

Report 15.463  
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Committee Risk and Assurance Committee  
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## Summary Risk Report

### 1. Purpose

To update the Committee on changes to the risk register and to provide a presentation to the Committee on Bulk Water's risk management and risks as part of the on-going reporting by each group within the Council.

### 2. Background

Each quarter the risks at group level are considered and reported to the Chief Executive. A copy of the Bulk Water report is appended as **Attachment 1** and forms part of this report.

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.

Each group's risks are reviewed by the Chief Executive, in conjunction with the General Managers and the General Manager Corporate Services/CFO, at quarterly review meetings.

### 3. Comment on current risks

There have been three changes to the risk register during June. There are two risks which have been archived and one new risk added to the register. These changes are all in the Public Transport area. See **Attachment 2**.

### 4. Bulk Water Risk presentation

Wellington Water will attend the meeting and provide insight into the topical and emerging risks in relation to Bulk Water. Further information will be provided in relation to assurance and Wellington Water's role.

The operational quarterly risk management report for the Bulk Water activity is appended as **Attachment 1**.

A brief description of the columns and what they mean is as follows:

**Overall ranking by residual risk:** 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. Thus the first listed risk is presently the 14<sup>th</sup> highest/most important risk to the organisation.

**Risk ID:** This is a unique system number to assigned to a risk

**Risk Category(s)** Lists the categories that this risk is listed under in the high level risk report discussed above.

**Description** – Brief description of the risk.

**Inherent Risk level** – The risk is assessed or scored and placed into a classification category (Very High, High, Medium, or Low) before any controls are in place.

**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.

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

**Status Change since last quarterly review** – This provides any update on the risk and discusses any scoring or control change, or anything topical to report about.

## 5. The decision-making process and significance

No decision is being sought in this report.

## 6. Engagement

Engagement on this matter is unnecessary.

## Recommendations

*That the Committee:*

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

Report prepared by:

Report approved by

**Mike Timmer**  
Treasurer

**Dave Humm**  
GM Corporate Services/CFO

**Attachment 1:** Bulk Water – Quarterly Risk report – June 2015

**Attachment 2:** Changes to risks in June quarter 2015

## Attachment 1 – Bulk Water –Risks

Overall ranking by residual score	Risk ID	Categories	Description	Inherent risk level	Controls	Residual risk level	Risk owner	Status Change since last quarterly review
13	34	Environmental Damage	Environmental damage caused by Operations	High Risk	ISO 14001 system managed through Q-Pulse Water supply operating procedures managed through Q-Pulse	Medium Risk	Erin Ganley	No change to risk profile.
27	117	Political, Services are severely curtailed, Legislative & Regulatory	Water supply capacity reduced at Waterloo Water Treatment Plant due to quality issues in the well field.	High Risk	Asset Management Plan Departmental Plans - Maintenance Schedules Modelling and forecasting tools Multiple sources of supply Stakeholder and community engagement Water supply capital development plan	Medium Risk	Erin Ganley	Mitigation plans in place. Actions underway.
28	1	Political, Loss failure or damage to assets, Services are severely curtailed	Water supply infrastructure capacity insufficient to meet security of supply standard	Very High Risk	Asset Management Plan Modelling and forecasting tools Multiple Sources of Supply Stakeholder & community engagement Water supply capital development plan	Low Risk	Erin Ganley	No change to risk profile.
31	110	Health & Safety of staff and contractors and volunteers, Physical harm to the general public	Death or severe harm to staff, contractors and/or public resulting from incidents, including asset failure	High Risk	Asset Management System Department Hazard Registers Departmental Plans - Maintenance Schedules	Medium Risk	Erin Ganley	No change to risk profile.

**Attachment 1 – Bulk Water –Risks – (continued)**

Overall ranking by residual score	Risk ID	Categories	Description	Inherent risk level	Controls	Residual risk level	Risk owner	Status Change since last quarterly review
35	3	Political, Loss failure or damage to assets, Services are severely curtailed	Damage to water supply infrastructure from an event which interrupts supply	Medium Risk	Asset Management Plan Emergency stock on hand Insurance is in place Multiple Sources of Supply Self Insurance - risk carried Self Insurance fund Water supply capital expenditure plan Water supply incident management plan Water supply operating procedures	Low Risk	Erin Ganley	No change to risk profile.
42	2	Legislative & Regulatory, Political, Physical harm to the general public	Water supply fails to meet NZ drinking water standards resulting in public health issues	Very High Risk	ISO 9001 Accreditation Management and ownership of water catchments NZ Drinking Water Standards 2008 Water Safety Plans (Formerly known as Public health risk management plans)	Low Risk	Erin Ganley	No change to risk profile.
48	112	Health & Safety of staff and contractors and volunteers.	Death or severe harm to Water Supply staff, contractors & consultants while undertaking work	High Risk	Confined space registers and asset labelling Department Hazard Registers Gas detection equipment, chemical level alarms and automated shutdown Health & Safety procedures	Low Risk	Erin Ganley	No change to risk profile.

**Attachment 2 – Changes to Risk register in June 2015.**

<b>Risks archived in June quarter 2015</b>							
<b>Business Unit</b>	<b>Description</b>	<b>Details</b>	<b>Business Unit</b>	<b>Inherent risk level</b>	<b>Controls</b>	<b>Residual risk level</b>	<b>Risk owner</b>
Public Transport	The cost of contracted bus services significantly exceeds the budget due to unforecast changes in the diesel bus contract index	The diesel bus contract index is significantly affected by the international price of oil and the NZ/US dollar exchange rate. Increases in the price of oil and/or a decrease in the exchange rate will increase the cost of providing contracted bus services	Public Transport	Low Risk	Amend bus operator contracts to include the new NZTA inflation index and the new fare recovery provision. Maintain and use a reserve fund to mitigate bus contract cost fluctuations over time. Monitor the oil price and exchange rate and undertake hedge if considered necessary	Low Risk	Kerry Saywell
Public Transport	Failure to meet regulatory obligations or statutory requirements relating to Public Transport	Failure to meet regulatory obligations or statutory requirements relating to Public Transport, particularly in relation to procurement, the development of the Regional Public Transport Plan, decisions and processes around commercial or exempt services, and the conditions of the exemption from having a railway safety case.	Public Transport	High Risk	Ensure contracts bring safety and statutory obligations to the attention of contractors. External legal review and advice. Peer Review	Low Risk	Wayne Hastie

**Diesel cost index**

PT see this risk as just one of the financial risks facing PT Group which in essence are similar to the financial risks facing the whole organisation. In PT financial risks that could be the same magnitude could be: Fare revenue risk on rail, contract risk around the new rail contract – tender higher or lower. In addition this risk is mitigated by the new NZTA index on 60% of our bus contracts, the new bus contract tenders which should see new contracts based on tendered prices by 2018.

**Regulatory obligations**

PT reviewed this risk and separated one of the key elements of the risk out into a new risk on unsafe work practices (see risk added below). The balance of the risk was not considered of sufficient weight to be a separate overall risk of PT. Any residual risk is probably similar to a number of other areas of GWRC

Risks added in June quarter 2015							
Public Transport	Unsafe work practices by one of our contractors or public transport operators causes serious injury	Unsafe work practices by one of our contractors or public transport operators causes serious injury	Public Transport	High Risk	GW ensures that: Appropriate health and safety clauses are included in contracts, including health and safety plans and reporting Health and safety is adequately funded	High Risk	Wayne Hastie

**Unsafe work practices**

PT have noted an increasing awareness and emphasis on our health and safety obligations has meant that this risk has been elevated out of general compliance with our statutory obligations to being a very important risk in its own right that warrant appropriate attention.

In terms of the residual risk the following points are noted in terms of acting on this High Risk: Active monitoring of health and safety at meetings with operators (standing agenda item). Immediate response when health and safety issues identified.