



Wellington Water – Bulk Water risk management



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Your public water company

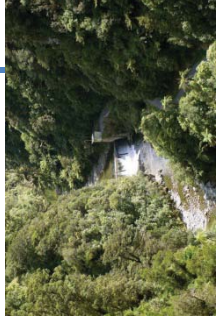
The Three Water Outcomes



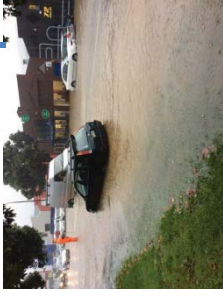
Safe and
Healthy Water



Respectful of
the
environment



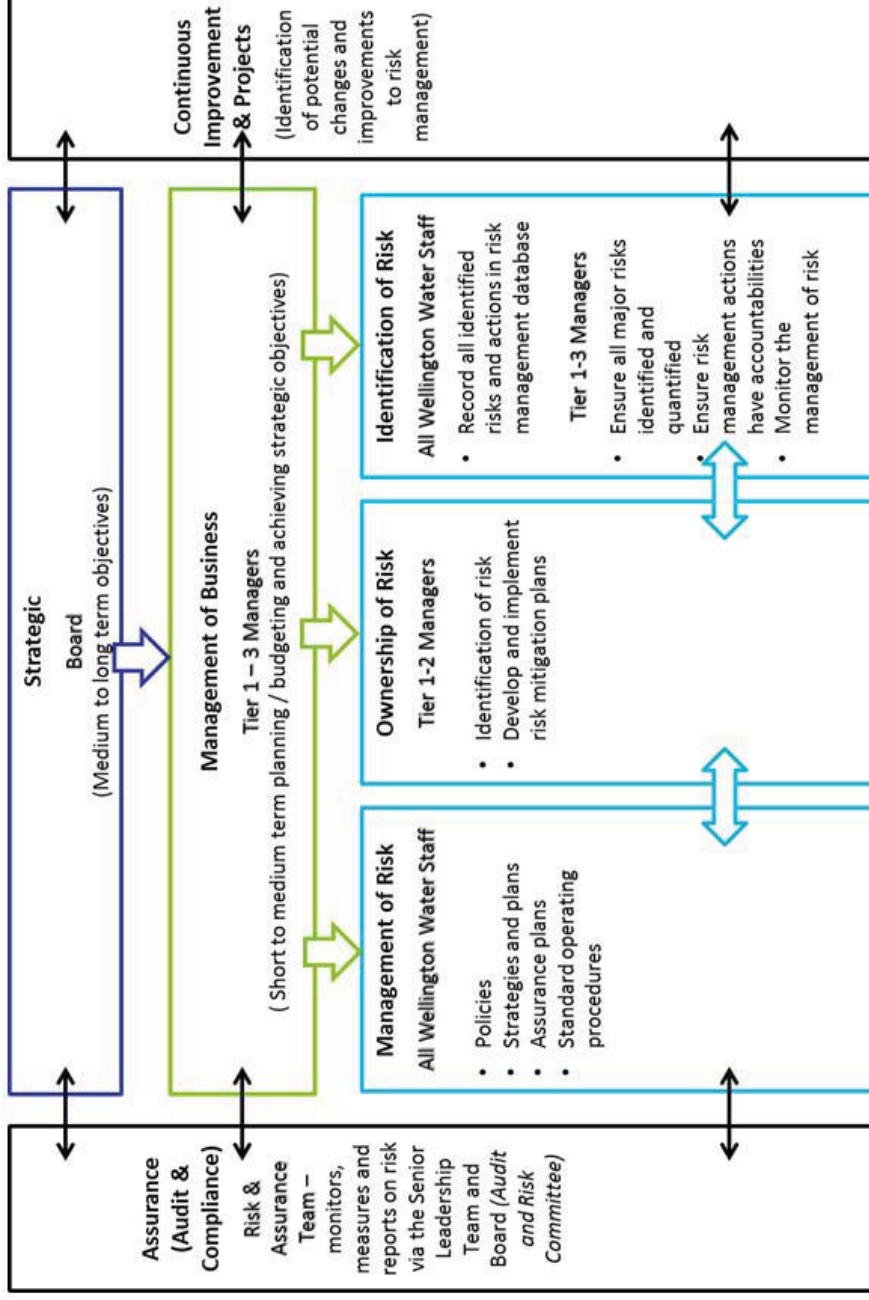
Resilient networks
support the
economy



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Risk Management – Our Framework

Corporate Risk Management Framework



Reference: 30-ISO-09-01-PR-001.001
 PRINTED DOCUMENT UNCONTROLLED

27 May 2016

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Our Policy



Risk Management Policy

Wellington Water acknowledges that risk management is an essential element of good corporate governance and of good management practice.

At Wellington Water we face many types of risk that could compromise the achievement of our business objectives. These include risks to Wellington Water as an organisation and, as a subset of these risks, risks associated with the delivery of services to, and on behalf of our customers.

We are committed to identifying these risks, and managing them to defined levels in order to ensure we will:

- Meet our obligations to our customers, employees, other stakeholders and the community in general.
- Achieve Wellington Water's strategic and operational objectives.
- Assist decision makers to make sound, efficient, reliable, informed decisions.
- Support and encourage a proactive rather than reactive management approach
- Ensure Wellington Water's long term sustainability.
- Preserve and enhance Wellington Water's reputation and brand value.

In managing risk Wellington Water will seek to achieve an optimum balance between the cost of managing and treating risks and the anticipated risk management benefits that will be achieved.

Through the implementation of this policy Wellington Water will strive to achieve its vision of "create excellence in regional water services so communities prosper".

With your assistance and commitment, Wellington Water will achieve this outcome.

Wellington Water will achieve this by:

- Identifying risks that could compromise the achievement of organisational, activity and asset objectives.
- Implementing risk management systems and measures to manage these risks to defined levels.
- Ensuring risk is managed at all levels across the organisation.
- Ensuring risk assessments and mitigation measures are kept up to date.
- Programmes of audits across all Wellington Water activities.
- Monitoring and reporting of Wellington Water's risk profiles.

How do we look at our risk



- **Strategic Risk**
Risk arising from the external environment and associated with the achievement of Wellington Water’s Strategic Objectives.
- **Organisational Risk**
Risk associated with the functioning of Wellington Water as an organisation on a day to day basis.
- **Activity Risk**
Risk associated with achieving the outcomes required from Wellington Water’s management of the 3 waters activities.
- **Operational Risk**
Risk associated with activities carried out by Wellington Water staff and contractors, and with infrastructure managed by Wellington Water.
- **Health & Safety Risk**
Risk associated with the achievement of our Vision that “*our people, contractors and affected parties go home healthy and safe*”.
- **Project Risk**
Risk associated with the planning and delivery of Wellington Water projects.
- **Emerging Risk**
Risk identified and requires assessment and analysis

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How do we assess our risk



Consequence

(On a scale of N/A to Substantial)

- We look at:
- Harm to People
 - Harm to the Environment
 - Service delivery
 - Financial impact
 - Reputation and Organisational integrity

Likelihood

(On a scale of rare to likely)

- We consider:
- Frequency
 - Annual probability

		Likelihood				
	Category	Rare 1	Highly Unlikely	Unlikely 3	Possible 4	Likely 5
Consequence	Substantial 100	Moderate (100)	High (200)	High (300)	Extreme (400)	Extreme (500)
	Major 70	Moderate (70)	Moderate (140)	High (210)	High (280)	Extreme (350)
	Moderate 40	Low (40)	Moderate (80)	Moderate (120)	Moderate (160)	High (200)
	Minor 10	Low (10)	Low (20)	Low (30)	Low (40)	Low (50)
	Minimal 1	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)

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Recording our risk



Risk Assessment & Identification	Risk Register										Risk Breakdown			Treatment & Mitigation		Risk Treatment	
	Strategic Outcome	Work Programme	Goal/Outcome/Initiative	Business & Strategic Risks	Risk Owner Group	Risk Score	Residual Risk Score	Impact	Frequency	Time	Location	Complexity	Uncertainty	Stakeholder	Financial Impact (\$M)	Strategic Impact	Operational Impact
Strategic Risk	Work Programme	Goal/Outcome/Initiative	Business & Strategic Risks	Risk Owner Group	Risk Score	Residual Risk Score	Impact	Frequency	Time	Location	Complexity	Uncertainty	Stakeholder	Financial Impact (\$M)	Strategic Impact	Operational Impact	Business Impact
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Assurance



Performance Monitoring

Performance monitored and reported – line of sight from strategy to operational delivery

Meetings

Monthly - Client Council representative meetings – transparent and collaborative.
Monthly - Chief Executives' meeting

Reporting

Quarterly - Service Level Agreement Performance
Quarterly – Client Council Representative – risk profile
Quarterly - Three Waters Outlook Report
Annually – Annual Report

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Collective and Council Work Programme Risks



The risk profile presented covers two areas:

- risks relevant to the client council work programme
- those risks that are collectively shared between Wellington Water and the client councils

The risk profile is provided in Attachment A

Topical Risks



Unchlorinated Water Supply

- Recent contamination of Havelock North’s drinking water has made this topical.
- We have in place processes and procedures around our water quality controls including monitoring, response and auditing programs.
- We will be taking a close note of the learnings.
- We have initiated a broader risk based review of the controls we have in place to see what learnings we can apply including reviewing our risk profile.

Health and Safety

- We have implemented our revised framework and are now really making it work for the business. We see this through an improved culture and visibility of information.
- Our top critical H&S risks have been identified and we are actively working on them through the H&S Reps, business projects and Senior Leadership oversight.
- Service strikes risk provides a good example for risk identification and management.

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Topical Risks cont...



Summer – Source water quality and demand

- We have in place processes and procedures around our water quantity controls including summer demand management, operational processes for ensuring source and treatment peak capacity.
- We have engaged specialists to understand the potential solutions for source quality and treatment improvements.
- Risk remains subject to an increase in summer demand requiring a greater use of surface water sources.

Water Supply Seismic Resilience

- Investing in risk reduction programme; annual renewals, specific resilience capital projects and Water Supply Resilience regional initiative.
- The Water Supply resilience regional initiative has progressed to the programme business case phase (Due in December 2016). This work is on-going.