at any meeting of the Trustees or any subcommittees of the Trustees, or by any person acting as a Trustee, shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Trustee or that such Trustee was disqualified, be as valid as if every such Trustee had been duly appointed, and was qualified to be a Trustee.

3.5 Resolutions in Writing

- 3.5.1 A resolution in writing, signed by all of the Trustees entitled to vote thereon shall be as valid as if it had been passed at a meeting of the Trustees duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the Trustees so entitled. Any such document sent by a Trustee by telegram, cable, facsimile, copier, telex or other electronic means of communication shall be deemed to have been signed by the Trustee.

3.6 Remuneration of Trustees

- 3.6.1 The Trustees shall not make any private pecuniary profit from the Fund, except that the Trustees shall be entitled to reasonable fees for their services in respect of the management and administration of the Fund. The amount of the fees shall be determined from time to time by the Administration Manager after consultation with the Settlor and the Trustees.

3.7 Indemnity and Limitation of Trustee’s Liability

- 3.7.1 The Trustees shall be indemnified and shall be entitled to reimburse themselves out of the Fund in respect of all costs, charges and expenses which they incur in or about management or administration of the Fund.
- 3.7.2 No Trustee acting or purporting to act in execution of the trusts created by this Trust Deed shall be liable for any loss not attributable to their own dishonesty or their wilful commission of or omission to do any act known by them to be a breach of trust, and in particular (without limitation) no Trustee shall incur any liability in respect of:
- (a) Any act done or not done in the exercise of or in respect of any discretion vested in them.
 - (b) Anything done or suffered by them in good faith in reliance upon any advice or opinion (whether or not obtained by the Trustees) of any professional person, or upon any advice the Trustees may obtain directly or indirectly from any company, firm or person as shall, in the opinion of the Trustees, be qualified to provide advice.
 - (c) Any failure or refusal to perform or do any act or thing which by reason or provision of any law of New Zealand they are hindered or prevented from doing or performing.
- 3.7.3 No Trustee shall be bound to or be liable for any failure to take any proceedings against a co-Trustee for any breach or alleged breach of trust committed by the co-Trustee.

4 POWERS OF TRUSTEES

4.1 General Powers

- 4.1.1 In addition to the powers conferred by law and elsewhere in this Trust Deed the Trustees shall have the power:
- (a) Subject to clause 5.1.3, from time to time to appoint and remove the Administration Manager and, subject to the specific duties imposed on the Administration Manager by this Trust Deed, define the duties and responsibilities of the Administration Manager, on terms to be agreed in writing between the Trustees and the Administration Manager.
 - (b) From time to time to appoint and remove one or more investment managers. The Investment Managers shall have such powers and duties in relation to the investment of the fund as the Trustees shall determine and agree in writing between the Trustees and the Investment Managers.
 - (c) To appoint and remove a custodian trustee to hold in safe custody all policies, certificates and other documents of title in connection with the whole or any part of the Fund, on terms to be agreed in writing between the Trustees and the custodian trustee.

- (d) To otherwise retain the services of professional advisors and managers in relation to the management, administration and investment of the Fund, to delegate powers and discretions to professional advisors and managers as the Trustees see fit, and to determine and to pay out of the Fund, any fees payable to those professional advisors and managers.
- (e) To make rules or guidelines, and to adopt procedures, consistent with the provisions of this Trust Deed, including, without limitation, in relation to membership; calculating and fixing Asset Values, Deductibles, Extraordinary Contributions, Annual Contributions and Distributions; determining from time to time which of a Member's assets can be registered with the Trustees as Infrastructure; and to make rules or guidelines and to adopt procedures as shall be appropriate for the convenient administration of the Fund.
- (f) To borrow money for the purpose of providing Distributions where the assets of the Fund are not immediately realizable, or if realizable are only realizable at a material loss to the Fund, and to secure the repayment of such moneys in any manner and upon any terms the Trustees consider advisable, whether by charge over all or any portion of the Fund or any particular property or otherwise, provided however the Trustees shall first have had and obtained the consent in writing of the Settlor thereto and provided further that in no event shall the amount borrowed exceed the then estimated values of the assets of the Fund, less any existing liabilities of the Fund, contingent or otherwise.
- (g) To seek insurance protection in support of the Fund.
- (h) Generally to do all such acts and things as the Trustees may consider necessary or expedient for the administration, maintenance and preservation of the Fund and in performance of their obligations under this Trust Deed.

4.2 Investments Authorised

- 4.2.1 All moneys belonging to the Fund and available for investment shall be invested in accordance with the provisions of the Trustee Act 1956 as to the investment of trust funds.

4.3 Exercise of Discretion

- 4.3.1 The Trustees may exercise or enforce all of the authorities, discretions and powers vested in them from time to time, and at any time and may refrain from exercising all or any such powers.

4.4 Appointment of Auditor

- 4.4.1 The Trustees shall from time to time appoint an Auditor (being a 'qualified auditor' within the meaning of section 461E of the Financial Markets Conduct Act 2014) of the Fund at a remuneration to be fixed, and payable, by the Administration Manager, out of the Fund.

5 MANAGEMENT AND ADMINISTRATION

5.1 Appointment of Administration Manager

- 5.1.1 The Trustees shall appoint an Administration Manager which shall, in addition to other duties or responsibilities conferred on the Administration Manager elsewhere in this Trust Deed, and as from time to time agreed by the Administration Manager with the Trustees:
 - (a) Receive applications for membership of the Fund;
 - (b) Ascertain and audit the infrastructural assets of Members;
 - (c) Issue debit notes for and maintain records of all Annual Contributions and Extraordinary Contributions paid to the Fund;
 - (d) Use its best endeavours to secure economic insurance support of the Fund;

- (e) Facilitate effective programmes to enable Members to identify and manage risks to their Infrastructure by minimising and reducing the exposure, limiting the risks and diminishing the potential for damage by Damaging Events;
- (f) Receive and process applications for Distributions, within the scope of guidelines laid down by the Trustees;
- (g) Furnish the Trustees with full and complete reports of all losses by and of all payments made out of the Fund;
- (h) Liaise with local government agencies with respect to the application of their appropriate disaster recovery and emergency plans;
- (i) Make recommendations to the Trustees regarding any matters pertaining to the administration and management of the Fund;
- (j) Undertake such services as may be required by the Trustees or as may be reasonably necessary for the management, administration and investment of the Fund, and the operation of the trusts contained in this Trust Deed.

- 5.1.2 The Administration Manager shall be responsible to the Trustees for the proper management, and administration of the Fund and the trusts contained in this Trust Deed.

- 5.1.3 The first Administration Manager shall be Civic Financial Services Limited which shall hold office for an initial term of six years from the Commencement Date (unless removed earlier) on such terms (including terms relating to performance) as may be agreed in writing with the Trustees.

5.2 Records to be Kept

- 5.2.1 The Administration Manager shall keep or cause to be kept a complete record of:
 - (a) The membership of the Fund including the dates on which Members were admitted to membership and when they ceased to be or were suspended as Members of the Fund.
 - (b) Proper records of all meetings, resolutions and decisions of the Trustees.
 - (c) The affairs, matters and transactions of the Fund.
 - (d) All other matters, information and data necessary or expedient for the proper and effective working of the Fund and the operation of this Trust Deed.

5.3 Accounts

- 5.3.1 The Administration Manager shall ensure that:
 - (a) All assets of the Fund are kept separate and apart from any assets or funds of the Administration Manager, with all moneys received by the Administration Manager to be banked in a separate bank account in the name of the Fund;
 - (b) Proper books of account are kept in respect of the Fund;
 - (c) Annual Accounts are prepared in respect of the Fund, presenting a true and fair view of the Fund's financial affairs at the end of each Fund Year; and
 - (d) The Auditor appointed in accordance with the provisions of this Trust Deed examines and reports upon the Annual Accounts.

5.4 Annual Report of the Fund

- 5.4.1 The Administration Manager shall within six months after the end of each Fund Year:
- (a) Prepare an Annual Report for the Fund for the previous Fund Year.
 - (b) Provide each Member with a copy of the Annual Report.
- 5.4.2 The following matters shall be contained in the Annual Report:
- (a) A statement of numerical changes in the membership of the Fund during the Fund Year;
 - (b) The Annual Accounts for the Fund in respect of the previous Fund Year;
 - (c) The Auditor's report on the Annual Accounts;
 - (d) A statement by the Administration Manager as to whether all the Annual Contributions and Extraordinary Contributions required to be made to the Fund in accordance with the Participation Deeds and this Trust Deed have been made by the Members, and if not the amount or amounts outstanding;
 - (e) A summary of any amendments to this Trust Deed that have been made during the Fund Year;
 - (f) The names of and any changes since the last Annual Report in the Trustees, the Administration Manager, re-insurers, and changes in any actuaries, auditors and solicitors to the Fund (either by reference to their own names or the names of their firms);
 - (g) The name and address of the person to whom all correspondence from the Members to the Trustees should be sent.

5.5 Delegation

- 5.5.1 Subject to this clause, the Administration Manager may at any time with the consent of the Trustees and from time to time, delegate any of its powers to any person.
- 5.5.2 A delegation pursuant to this clause may be:
- (a) Subject to such conditions and on such terms for the protection and convenience of persons dealing with the delegate as the person making the delegation thinks fit; and
 - (b) Amended or revoked at any time.
- 5.5.3 If the Trustees or the Administration Manager exercise a power that is for the time being delegated that shall not revoke the delegation.
- 5.5.4 The Trustees shall not be liable for any act or defaults of any delegate of the Administration Manager.

5.6 Expenses of Administration

- 5.6.1 The Administration Manager may pay from the Fund such costs, charges and expenses of management, administration and investment of the Fund as are properly payable by the Administration Manager on behalf of the Fund.
- 5.6.2 The Administration Manager shall be paid from the Fund such fees or charges for its administration of the Fund and the trusts contained in this Trust Deed, as shall from time to time be authorised by the Trustees.

5.7 Indemnity of Administration Manager

- 5.7.1 The Administration Manager shall not be liable for any loss which is not attributable to the Administration Manager's own dishonesty and the Trustees shall indemnify and keep indemnified the Administration Manager from the Fund against all claims demands and liabilities from Members or persons not parties to this Trust Deed, howsoever arising.

5.8 Execution of Deeds

- 5.8.1 If the Trustees are incorporated as a Board the Trustees shall obtain and adopt a common seal of the Board. The common seal of the Board shall be kept in the safe custody of the Administration Manager. The common seal shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf, and every instrument to which the common seal is affixed shall be signed by a member of the Board and shall be countersigned by a second member of the Board or by some other person appointed by the Board for the purpose.

6 MEMBERSHIP COVERAGE

6.1 Admission of Members

- 6.1.1 Only Local Authorities shall be eligible for admission as Members of the Fund.
- 6.1.2 A Local Authority shall not be admitted to membership without first entering into a Participation Deed with the Fund in the form and on the terms acceptable to the Trustees.
- 6.1.3 In executing a Participation Deed the Local Authority shall agree to be bound by the terms of this Trust Deed.

6.2 Withdrawal from Membership

- 6.2.1 Any Member may withdraw from membership of the Fund by giving notice in writing to the Trustees of its desire to withdraw from membership no later than two months before the end of any Fund Year, and their membership shall terminate at the end of that Fund Year.
- 6.2.2 Any notice in writing of a Member's desire to withdraw from membership may itself be withdrawn by the Member:
- (i) no later than two months prior to when termination of its membership would otherwise have taken effect, or
 - (ii) at any time within two months of when termination of membership would otherwise have taken effect if such notice is given within 14 days following a Damaging Event for which the Member has Coverage. In this circumstance the Member's Coverage from what would have been the Member's termination date may be limited by the Trustees in whatever way the Trustees think fit.
- 6.2.3 Members who have not given notice of their desire to withdraw from the Fund in accordance with clause 6.2.1 shall pay their Annual Contributions due for the following Fund Year.

6.3 Suspension or Termination of Membership

- 6.3.1 Membership of the Fund may be terminated or membership rights suspended, by resolution of the Trustees, in the event that a Member:
- (a) Refuses or fails to comply with the reasonable directions of the Trustees given for the purpose of minimizing or reducing the exposure, limiting the risks and diminishing the potential for loss or damage to its Infrastructure; or
 - (b) Refuses or fails to allow an audit of the Member's management of the risk to its Infrastructure; or
 - (c) Omits to make or unduly delays payment of its Annual Contribution; or
 - (d) Commits any breach of the provisions of this Trust Deed or its Participation Deed which in the opinion of the Trustees warrants the termination or suspension of membership.
- 6.3.2 A former Member may if so desiring re-apply for membership, but if successful shall not thereby gain any benefit credit or entitlement accruing consequent upon their former membership.

6.3.3 The action or decision of the Trustees in any matter relating to membership or suspension or termination of membership shall be final and binding.

6.4 Coverage

6.4.1 Coverage of Members shall commence from the later of the date of payment of the initial Annual Contribution (or part thereof if so agreed) and the Extraordinary Contribution (if any, or part thereof if so agreed) as required by the Trustees or such other date as may be agreed in writing by the Trustees.

6.4.2 There shall be no Coverage of Local Authorities that are not Members.

6.4.3 Upon termination or suspension of membership all Coverage shall cease from the date of termination or suspension as the case may be, and the Member shall not be eligible for Coverage until re-admission to membership (in the case of termination) or (in the case of suspension) the lifting of the suspension by further resolution of the Trustees, or the satisfaction of any pre-condition imposed for the automatic lifting of the suspension of the Member.

6.4.4 On termination of membership all claim, right, title or interest or benefit in the assets of the Fund shall forthwith cease.

7 GENERAL PROVISIONS RELATING TO CONTRIBUTIONS

7.1 Annual Contributions

7.1.1 The Trustees shall before the end of each Fund Year:

(a) Fix the Asset Value of each Member's Infrastructure, having regard to:

(i) whether the Member has agreed with the Trustees for the relevant Infrastructure to be valued on a reinstatement basis, or whether the Member has agreed with the Trustees for the relevant Infrastructure to be valued on a replacement basis;

(ii) their Stated Value;

(iii) any actual valuation made of a Member's Infrastructure, or any parts of it;

(iv) any other measure (including valuations) which may enable or assist the Trustees to assess the value of Members' Infrastructure;

(v) any appropriate method or principles of valuation whether or not they are the same as those applied in any other valuation of the Members' Infrastructure or parts of it.

(b) Determine the approximate amount of total Annual Contributions to be sought from Members for the ensuing Fund Year having regard to:

(i) the combined Asset Values of Members as determined in clause 7.1.1(a) above; and

(ii) the risk or exposure of the Members' Infrastructure to Damaging Events; and

(iii) possible Deductibles; and

(iv) any other factors that seem relevant:

7.1.2 The Trustees shall after determining the approximate amount of the total Annual Contributions to be sought from Members for the ensuing Fund Year fix the Annual Contributions to be paid by individual Members, and in fixing the Annual Contributions to be paid by individual Members the Trustees shall have regard to:

(a) The risk or exposure of the Member to a Damaging Event in its region compared with the risk or exposure of Members to Damaging Events generally;

(b) The Asset Value of the Member, as determined by the Trustees pursuant to clause 7.1.1(a);

(c) The likely availability to the Member of other monies by way of compensation, indemnity, replacement or subsidy for the loss or damage to its Infrastructure, including any payment from central government, from insurance claims, and any rights against persons not party to this Trust Deed;

(d) The quantum of any Deductible for the Member which the Trustees may fix;

(e) The state of repair, maintenance and condition generally of the Member's Infrastructure or parts of it;

(f) The nature of any particular risks affecting the Member's Infrastructure;

(g) Any refusal or persistent failure by the Member to comply with any reasonable directions given by the Administration Manager for the purpose of identifying and managing risk.

7.1.3 Members shall then be advised of the Annual Contribution payable by them, and the amount of any Deductible.

7.1.4 Notwithstanding anything hereinbefore contained the Trustees may adopt or determine such methods of setting Annual Contributions or Extraordinary Contributions as they in their absolute discretion think fit.

7.2 Method of Payment

7.2.1 Payment of the Annual Contributions shall be effected by the Members in accordance with any provisions of the Participation Deed for payment, or in the absence of any such provisions as from time to time determined by the Trustees.

7.2.2 Any unpaid Annual Contribution as determined by the Administration Manager shall be recoverable by the Fund as a debt with associated interest and recovery costs.

7.3 Disputes regarding Quantum of Annual Contributions

7.3.1 If the Member disputes the quantum of any Annual Contribution it shall give written notice to the Administration Manager within twenty-one days of receipt of advice of the quantum, following which the quantum of the Annual Contribution payable by the Member shall be reviewed by the Trustees, whose decision as to the appropriate quantum to be paid shall be final and binding.

7.3.2 Where the quantum of the Annual Contribution is not determined until after the date on which payment of the Annual Contribution was due, the Member shall have ten days following receipt of advice in writing of the determination of the dispute in which to pay the Annual Contribution.

7.3.3 Except as otherwise provided above the action or decision of the Trustees in fixing the Annual Contributions shall be final and binding.

7.4 Extraordinary Contributions

7.4.1 The Trustees may fix Extraordinary Contributions.

7.4.2 Subject to clause 7.1.4 in determining the quantum of any Extraordinary Contribution as a condition of entry to membership the Trustees shall have regard to:

(a) The current value of the assets, and the amount of any liabilities of the Fund;

(b) Any other factors which seem relevant to the Trustees.

7.4.3 In determining the quantum of any Extraordinary Contribution being fixed for Coverage of a part or portion of a Fund Year the Trustees shall have regard to the Annual Contribution that would have been payable by the Member for Coverage for the full Fund Year and, that part or portion of the Fund Year for which Coverage is being provided.

- 7.4.4 Any decision of the Trustees regarding the quantum of any Extraordinary Contribution shall be final and binding.
- 7.4.5 Any Extraordinary Contribution fixed by the Trustees that is not paid may be recovered in the same way as an Annual Contribution including associated interest and recovery costs.

8 DISTRIBUTIONS FROM THE FUND

- 8.1 A Member may at any time within nine calendar months (time being of the essence) of a Damaging Event apply to the Trustees for a Distribution from the Fund in respect of any loss or damage caused to the Member's Infrastructure by that Damaging Event.
- 8.2 Upon receiving an application for a Distribution in respect of a Damaging Event, the Trustees shall satisfy themselves that:
- (a) the loss or damage is to Infrastructure;
 - (b) the loss or damage was caused by the Damaging Event.
- 8.3 Once the Trustees have satisfied themselves as to the matters specified in clause 8.2, they may make a Distribution to the Member in respect of its application, subject to:
- (a) any Asset Value or Stated Value of the Member's Infrastructure;
 - (b) the state of repair, maintenance and condition generally of the Infrastructure or of any particular parts of the Infrastructure before and after the Damaging Event for which the Distribution is claimed;
 - (c) the Member's Deductible;
 - (d) the expected availability when the Annual Contribution was set and the actual availability to the Member of other monies by way of compensation, indemnity, replacement or subsidy for the loss or damage to its Infrastructure, including any payment from central government, from insurance claims, and any rights against persons not party to this Trust Deed;
 - (e) the desirability of the Fund maintaining reserves for future Damaging Events;
 - (f) the length of time that the Member has been a Member of the Fund;
 - (g) any other factors which seem relevant to the Trustees.
- 8.4 The Trustees at their sole discretion will determine:
- 8.4.1 what (if any) Distribution will be made in any situation where in the Trustees' opinion the damage is a consequence of an act of war or terrorism;
- 8.4.2 for Fund Years commencing on or after 1 July 2019, whether an event that unfolds over more than three days is declared to be more than one Damaging Event for the purposes of deciding whether multiple applications of the Member's Deductible should apply.
- 8.5 Without being bound to see or being liable for not seeing to the application of any Distributions from the Fund, the Trustees shall take reasonable steps to ensure each Distribution from the Fund is applied by its Members for the reinstatement of their Infrastructure, and for that purpose, the Trustees may require from the Member reasonable evidences of the expenditure and may make progress payments.
- 8.6 The Trustees may also pay the whole or any part of the Fund to any other charity that is charitable under New Zealand law and has purposes similar or related to those of the Fund.

9 ALTERATION

9.1 Alteration of the Trust Deed

- 9.1.1 The Trustees may amend this Trust Deed in any way, subject to this clause 9.

- 9.1.2 The Trustees may by unanimous resolution of the Trustees present at any validly convened meeting revoke, vary or add to any of the provisions of this Trust Deed provided no such revocation, variation or addition may be made if it would result in the Fund ceasing to qualify for registration as a charitable entity under the Charities Act 2005 or would vary the terms of this proviso or would otherwise be inconsistent with the general charitable scope of the trusts contained in this Trust Deed.

- 9.1.3 Every amendment shall be conditional upon and come into effect upon the Settlor giving its consent in writing.

- 9.1.4 Amendments shall not be retrospective in effect.

9.2 Notice to Members

- 9.2.1 The Trustees shall notify Members forthwith in writing of every amendment to this Trust Deed made pursuant to these provisions.

- 9.2.2 Any accidental failure or omission on the part of the Trustees to give a Member notice as required by this clause, or its non-receipt by a Member, shall not affect the validity of the amendment.

9.3 Alteration of Participation Deeds

- 9.3.1 The Trustees, with the agreement of a Member, may from time to time:

- (a) Amend any of the provisions of the Participation Deed relating to the Member; or
- (b) Cancel any Participation Deed and in substitution, enter into a new Participation Deed with a Member.

10 WINDING UP OF THE FUND

10.1 Procedures

- 10.1.1 The Trustees shall wind up the Fund and shall apply the provisions of this Clause in relation to every Member:

- (a) If the Trustees unanimously resolve that the Fund shall be wound up, and advise the Settlor accordingly, and the Settlor consents thereto; or
- (b) Upon the determination of the trusts hereof; or
- (c) Upon any insolvency of the Fund; or
- (d) Upon any order of the Court that the Fund be wound up.

- 10.1.2 The Trustees shall within fourteen days after they have resolved to wind up the Fund, lodge a copy of that resolution with the Settlor and (the Settlor consenting thereto) with the Registrar of Incorporated Societies.

- 10.1.3 The Trustees shall for the purpose of winding up the Fund:

- (a) Ensure that final accounts of the Fund are prepared showing the financial position of the Fund as at the date on which the winding up commenced; and
- (b) Ensure that those final accounts are audited; and
- (c) As soon as practicable after the final accounts have been audited send a copy of those accounts to the Settlor and all the Members as at the date the winding up commenced.

10.2 Allocation of Proceeds

- 10.2.1 Members shall have no right or claim against the Fund on winding up except in respect of any application for a Distribution made prior to the commencement of the winding up.

- 10.2.2 The Trustee shall apply the proceeds of the Fund in accordance with the following priority:

- (a) First, in providing for the payment of the costs of the winding up;
- (b) Secondly, in providing for the payment of all liabilities and debts of the Fund;

- (c) Thirdly, paying any outstanding Distributions which the Trustees have resolved to pay any Member prior to the commencement of the winding up and remain unpaid at that date;
- (d) Fourthly, in providing for payment of any Distributions for which applications have been made immediately prior to the commencement of the winding up;
- (e) Finally, payment of any balance in the Fund is to be made or transferred to another organisation as decided by the Trustees that is charitable under New Zealand law and has purposes similar or related to those of the Fund, or in default of a decision by the Trustees, as directed by the Court pursuant to section 27 of the Act.

11 MISCELLANEOUS

11.1 Notices

- 11.1.1 Any notice or document shall be deemed to have been served upon the Trustees if left at the registered office of the Fund or if sent through the post in a registered letter addressed to the Administration Manager at that office. Any notice or document shall be deemed to have been duly given to a Member, if given generally or sent to the Member at the address of the Member last known to the Administration Manager.
- 11.1.2 Any notice or document delivered by post shall be deemed to have been delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that the envelope or wrapper containing it was properly addressed and posted. A statement signed by the Administration Manager that a notice was so addressed and posted to a Member and when, shall be conclusive evidence of those facts.

11.2 Succession

- 11.2.1 If the activities of any of the Appointors are assigned to or succeeded by any other undertaking (whether a corporation, association partnership or natural person) then that other undertaking may, with the written approval of the Trustees as from the date of the assignment or succession, take the place of that Appointor for the purposes of the Fund, and assume all rights and obligations of that Appointor under the Trust Deed.

- 11.2.2 If the Trustees do not give their written approval of such other undertaking taking the place of that Appointor, then the Fund shall either be wound up in accordance with the provisions of this Trust Deed, or the Trustees may appoint another body to take over the role of that Appointor.

11.3 Waiver and Precedent

- 11.3.1 No failure by the Trustees to enforce any breach of any obligation or provision contained or implied in by this Trust, in one, or more instances shall constitute a waiver of the right of the Trustees to enforce any other provision, or any subsequent breach, whether against the same Member or another.
- 11.3.2 No action on the part of the Trustees or the Administration Manager whether taken in accordance with any specific provisions contained in this Trust Deed or otherwise shall be taken as a precedent for any like or similar action on either part and neither the Trustees nor the Administration Manager may thereafter be compelled to take similar or identical action consequent thereupon.

11.4 Office

- 11.4.1 The office of the Fund shall be at the offices of Civic Financial Services Limited, 116 Lambton Quay, Wellington, or at such other place as the Trustees may from time to time by resolution determine.

IN WITNESS WHEREOF this Deed has been executed on the day and year first hereinbefore written.

THE COMMON SEAL of the)
NEW ZEALAND LOCAL GOVERNMENT)
ASSOCIATION INCORPORATED was)
hereunto affixed in the presence of:)

Signed by)
JOHN MCGREGOR CARTER)
in the presence of:)

Signed by)
LANGLEY DAVID CAVERS)
in the presence of:)

Signed by)
ANDREW JAMES DALZIEL)
in the presence of:)

Signed by)
TIMOTHY REGINALD HOWARD DAVIES)
in the presence of:)

Signed by)
CHARLES STEWART HETT)
in the presence of:)

Signed by)
JOSHUA TRACY HICKS)
in the presence of:)

PARTICIPATION DEED

ADMITTING

.....

To membership of the
New Zealand Local Authority Protection
Programme Disaster Fund

This Deed made the day of [year].

Between **The Trustees of the New Zealand Local Authority Protection Programme Disaster Fund** (the "**Board**")

And **[insert name of new member]**, being a Local Authority as defined in the Trust Deed (the "**Member**")

- i. act on behalf of the Board in relation to the Member's membership of the Fund;
 - ii. bind the Board to any operational decision made relating to the Member's membership of the Fund; and
 - iii. discharge the functions of the Administration under this deed; and
- b. any communication from the Member received by the Administration Manager shall be deemed to have also been received by the Board for the purposes of this deed and the Trust Deed.

BACKGROUND

- A. The Board is the trustee of the New Zealand Local Authority Protection Programme Disaster Fund (the "**Fund**") and has been incorporated as a board pursuant to the Charitable Trusts Act 1957.
- B. The Fund is registered as a charity under the Charities Act 2005.
- C. The Settlor of the Fund is the New Zealand Local Government Association Incorporated. The Settlor established the Fund as a self-funding disaster protection scheme for the purposes of and for the objects set out in the original trust deed dated 29 June 1993. The trust deed was amended by deeds of variation dated 14 February 1997 and 5 June 2003. The trust deed was further amended and all amendments consolidated by a new trust deed dated 14 December 2007 (the "**Trust Deed**").
- D. Civic Financial Services Limited (the "**Administration Manager**") is the administration manager of the Fund, with the Board having delegated all operational aspects of the Fund to the Administration Manager. Together, the Board and the Administration Manager are referred to as the "**Administration**" in this deed.
- E. The Trust Deed contains provision for Local Authorities to apply for membership of the Fund, and for their admission to membership of the Fund, on the terms required by the Board.
- F. In 2024 and 2025, the New Zealand Government introduced the Local Water Done Well regime ("**LWDW regime**") which, among other things, provides a new regime through which Local Authorities structure their water services delivery. One of the outcomes of the LWDW regime is that the Administration has opened up membership of the Fund to new entities who meet applicable eligibility criteria.
- G. The Member has applied to become a member of the Fund, and is being admitted as a member on the terms and conditions contained herein.

NOW THIS DEED WITNESSES AND IT IS AGREED AND DECLARED as follows:

1 MEMBERSHIP

Admission to Membership

- 1.1 The Member hereby covenants and agrees with the Administration to be bound by
 - a. the terms of the Trust Deed, as if it were a party to the Trust Deed; and
 - b. this Participation Deed;and acknowledges and accepts the powers, discretions and authorities of the Board, and the Administration Manager appointed pursuant to the Trust Deed, as provided in the Trust Deed.
- 1.2 In consideration of the Member agreeing to be bound by the terms of the Trust Deed, and of this Participation Deed, the Member is hereby admitted as a Member of the Fund.

Withdrawal, Suspension or Termination of Membership

- 1.3 Withdrawal from, termination and suspension of membership shall be effected in accordance with the provisions of the Trust Deed.

Administration of membership

- 1.4 The Board confirms that:
 - a. the Administration Manager has power to:

2 COVERAGE AND DEDUCTIBLE

Coverage

- 2.1 Coverage of the Member shall commence on the date appearing in the First Schedule and shall continue until the Member's membership of the Fund is either terminated, or the Member is suspended, as provided in the Trust Deed.

Deductible

- 2.2 The level of any deductible shall be fixed by the Board and the first such deductible shall be as provided in the First Schedule.

3 CONTRIBUTIONS AND DISTRIBUTIONS

Payment of Annual Contributions

- 3.1 The Member shall pay to the Fund its Annual Contribution as determined by the Board, within 14 days of the commencement of each Fund Year, or as otherwise agreed by the Administration in writing or as set out in the First Schedule.
- 3.2 The Member shall pay the sum set out in, and in the manner provided in the First Schedule, as its first Annual Contribution.

Payment of Fund Contributions

- 3.3 The Member shall forthwith pay to the Fund the Fund Contribution set out in the First Schedule (the 'Fund Contribution' is referred to in the Trust Deed as the 'Extraordinary Contribution').

Distributions

- 3.4 The Member shall in making an application for a Distribution use any form of application which the Administration may prescribe, and shall from time to time provide such information as the Administration may reasonably require to enable it to consider the Member's application.
- 3.5 Any Distribution from the Fund shall be at the sole and absolute discretion of the Board, which shall, having regard to the factors set out in the Trust Deed, act in accordance with the objectives of the Fund and in the interests of all members.
- 3.6 The amount of the Deductible applying at the time of any Natural Disaster or Emergency or event shall be deducted from any Distribution from the Fund in respect of the same.

4 ASSET VALUES

Information Regarding Assets

- 4.1 The Member shall within the Notification Period or such other period as the Administration may from time to time advise:
 - a. supply the Administration with any information regarding categories, details and condition of its Infrastructure, including any list of or register of its Infrastructure, both insured and uninsured, and any insurance particulars, which the Administration may reasonably require;
 - b. state to the Administration in writing its estimate of the cost of reinstatement of its Infrastructure;
- 4.2 The Member shall advise the Administration of any additions or deletions to its Infrastructure, during the Fund Year.
- 4.3 For the purposes of clause 4.1, the Notification Period for each Fund Year commences 4 months prior to the commencement of the Fund Year and ends 3 months prior to the commencement of the Fund Year.

5 RISK MANAGEMENT AND AUDIT

Risk Management

- 5.1 The Member agrees to:
- introduce and maintain such programs to identify, assess and control risks applicable to its Infrastructure, as may from time to time be reasonably required by the Administration; and
 - notify the Administration of any matters, events or things which might be reasonably considered relevant to the assessment and management of the risk or exposure of the Member's Infrastructure to Natural Disasters and Emergencies.

Audit of Infrastructure

- 5.2 The Member agrees that the Administration Manager may from time to time inspect and audit the Member's Infrastructure and all records and information pertaining thereto.

6 MEMBER'S DUTIES

- 6.1 In addition to the duties and obligations set out in the Trust Deed which apply to the Member, the Member shall:
- Use all reasonable endeavours to maintain its Infrastructure and manage risks to its Infrastructure.
 - Ensure that all of the information it is obliged to provide the Administration under this Deed and the Trust Deed is accurate and free from material error or omission.
 - Promptly notify the Administration of any Damaging Event under which the Member may be entitled to apply for a Distribution.
 - Where the Administration gives any instructions or makes a request in accordance with this Deed or the Trust Deed, comply with those instructions or requests within a reasonable time frame.
 - Where the Member has made an application for a Distribution, share any communications between the Member and third party insurers or Central Government that may be relevant to the processing of the application for Distribution.
 - Adopt a working approach with the Administration that is collaborative, open and honest.

7 CONSEQUENCES OF BREACH

- 7.1 Where the Administration identifies that the Member has failed to comply with one or more of the Member's duties set out at clause 6, or with any of its obligations set out at clause 4 or clause 5, the Administration will promptly notify the Member of such breach.
- 7.2 Following notification, the Member will collaborate with the Administration to agree and implement a plan to rectify the breach and put in place measures to assist the Member to comply with its Member duties and obligations.
- 7.3 Should the Member consistently or materially breach their Member duties or obligations, the Administration will review the Member's membership of the Fund and eligibility for distributions from the Fund, and notify the Member of any impact of the breach on their eligibility for distributions from the Fund and any other implications the Board in its discretion considers reasonable.

8 ALTERATION

Alteration of the Trust Deed

- 8.1 The Member acknowledges that every alteration or amendment to the Trust Deed shall upon the consent of the Settlor being given in writing, be binding on the Member as to its terms and conditions, as if it were a party thereto.
- 8.2 This Participation Deed shall be deemed to be amended to the extent and in the manner (if any) required as a consequence of the amendment of the Trust Deed.

- 8.3 Notwithstanding the rest of this clause 6, this Participation Deed may be amended by written agreement between the parties, provided any such amendment is not inconsistent with the terms of the Trust Deed.

9 MISCELLANEOUS

Co-operation

- 9.1 The Member agrees to take all such other actions and supply such information and assistance as the Administration may reasonably require from time to time in order to give effect to the provisions and purposes of the Trust Deed and this Participation Deed, including (without limitation) following any rules or guidelines or prescribed procedures required by the Administration, not being rules guidelines or procedures inconsistent with this Participation Deed or the Trust Deed.

No Assignment

- 9.2 The Member may not assign its rights under this Participation Deed or any of its rights or obligations as a member of the Fund to any other person, or encumber, charge or otherwise dispose of any of its right, entitlement or interest in the Fund.

Notices

- 9.3 Any notice or document shall be deemed to have been served upon the Administration if left at the registered office of the Fund or if sent through the post in a letter addressed to that office, or sent by email to an email address notified to the Member as the contact address of the Administration.
- 9.4 Any notice or document shall be deemed to have been duly served on the Member, if delivered personally to the Member's chief executive officer, or if sent through the post to the Member at the address of the Member last known to the Administration, or sent by email to an email address notified to the Administration as the contact address of the Member.
- 9.5 Any notice or document delivered by post shall be deemed to have been delivered in the ordinary course of post, and in proving such service it shall be sufficient to prove that the envelope or wrapper containing it was properly addressed and posted and, in the case of delivery by email, when such transmission is deemed to have been dispatched in accordance with the Electronic Transactions Act 2002.

10 DEFINITIONS AND INTERPRETATION

Definitions

- 10.1 Each of the following words and expressions shall, unless the context otherwise requires, have the following meanings:
- "the Trust Deed" means the consolidated Trust Deed dated 14 December 2007;
- "the Board" means the Trustees of the Fund and vice versa.
- 10.2 The words and expressions used in this Participation Deed shall unless the context otherwise requires have the same definitions as given them in the Trust Deed.

Interpretation

- 10.3 Unless the context otherwise requires the same interpretations shall be placed on words and phrases used in this Participation Deed as contained in the Trust Deed.
- 10.4 In the event of any conflict between the terms and conditions of this Deed and the provisions of the Trust Deed, the provisions of the Trust Deed shall prevail.
- 10.5 Nothing in this Participation Deed shall be taken to excuse the failure of the Member to perform any and each of its obligations as a Member of the Fund, nor the commission of any act in breach of its obligations as a Member of the Fund, as set out in the Trust Deed.

EXECUTION

In Witness whereof this Deed has been executed on the day and year first herein before written.

The Common Seal of the **New Zealand**)
Local Authority Protection Programme Disaster)
Fund was hereunto affixed)
in the presence of:)

The Common Seal of the [insert name)
of new member] was hereunto affixed)
pursuant to a resolution of the Council in the)
presence of:)

[Or, for Members that execute deeds by two authorised signatories]

Signed for **[Member]** by two of its directors or other authorised signatories:

Authorised person's signature

Authorised person's signature

Authorised person's name

Authorised person's name

FIRST SCHEDULE

Annual Contribution:

[XXX]

Interim Contribution:

[XXX]

Fund Contribution:

[XXX]

Deductible:

[XXX]

