



**greater WELLINGTON**  
REGIONAL COUNCIL  
Te Pane Matua Taiao

**If calling please ask for:** Democratic Services

8 August 2019

## **Finance, Risk and Assurance Committee**

Order Paper for meeting to be held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington on:

**Wednesday, 14 August 2019 at 1.30pm**

### **Membership of Committee**

Cr Swain (Chair)

Cr Blakeley  
Cr Laidlaw  
Cr McKinnon

Cr Donaldson  
Cr Lamason  
Cr Ogden

Kim Skelton

*Recommendations in reports are not to be construed as Council policy until adopted by Council*

## Finance, Risk and Assurance Committee

Order Paper for meeting to be held on Wednesday, 14 August 2019  
in the Council Chamber, Greater Wellington Regional Council, Level  
2, 15 Walter Street, Te Aro, Wellington at 1.30pm.

### Public Business

		Page No
1.	Apologies	
2.	Conflict of interest declarations	
3.	Public participation	
4.	<a href="#">Confirmation of the Public minutes of 16 May 2019</a>	<b>Report 19.197</b> <b>3</b>
5.	<a href="#">Confirmation of the Public Excluded minutes of 16 May 2019</a>	<b>Report PE19.198</b> <b>9</b>
6.	<a href="#">Action items from previous meetings</a>	<b>Report 19.205</b> <b>11</b>
7.	<a href="#">Summary of Financial Statements until 30 June 2019</a>	<b>Report 19.318</b> <b>14</b>
8.	<a href="#">Summary Risk Report</a>	<b>Report 19.338</b> <b>23</b>
9.	<a href="#">Update on Harbour Risks</a>	<b>Report 19.328</b> <b>32</b>
10.	<a href="#">Health, Safety and Wellbeing Report</a>	<b>Report 19.94</b> <b>36</b>



**Please note that these minutes remain unconfirmed until the meeting of the Finance, Risk and Assurance Committee on 14 August 2019.**

**Report 19.197**  
16 May 2019  
File: CCAB-22-515

**Public minutes of the Finance, Risk and Assurance Committee meeting held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington, on Thursday, 16 May 2019 at 9:30am**

**Present**

Councillors Swain (Chair), Blakeley, Donaldson, Lamason, McKinnon, and Ogden (from 09:35am).

**Also present**

Councillor Brash.

**Public Business**

**1 Apologies**

*Moved*

*(Blakeley/ Lamason)*

*That the Committee accepts the apologies for absence from Cr Laidlaw and Kim Skelton, and the apology for lateness from Cr Ogden.*

The motion was **CARRIED**.

**2 Conflict of Interest declarations**

There were no declarations of conflicts of interest.

**3 Public Participation**

There was no public participation.

4 **Confirmation of the Public minutes of 19 March 2019**

**Report 19.100**

File: CCAB-22-491

*Moved*

*(Donaldson/ Lamason)*

*That the Committee confirms the Public minutes of 19 March 2019, Report 19.100.*

The motion was **CARRIED**.

5 **Confirmation of the Public Excluded minutes of 19 March 2019**

**Report PE19.101**

File: CCAB-22-492

*Moved*

*(Donaldson/Lamason)*

*That the Committee confirms the Public Excluded minutes of 19 March 2019, Report 19.101.*

The motion was **CARRIED**.

Cr Ogden arrived during consideration of the above item.

6 **Action items from previous meetings**

**Report: 19.181**

File: CCAB-22-508

*Moved*

*(Donaldson/Lamason)*

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*

The motion was **CARRIED**.

7 **Wellington Water Construction Costs and Impact on GWRC**

Alan Bird, Chief Financial Officer, introduced the report. .

**Report 19.178**

File: CCAB-22-505

*Moved*

*(Donaldson/Lamason)*

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*

The motion was **CARRIED**.

8 **Business Assurance – Policy Framework review**

David Nalder, Partner, PwC New Zealand, addressed the Committee on the PwC review of the policy framework. He advised there is the opportunity to refine the number of management policies and make them simpler and more meaningful for staff to use in their roles. He advised that GWRC's current policy on management policies is a sound starting point but the range of management policies should be reviewed and rationalised. Policies should be capturing statements of expectation that apply to all.

**Report 19.172**

File: CCAB-22-501

*Moved*

*(Donaldson/ Blakeley)*

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Requests management to provide a report on their implementation of the recommendations contained in the PwC report and the proposed actions.*

The motion was **CARRIED**.

9 **Health, Safety and Wellbeing update**

Nigel Corry, General Manager, People & Customer, spoke to the report.

**Report 19.94**

File: CCAB-22-511

*Moved*

*(McKinnon/ Lamason)*

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Commends officers on the initiatives of Pause for Safety and The Good Yarn*

The motion was **CARRIED**.

The meeting adjourned at 11:10am.

The meeting reconvened at 11:25am, Cr's Brash and Ogden were not present when the meeting reconvened.

10 **Summary of financial statements until 31 March 2019**

Alan Bird, Chief Financial Officer, spoke to the report.

**Report 19.162**

File: CCAB-224-496

*Moved*

*(Swain/ McKinnon)*

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Notes the capital expenditure under-spend and requests officers to report back on the details of this and how the programme delivery might be improved.*

The motion was **CARRIED**.

Cr Brash returned to the meeting at 11:26am during consideration of the above item.

**11 Audit plan for the year ended 30 June 2019**

Alan Bird, Chief Financial Officer, spoke to the report and advised the Committee that a standard audit process was being followed.

**Report 19.161**

File: CCAB-22-494

*Moved*

*(Blakeley/ Lamason)*

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*

The motion was **CARRIED**.

**12 Summary risk report**

Mike Timmer, Treasurer, spoke to the report.

**Report 19.167**

File: CCAB-22-500

*Moved*

*(Blakeley/ McKinnon)*

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*

The motion was **CARRIED**.

Cr Ogden returned at 12:00pm during consideration of the above item.

13. **Exclusion of the public**

**Report 19.187**

*Moved*

*(Lamason/ Donaldson)*

*That the Committee excludes the public from the following part of the proceedings of this meeting, namely:*

- 1. Business Assurance – ticketing processes*

*The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:*

<b>General subject of each matter to be considered:</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground under section 48(1) for the passing of this resolution</b>
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<i>1. Business Assurance – ticketing processes</i>	<i>The report contains information provided by a third party relating to their systems, processes and pricing used by GWRC. Release of this information is subject to confidentiality agreements and would prejudice future negotiations by GWRC with third parties. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the confidentiality requirements and prejudice to future negotiations.</i>	<i>This is because the information contained in this report relates to information provided by third parties that is the subject of a non-disclosure agreement and the negotiation of documents related to the proposed change of ownership consent. Release of this information would likely prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied and to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations.</i>
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*This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.*

The motion was **CARRIED**.

The public part of the meeting closed at 12:10pm.

P Swain  
(Chair)

Date:





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**Please note that these minutes remain unconfirmed until the meeting of the Finance, Risk and Assurance Committee on 14 August 2019.**

**The matters referred to in these minutes were considered by the Finance, Risk and Assurance Committee at its meeting on 16 May 2019 in public excluded business. These minutes do not require confidentiality and may be considered in the public part of the meeting.**

**Report PE19.198**

16 May 2019

File: CCAB-22-517

**Public excluded minutes of the Finance, Risk and Assurance Committee meeting held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington, on Thursday 16 May 2019 at 12:10pm**

**Present**

Councillors Swain (Chair), Blakeley, Donaldson, Lamason, McKinnon, and Ogden.

**Also present**

Cr Brash.

**Public Excluded Business**

**1 Business Assurance – ticketing processes**

Alard Russell, Product Development and Pricing Manager, Deloitte, spoke to the report.

*Moved* (Donaldson/ Lamason)

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Endorses the actions recommended.*

The motion was **CARRIED**.

The public excluded part of the meeting closed at 12:20pm.

P Swain  
(Chair)

Date:



**Report** 19.205  
Date 6 August 2019  
File CCAB-22-519

**Committee** Finance, Risk and Assurance Committee  
**Authors** Samantha Gain, General Manager, Corporate Services, and Nigel Corry, General Manager, People and Customer

## Action items from previous meetings

**Attachment 1** lists items raised at Finance, Risk and Assurance Committee meetings that require actions or follow-ups from officers. All action items include an outline of current status and a brief comment. Once the items have been completed and reported to the Committee they will be removed from the list.

No decision is being sought in this report. This report is for the Committee's information only.

## Recommendations

*That the Committee:*

1. *Receives the report.*
2. *Notes the content of the report.*

Report approved by:

**Samantha Gain**  
General Manager, Corporate Services

Report approved by:

**Nigel Corry**  
General Manager, People and Customer

[Attachment 1:](#) Action items from previous meetings

## Attachment 1 to Report 19.205

## Action items from previous Finance, Risk and Assurance Committee meetings

Meeting date	Action item	Status and comment
16 May 2019	<p><b>Noted</b></p> <p><i>The committee noted Policies and policies, referring to Strategic Policies and Operational Policies and requested more information on the expectation of governance around these.</i></p> <p><i>The committee requested a report to the next FRAC meeting on the progress with the PwC recommendations and implementation plan and progress actions.</i></p>	<p><b>Status: Under Action</b></p> <p><b>Comment:</b></p> <p>To be reported at the September meeting</p>
16 May 2019	<p><b>Noted</b></p> <p><i>Interactions with contractors to be included in future Health and Safety reports, a workshop item to be organised on PCBU and transport companies' relationship with Council.</i></p> <p><i>Update reporting to include graphs to be organised by category and include trend information and comparisons with the previous year.</i></p>	<p><b>Status: Under Action</b></p> <p><b>Comments:</b></p> <p>See commentary in Health &amp; Safety Report</p>
16 May 2019	<p><b>Noted</b></p> <p><i>How much money has been spent since the bus implementation on programme changes in the current financial year.</i></p>	<p><b>Status: Completed</b></p> <p><b>Comments:</b></p> <p>The cost of bus enhancements and timetable changes made since the introduction of the new services has totalled \$3.1m in the year ended 30 June 2019. The full year cost of these charges is \$4.85m.</p>
16 May 2019	<p><b>Noted</b></p> <p><i>Report on delivery against Capital Works Programme. This is to include the total amount for station renewals.</i></p>	<p><b>Status: Completed</b></p> <p><b>Comments:</b> Included in finance report</p>
6 March 2018	<p><b>Noted</b></p> <p><i>The Committee requested that a report on the feasibility of a rates</i></p>	<p><b>Status: Under action</b></p> <p><b>Comments:</b></p>

	<i>postponement policy for over 65s be prepared for a future meeting.</i>	Workshop held with Council and a report on this will go to the Council in the new Triennium. The reason for the delay is that any change to the policy will require consultation.
17 May 2018	<p><b>Noted</b></p> <p><i>The Committee requested officers to consider the best approach for providing regular reputational risk updates to Councillors</i></p>	<p><b>Status:</b> <i>Under action</i></p> <p><b>Comments:</b></p> <p>Matters relating to reputational risk across the organisation will be discussed at a workshop following the 19 March 2019 meeting, and a report will be presented to the Committee at the next meeting.</p>
19 March 2019	<p><b>Resolutions</b></p> <p><i>Request a further Report giving progress on</i></p> <ul style="list-style-type: none"> <li><i>a) Increased training and technical expertise at Beacon Hill</i></li> <li><i>b) Addressing the issue of complacency noting the Benefits of a "Whole of Harbour Discussion Group"</i></li> <li><i>c) CPL's response to providing a true twenty-four hour service</i></li> </ul> <p><i>Requests officers to report back to future FRAC and Environment Committee meetings on the options for ensuring Wellington has a tug boat with out of harbour capabilities.</i></p>	<p><b>Status :</b> <i>In progress</i></p> <p><b>Comments:</b></p> <p>Refer to Report 19.328 to this meeting.</p>



Report **19.318**  
Date 26 July 2019  
File CCAB-22-524

**Committee** Finance, Risk and Assurance Committee  
**Author** Ashwin Pai, Financial Controller

## Summary of financial statements until 30 June 2019

### 1. Purpose

For the Committee to receive the summary performance report for the twelve months to 30 June 2019.

### 2. Background

This report provides a review of the financial performance of GWRC activities for the twelve months to 30 June 2019. The year to date operating position is **\$2.4 million unfavourable to budget**. Please refer to [Attachment 1](#) for the detailed report.

A summary report for WRC Holdings Ltd is also included in attachment one.

### 3. Communication

There is no communication required.

### 4. Consideration of climate change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

#### 4.1 Mitigation assessment

*Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.*

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

**4.2 Adaptation assessment**

*Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.*

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

**5. The decision-making process and significance**

No decision is being sought in this report.

**6. Engagement**

Engagement on this matter is unnecessary.

**7. Recommendations**

*That the Committee:*

1. ***Receives the report.***
2. ***Notes the end of year financial result, which will be audited and the subject of the Annual Report to be delivered to the Committee on 24 September 2019.***

Report prepared by:

**Ashwin Pai**  
Financial Controller

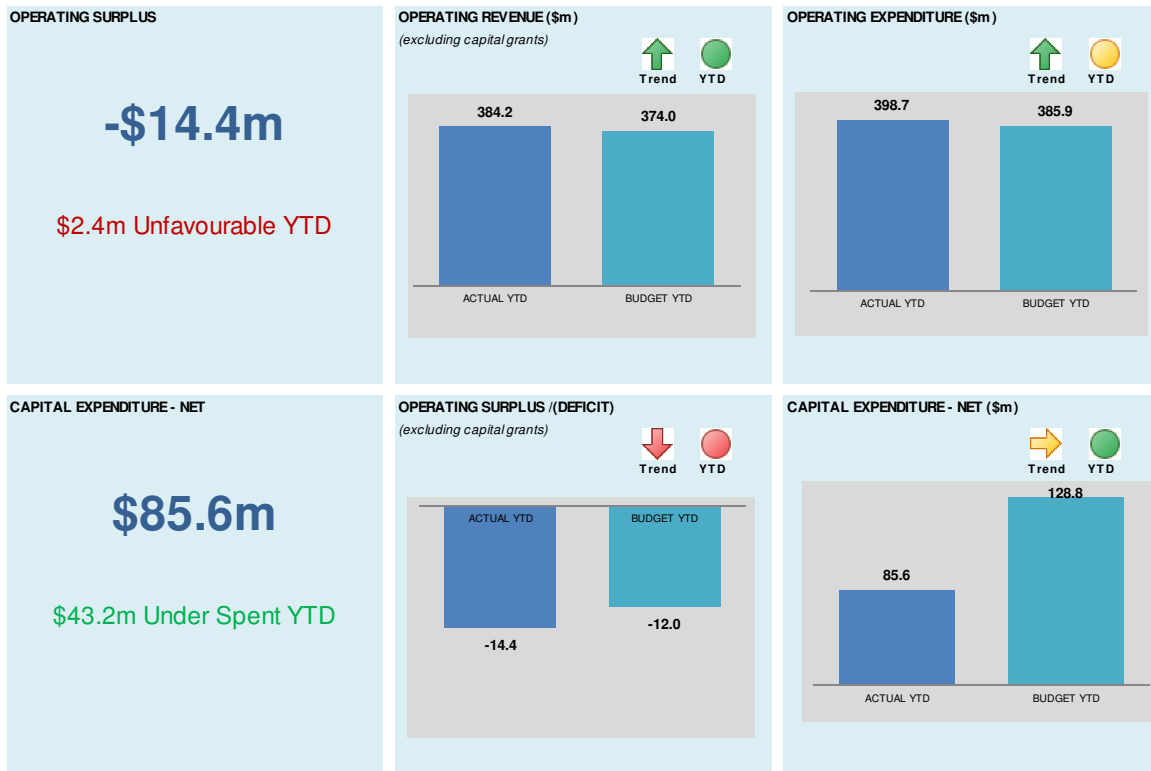
Report approved by:

**Alan Bird**  
Chief Financial Officer

**Attachment 1:** Financial Summary June 2019

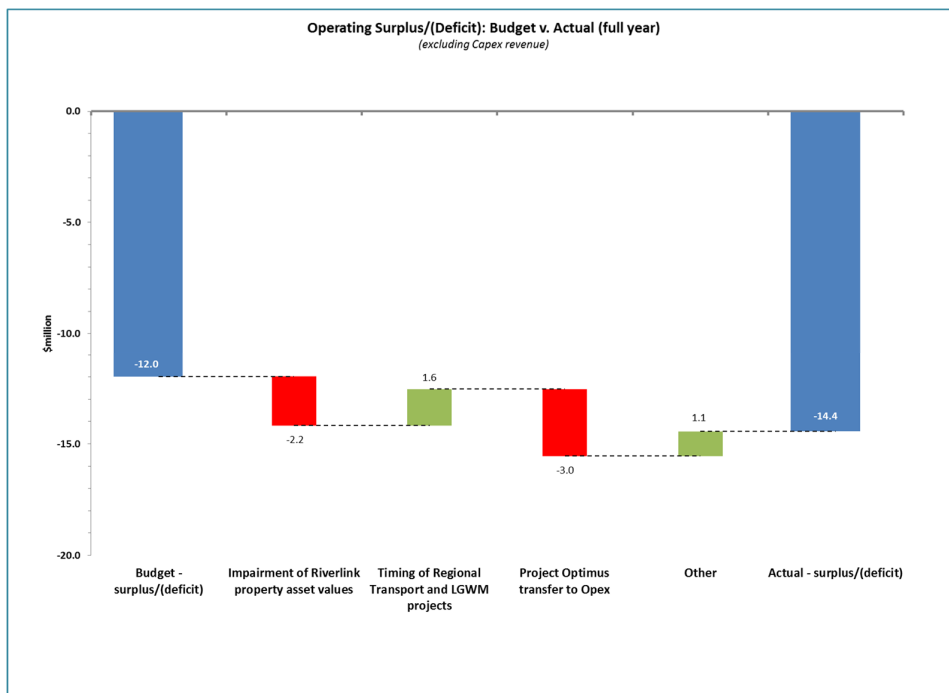
**Attachment 1 to report 19.318**

**Council Financial Summary – Actual vs Budget Full Year – 30 June 2019**



**Council Summary**

Actual operating performance (before capital grants and fair value changes) is **\$2.4m unfavourable** to budget.





	\$m
<b>Budgeted Deficit</b>	<b>-12.0</b>
<u>Key variances to actual surplus are:</u>	
Impairment of Riverlink property asset values	-2.2
Timing of Regional Transport and LGWM projects	1.6
Project Optimus transfer to Opex	-3.0
Other	1.1
<b>Actual Deficit</b>	<b>-14.4</b>

### Statement of Revenue and Expense

\$000	FULL YEAR		
	Actual YTD	Budget YTD	Variance
<b>OPERATING REVENUE</b>			
Rates	129,827	128,874	953
Subsidies & Grants	85,121	81,274	3,847
Other Revenue	161,887	158,965	2,923
Finance Revenue	7,407	4,838	2,569
<b>TOTAL REVENUE</b>	<b>384,242</b>	<b>373,951</b>	<b>10,291</b>
<b>OPERATING EXPENDITURE</b>			
Personnel	49,354	49,989	636
Material & Contractor/Consultant	93,107	83,573	9,535
Depreciation & Amortisation	25,267	26,674	1,407
Grants & Subsidy	196,247	197,896	1,649
Finance Cost	23,288	22,528	759
Other Expense	11,393	5,261	6,132
<b>TOTAL EXPENDITURE</b>	<b>398,656</b>	<b>385,921</b>	<b>12,735</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(14,414)</b>	<b>(11,970)</b>	<b>2,444</b>
<b>Subsidies &amp; Grants - Capex</b>	<b>19,743</b>	<b>32,245</b>	<b>12,502</b>
<b>Fair Value Movement</b>	<b>(25,725)</b>	<b>8,907</b>	<b>34,633</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(20,396)</b>	<b>29,182</b>	<b>49,578</b>

### Statement of Revenue and Expense by Business Group - Actual vs Budget

\$000	FULL YEAR			FULL YEAR			FULL YEAR		
	Operational Revenue			Operational Expenditure			Operational Surplus / (Deficit)		
Group	Actual YTD	Budget YTD	Variance	Actual YTD	Budget YTD	Variance	Actual YTD	Budget YTD	Variance
Public Transport	249,773	242,218	7,555	241,061	233,515	7,546	8,712	8,703	9
Catchment Management	42,364	40,293	2,071	34,628	31,172	3,456	7,735	9,121	1,385
Environment Management	31,349	31,723	374	26,046	26,328	282	5,304	5,396	92
Te Hunga Whirihiri	1,334	1,330	4	889	1,192	304	445	138	307
Strategy	13,276	13,329	54	11,141	14,229	3,089	2,135	(900)	3,035
Corporate Services	1,783	2,137	354	22,176	19,388	2,788	(20,393)	(17,252)	3,141
People and Customer	204	180	24	9,193	9,376	183	(8,989)	(9,195)	206
Investment Management	(3,997)	(6,003)	2,006	(889)	(4,051)	3,162	(3,108)	(1,952)	1,156
Water Supply	34,534	34,308	226	41,320	40,651	669	(6,786)	(6,342)	443
Warm Wellington	3,284	3,237	47	3,024	3,237	213	260	0	260
WREMO	4,159	3,999	160	3,887	3,684	202	272	314	42
<b>SUBTOTAL</b>	<b>378,062</b>	<b>366,751</b>	<b>11,311</b>	<b>392,475</b>	<b>378,721</b>	<b>13,754</b>	<b>(14,413)</b>	<b>(11,970)</b>	<b>2,443</b>
Project Next - Total Project*	6,180	7,200	1,020	6,181	7,200	1,019	(1)	0	1
<b>TOTAL</b>	<b>384,242</b>	<b>373,951</b>	<b>10,291</b>	<b>398,656</b>	<b>385,921</b>	<b>12,735</b>	<b>(14,414)</b>	<b>(11,970)</b>	<b>2,444</b>

Key year-to-date variances Actual vs Budget are noted below.

#### Operating Revenue: \$10.3m Favourable

Public Transport is \$7.6m favourable

- \$2.8m Rail Transition pass-through payment to KiwiRail where GW acts as intermediary. Fully offset by higher expenditure.
- \$1.3m Fare revenue due to a 6.7% increase in YTD Rail patronage.
- \$1.0m Higher Crown Super Gold exempt revenue (no funding impact – offset by expenses)
- \$0.5m Higher NZTA grants reflecting higher claimable costs.

**Catchment Management is \$2.1m favourable**

- \$1.0m Higher Biosecurity revenue for pest eradication work partially offset by higher costs.
- \$0.9m Additional WRECI (Wellington Region Erosion Control Initiative) programme funding to boost tree planting in conjunction with the One Billion Trees programme and associated Akura Nursery sales (partially offset by higher costs).

**Investment Management is \$2.0m favourable**

- \$2.2m Additional interest earned from higher interest rates and investing additional funds received on the prefunding of debt and short term excess liquidity. Largely offset by higher interest costs as noted below.

**Operating Expenditure \$12.7m Unfavourable**

**Public Transport is \$7.5m unfavourable**

- \$1.3m Rail operating costs:
  - (\$1.5m) Train replacement costs
  - (\$0.5m) Additional services Kapiti & Wairarapa lines
  - \$1.8m Lower KPI payments
  - \$0.9m Track access charges
  - \$0.7m Underspend on station maintenance.
- \$1.1m Depreciation and finance costs due to lower than expected capex.
- \$1.3m Trolley bus decommissioning project completed under budget.
- \$0.6m Snapper operating costs due to PTOM contracts starting later than expected and leasing rather than directly resourcing the solution.
- (\$2.3m) Bus & ferry operating costs:
  - (\$2.5m) Higher than expected indexation payments for diesel fuel.
  - (\$1.0m) Higher Crown Super Gold payments (offset by revenue).
  - \$1.2m Savings due to lower costs for performance incentives and special events.
- (\$1.4m) Increased business-as-usual costs from the PTOM model.
- (\$2.8m) Higher rail transition pass-through costs to KiwiRail (offset by G&S revenue).
- (\$4.2m) Increased expenditures in the Public Transport Transformation Project (PTTP) due to additional transition and customer engagement resource requirements, and the reclassification of bus hubs capex to opex.

**Catchment is \$3.4m unfavourable**

- (\$3.1m) Impairment of Riverlink property asset values and Pinehaven Stream costs transferred from capex to opex due to UHCC retaining ownership of the asset.
- (\$0.6m) Additional WRECI programme costs (offset by higher revenue).
- (\$0.7m) Higher Biosecurity costs for unbudgeted pest eradication work partially offset by additional revenue.

**Strategy is \$3.1m favourable**

- \$1.9m Timing of the Regional Transport and Let's Get Wellington Moving (LGWM) projects. This has resulted in lower revenue in the strategy group.
- \$0.5m Strategy Support contractor savings (Future of Port and support administration).

**Corporate Services is \$2.8m unfavourable**

- \$0.6m Project Next cost recoveries and savings in contractors.
- (\$3.0m) Project Optimus transfer to Opex. Project costs are required to be treated as opex given the decision not to continue with the solution initially envisaged.

**Investment Management** is \$3.2m unfavourable

- (\$1.5m)** Lower interest recoveries from business groups due to a lower than budgeted internal loan opening balance and lower than budgeted capex spend.
- (\$0.7m)** Additional interest expense from the prefunding of debt. More than offset by higher interest revenue as noted above.
- (\$0.8m)** Write-off of plans for a new Wairarapa office building not now proceeding.

## Capital Expenditure by Business Group

\$000	FULL YEAR			
	Actual YTD	Budget YTD	Variance	%
<b>Group</b>				
Public Transport (incl investment)	56,334	76,785	20,451	27%
Catchment Management	14,374	18,203	3,829	21%
Environment Management	3,834	6,839	3,005	44%
Strategy	183	915	732	80%
Corporate Services	3,213	10,433	7,220	69%
People and Customer	151	700	549	78%
Investment Management	(27)	250	277	111%
Water Supply	7,489	14,645	7,156	49%
<b>TOTAL</b>	<b>85,552</b>	<b>128,770</b>	<b>43,218</b>	<b>34%</b>

Key year-to-date variances Actual vs Budget are noted below.

### Capital Expenditure \$43.2m Under Spent

#### Public Transport is \$20.4m under spent

- \$1.0m** Savings on the Driver Simulator. The project is finished and under budget.
- \$4.6m** Deferred rolling stock upgrades relating to Wairarapa Line carriage life extensions.
- \$3.2m** Station renewal and upgrades due to the delay with commencing this work.
- \$3.4m** Train heavy maintenance & minor improvements. The budgeted level of maintenance has not been achieved by the contracted heavy maintenance provider. GW has worked with the contractor to engage an advisor team to rectify the performance issues.
- \$1.7m** Park & Ride due to the design, consent and demolition of the Waterloo carpark taking longer than expected.
- \$2.6m** Real time information systems.
- \$3.0m** Bus shelter and signage upgrade. Paraparaumu and Waikanae are now commencing next year, and a lower than expected rate of spend on new bus stop facilities and standing pads due to a focus on the Public Transport Transformation Project.
- (\$0.9m)** Bus hubs due to increased work requirements.

A breakdown of the spending on the station renewals and upgrades, as requested by the Committee, is attached to this report. It should be noted that the budget is maintained at a global level and not allocated to individual projects.

#### Catchment is \$3.8m under spent

- \$1.1m** Lower spend on Lower Wairarapa Valley Development (LWVD) stop bank upgrades due to delays in landowner negotiations and resource consent requirements.
- \$1.5m** Delay with Otaki River works, stop-bank improvements and land purchase projects due to a review of the Otaki FMP.
- \$1.3m** Delay with Pinehaven Stream improvements due to an appeal to the Environment Court on plan changes. \$0.9m has been transferred to opex as noted above.

- \$0.8m Minor investigations (\$0.3m) and resource consents (\$0.5m).
- (\$0.4m) Ava to Estuary land purchase for the purpose of future flood protection.
- (\$0.9m) RiverLink property acquisitions progressing faster than anticipated.

**Environment** is \$3.0m under spent

- \$0.9m Wellington-Hutt Whaitua Collaborative Modelling projects delay.
- \$0.6m Science network upgrades timing difference.
- \$1.4m Timing of the infrastructure upgrades at Battle Hill, Belmont, Queen Elizabeth, and Kaitoke Regional Parks.

**Strategy** is \$0.7m under spent

- \$0.7m Timing of the transport planning software model.

**Corporate Services** is \$7.2m under spent

- \$7.0m Optimus project. Note that Project costs are required to be treated as opex given the decision not to continue with the solution initially envisaged.

**Water Supply** is \$7.2m under spent

- \$1.5m Timing of the Cross Harbour Pipeline alternate water source project. Delay due a requirement to complete some pre-investigation studies. The shortfall in spend will be utilised in 2019/20.
- \$3.8m Ngauranga reservoir strengthening. Delay due to project design review being undertaken.
- \$2.0m Strategic store project scope change. Access to new site options via the new alliance partner (Fulton Hogan) has changed the scope of the project.

**Station Renewals and Upgrades for the year ended 30 June 2019**

<b>Station Renewals &amp; Upgrades</b>	<b>Actual</b>	<b>Budget</b>	<b>YTD Var</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Station Upgrades		1,500	1,500
Ava Bridge South-End	1,196	400	-796
Strength & Access-Buildings & Structures	295	2,000	1,705
Kenepuru Bridge Seismic upgrade	96		-96
Linden Bridge Seismic upgrade	50		-50
Woburn North Seismic upgrade	40		-40
Woburn South Seismic upgrade	20		-20
Paekakariki Seismic upgrade	116		-116
Signage		2,000	2,000
Cube Pylon Signs for platforms	1,312		-1,312
Bike Storage	203	500	297
Renew Waterloo Railway Station roof	188	500	312
ROM Station / Carpark upgrades	95	3,387	3,292
Redwood Station Shelter replacement	564		-564
Waterloo Station Shelter replacements	30		-30
EMU Depot Replacement Sewer Main	20		-20
EMU Wash Refurbishment	624		-624
Carterton Stn roof replacement and insul	76		-76
Paremata car park extension	665		-665
Maymorn shelter replacement	31		-31
Porirua Carpark Expansion	1,777		-1,777
ROM Rail Infra Improve <250k	385	1,000	615
Waterloo Main High Canopy Fittings	175		-175
Station LED Replacements	95		-95
	<b>8,053</b>	<b>11,287</b>	<b>3,234</b>

## WRC Holdings Group Financial Summary – 31 May 2019

**WRC HOLDINGS GROUP  
INCOME STATEMENT  
FOR THE PERIOD ENDING 31 MAY 2019**

WRC HOLDINGS GROUP INCOME STATEMENT FOR THE PERIOD ENDING 31 MAY 2019	31 May 2019			Full Year 18/19		
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
Total Revenue	108,294	104,299	3,995	118,163	114,539	3,624
Operating Expenses	104,791	101,511	(3,281)	114,358	110,547	(3,811)
<b>Earnings before interest &amp; tax ( EBIT )</b>	<b>3,503</b>	<b>2,789</b>	<b>714</b>	<b>3,804</b>	<b>3,992</b>	<b>(187)</b>
Less:						
Finance costs	827	1,354	527	931	1,433	502
<b>Net surplus (deficit) before tax &amp; revaluations</b>	<b>2,676</b>	<b>1,435</b>	<b>1,241</b>	<b>2,873</b>	<b>2,559</b>	<b>315</b>
CentrePort Fair Value Movements	6,951		6,951	8,654	-	(8,654)
CentrePort Earthquake costs (Revenue)	(8,319)	(37,303)	(28,984)	(60,000)	(80,063)	(20,063)
<b>Net surplus (deficit) before tax &amp; after earthquake costs</b>	<b>1,308</b>	<b>(35,868)</b>	<b>(34,694)</b>	<b>(48,473)</b>	<b>(77,504)</b>	<b>(28,402)</b>

**Notes:**

(1) Includes a summary consolidation of CentrePort Ltd's results before providing for minority interests

The analysis below is for the net surplus before tax, earthquake costs (EQ) and fair value movements in order to focus the commentary on core business operations. CentrePort EQ cost recovery is \$28.9m unfavourable year-to-date, and is forecast to be \$20m unfavourable for the year due to lower finalisation of insurance recoveries. Unfavourable fair value movements of \$6.9m relates to loss on redemption of Mandatory Convertible Notes (MCN's).

**Key Variances Year-to-Date Actual vs Budget: Net surplus before tax & EQ \$1.2m favourable**

**CentrePort \$0.8m favourable**

- Favourable equity earnings and operating revenue more than offsetting increase in operating costs in container and break bulk services.

**Key Variances Full-Year Forecast vs Budget: Net surplus before tax & EQ: \$0.3m favourable**

**CentrePort \$0.5m unfavourable**

- Unfavourable mainly due to increase in operating costs for container and break bulk services and other support costs. This more than offsets favourable equity earnings due to the Mandatory Convertible Notes (MCN) coupon payments no longer being paid following redemption of the MCN's.

**WRC Holdings Group \$0.3m favourable**

- Lower finance costs due to lower than anticipated interest rates on borrowings.



<b>Report</b>	<b>19.338</b>
Date	1 August 2019
File	CCAB-22-527
<b>Committee</b>	<b>Finance, Risk and Assurance Committee</b>
<b>Author</b>	<b>Mike Timmer, Treasurer</b>

## Summary risk report

### 1. Purpose

Update the Finance, Risk and Assurance Committee (the Committee) with changes to the risk register during the quarter ending 30 June 2019.

### 2. Background

Each quarter, the risks at group level are considered and reported to the Chief Executive. This process involves adding new risks, archiving old risks if they are no longer relevant, reviewing the controls (risk mitigation/modifying management strategies) and checking that the scoring of the risk reflects its current state.

The Quarterly Risk Report, containing the top 10 risks, is included at [Attachment 1](#). Commentary on changes and on the report follows.

### 3. Comment on risk changes during the quarter

During the June quarter, as part of the regular review of the risk register, three new risks were added to the register and three risks were archived. See [Attachment 2](#) for New Risks added during the quarter, and [Attachment 3](#) for Risks archived during the quarter, including commentary and reasons.

#### 3.1 Summary of New Risks

**Risk No 154:** relating to failure to consistently capture bus information required to measure KPI's

**Risk No 155:** relating to transportation - danger to staff from inconsistent vehicle types and safety features.

**Risk No 156:** relating to receiving a qualified Audit Opinion and/or failure to complete the annual report.

### **3.2 Summary of Risks archived during the quarter**

**Risk No 149:** relating to inadequate insurance coverage to meet a seismic event for GWRC's underground water assets.

**Risk No's 151 and 152:** relating to the Optimus project

### **3.3 Movement in the top 10 risks**

The top ten risks remained the same since last quarter; there were no changes in ranking or scoring.

### **3.4 Change in Residual Risk level (High, Medium, Low) or Risk score (number)**

There were two changes to risk levels during the quarter. These risks are outside the top ten.

#### **Delivery of the Regional Public Transport Plan (RPTP) put at risk due to delay or cancellation of one or more interrelated projects (focus on National Ticketing Project)- Risk 114**

The residual risk score has increased from 120 (medium risk) to 350 (medium risk). The change results from the fact that while most of the interrelated projects which could affect delivery of the PT Plan have been completed, national ticketing remains an outstanding major project, which if not delivered will mean that a major portion of the RPTP will not be delivered. Ticketing projects are by their nature full of risk, in addition this project has multiple parties involved which heightens the risk.

#### **Unnecessary costs or delays incurred as a result of poor Public Transport procurement – Risk 63**

The residual risk score has increased from 132 (medium risk) to 240 (medium risk). This risk has been reassessed to incorporate the procurement that will be undertaken as part of the National Ticketing Project

### **3.5 Additional Information “Outlook/Trending”**

In the Quarterly Risk Report, we are continuing to trial the new column, “Outlook/Trending”, which captures the direction the business units see the risk heading in the coming six to 12 months.

There has been no change to the trend of each of the top ten risks during the quarter.

## **4. Interpretation of the Quarterly Risk Report**

A brief description of the columns in the Quarterly Risk Report in Attachment 1, and what they mean, is as follows:

#### **Overall ranking: by residual risk score**

Residual risk is the risk that remains after controls have been applied and is discussed further below. A lower number means it has a higher residual risk relative to others. The risk rating as per the end of the last quarter is shown in (brackets).



**Risk ID:**

This is a unique system number assigned to each risk.

**Risk Category**

This is the category that the risk belongs to, and can be more than one category. Each category has a risk appetite which measures GWRC's propensity to accept risk. Health and safety of staff and contractors, legislative and regulatory compliance, and environment damage are areas where we have a low appetite for risk.

**Description**

Brief description of the risk.

**Inherent Risk level**

The risk is assessed/scored and placed into a classification category (Very High, High, Medium, or Low) before any controls are in place. Or put another way, without the controls working.

**Controls**

These are processes which mitigate/modify a risk. They reduce the likelihood of occurrence of a risk, or reduce the consequences when it occurs, or both.

**Residual Risk level**

This is the risk classification category after the controls have been put in place and are working as expected. The residual score as per the end of the last quarter is shown in (brackets).

**Risk Owner**

The person responsible for the risk. There is also a person assigned to each control which is not normally the risk owner.

**Residual Risk Score**

This is a mathematically derived score determined by the Quantate software which weights the likelihood of the risk occurring and the consequences of the risk, the produce of which is a numerical score.

**Residual Outlook/Trending – trial at this stage only**

Provides an outlook of how the business sees the risk developing in the next six to 12 months. An arrow up means a risk is expected to get worse and an arrow down mean a risk is expected to reduce as the risk score reduces.

**Status Change since last quarter.**

This provides a current discussion around the risk.

**5. Communication**

There is no communication required.

## 6. Consideration of climate change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

### 6.1 Mitigation assessment

*Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.*

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

### 6.2 Adaptation assessment

*Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.*

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

## 7. The decision-making process and significance

No decision is being sought in this report.

## 8. Engagement

Engagement on this matter is unnecessary.

## 9. Recommendations

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the top 10 risks and the changes to the risk register.*

Report prepared by:



**Mike Timmer**  
Treasurer

Report approved by:

**Samantha Gain**  
General Manager, Corporate  
Services

**Attachment 1:** Quarterly Risk Report  
**Attachment 2:** Risks added during the quarter  
**Attachment 3:** Risks archived during the quarter

Attachment 1:

QUARTERLY RISK REPORT 30 JUNE 2019										
Overall ranking by residual score 1)	Risk Id	Risk category	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Risk owner	Residual score 2)	Outlook / Trending	Status Change since last quarterly review plus risk treatments being considered
1 (1)	51	<ul style="list-style-type: none"> <li>Services are severely curtailed</li> <li>Political</li> </ul>	Currently contracted bus services fail to meet acceptable levels of service reliability and/or quality targets due to reasons within the control of the bus operator	High Risk	Enforceable Contracts with suppliers Department Business Continuity Plans Disaster Recovery Plan Maintain strong relationships with bus operators including regular meetings and reporting on performance Ensure bus operators have an operational plan for managing minimum service levels in the event of prolonged industrial action Ensure bus operators have maintenance programmes that ensure ongoing assessment of compliance, as well as suitable preventative maintenance programmes Ensure that contingency plans are considered at the first sign of pending insolvency Ensure bus operators have appropriate health and safety procedures and reporting Move to performance based contracts that promote compliance with performance targets	High Risk	Greg Pollock	1900 (1900)	Would have been 'risk expected to reduce'. However, need to say that risk will stay the same as we will need to continue to work through changes to ERAA (after 12 mth lead in time), so still some unknowns	The overall ranking of this risk has remained at 1. <ul style="list-style-type: none"> <li>Drivers shortages faced by NZ Bus in particular continue to have an impact on levels of bus service</li> <li>We are working with them to help resolve the issue.</li> </ul> The Employment Relations Amendment Act - rest breaks legislation came into effect on 6 May 2019. However, a MOU and Transport Rule change provided an extra 12 months for operators to comply with the legislation. In this quarter GW has: <ul style="list-style-type: none"> <li>Worked with operators to resolve the issue</li> <li>Requested that NZ Bus recruit an operations manager for their Wellington business</li> <li>Taken a lead role in working with operators to ensure readiness for 6 May 2020</li> <li>Commenced a driver recruitment campaign</li> <li>Continued with the second stage of the post implementation review, including determining the timetable and consultation methods for the review</li> </ul>
2 (2)	59	<ul style="list-style-type: none"> <li>Services are severely curtailed</li> <li>Loss, failure or damage to assets</li> <li>Political</li> </ul>	Rolling stock unable to meet passenger demand due to multiple vehicles not being operational	High Risk	Ensure maintenance inspection regimes are followed GW ensures that maintainer effectively manages fleet failure modes and issues through the Failure Reporting Analysis and Corrective Action System (FRACAS) process, and ensures GW maintains full visibility of this Train manufacturer undertakes maintenance Maintain close working relationships with train suppliers, original equipment manufacturers (OEM's), operational and maintenance contractors Employ appropriately skilled and trained people Regulatory obligations of operators and providers Enforcement of contract (legal)	High Risk	Angus Gabara	1330 (1330)	improving 	The overall ranking of this risk has remained at 2. In this quarter GW has: <ul style="list-style-type: none"> <li>Along with operator, commenced implementation of recommendations following investigation of issues.</li> <li>Engineering consultants working at the Depot to undertake the 100 day turnaround plan.</li> <li>Maintenance subcontractor has employed a chief maintenance engineer.</li> <li>GW rail engineers seconded to operator to provide oversight.</li> <li>Maintained strong relationships with operators, including regular meetings &amp; performance reporting</li> <li>Continued to closely monitor operational activities across the rail system to ensure that safety, quality standards and reliability of information are maintained by the operators, maintainers and network owners.</li> <li>Worked closely with operators to ensure compliance on heavy maintenance plan and agreed over closer working relationships</li> </ul>
3 (3)	77	<ul style="list-style-type: none"> <li>Health and safety of staff and contractors &amp; volunteers</li> <li>Environmental damage</li> <li>Legislative and regulatory</li> <li>Political</li> </ul>	Contaminated site(s) either known or unknown that results in harm to environment and/or health	Very High Risk	Resourcing - additional admin resource has been provided to ensure that the database is updated regularly. Also the reports provided to the public have been reviewed and reformatted to be more user friendly. Additional technical expertise has also been allocated to review the data provided by the TA's.	Medium Risk	Lucy Baker	630 (630)		GWRC secured funding from MfE to investigate the historic Miramar gasworks site. Jacobs have been engaged to carry out the environmental monitoring for the project and are currently finalising the bore drilling costs, getting the bore permits and sorting out service clearance. The estimated start date for the work is 26 August.

1) The number in brackets is the risk ranking as per the end of the previous quarter.

2) The number in bracket is the residual risk score as at the end of the previous quarter.

QUARTERLY RISK REPORT 30 JUNE 2019										
Overall ranking by residual score 1)	Risk Id	Risk category	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Risk owner	Residual score 2)	Outlook / Trending	Status Change since last quarterly review plus risk treatments being considered
4 (4)	141	<ul style="list-style-type: none"> <li>Legislative and Regulatory</li> <li>Political</li> </ul>	Breach of privacy	High Risk	Enforceable Contracts with suppliers Statutory Compliance Training Privacy Policy Appointment of Privacy Officer	Medium Risk	Sandra Kelman	525 (525)	improving 	Overall risk ranking is unchanged. Experienced Privacy Officer has been on-board for 9 months, We are considering moving the residual likelihood risk scoring from likely to unlikely given this appointment. This would reduce the residual risk scoring to 180 and therefore move it out of the top 10.
5 (5)	123	<ul style="list-style-type: none"> <li>Services are severely curtailed</li> <li>Loss, failure or damage to assets</li> <li>Political</li> </ul>	Reduction of bus service levels with transition to a new network, fleet and contracts	High Risk	Appropriate programme management in place - projects identified - responsibility allocated - regular monitoring - escalation - staggered transition - contingency planning - customer communications through channels and use of AmBusadors - transition support provided to operators - daily management monitor and review meetings	Medium Risk	Greg Pollock	490 (490)	improving 	The overall ranking of this risk has not changed.  We continue to work towards the transition completion  In this quarter GW has: <ul style="list-style-type: none"> <li>Continued to work with NZ Bus together on the provision of buses to replace the retired trolley bus fleet.</li> <li>Continued the second stage of the post implementation review, including determining the timetable and consultation methods for the review</li> <li>Completed reinstatement of seats on buses</li> </ul>
6 (6)	103	<ul style="list-style-type: none"> <li>Health and safety of staff, contractors and volunteers</li> <li>Political</li> </ul>	Fatality or permanent disability to CM staff arising from use of a quad bike in a manner that doesn't comply with organisational Health and Safety	Very High Risk	Department Hazard Registers Working Alone Procedures & Equipment Departmental Plans - Maintenance Schedules Health & Safety Plan Standard Operating Procedures	Medium Risk	Wayne O'Donnell	468 (468)		<b>Biosecurity:</b> Regular quarterly maintenance on quads and equipment continues. There were no new staff assessed for competence in using quads in the last quarter.  <b>Land Management:</b> Our fleet of quads and LUV's will all be CanAm models once the Polaris Ranger has been sold and this will ensure that all training and maintenance will be standardised to fit the CanAm specifications. Having different makes and models has resulted in confusion when staff swap between the different machines - as they all have their own nuances and peculiarities.
7 (7)	136	<ul style="list-style-type: none"> <li>Services are severely curtailed</li> </ul>	Inability to adequately respond to another significant seismic event damaging Shed 39 and potentially the Masterton Office given high probability of another event	Medium Risk	Insurance is in place Department Business Continuity Plans Disaster Recovery Plan Appointment of Business Continuity and Emergency Manager	Medium Risk	Samantha Gain	456 (456)		The November 2016 earthquakes in Kaikoura have significantly raised the chances of another magnitude 7 event that could impact Shed 39 again. Council has entered into a long term lease in Cuba Street of a building which is 100% NBS. Until the move in late 2020 Wellington staff are situated at Shed 39 (90-100% NBS), 15 Walter St (100% NBS) and 181 Vivian St (Some PT Staff, 80% NBS) some exposure remains to business interruption. The recent appointment of a Business Continuity & Emergency Manager provides increased focus on business continuity planning which is expected to lessen the risk by providing a better response through being better prepared and organised should such an event occur again.

QUARTERLY RISK REPORT 30 JUNE 2019										
Overall ranking by residual score 1)	Risk Id	Risk category	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Risk owner	Residual score 2)	Outlook / Trending	Status Change since last quarterly review plus risk treatments being considered
8 (8)	115	<ul style="list-style-type: none"> <li>Services are severely curtailed</li> <li>Financial</li> <li>Political</li> </ul>	Failure of KiwiRail network assets or network operations causes damage to GWRL assets or cancellation of multiple services	High Risk	GW ensures that KiwiRail has a robust emergency response plan that: <ul style="list-style-type: none"> <li>- provides for efficient bus replacements</li> <li>- provides for effective customer communications in the event of a failure</li> <li>- includes a separate set of operational parameters relating to earthquake magnitudes and readings from network based ground acceleration sensors</li> </ul> GW ensures that KiwiRail has a robust network management plan that: <ul style="list-style-type: none"> <li>- focuses funded renewal activities on critical components of the network</li> <li>- provides for infrastructure maintenance, monitoring and inspections</li> </ul> Maintain strong relationships with network owner and the rail operator, including regular meetings and reporting against a clear set of performance targets GW partners an application to the crown (via NZTA) for additional funding for 'catch up renewals' for network infrastructure GW participates in Metro Operating Model review led by MoT & Treasury \$98.5m received for traction poles	Medium Risk	Angus Gabara	455 (455)	improving 	The overall ranking of this risk has not changed.  Risk level considered appropriate at this stage.  In the quarter: <ul style="list-style-type: none"> <li>Continued regular monitoring</li> <li>Concepts and digital models using laser scan data are progressing for some stages of the double tracking between Trentham and Upper Hutt allowing engineering review and market approaches for design and construction.</li> <li>Continued membership of the project governance boards with KiwiRail.</li> </ul>
9 (9)	126	<ul style="list-style-type: none"> <li>Health and safety of staff, contractors and volunteers</li> <li>Physical harm to the general public</li> </ul>	Fatality or harm to staff working in or near water	High Risk	FPSOP46 Working in or near water Driver training general and 4WD	Medium Risk	Wayne O'Donnell	432 (432)	→	<b>Biosecurity:</b> All new staff attended water safety course as part of their induction and competency building for the role. No incidents while working near water were reported in the quarter. <b>Land management:</b> To assist with communication between staff on chainsaws and contractors in heavy machinery when working adjacent to water - new Bluetooth forestry helmets have now been procured. This will enable good effective communication between the digger operators and ground staff - particularly when clearing flood debris. <b>Flood Protection:</b> Staff exposed to this risk undertake 'Working in and around water' training and review the Working alone policy/procedures.
10 (10)	106	<ul style="list-style-type: none"> <li>Services are severely curtailed</li> <li>Physical harm to the general public</li> <li>Political</li> </ul>	Failure of KiwiRail network or third party assets, or network operations causes serious injury	High Risk	GW ensures that KiwiRail has a robust network management plan that: <ul style="list-style-type: none"> <li>- focuses funded renewal activities on critical components of the network</li> <li>- provides for infrastructure maintenance, monitoring and inspections</li> </ul> GW ensures that KiwiRail has an emergency response plan with the network owner and operator Maintain strong relationships with the network operator, including regular meetings and reporting against a clear set of performance targets GW ensures that KiwiRail has a safety plan and current safety case GW partners application to the crown (via NZTA) for additional funding for 'catch up renewals' for network infrastructure \$98m received for traction poles	High Risk	Angus Gabara	430 (430)	improving 	The overall ranking of this risk has not changed.  Risk level considered appropriate at this stage.  In the quarter: <ul style="list-style-type: none"> <li>Continued regular monitoring</li> <li>Concepts and digital models using laser scan data are progressing for some stages of the double tracking between Trentham and Upper Hutt allowing engineering review and market approaches for design and construction.</li> <li>Continued membership of the project governance boards with KiwiRail</li> </ul>

1) The number in brackets is the risk ranking as per the end of the previous quarter.

2) The number in bracket is the residual risk score as at the end of the previous quarter.

Attachment 2:

New Risks added during the quarter

QUARTERLY RISK REPORT 30 JUNE 2019									
Overall ranking	Risk Id	Risk category	Description	Inherent risk level	Controls	Residual risk level	Risk owner	Residual Risk	Status Change since last quarterly review, including any risk treatments being considered
18	155		Danger to staff from inconsistent vehicle types and safety features leading possible fatality due to inconsistent knowledge of vehicle operation leading to potential accident or injury/death	Very High Risk	Statutory Compliance Health & Safety Plan Standard Operating Procedures E Road monitoring system as part of vehicle policy Standard Operating Procedures for Quad bikes, trailers and Motor bikes Vehicle Procurement policy provides minimum safety standards e.g. for 4 star ANCAP rating Monitoring via E Road system of Statutory requirements COF and WOF for Vehicles. Core driver training as part of Induction Process	Medium Risk	Nigel Corry	216	Recent work by the Health Safety and Wellbeing team has identified inconsistency around controls for Transportation. This has initiated the risk to be elevated and reported on and an improvement plan is in development. The plan will inevitably develop further risk treatments.
60	154		Failure to consistently capture bus information from every stop required to measure KPIs resulting in difficulty in enforcing KPIs and monitoring services	High Risk	External and Internal Audit Use of alternative data sources to measure data for KPIs	Low Risk	Greg Pollock	20	The risk was identified as a new risk in this quarter. This risk has been included in the register as the Real Time Information system was developed as a customer information service. Since the implementation of the PT contracts it has been used as the primary method of measuring operator performance against reliability and punctuality performance requirements. We have recently become aware that the RTI data does not provide the level of consistent data capture needed to enforce these contract performance requirements.  The risk achieves a low residual (and overall) score as there is confidence in the controls. In the quarter GW has: · Undertaken activities to identify some of the problem areas in RTI's function and request software improvements from the supplier. · Improved use of the existing controls and introduced a refined KPI regime that incentivises better operator performance whilst reducing reliance on the unreliable data.
61	156		A qualified Audit Opinion is received and/or the annual report is not completed on time	Medium Risk	Statutory Compliance Detailed Year end plan in conjunction with Audit NZ plan is devised and regularly updated / worked on	Low Risk	Alan Bird	20	This is a new risk, and recognises that the annual report might not be completed on time, predominantly due to delays with CentrePort completing their report on time that consolidates into our report.

**Attachment 3:**

**Risks archived during the quarter**

QUARTERLY RISK REPORT 30 JUNE 2019									
Ranking per 31.03.19	Risk Id	Risk Category	Description	Inherent risk level	Controls	Residual risk level	Risk owner		Status Change since last quarterly review, including any risk treatments being considered
18	149	Financial; Political	Inadequate coverage to meet a seismic event for Wellington Water for their underground assets arising from significantly increased Damage Estimates.	High Risk	\$33million of contingency funds available to meet a seismic event for WW Underground Assets	High Risk	Mike Timmer	200	This risk has been archived. Council purchased \$20 million of Insurance cover which now together with contingency funds more than meets its 40% obligation of an Infrastructure loss with the balance i.e. 60% being provided by Government. This is based on Council's own risk assessment supported by external advisors.
24	152	Financial; Political	Potential that the Optimus Payroll solution can not be configured correctly	Medium Risk	Awaiting Deloitte's Report	Medium Risk	Jenni Horton	180	The risk has been archived. The proposed product is no longer being considered for replacement of GW's payroll systems. The first phase of the Optimus Programme was aimed at refining GWRC's requirements; gaining a better understanding of the risks, issues, complexities and costs associated with replacing the existing core system; and making an informed decision as to the best way forward. At the completion of this phase we have decided that GWRC will not to proceed further in the form initially envisaged. Once the new product is selected for review we will consider the specific risks concerning payroll configuration based on the use of the product in similar NZ organisations with like payroll requirements.
36	151	Services are severely curtailed; Financial; Political	Optimus project delivers a non-integrated solution leading to a poor performing system from a technical performance and a user perspective	Medium Risk	System not accepted if design requirements are not met by Vendors to satisfaction of Council. Skilled GW systems architect to be involved and technical design reviewed early in the project. Robust test plan and test performance at earliest possible opportunity	Medium Risk	Jenni Horton	96	The risk has been archived. The proposed integrated product solution is no longer being considered for replacement of GW's Finance and Asset Management systems. The first phase of the Optimus Programme was aimed at refining GWRC's requirements; gaining a better understanding of the risks, issues, complexities and costs associated with replacing the existing core system; and making an informed decision as to the best way forward. At the completion of this phase we have decided that GWRC will not to proceed further in the form initially envisaged. Once the new product is selected for review we will consider the specific risk concerning integration of core functions if the product is not a single ERP application.

**Report** 2019.328  
**Date** 2 August 2019  
**File** CCAB-22-529

**Committee** Finance, Risk and Assurance Committee  
**Author** Grant Nalder, Manager Harbours/Harbourmaster

## Update on Harbour Risks

### 1. Purpose

To update the committee as requested on certain matters arising from the March 2019 report on the Harbour Risk Assessment report

### 2. Background

In September 2018 we received an external review of our Harbour Risk assessment. In March 2019 after presenting a report to this committee there was a request for an update on four points including training and technical expertise, harbour user and vessel compliance, Centreport Limited's (CPL) marine service, and out-of-harbour tug capability.

### 3. Comment

The update is provided as follows :

*1) Increased training and technical expertise at Beacon Hill;*

The upgrade of the software is completed and we are approaching training providers. Previously all the options were based outside of New Zealand. The person that provided very similar training for Northport (Whangarei) is now working for that port company and is based there. I have discussed this with him and he is interested in assisting us. Other regions have expressed an interest in having their staff being part of this training .

*2) Addressing the issue of compliance in relation to large harbour users;*

The initial meeting between large harbour users went well and started some good conversations.

Topics included :

- Harbourmaster's introduction, role and concerns around complacency



- The Port and Harbour Marine Safety Code – what it is and its relevance
- Summation of the high points from the Risk assessment
- Hinds Point Navigation marker
- Procedures for booking and using CPL tugs
- Pilot Exemptions checks
- Navigation and Safety Bylaw review
- Discussed issues raised by ferry masters; incident follow up and adherence to the recommended tracks
- Understood and clarified a misunderstanding concerned deviation from recommended tracks

We are in the process of organising the next meeting and these will become on-going and a way to highlight safety issues and directly interact with the major, large vessel users of the harbour.

3) *CPL's progress on providing a true 24 hour marine service;*

Centreport have a proposal for increased staffing that would allow 24 hours operation of marine services (tugs and Pilot launch). At present the port operates 24/7 however due to crew rest requirements the marine services cannot be run 24 hours in a day. The proposal has been externally reviewed and is sitting with CPL's ELT for a decision.

4) *Options for a tug with out of harbour capability.*

Centreport are undertaking a significant planning exercise looking at their business and how they redevelop and move forward following the earthquakes. Part of this work is looking at business planning and future trade (shipping types) and demand for services. Once these factors start to be solidified planning for resourcing (staff and assets) will be able to be evaluated. This is the point at which the current level of tug support and future requirements will be looked at. At this stage I am not aware of a timeframe for this work.

Port & Harbour Marine Safety Code Review

We have received a draft of the review. It is very positive of how Greater Wellington Regional Council (GWRC) and CPL apply the code and operate in line with its intentions. We are currently preparing a reply to the review group in relation to the report and once this is resolved we will receive the final report. There are no recommendations directly for GWRC from the draft report.

#### **4. Communication**

No external communication is proposed as an outcome of the consideration of this report

## **5. Consideration of climate change**

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

### **5.1 Mitigation assessment**

*Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.*

Officers have considered the effect of the matter on the climate. Officers consider that the matter will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) or the Permanent Forest Sink Initiative (PFSI)

### **5.2 Adaptation assessment**

*Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.*

Officers have considered the impacts of climate change in relation to the matter. Officers recommend that climate change has no bearing on the matter.

## **6. The decision-making process and significance**

No decision is being sought in this report. This report is to keep Councillors updated as per their request.

### **6.1 Engagement**

Engagement on this matter is unnecessary.

## **7. Recommendations**

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*



Report prepared by:

**Grant Nalder**  
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Harbours/Harbourmaster

Report approved by:

**Al Cross**  
GM Environment  
Management



**Report** 19.94  
**Date** 6 Aug 2019  
**File** CCAB-22-528

**Committee** Finance, Risk and Assurance Committee  
**Author** Julie Barber – Health, Safety & Wellbeing Manager

## Health, Safety and Wellbeing update

### 1. Purpose

To inform the Finance, Risk and Assurance Committee (the Committee) of the health, safety and wellbeing (HSW) performance of Greater Wellington Regional Council (GWRC) and activity associated with GWRC's critical risk areas.

### 2. Actions arising from last meeting

We have read and acknowledge the request from the last meeting that;

1. Reporting is updated to include graphs organised by category and include trend information and comparisons with previous years
2. Interactions with contractors be included in future HSW reports
3. A workshop item to be organised on a Person Conducting a Business or Undertaking (PCBU) and transport companies relationship with council

In response:

1. A revision of HSW reporting is underway to ensure the Executive Leadership Team (ELT), the Committee and Council are provided with HSW performance reporting that is meaningful, and provides the right information to allow them to discharge respective HSW duties and obligations.

The new report format, which focuses on lead indicators and the management of critical risk, will include a dashboard with the types of graphs requested. It is anticipated this will be provided to the Committee at their November meeting.

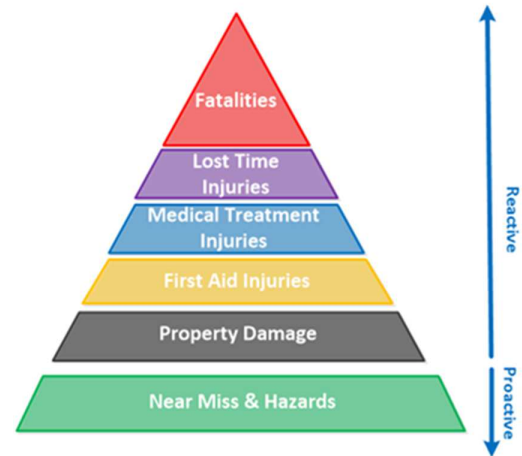
2. Contractor HSW data capture is also under review and will be included in the updated report content going forward.
3. A significant piece of work will be undertaken in Q3 2019/20 to map and fully understand our PCBU requirements and relationships with all council controlled organisations and other PCBU's where GWRC has a

level of control and influence, including transport companies. To be effective it is proposed the requested workshop is held after this has this work has been done to provide Council with a comprehensive overview of all relationships.

### 3. Understanding our health and safety risks

Keeping Everyone Safe at Work (KESAW) Reporting by type

Event type	June 2019	YTD (from July 2018)
Total Events Reported	39	708
Fatalities	0	0
Lost Time Injuries	0	4
Medical Treatment Injuries	1	15
First Aid/Pain & Discomfort	3	122
Property damage	3	77
Near miss & hazard id reports	32	423
Other (not involving GW* workers)	3	94

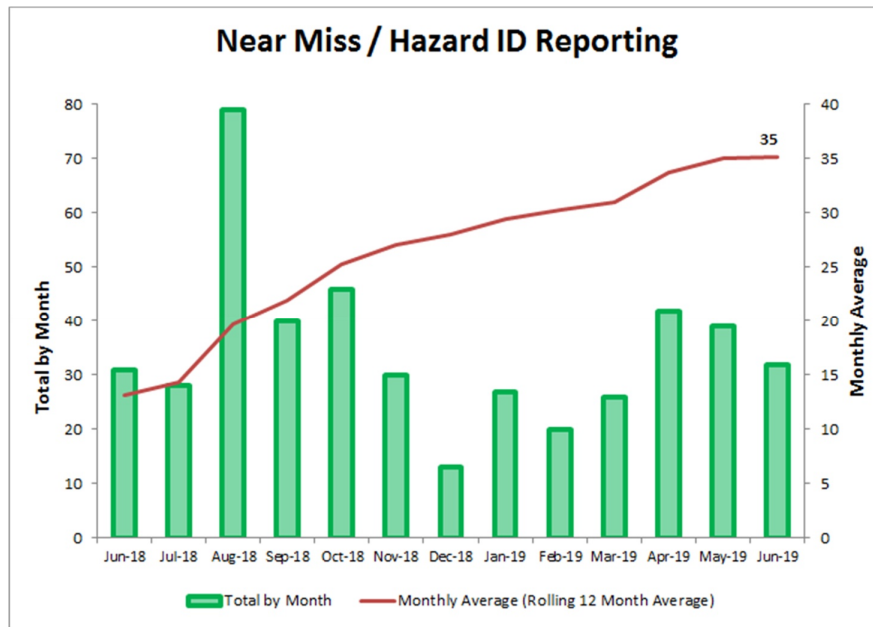


**Note\*:** events where GWRC have either been involved in the response to the event or have expressed direct interest in the investigations finding of the involved parties.

There were no Lost Time Injuries (LTI's) (lag indicator) reported in this period.

423 near miss reports (lead indicator) were recorded since 1 July 2018, compared to a total of 130 for FY17/18. This 225 % increase is reflective of work to proactively promote the importance of reporting near miss events over the past 12 months.

Near miss reporting continues to increase as a rolling average month on month, demonstrated on the graph below.



**4. Pause 4 Safety – all staff organisational wide workshops.**

The final two mop up Pause for Safety sessions, including a session predominantly for Wellington Region Emergency Management Office (WREMO) staff, are now complete. The key messages outlining the GWRC HSW vision, the four safety behaviours and the importance of reporting will be incorporated into ongoing induction.

We are now planning the focus and content for Pause for Safety 2, to build on the momentum in embedding our HSW vision and behaviours amongst GWRC employees.

**5. Health and safety critical risk initiatives.**

The following is a brief update on initiatives and activities associated with GWRC’s targeted critical risk areas over the period since the previous report, or planned for the near future.

**5.1 Critical Risks Controls Project**

In the last reporting period the Critical Risk improvement project has focused on the processes and documentation for transportation by:

- Finalising the risk register, and the proposed risk treatment plan for Transportation, for approval by ELT
- Reviewing the content and terminology for essential and non-negotiable controls documentation
- Drafting guidance documentation and assurance tools for testing and review with focus teams

‘Fatal and Severe Risk’ (FSR) rather than ‘Critical Risk’ was agreed as the preferred terminology to describe potentially life ending, life changing risk. We believe this better focuses attention on the importance of managing the risk, with the word critical used to describe the non-negotiable and essential controls that must be in place, and demonstrated to be effective in managing the risk.

Following critical controls makes it easier for our teams to **Pause**, review and either continue work if the required controls are in place or if not, not start or cease work until they are.

The first FSR – Transportation, will now be piloted with focus teams across GWRC to ensure successful adoption and ownership. As situations arise processes will be tested with actual events, as a learning opportunity to identify if and which critical controls failed

A more detailed report on the FSR's will be presented to the Committee in the Q2 reporting period.

## **5.2 Health and Wellbeing**

### **5.2.1 GWRC Wellbeing Strategy**

A recent wellbeing focus group workshop clarified alignment of the strategy into wider policies and the GW Way.

Consultation across GWRC sites is planned for late August to hear the voice of GWRC people on what's important and meaningful to them to support wellbeing. This will inform the strategy direction and priorities for programme initiatives, based on key themes identified through the consultation process.

### **5.2.2 Current Wellbeing Initiatives**

The following wellbeing initiatives have been completed or are underway and will feed into the principles of the GWRC Wellbeing Policy and future strategy activities.

#### **(a) Mental Health and Wellbeing**

Over 60 employees from across the organisation have participated in the Good Yarn workshops to date. Further delivery licences are being purchased to ensure wider reach across GWRC over the next two years. As a result, a network of 'Good Yarn Champions' is being established as one point of contact for employees who may need to talk confidentially about mental wellbeing issues.

The provision of Mental Health First Aid training, as well as options for upskilling managers to assist in supporting mental wellbeing within teams are also being investigated.

#### **(b) Cuba Street project**

The HSW Team continue to have significant input into the new Cuba St Office project as part of the consultative project group that has been set-up

## **5.3 HSW Leadership training**

A review of the content and cost of the proposed externally delivered HSW Leadership training programme has led to the decision to use in-house expertise and resources to develop a GWRC specific training programme.

This training is designed to challenge and upskill our leaders to carry out the crucial role they have in owning and leading future change in HSW thinking

and practice across GWRC. The first workshops will be delivered to ELT in Q1, with roll out to other leadership groups from Q2.

## **6. Communication**

There is no communication required.

## **7. Consideration of Climate Change**

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

### **7.1 Mitigation assessment**

*Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.*

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

### **7.2 Adaptation assessment**

*Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.*

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

## **8. The decision-making process and significance**

No decision is being sought in this report.

## **9. Engagement**

Engagement on this matter is unnecessary.

## **10. Recommendations**

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*



Report prepared by:

**Julie Barber**  
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Manager

Report approved by:

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