



If calling, please ask for Democratic Services

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## Finance, Risk and Assurance Committee

Tuesday 4 May 2021, 9.30am

Committee Room, Greater Wellington Regional Council,  
100 Cuba Street, Te Aro, Wellington

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### Members

Martin Matthews (Chair)

Cr Blakeley

Cr Hughes

Cr Kirk-Burnnand (Deputy Chair)

Cr Connelly

Cr Lamason

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

# Finance, Risk and Assurance Committee

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Tuesday 4 May 2021, 9.30am

Committee Room, Greater Wellington Regional Council,  
100 Cuba Street, Te Aro, Wellington

## Public Business

No.	Item	Report	Page
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2.	Conflict of interest declarations		
3.	Public participation		
4.	<a href="#">Confirmation of the Public minutes of the Finance, Risk and Assurance meeting on 16 February 2021</a>	21.61	3
5.	<a href="#">Confirmation of the Public Excluded minutes of the Finance, Risk and Assurance meeting on 16 February 2021</a>	PE21.62	7
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9.	<a href="#">Quarterly Risk Update – March 2021</a>	21.152	82
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<b>Resolution to Exclude the Public</b>			
11.	<a href="#">Resolution to Exclude the Public</a>	21.172	98
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12.	<a href="#">New replacement standby facility</a>	PE21.119	99



Please note these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 4 May 2021

Report 21.61

## Public minutes of the Finance, Risk and Assurance Committee meeting on 16 February 2021

All members participating remotely by Teams at 9.33am

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### Members Present

Martin Matthews (Chair)  
Councillor Kirk-Burnnand (Deputy Chair)  
Councillor Blakeley  
Councillor Connelly  
Councillor Hughes  
Councillor Lamason

All members participated at this meeting remotely via Teams, and counted for the purpose of quorum, in accordance with clause 25B of Schedule 7 to the Local Government Act 2002.

### Public Business

#### 1 Apologies

There were no apologies.

#### 2 Declarations of conflicts of interest

There were no declarations of conflicts of interest.

#### 3 Public participation

There was no public participation.

**4 Confirmation of the Public minutes of the Committee meeting of 26 November 2020 - Report 20.484**

Moved: Cr Lamason/ Cr Blakeley

That the Committee confirms the Public minutes of the Committee meeting of 26 November 2020 - Report 20.484

The motion was **carried**.

**5 Update on the progress of action items from previous meetings– Report 21.14 [For Information]**

The Committee Chair accorded priority to agenda item 7 – *Treasury Risk Management – Review of Treasury Function* and item 8 – *Treasury Risk Management Policy Review*, in accordance with Standing Order 3.5.2.

**6 Treasury Risk Management – Review of Treasury Function - Report 21.2 [For information]**

Mike Timmer, Treasurer, and Brett Johanson, Partner, PricewaterhouseCoopers spoke to the report.

**7 Treasury Risk Management Policy Review – Report 21.3**

Mike Timmer, Treasurer, and Brett Johnason, Partner, PricewaterhouseCoopers, spoke to the report. The Committee provided feedback and proposed minor amendments to the Policy.

Moved: Cr Blakeley / Cr Lamason

That the Committee recommends that Council adopts the updated and amended Treasury Risk Management Policy (Attachment 1).

The motion was **carried**.

**8 Quarterly Finance Report – Quarter 2 – Report 21.36 [For information]**

Alison Trustrum-Rainey, Chief Financial Officer, spoke to the report.

**9 Statutory Compliance Report – Report 21.32 [For Information]**

Samantha Gain, General Manager, Corporate Services and Scott Gallacher, General Manager, Metlink spoke to the report.

**10 Quarterly Risk Update – December 2020 – Report 21.19 [For Information]**

Mike Timmer, Treasurer, spoke to the report.

The meeting adjourned at 10.40am and resumed at 10.50am, after discussion of the above item.

**11 Risk Presentation - Environment – Oral item [For Information]**

James Snowdon, Team Leader, Environmental Protection, Steven Fargher, Principal Ranger, Assets and Maintenance, Rachael Boison-Round, Parks Resource Management

Advisor and Dan Forster, Principal Dam Safety Engineer, Dam Safety Intelligence, spoke to the report.

Mr Snowden tabled a presentation and provided the Committee with an update on management risks and associated risk controls for the Environment Group.

Mr Fargher, Ms Boison-Round and Mr Forster provided the Committee with an update on the Birchville Dam risk, summarising recent events, proposed next steps and future options for the Birchville Dam.

The Committee Chair accorded priority to agenda item 15 – *Business Assurance Update – Project management office review and audit status update* in accordance with Standing Order 3.5.2.

**12 Business Assurance Update – Project management office review and audit status update - Report 21.12** [For Information]

Mike Timmer, Treasurer, Chris Maggs, Programme Manager, Brent Coates, Director, PricewaterhouseCoopers and Vaughan Harrison, Partner, PricewaterhouseCoopers, spoke to the report.

**13 Harbour Management – Risk and Compliance update (February 202 – Report 21.32** [For Information]

Grant Nalder, Harbourmaster, spoke to the report.

**14 Health, Safety and Wellbeing Update - Report 21.34** [For Information]

Julie Barber, Manager, Health and Safety, spoke to the report.

**Noted:** The Committee requested that the next Health, Safety and Wellbeing Update contains an update on restroom facilities for bus drivers.

**15 Audit New Zealand management reports - Report 21.31** [For Information]

Alison Trustrum-Rainey, Chief Financial Officer, spoke to the report.

**16 Optimus Update – Report 21.37** [For Information]

Samantha Gain, General Manager, Corporate Services, spoke to the report.

## **Resolution to exclude the public**

**17 Resolution to exclude the public – Report 21.45**

Moved: Cr Blakeley / Cr Kirk-Burnnand

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

*Pay Code Review and Employer Superannuation Contribution Tax – Report PE21.35*

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 ground/s

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>Pay Code Review and Employer Superannuation Contribution Tax – Report PE21.35</b>	
<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground under section 48(1) for the passing of this resolution</i>
Information contained in this report relates to legal advice addressing tax matters arising from a pay code review. Release of this information would mean waiving of legal privilege. Greater Wellington 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 need to withhold the information.	The public conduct of this part of the meeting is excluded as per section 7(2)(g) of the Act (to maintain legal professional privilege).

This resolution is made in reliance on section 48(1)(a) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.

The motion was **carried**

The public part of the meeting closed at 12.20pm

M Matthews

**Chair**

Date:



Please note these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 4 May 2021.

The matters referred to in these minutes were considered by the Finance, Risk and Assurance Committee on 16 February 2021 in Public Excluded business. These minutes do not require confidentiality and may be considered in the public part of the meeting.

Report PE21.62

## Public Excluded minutes of the Finance, Risk and Assurance Committee meeting on 16 February 2021

All members participating remotely by Teams at 12.20pm

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### Members Present

Martin Matthews (Chair)  
Councillor Kirk-Burnnand (Deputy Chair)  
Councillor Blakeley  
Councillor Connelly  
Councillor Hughes  
Councillor Lamason

All members participated at this meeting remotely via Teams, and counted for the purpose of quorum, in accordance with clause 25B of Schedule 7 to the Local Government Act 2002.

### Public excluded Business

#### 1 Pay Code Review and Employer Superannuation Contribution Tax – Report PE21.35

Alison Trustrum-Rainey, Chief Financial Officer, spoke to the report.

Moved: Cr Kirk-Burnnand / Cr Lamason

That the Committee endorses the proposal to move all affected employees to gross employer KiwiSaver contribution rates going forward, using the timeline provided in this report.

The motion was **carried**.

The meeting closed at 12.42pm

M Matthews

**Chair**

Date:



**Finance Risk and Assurance Committee**  
**4 May 2021**  
**Report 21.41**



**For Information**

## **HEALTH SAFETY AND WELLBEING UPDATE**

### **Te take mō te pūrongo**

#### **Purpose**

1. To advise the Finance, Risk and Assurance Committee (the Committee) of Greater Wellington Regional Council's Health, Safety and Wellbeing (HSW) performance and activity.

### **Te tāhū kōrero**

#### **Background**

##### ***HSW performance scorecard***

2. The HSW performance scorecard is outlined in [Attachment 1](#).

##### ***HSW Fatal and Severe risk controls programme***

3. Fatal and Severe Risk (FSR) work programmes currently underway are transportation and driving, lone and remote working, and working on or over water. Progress on each are outlined below:

##### *Transportation and driving*

4. Key progress elements are:
  - a The ERoad vehicle inspection app roll out has commenced out with the target date for full implementation across all vehicles and business units by end of May 2020
  - b Trailer refresher programme and lessons learned resources have been developed after a spike in trailer incidents.

##### *Lone and remote working*

5. Key progress elements are:
  - a Training is underway and roll out of the radio network has commenced in Bio-works and Parks teams using a minimal viable product approach which allows voice to voice contact and the initiation of basic emergency notifications.
  - b Basic emergency response is being managed out of Upper Hutt depot, and Beacon Hill after hours.
  - c Remaining teams will be brought on-stream as a matter of priority, once additional hardware and training are both in place.

- d Advanced functionality, such as external 24 hour monitoring will be added when scoped.

*Working on or over water*

- 6. The key progress elements are:
  - a Existing processes have been reviewed in conjunction with employees who work on and over water.
  - b Revised and updated draft protocols are being developed for further consultation.

***Wellbeing***

- 7. Successful wellbeing expo days covering mental, physical and financial wellbeing were held at Cuba Street and Masterton offices in March 2021. This is a cornerstone activity in HSW's 2020 -21 Wellbeing Plan
- 8. Based on feedback from Greater Wellington staff, the Rongoa Maori approach to health and wellbeing and mens' health promotion, are being explored as future wellbeing engagement opportunities.

***Metlink***

- 9. WorkSafe are satisfied Metlink operator NZ Bus have now addressed issues related to worker engagement and risk reporting and have withdrawn improvement notices issued in December 2020 on that basis.
- 10. The improvement notice also issued to NZ Bus in December 2020 relating to driver toilet and rest facilities remains in place pending the outcome of the combined operator / Metlink working group.
- 11. Upgrading and refurbishment of existing facilities is underway along with construction of a new layover facility at the Thorndon interchange, which will take several months to complete. In the meantime temporary facilities have been provided where required. Agreements with other councils and business owners e.g. service stations are also being explored to allow drivers to use toilets.
- 12. Metlink operator NZ Bus reported two notifiable events:
  - a. An elderly woman hospitalised with fractures after being hit by a bus which ran a red light and
  - b. A male passenger fatally injured after falling under and dragged by a bus.Both incidents are being investigated by NZ Police and also internally by the operator.
- 13. HSW audits of Metlink operators is now complete and consolidated findings will be reported back to the committee at the August 2021 meeting.

***Implications of Ports of Auckland Health and Safety review***

- 14. The independent review into health and safety at the Ports of Auckland, commissioned by its shareholder Auckland Council found far reaching and systemic problems relating to critical aspects of health and safety, as well as cultural issues, including prioritising productivity and profitability over safety. A copy of the review is included as [Attachment 2](#).

15. CentrePort are currently reviewing and investigating the impact and/or relevance of any findings and recommendations in the Ports of Auckland Report to their operations. CentrePort will report back to WRC Holdings (as shareholder) with their findings and an action plan for any issues identified that need rectifying.

***‘Officer’ HSW due diligence***

16. A key element in the Health and Safety at Work Act 2015 (the Act) is the requirement for ‘officers’ to exercise due diligence by discharging six key obligations to make sure risks are understood, and health and safety is effectively managed in an organisation.
17. An ‘officer’ is defined in the Act as those in senior governance roles who influence how the organisation is managed, and this requirement applies to members of this committee.
18. To better understand what this means for the committee and allow effective due diligence to be demonstrated ‘officer due diligence training’ will be scheduled and an annual due diligence work plan developed for the 2021/22 financial year.
19. This is already in place for WRC Holdings Board. Board members recently undertook a visit to Transdev, Hyundai Rotem workshop and Metlink train monitoring and driver training facilities as part of their HSW due diligence work plan.

***HSW audit***

20. As part of the business assurance programme PricewaterhouseCoopers (PWC) will be undertaking an audit of key HSW functions in May 2021.
21. This will be assessed against elements for improvement identified in the Wilson report and HSW Roadmap of June 2018. Wilson Consulting were engaged by Greater Wellington in late 2017 to review workplace health and safety culture, capability, performance and risk profile, in addition to reviewing critical risk control and effectiveness and developing a framework (the roadmap) to improve HSW outcomes.
22. The outcome and further recommendations of the audit will form part of the next 3-year road map and will be reported to the committee at the August 2021 meeting.

**Ngā āpitihanga**

**Attachments**

Number	Title
1	Health, Safety and Wellbeing Performance Scorecard Jan – March 2021
2	Ports of Auckland Independent Health and Safety Review

**Ngā kaiwaitohu**

**Signatories**

Writer	Julie Barber, Manager, Health Safety and Wellbeing
Approvers	Nigel Corry, General Manager People and Customer Samantha Gain, General Manager, Corporate Services

<b>He whakarāpopoto i ngā huritaonga Summary of considerations</b>
<b><i>Fit with Council's roles or with Committee's terms of reference</i></b> This report assures the Committee that Greater Wellington's legal obligations under the Health and Safety at Work Act 2015 are maintained and met.
<b><i>Implications for Māori</i></b> There are no known implications for Māori.
<b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b> The HSW Policy and Wellbeing Strategy are included in Greater Wellington's Annual Plan 2020/21.
<b><i>Internal consultation</i></b> No internal consultation was required or carried out.
<b><i>Risks and impacts - legal / health and safety etc.</i></b> The HSW risks and treatment are outlined in paragraphs 3 to 6 inclusive.

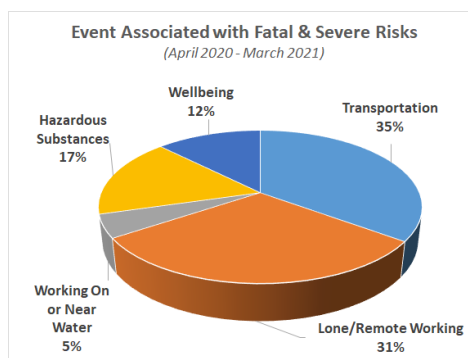
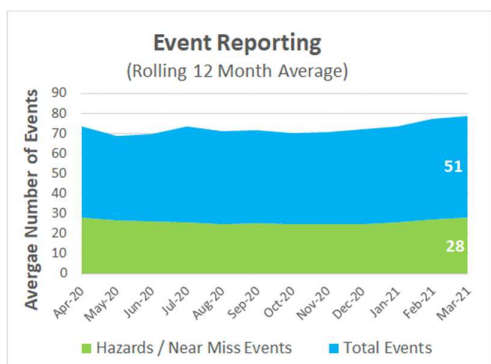
**Attachment 1 to Report 21.41**

**Health, Safety and Wellbeing Performance Scorecard to end March 2021**

**Fatal and Severe Risk (FSR) Controls Programme**

FSR title	Inherent risk	Residual risk	Target risk	Activity this quarter	
Transportation and driving	Very high	High	Medium	ERoad vehicle inspect app rolled out. Trailer use refreshers and lessons learned introduced	On track
Lone and remote working	Very high	High	Medium	Minimal viable product (voice comms and emergency response) implemented in Bioworks and Parks teams	On track
Working on or over water	Very high	High	Medium	Existing process under review	On track

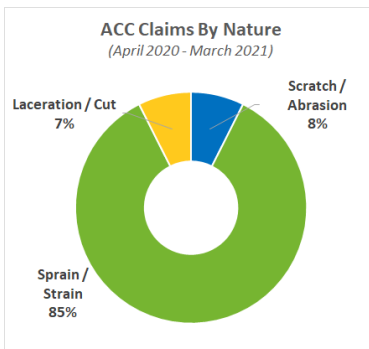
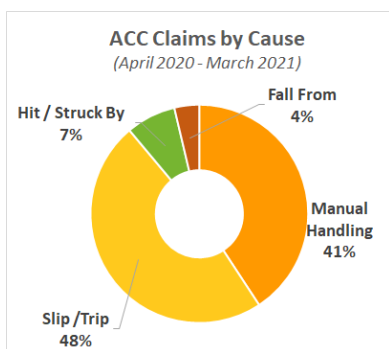
**Event reporting**



**New/ emerging trends Jan - March 2021**

- Spike in trailer related events
- Seasonal antisocial behaviour involving members of the public in Parks
- Abuse and public threats to GW staff via social media in regard to 1080 use
- Complaints from public via Resolve and WorkSafe re: Metlink drivers not using face masks

**ACC work injury claims**



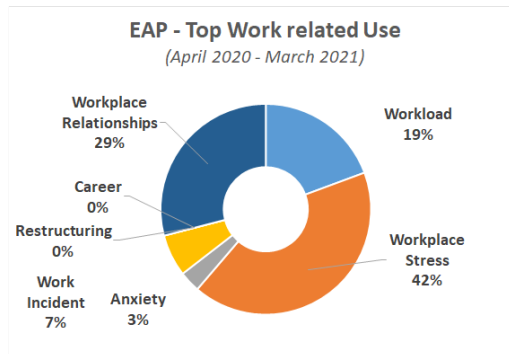
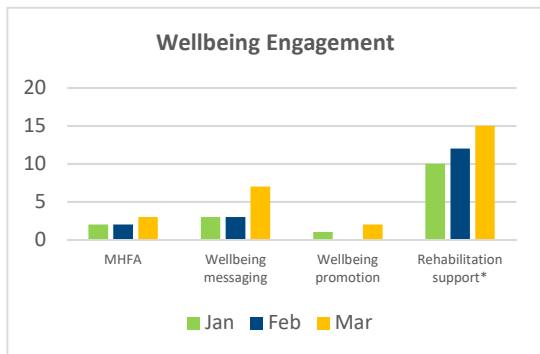
Apr 2020 – March 2021	
Total claims	25
Lost time claims	9
Total days lost	143
Increase in lost days due to surgery and recovery.	



**Attachment 1 to Report 21.41**

**Health, Safety and Wellbeing Performance Scorecard to end March 2021**

**Wellbeing**



\*Mental health first aid \* Work, non-work and illness rehabilitation

EAP – Employee Assistance Programme

**High Consequence Events: Jan - Mar 2021**

Dept	Event type	Event description	Corrective action
Catchment , Parks	Near miss	A number of trailer related events including detachment from vehicles, loss of control and mechanical failures. No injury	Trailer use refreshers and lessons learned developed
Parks	Near Miss	Seasonal injuries and antisocial behaviour involving members of the public	Park rangers’ co-ordinated emergency response. Police intervention and a number of arrests made in some cases
Metlink (NZ Bus)	Serious injury	Member of the public hospitalised with fractures after being hit by a bus which ran a red light.	Driver behaviour identified as underlying cause. Disciplinary action taken by NZ Bus
Metlink (NZ Bus)	Fatality	Passenger died after falling after alighting and being dragged a distance under and NZ Bus before the driver realized	Police and NZ Bus internal serious incident investigation underway.
Metlink (Mana)	Injury	Cyclist hit by bus (minor injuries) in a difficult position to see next to the trees and in the bus’s blind spot	Police investigation – driver not at fault. Contributing factors – cyclist had no lights or reflective strips on hi vis vest Driver awareness and assessed fit to drive
Parks, Catchment	Near Miss	Multiple events with verbal and threatening behaviour from public and events involving aggressive dogs and stock.	GW staff took necessary actions to diffuse the situation or remove themselves from the threat





Version 1.0

26 March 2021

# Ports of Auckland Independent Health and Safety Review

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Commissioned by Auckland  
Council

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Background, Scope,  
Deliverables, Principles, and  
Process

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Key Findings and  
Recommendations

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## Background, Scope, Deliverables, Principles, and Process

Background, Scope,  
Deliverables, Principles, and  
Process

1



# Background, Scope, Deliverables, Principles, and Process

## 1.1. Background

- 1.1.1 Ports of Auckland Limited (POAL)** is incorporated under the Companies Act 1993 and operates Ports of Auckland (including its inland ports, and other activities) under the Port Companies Act 1988. Its principal objective is to operate as a "successful business" in accordance with its statement of corporate intent. Operational decisions are the responsibility of the POAL Board.
- 1.1.2 Auckland Council (AC)** is the unitary authority for the Auckland region established by the Local Government (Auckland Council) Act 2009. It owns 100% of the shares in POAL. Council is responsible for the appointment of directors to the POAL Board and for approving POAL's statement of corporate intent.
- 1.1.3 POAL's** current and previous statements of corporate intent include outcomes and strategic objectives for "safe and empowered people", including key performance targets for zero lost time injuries, and to "achieve the target of becoming a zero-harm workplace".
- 1.1.4** Since 2017 there have been two deaths at POAL. Following the investigation into the first fatality, POAL pleaded guilty to offences under the Health and Safety at Work Act 2015, and the second (in August 2020) is currently being investigated by Maritime New Zealand.
- 1.1.5** Because of the importance of Health and Safety (H&S) to operating a "successful business", AC and POAL have agreed to an independent Review (Review) of the H&S framework and culture at POAL.
- 1.1.6** The Review focused on POAL's systemic management of critical H&S risks. This will help inform whether POAL's current H&S framework is fit-for-purpose and identify any systemic issues which need to be addressed.

## 1.2. Scope of Review

- 1.2.1 Construction Health and Safety New Zealand Trust (CHASNZ)**, (The Reviewer) has been nominated by AC to lead the Review in accordance with these Terms of Reference. The Review commenced in October 2020 with a draft reporting date of February 2021.
- 1.2.2** The Review was conducted urgently within a short time frame, and accordingly the Reviewer prioritised making meaningful recommendations that inform improvement.
- 1.2.3** The Review assesses and comments on POAL's systemic management of its critical H&S risks for H&S (including hazard identification, H&S risk assessment, monitoring controls and resilience) and the H&S climate at POAL.
- 1.2.4** In carrying out the assessment, the Reviewer paid consideration to factors such as but not limited to the following:
- a. Governance and leadership (including the accountability relationship between the Board, CEO, and senior managers of POAL in respect of H&S).
  - b. Continuous improvement (including due diligence and continuous improvement functions of the Board, CEO, and senior executives, implementing learnings from previous incidents and near misses).
  - c. Resourcing of and consideration of the H&S function in its business (including empowerment of the H&S team, relevant managers, and investment in plant and equipment).
  - d. POAL's training methods, methods of assessing competency, supervision and reporting regimes in relation to its critical H&S risks.

## Background, Scope, Deliverables, Principles, and Process

- e. Culture and engagement (including modelling good practice, an integrated and holistic approach to H&S and well-being, and effective shared ownership of H&S priorities through collaboration of workers, crews, third parties, contractors and management).
- f. Factors bearing on management of critical H&S risks and organisational culture (including performance management, management accountability for H&S outcomes, financial incentives, industrial relations, and workers and union engagement).
- g. The adequacy of incident reporting, investigation and implementation of suggested improvements.

- b. The terms of reference call for an assessment of H&S culture. Within the academic literature, there is no agreement as to what safety culture is and subsequently what the definition is.<sup>1</sup> A universally accepted definition of safety culture, unlike that of (organisational) culture, is not available.<sup>2</sup>

This review has opted to use Safety Climate for the survey. There is strong agreement from academic evidence that safety climate is directly linked to employee perceptions of management's commitment to safety and that it is a good measure, because it is a predictor of injuries.<sup>3 4</sup>

When measuring safety climate, its important to measure the strength of agreement in the survey. In addition to calculating the average score (which will tell us its either a positive or negative climate), we have measured the variance in the scores (which provides the strength of this view).

### 1.3. Deliverables

**1.3.1** The main deliverable is this report on the Review's findings and recommendations, and briefings for the Council's Governing Body and POAL Board following report delivery.

**1.3.2** For purposes of fact-checking and natural justice, the Reviewer has provided a draft copy of the Report to the Chief Executives of Auckland Council and POAL for comment prior to the Reviewer finalising the Report. The Reviewer has also checked specific facts with any relevant stakeholders.

**1.3.3** The deliverables of the Review followed the scope, key principles and assessment process set out in the terms of reference issued by Council regarding POAL. Specifically, the assessment:

- a. Assesses and comments on POAL's systemic management of its critical H&S risks (including hazard identification, H&S risk assessment, monitoring controls and resilience) and the H&S climate at POAL.

1. Hopkins, A. (2006). Studying organisational cultures and their effects on safety. *Safety Science*, 44(10), 875–889. <https://doi.org/10.1016/j.ssci.2006.05.005>

2. Strauch, B. (2015). Can we examine safety culture in accident investigations, or should we? *Safety Science*, 77, 102–111. <https://doi.org/10.1016/j.ssci.2015.03.020>

3. Beus, Jeremy M., Stephanie C. Payne, Mindy E. Bergman, and Winfred Arthur. 2010. "Safety Climate and Injuries: An Examination of Theoretical and Empirical Relationships." *Journal of Applied Psychology* 95(4):713–27. doi: [10.1037/a0019164](https://doi.org/10.1037/a0019164).

4. Probst, Tahira M., Linda M. Goldenhar, Jesse L. Byrd, and Eileen Betit. 2019. "The Safety Climate Assessment Tool (S-CAT): A Rubric-Based Approach to Measuring Construction Safety Climate." *Journal of Safety Research* 69:43–51. doi: [10.1016/j.jsr.2019.02.004](https://doi.org/10.1016/j.jsr.2019.02.004)

## Background, Scope, Deliverables, Principles, and Process

### 1.4. Key Principles

- 1.4.1** The Review has been conducted in accordance with the following principles:
- a. The Review was conducted with respect and sensitivity acknowledging that workers are likely to be affected by the tragedy of recent events.
  - b. The Reviewer has acted impartially, and fairly and had complete independence in conducting the Review, formulating their findings and reporting to Council and POAL.
  - c. The Review has reported on key findings and provided recommendations for improvements within the scope of the Review including regarding culture, systems, accountability, performance, H&S risk/ hazard identification and mitigation.
  - d. The findings and recommendations are the Reviewer's own opinion, based on their professional experience and judgement based on the information and material reviewed.
  - e. While the Review was not an investigation into specific incidents, discussion of previous incidents have been used as examples where applicable.
  - f. The Reviewer relied on or referred to other reviews and reports which POAL has conducted (independently or otherwise) and did not duplicate effort for information gathering.
  - g. To encourage free-and-frank exchange of views and provision of information by all participants, and facilitate prompt assessment and reporting of meaningful improvement recommendations:
    - i. The Review was not conducted to evidential standards or for evidential purposes. Information and material relied on by the Reviewer did not need to be attributable or verifiable.

- ii. The Review allowed participants to provide information and comment anonymously and on a fully confidential basis. The Reviewer informed participants of this confidentiality condition.

### 1.5. Review Process

- 1.5.1** The Reviewer liaised with the Council and POAL as to the practical process by which the Review was conducted. Subject to that, and the Terms of Reference the Reviewer conducted the Review by such process and methodology as the Reviewer considered appropriate.
- 1.5.2** The Reviewer had access to information and materials on the following basis:
- a. POAL was asked to provide the Reviewer with all requested information and materials about its H&S framework including systems, policies, and practices, records and reporting on H&S performance and workforce engagement concerning H&S matters. POAL withheld any legally privileged material, any material the disclosure of which to the Reviewer is restricted by law or which POAL is not permitted by law or contract to disclose.
  - b. The Reviewer has had confidential access to POAL workers for interviews. The Reviewer received contributions from Council, POAL management and board members, unions, workers and any other person or organisation (including confidential voluntary submissions) the Reviewer considered appropriate.
  - c. Any information provided to or collated by the Reviewer as part of the Review process is held securely and kept confidential. Where possible information is kept anonymous to reduce the risk of any privacy breach.

## Background, Scope, Deliverables, Principles, and Process

- d. The Reviewer engaged with Maritime New Zealand before engaging any interviewees to ensure that the Review does not in any way interfere with Maritime New Zealand's current investigation.

### 1.6. About CHASNZ

- 1.6.1. CHASNZ is registered charitable trust dedicated to improving H&S in construction and related trades. It is independent of POAL, the port industry, and AC.

### 1.7. Limitations

- 1.7.1. The Reviewers would like to make note of the following limitations:
  - a. The Report has been prepared at the request of and for the purposes of AC and POAL. The information contained in the Report is current at the date it is issued. To the fullest extent permitted by law, CHASNZ does not accept or assume responsibility to anyone other than Auckland Council for its H&S Review, the Report or the opinions given in the Report.
  - b. As per the terms of reference for this Review, the Review was not conducted to evidential standards and information and material has been relied on by the Reviewer which may not or could not have been verified.
  - c. The Reviewers have been contacted anonymously by a number of current and former employees. CHASNZ (The Reviewer) have committed to retaining their confidentiality.
  - d. Where appropriate the Reviewers have referred to "perceptions". This has been when there has been a strong theme expressed by multiple independent parties and the Reviewers have found that, in their

professional opinion, this has constituted an important finding for POAL to take into consideration. The basis for the perception may not be verifiable through other means but the Reviewer has reasonable confidence that it is a view held by a fair representation of stakeholders and submit it as such.

- e. This Review has been conducted in a manner that is intended to be beneficial and proactive in supporting AC and POAL in progressing towards keeping employees, contractors, and other third parties safe.
- f. Recommendations provided by the Reviewer are based on findings and observations during the Review period. POAL has responsibility for interpreting and determining if the recommendations are fit for purpose.
- g. This report is provided for the sole benefit of the parties (AC and POAL) and is not to be relied upon by other parties.
- h. The information contained in this Report is for the sole benefit of the parties (AC and POAL) specifically for the purposes of the Council's Review into the H&S critical controls framework and safety climate at POAL. The content should not be used or relied on by any other person or for any other purpose. CHASNZ accepts no liability or responsibility whatsoever to any other person who acts or relies in any way on any of the material contained in this Report for any other purpose.
- i. This report is confidential and cannot be shared, commented on or used without permission and consultation with the parties (AC and POAL).

### 1.8. POAL Overview

- 1.8.1 POAL's principal activity is to own and operate a seaport on Auckland's Waitemata Harbour.

## Background, Scope, Deliverables, Principles, and Process

### 1.8.2 POAL provides the following services:

- a. Container terminal handling services which include receipt, delivery, transit storage and shipment of a wide range of import and export cargos.
- b. Vehicle, breakbulk and bulk cargo handling services via independent stevedores (multicargo).
- c. Marine services which include pilotage, towage, hydrography and bunkering services – both directly and through its ownership of SeaFuels Ltd and Bunker Shipz Ltd and its half ownership of North Tugz Ltd.
- d. Intermodal freight hubs in South Auckland, Waikato, Bay of Plenty and Manawatu – both directly and through its ownership of Waikato Freight Hub Ltd and its one third ownership of Longburn Intermodal Freight Hub Ltd.
- e. Supply chain management services – both directly and through its ownership of Nexus Logistics Ltd and CONLINXX Ltd.
- f. Other port-related activities required to manage and operate an efficient and competitive port – both directly and through its half ownership of PortConnect Ltd; and
- g. Services and facilities to support the cruise ship industry.

### Organisational structure

- 1.8.3** The CEO has ten direct reports and at the time of the Review a total of approximately 667 people working at the port.

### 1.8.4 The Deputy CEO & CFO - leads 56 office-based staff across the following departments:

- Finance
- Governance & Risk
- Information Security
- People Capability & Business Support
- Safety & Wellbeing.

### 1.8.5 The GM Container Terminal Operations - leads 337 staff, across:

- Stevedoring (300 performing operational roles)
- Rail
- Capacity & Planning
- Berthing
- Gate operations.

### 1.8.6 The GM Marine, Engineering & Multicargo – leads 163 staff across:

- Marine – 83 performing operational roles (includes pilots, tug & pilot crew, linesmen, harbour control, marine engineering, cruise operations)
- Engineering - 56 performing operational roles (includes mechanics, fitters, engineers, plumbing, electrical, plumbing, welding, radio technician, workshop, stores)
- Multicargo - 7 staff in supervisory roles
- Hydrography – 2 staff in operational roles.

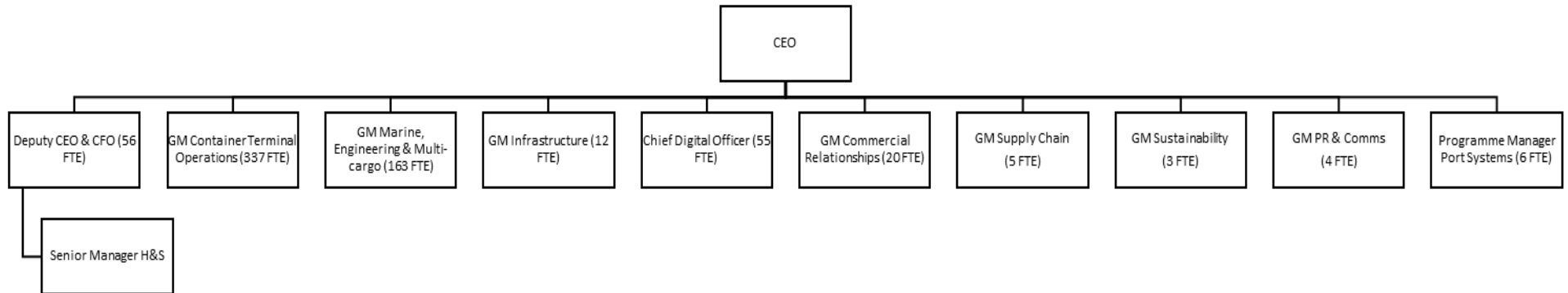
### 1.8.7 The GM Infrastructure – leads 12 staff across:

- Civil infrastructure
- Property
- Electrical infrastructure
- Environment
- Security – (security operational activity is outsourced to First Security).

## Background, Scope, Deliverables, Principles, and Process

- 1.8.8 The Chief Digital Officer – leads 55 staff, mainly office-based although some staff perform IT installation and fault rectification work in the operational areas.
- 1.8.9 The GM Supply Chain – leads a team of 5 office-based staff.
- 1.8.10 The GM Commercial Relationships – leads a team of 20 office-based staff.
- 1.8.11 The GM Sustainability – leads a team of 3 office-based staff.
- 1.8.12 The GM PR & Communications – leads of team of 4 office-based staff.
- 1.8.13 The Programme Manager Port Systems – leading POAL’s straddle carrier automation project with 6 staff.

**Subsidiaries** operate under a Board appointed from the Executive team.





# Background, Scope, Deliverables, Principles, and Process

## 1.9. Overview

- 1.9.1.** Ports in general are high risk environments from a H&S perspective and require a high level of critical H&S risk management. Critical H&S risks are those that could cause fatalities or serious harm injuries. Typical critical H&S risks requiring high levels of control in the port industry include but are not limited to:
- Lifting and loading cargo on and off ships, trucks, and trains.
  - Stacking of containers.
  - Working at height on ships while lashing (the practice of securing containers).
  - Working in and around heavy moving plant such as straddles, extended reach trucks and forklifts.
  - Traffic management – interactions between pedestrians, light vehicles, heavy vehicles, and mobile plant.
  - Maintenance activity involving working at height, with electricity and in confined spaces.
  - Handling and storage of hazardous materials.
  - Moving on and off ship from pilot boats.
- 1.9.2.** The industry in New Zealand is comprised of independent and sometimes competing ports. Port industries overseas are often under a national port authority which increases the opportunity for consistent safety standards. The industry in New Zealand is beginning to collaborate on H&S through the Port Industry Association, the Port CEO forum and through initiatives led by Maritime New Zealand and WorkSafe. However, currently benchmarks on H&S performance are not available. This applies equally to consistent safety standards across the industry for common activities such as stevedoring which are managed and applied port by port.
- 1.9.3.** The operational environment at POAL requires highly resilient H&S risk management systems and controls to ensure that work can be carried out with the required safety buffers in place. The board and management of POAL require a high level of assurance that the controls in place to

manage critical H&S risks are appropriate for the risk being managed and working as intended.

- 1.9.4.** A highly resilient control environment requires a strong H&S climate at its foundation. Aligning the organisation to a culture that places H&S of its workforce as highest priority is a key requirement. Without this, efforts to manage safety will be weakened as controls will be circumvented and key predictive indicators such as near miss incidents and control failures may not be reported.
- 1.9.5.** Key influencers of the safety climate are the CEO, senior management, and frontline supervisors. The CEO and senior management set the tone and prioritisation of H&S for the organisation and frontline supervisors enact the will of the organisation through everyday operations.
- 1.9.6.** CHASNZ (The Reviewer) has undertaken an assessment of the critical H&S risk environment and the safety climate at POAL. The recommendations for improvement fall into four key categories and are based on our independent assessment of the current operation as reflected to us by POAL management, workers, and other stakeholders.
- 1.9.7.** The recommendations are designed to assist POAL in the future to strengthen the control environment and improve the safety climate. The topics of Overlapping Duties and Fatigue Management have specifically been included in this assessment due to their potential to contribute to multiple risks across the ports environment.
- 1.9.8.** CHASNZ (The Reviewer) would like to thank all stakeholders who have contributed to this report.

## Key Findings and Recommendations



## Key Findings and Recommendations

### 2.0 Key Findings and Recommendations Summary

#### General

- 2.0.1** From the detailed aspects identified in this report, it is the opinion of this Review that there are systemic problems at POAL in relation to critical H&S risk management and organisational culture that relate to H&S.
- 2.0.2** Although POAL are good at managing aspects of their business such as shipping movements and equipment maintenance, there is more focus needed where there is reliance on the people element, in particular, in the higher risk areas of the business.
- 2.0.3** In reviewing the systemic management of critical H&S risks the Reviewers have found that there is opportunity for significant improvement to ensure that POAL operates a resilient and appropriate control environment reflective of the level of inherent risk in port operations.
- 2.0.4** In reviewing the current safety climate, as an aspect of the overarching culture at POAL the Reviewers found that in high risk areas of the port there were inconsistent views on how workers perceived the commitment to H&S by senior management to that of what board, line and executive management felt was being demonstrated.
- 2.0.5** POAL do accept responsibility for their workplace culture and are working to improve it. The difficult relationship between Maritime Union of New Zealand (MUNZ) and POAL has, at times, hampered H&S improvement. For H&S to continue to improve at POAL, it is essential that all parties work collaboratively to support H&S.

#### Governance, Leadership and Structure

- 2.0.6** The role of the CEO in regard to H&S leadership should be reviewed, redefined and measured based on key requirements such as:

- a. Prioritising safety over productivity and profitability.
- b. Communicating regularly and proactively on safety in multiple ways (as opposed to in reaction to a safety incident).
- c. Encouraging comprehensive and meaningful employee engagement in safety.
- d. Helping change at risk behaviours.
- e. Following up with employees and resourcing corrective actions.

- 2.0.7** Safety as a core value needs an increased focus for all frontline leaders and management.

- 2.0.8** POAL executive management needs to address perceived engagement and trust gaps between executive management and the frontline workforce regarding H&S expectations. From the observations and interviews made by this Review resolving this issue will be a significant challenge for POAL.

- 2.0.9** POAL needs to create consistent engagement across the workforce, based on trust, and which addresses the dysfunctional relationship between management and MUNZ. Achievement of this will require good will and positive engagement from all sides.

#### Critical Risk

- 2.0.10** POAL have made efforts to establish and document an understanding of their critical risks, although this documentation is sporadic and not consistent in terms of content. There is not an aligned view of the critical risks across the organisation and there is no safety assurance information that clearly demonstrates critical controls are either implemented and effective. This view is corroborated from the physical observations made

## Key Findings and Recommendations

from visits to the operations and from independent overlapping accounts from current and former members of the H&S team.

- 2.0.11** In order to create a resilient H&S control environment POAL needs to:
- Improve the Occupational Health and Safety Management System so that it is aligned to ISO 45001 (OHSMS).
  - Establish a critical H&S risk programme for the organisation with a focus on improving the communication, monitoring and reporting of critical H&S risks and their controls.
  - Develop and implement a safety assurance framework for the Automation Project.
  - Further embed the H&S policy into the OHSMS, so that it describes how and when safety assurance processes are delivered at POAL.
  - Engage human factors expertise to review operating environments and work processes for straddle carriers and cranes.

### Overlapping Duties

- 2.0.12** POAL, as the owner of the joint operating environment that many third parties work within, should:
- Improve relationships and cooperation between third party operators within the POAL Auckland Port footprint.
  - Improve the Common User Safety Protocols (CUSP) so as to clarify H&S expectations for the Auckland Port Footprint that aligns an approach across all organisations and individuals with regards to operations featuring critical H&S risks.

### H&S Function

**2.0.13** Resourcing of the H&S function requires a transformational H&S practitioner as a leader to reset the H&S strategy. During the Review the incumbent Senior Manager H&S left POAL and a new appointment was made.

**2.0.14** This leader should report directly to the CEO and continue to have unfettered access to the POAL board of directors. Other capabilities required within a H&S function in a high-risk environment include driving and implementing a critical H&S risk programme, wellbeing, injury management, and health resources, a safety system team using ISO45001 which may include reporting, analytics, assurance and process safety capabilities. A business partnering approach is required to enable coaching and co-design of H&S initiatives with frontline teams.

**2.0.15** The newly appointed H&S lead is currently establishing a new H&S strategic plan however this was not ready during the time of the Review.

### Recommendation Table Legend

<b>Implementation Period</b>		
S	Short Term	Within 1 month
M	Medium Term	Within 1 year
L	Long Term	Within 3 years
<b>Estimated Impact</b>		
L	Low	Will improve the safety of some areas of the operation
M	Medium	Will improve structural safety management aspects
H	High	Will improve the systems and safety of work undertaken at POAL to a high degree

*Please note that this table is designed as guidance only to assist with implementation and should be evaluated by POAL as a separate exercise.*

## Key Findings and Recommendations

### 2.1 GOVERNANCE

Ref	Key Findings (with reference to recommendations)
2.1.1	The board are engaged in safety, regularly undertake site visits and discuss H&S issues as presented by management. (2.1.6, 2.1.8)
2.1.2	The way the board specifies targets that enable the board to track the organisation's H&S performance requires significant improvement. A substantive plan that allows for measurement and review at all levels of management is needed to ensure the organisation is achieving its H&S goals. (2.1.6, 2.1.10)
2.1.3	POAL do have a general understanding of their critical risks and controls, however there is a lack of clarity and understanding over whether the critical controls are sufficient for the risk exposure and whether they are operating as expected. (2.1.7)
2.1.4	The board requires more insight into H&S issues raised by workers and whether these are being adequately addressed. (2.1.8)
2.1.5	There has not been an adequate level of independent technical safety advice delivered to the board in order for the board to be comfortable that safety risk assurance requirements for key projects and operations have been met. (2.1.9)

Ref	Recommendation	Immediate action required	Implementation Period	Estimated Impact
2.1.6	It is noted that the Board does currently review and approve H&S objectives. As an improvement action it is recommended that this becomes a formal process based around the strategic planning cycle.		S	M
2.1.7	Review and agree critical H&S risks and their controls at board level. Agree how control performance (appropriateness and effectiveness) will be measured and reported on to the board. Make the critical H&S risk control performance reporting part of regular monthly reporting. Deep dive into critical H&S risk with operational management regularly to ascertain whether the controls are meeting the organisations H&S objectives (e.g., refer to the fatigue management section). It is noted that this recommendation sits across both management and governance functions.	Yes	Establish risks within 1 month – controls 3-6 months	H

## Key Findings and Recommendations

2.1.8	The POAL board do communicate with workers during site visits. When undertaking site observations, ensure there is the facility to independently and confidentially talk to workers around control effectiveness (whether what is written down and trained is actually carried out in practice).		S	M
2.1.9	Focus on verification of H&S assurance activity for key critical H&S risks and projects such as automation. The board should require evidence that appropriate safety assurance work has been undertaken by competent professionals through the form of hazard and operability studies (HAZOP), safety cases or other similar methodologies. It is noted that KPMG have been previously commissioned to conduct an external review in this area. These reports were limited in scope and not technical in nature. POAL had engaged an external specialist to carry out 'bow tie' analysis, however this work, while useful, was not fully completed at the time of the Review and is at a relatively high level.	Yes	S	H
2.1.10	The board should be consulted as key stakeholder when management formally document how the board and management will measure success in H&S performance. It is essential that management create a framework of expectations, objectives, targets, and measures from board level and down through all levels of management and operations. This also requires consultation with workers. An indication as to whether these targets are being met should be communicated to all levels of the organisation.		M	M

## Key Findings and Recommendations

### 2.2 LEADERSHIP

Ref	Key Findings (with reference to recommendations)
2.2.1	Workers' perceptions of H&S leadership and commitment varied depending on what part of the business they operated within. Head office, Maritime and Engineering departments generally felt supported in H&S while Container Terminal Operations (Stevedoring) views were more negative in terms of safety leadership. (2.2.8)
2.2.2	There are gaps between executive management's understanding of H&S control procedures and the perception of frontline workers as to what operating practices are applied in reality. (2.2.8)
2.2.3	Elements of the workforce who undertake high risk roles (mainly terminal operations) believe that executive management prioritises profitability and productivity over H&S and this is reinforced at the operational leadership level. (2.2.8, 2.2.9, 2.2.12)
2.2.4	There are variable perceptions on executive management's commitment to H&S by elements of the workforce (such as stevedoring) who undertake high risk roles. (2.2.10, 2.2.11, 2.2.13)
2.2.5	Workers in terminal operations had a perception that H&S issues, if raised, were not taken seriously by the organisation and resolved adequately. (2.2.12, 2.2.15)
2.2.6	There has been a clear history of industrial dissent, that may be a barrier to the development of a future positive culture within the workforce. All parties need to work together in good faith to achieve H&S improvement. (2.2.10, 2.2.14)
2.2.7	Worker engagement processes need significant improvement. (2.2.8, 2.2.16)

## Key Findings and Recommendations

Ref	Recommendation	Immediate action required	Implementation Period	Estimated Impact
2.2.8	<p>Enhance the board down view of what effective executive safety leadership behaviours are required to achieve the H&amp;S objectives of the POAL.</p> <p>Improve processes to measure, evaluate, report on and coach senior management in these leadership qualities. These should include at a minimum:</p> <ul style="list-style-type: none"> <li>• Prioritising safety over productivity and profitability.</li> <li>• Communicating regularly and proactively on safety in multiple ways (as opposed to in reaction to a safety incident).</li> <li>• Encouraging comprehensive and meaningful employee engagement in safety.</li> <li>• Helping change at risk behaviours.</li> <li>• Following up on incidents reported by the workforce and implementing corrective actions.</li> </ul>		M	H
2.2.9	When reviewing the H&S policy (which is currently underway) include CEO and Senior Executive responsibilities.	Yes	S	M
2.2.10	The legacy of labour relations dissent is hampering the underlying organisational culture. All stakeholders should work positively to focus on creating a culture where H&S is the primary focus and minimum H&S expectations are agreed, supported and acted upon.	Yes	M	H
2.2.11	Develop and prioritise initiatives to address trust issues within the terminal operations regarding the fear of speaking up, lack of follow up of safety issues raised and perception that those who raise issues or follow safety rules will be discriminated against.		M	H
2.2.12	Embed safety and wellbeing as a core value for the organisation through specific training led by the senior executive but aimed at middle and line management that focusses on expected H&S leadership behaviours. H&S modules of core organisational leadership training are being developed but were not available at time of Review.		M	H
2.2.13	Ensure that senior management are trained in the expected H&S leadership behaviours. Courses such as those available from the Business Leader's H&S Forum would be appropriate as are many other commercially based training courses. POAL are currently investigating appropriate training.		M	H



## Key Findings and Recommendations

2.2.14	Continue to support and contribute to the Port Industry H&S initiative (led by the PIA and supported by Maritime NZ and WorkSafe) from a leadership perspective by continuing to be an advocate and active member.		M	L
2.2.15	Create an organisation wide focus on key hazards and risks and an expedited prioritisation mechanism for any control or hazard related issues raised by workers.	Yes	S	H
2.2.16	Address the difficulty and lack of ease in reporting issues through existing systems by reviewing and investing in easy to use and visible (to workers) hazard, risk and incident reporting and resolution systems.		S	H

## Key Findings and Recommendations

### 2.3 HEALTH & SAFETY RISK

Ref	Key Findings (with reference to recommendations)
2.3.1	Marine operations and Engineering operations were examples where H&S risk is being managed well. The engineering data management system was impressive and an example of industry good practice. (2.3.10)
2.3.2	POAL have invested in H&S and the lashing platforms were a clear exemplar of how POAL have made a significant investment to keep their people safe. (2.3.11, 2.3.12.)
2.3.3	POAL have provided an account of how their cranes are well-managed to levels of industry good practice. (2.3.10)
2.3.4	The POAL organisational H&S Management System does not appear to be adequately implemented and operating. Although individual H&S documents have been produced, they do not fit into a 'Plan, Do, Check, Act' cycle that would enable continuous improvement and enable commitment and involvement of top management in the overall H&S management programme. (2.3.10)
2.3.5	People working across POAL's operations do not have a consistent understanding of the organisation's critical risks and controls. (2.3.11)
2.3.6	The Reviewers were impressed by the innovative approach to straddle automation at POAL. The POAL project team highlighted a number of safety controls implemented into the project, which made it clear that safety was a priority for POAL on this project. However, the automation project is unable to make a robust safety case for the development and operation of the automated straddles at Fergusson Wharf. It would be reasonable for a major project involving a new approach to integrating automated plant into an existing manual operation to have developed a safety assurance framework to enable an appropriate case to be made about the overall system safety during design, development, and operation. (2.3.12)
2.3.7	POAL's overall approach to safety assurance requires improvement so that all major projects develop a suitable safety assurance framework and provide project governance with clearer information on how they are meeting safety objectives. (2.3.12)
2.3.8	There are many opportunities where Human Factors expertise input would help more effectively analyse usability and user interface issues with plant and other equipment linked to high-risk activities. (2.3.13)

## Key Findings and Recommendations

Ref	Recommendation	Immediate action required	Implementation Period	Estimated Impact
2.3.9	Occupational Health and Safety Management System (OHSMS). Consideration of developing the OHSMS to align to ISO 45001 is recommended. Investment in an ISO 45001 scoping audit to highlight what elements of the OHSMS require improvement and assist with developing an improvement plan. A good OHSMS will provide POAL with a better mechanism for managing general H&S risks and ensuring appropriate learning and review activity around H&S risks is being undertaken.	Yes	M	H
2.3.10	Critical H&S Risk Programme – To further augment POAL’s approach to critical risks, it is recommended that POAL establish a critical H&S risk programme. One key output would be a common understanding of what the organisation’s critical H&S risk activities are and development of life saving rules associated with those H&S risk activities. A critical H&S risk programme would also provide focus on critical H&S risk control, with specific activity developed around assessing effectiveness of controls and development of reporting systems focused on critical risk activities and events with high potential for harm. Process safety focus is also a key element of a critical H&S risk programme and is captured in recommendation 2.3.11.	Yes	S	H
2.3.11	<p>It is recommended that a safety assurance framework for automation (and other major projects) is developed and that competent safety engineers are engaged to develop and implement this.</p> <p>It will be advantageous for POAL to integrate the safety assurance framework process into the wider H&amp;S risk management system so safety assurance can be developed and operated across all of POAL’s critical H&amp;S risk portfolio.</p> <p>When undertaking complex projects outside of POAL usual operations, it is strongly advised that specialist H&amp;S capability is engaged to aid in managing the H&amp;S risks associated the project.</p>	Yes	S	H
2.3.12	<p>It is recommended that human factors specialists are engaged to review the operating environments and work processes for straddle carriers and cranes to identify opportunities to improve the overall safety of related operations. Particular attention is drawn to:</p> <ul style="list-style-type: none"> <li>• Straddle training activities where improvements are needed to the safe location of tutors during practical instruction sessions.</li> <li>• Straddle cockpit configuration, where some operators are likely exceeding chair weight ratings, knotting ill-fitting seatbelts, and removing headrests.</li> <li>• Lashing platform processes, where further improvements to safety interlocks and processes might be achieved.</li> <li>• Control room operations across POAL.</li> </ul>		M	M

## Key Findings and Recommendations

### 2.4 OVERLAPPING DUTIES

Ref	Key Findings (with reference to recommendations)
2.4.1	POAL have demonstrated through development of the Waikato Freight Hub that they have the capacity to manage overlapping duties well; in this context in a construction environment involving overlapping projects and contractors. The design of the hub has demonstrated how POAL have considered risks to their tenants during the design phase demonstrating good practice as a client and developer. (Not linked to a recommendation).
2.4.2	POAL do undertake work to manage overlapping duties with third parties who use the port, including some collaboration forums. Current relationships between POAL and many of the third parties using the port require improvement. It is the view of this Review that POAL can and should do more to lead effective cooperation, communication, and consultation between third parties on matters of H&S. (2.4.8, .2.4.9, 2.4.10, 2.4.11)
2.4.3	Deteriorating infrastructure and poor housekeeping within the POAL Multicargo footprint are exposing third party operators to H&S risks that should be managed by POAL. The POAL team in Multicargo require increased support by POAL top management to improve the risk environment for third party operators. (2.4.9)
2.4.4	Poor traffic management (including clearly marked roadways and adequately signed infrastructure) within the POAL port footprint are presenting risks associated with site traffic and their interface with mobile plant and other vehicle operations. (2.4.11)
2.4.5	POAL have implemented a Common User Safety Protocol (CUSP) document. By way of improvement, POAL should make it consistently clear to all third parties operating on their property what the critical H&S risks are and what the 'non-negotiable bottom line' is regarding the controls for these risks. (2.4.9)
2.4.6	There is a risk that a third-party driver may be struck by exiting traffic whilst adjusting container locks in the common roadway of the Wiri freight hub, presenting the potential for death or serious injury. (2.4.10)
2.4.7	POAL do not currently receive adequate assurance from third party tenants that critical H&S risks are appropriately controlled and managed. (2.4.9)

## Key Findings and Recommendations

Ref	Recommendations	Immediate action required	Implementation Period	Estimated Impact
2.4.8	Multicargo - Improve communication and cooperation between POAL and all third parties operating within the multicargo area. The Review acknowledges the existence of an inter-PCBU operational sub-group. One suggested approach would be to establish a H&S Leadership Group.	Yes	S	H
2.4.9	It is appreciated that POAL are going to some effort to engage with third parties, by way of further improvement POAL should consider creating a clear H&S expectations document that is effectively communicated to all 'third party' organisations operating on POAL property. This document should clearly align to an agreed set of critical H&S risks and controls in order to establish what is 'not negotiable' and what is expected as a minimum when operating on POAL premises.	Yes	S	H
2.4.10	Wiri Freight Hub - Work with tenants to establish a safe place of work for drivers to access their loads and trailers without being exposed to the risk of being hit by other site traffic.	Yes	S	H
2.4.11	Wiri Freight Hub - Establish a mechanism whereby POAL can gain assurance that third party tenants are managing their critical H&S risks appropriately, particularly those risks which have the potential to effect other third parties and the wider public.		S-M	M
2.4.12	Wiri Freight Hub - Consider appropriate controls (e.g., a barrier system) to prevent the fire water tank from being damaged by traffic operations.	Yes	S	M

## Key Findings and Recommendations

### 2.5 FATIGUE MANAGEMENT

Ref	Key Findings (with reference to recommendations)
2.5.1	POAL use the services of Dr Matthew Thomas, who is an Associate Professor in Health Medical and Applied Sciences to develop and review bio-mathematical models of fatigue management. (No recommendation)
2.5.2	Fatigue management documentation requires improvement to ensure that it meets the intent of the implemented processes. (2.5.6)
2.5.3	Reactive and predictive information on fatigue is available within the organisation but not currently used to best effect. (2.5.7)
2.5.4	The models used to predict and govern fatigue should be peer reviewed. (2.5.7, 2.5.8, 2.5.9)
2.5.5	Worker representation from high risk areas may provide important signals around whether the workforce or individuals are fatigued. (2.5.10)

## Key Findings and Recommendations

Ref	Recommendations	Immediate action required	Implementation Period	Estimated Impact
2.5.6	Ensure that the FRM Committee and associated FRMS is effectively maintained and operated. Board reporting should include regular updates and whether the meetings have been occurring, attended and minuted adequately. Key indicators should be reported to the Board as per the following recommendation.	Yes	S	M
2.5.7	Potential key indicators for the FRM committee, management and board include: <ol style="list-style-type: none"> <li>Trends in fatigue and sick leave taken by reason code.</li> <li>Bio-mathematical risk scores of the roster both in forecast and historical trends by week, month, and year for seasonal analysis.</li> <li>Modelling on current and forecast workforce capacity compared to demand and potential impact on fatigue scores. An optimal workforce capacity should be modelled based on an overall targeted (lower) fatigue score. This can be compared to the actual workforce available so that management and board understand the fatigue risk profile of the current workforce based on future projected work demand.</li> <li>Number and type of fatigue related incidents and hazards reported.</li> </ol>		M	M
2.5.8	Consider seeking independent peer review and advice on the bio-mathematical model underpinning the rules inbuilt into rostering and fatigue detection processes. This should be governed and reported back to the FRM Committee.		M	M
2.5.9	There is a potential opportunity to compare and learn and improve fatigue management from other high risk, 24 x 7 rostered operations such as the Department of Corrections who have been specifically focused and prioritizing this area in recent years.		M	M
2.5.10	Review and update the 2014 Stevedoring Hours of Work Policy to include recent changes.	Yes	S	M

## Key Findings and Recommendations

### 2.6 INCIDENT REPORTING AND INVESTIGATION

Ref	Key Findings (with reference to recommendations)
2.6.1	Overall incident reporting including near miss reporting may not adequately capture the volume of incidents that are potentially occurring at POAL. This view is based on worker feedback to the Reviewer and from review of the past year's incidents. This may in part be due to factors such as the difficulty workers have in using the Portsafe system and partly due to a perception that line management do not follow up on H&S issues and see those raising them as troublemakers. (2.6.7)
2.6.2	The Reviewers note POAL are working to improve the reporting culture including cultural and leadership issues that may hinder this. (No recommendation)
2.6.3	There have been reports to Reviewers that frontline workers have reported incidents to supervisors that are not entered into Portsafe. (2.6.7)
2.6.4	The Reviewers noted that there are near miss incidents where no harm has occurred, but there was potential for serious harm or fatality. These events have not adequately assessed in relation to their risk and are not investigated in relation to that risk. (2.6.8, 2.6.9) Further detail has been passed to POAL by the Reviewer.
2.6.5	More investigation resources are required to ensure high potential incidents can be adequately investigated. (2.6.10)



## Key Findings and Recommendations

Ref	Recommendation	Immediate action required	Implementation Period	Estimated Impact
2.6.7	In addition to the steps POAL are already taking, POAL should seek to improve the frequency of risk, hazard, near miss and incident reporting. Key to this is ensuring that incidents are accepted by line management and responded to in a timely and open manner with those raising the issues.		S-M	H
2.6.8	Review the H&S framework to establish more effective criteria to determine when investigations should be carried out into near miss incidents where serious harm or fatality could have occurred.		S	H
2.6.9	Where applicable, link incident reporting to critical H&S risks in order to determine where key controls have failed and require improvement.	Y	M	H
2.6.10	<p>Train more workers to support investigations in appropriate methodologies to increase the capability of the organisation to create learning from incidents and strengthen controls as a result.</p> <p>Consider applying a 'learning teams' approach to help with learning from the front line to improve work. Learning teams bring together a group of people who were involved in a safety incident, or who might have useful information about it, to learn and improve (Link to WorkSafe NZ information on Learning Teams: <a href="https://www.worksafe.govt.nz/the-toolshed/case-studies/wepr-case-studies/involving-everyone-in-learning-reaps-benefits">https://www.worksafe.govt.nz/the-toolshed/case-studies/wepr-case-studies/involving-everyone-in-learning-reaps-benefits</a>)</p>		M	M

## Key Findings and Recommendations

### 2.7 ORGANISATIONAL CULTURE & ENGAGEMENT

Ref	Key Findings (with reference to recommendations)
2.7.1	<b>Climate survey key findings</b> Survey perceptions indicated that senior management presence in the workplace is low. (2.7.10)
2.7.2	Rules and procedures were perceived to be the greatest focus rather than pro-active engagement and discussion when senior management does visit the workplace. (2.7.10)
2.7.3	It is perceived that there is a high level of blame attribution to workers after an investigation has been completed. (2.7.10)
2.7.4	Perceptions are positive in relation to investment into safety and understanding and communication of safety rules and responsibilities. (2.7.10)
2.7.5	There are mixed perceptions regarding worker relationships with frontline supervisors and leaders and their safety leadership capabilities. (2.7.12)
2.7.6	Safety representation and worker engagement also indicated mixed responses to ensuring the voice of the worker is heard. (2.7.13)
2.7.7	<b>Focus Group Key Findings</b> Some workers in the Container Operations teams perceived that there was a culture of retribution that occurs when H&S issues are raised which results in reduced hours and opportunities for promotion by front line management. (2.7.12)  It is noted that senior leadership have emphasised the importance of H&S reporting and that safety leadership training is intended to be increased.
2.7.8	Night shift workers felt there was a potentially different culture at night where control adherence differed from training and procedures, in particular for high risk work such as lashing. This was exacerbated with lower levels of supervision and oversight by the health and safety function. (2.7.10)
2.7.9	Night shift workers perceive that there are times where inconsistency in resourcing levels compromises the ability to work safely. (2.7.10)

## Key Findings and Recommendations

Ref	Recommendations	Immediate action required	Implementation Period	Estimated Impact
2.7.10	Share, discuss, and hold action planning sessions using the results of this safety climate survey. The Reviewers understand that POAL have held similar sessions on engagement. Action planning sessions should enable workers to share their ideas and thoughts on how to improve H&S.		M	M
2.7.11	Continue carrying out safety climate questionnaires at biannual intervals (6 monthly) as a mechanism for tracking climate movement based on this baseline survey (including multilingual options).		M	M
2.7.12	Increase frontline leadership training as a key focus area including pastoral care for workers.		M	H
2.7.13	Work with supervisors and line management who supervise high risk activities such as lashing to define clear protocols around minimum staffing levels to provide a clear and consistent organisational response.	Y	S	H

## Key Findings and Recommendations

### 2.8 HEALTH & SAFETY FUNCTION

Ref	Key Findings (with reference to recommendations)
2.8.1	Personnel changes at a H&S management level has impacted the ability of the team to develop, implement, and monitor the effectiveness of the H&S framework. (2.8.6, 2.8.7)
2.8.2	During the Review, the incumbent Senior Manager H&S left POAL and a new appointment was made. Recruitment for a new H&S structure is underway. This new appointment continues to report to the Deputy CEO/CFO with an indirect reporting line to the CEO, not directly to the CEO as per the Reviewer's recommendation.
2.8.3	It is noted that the future direction would enable full and unfettered access of the Senior Manager H&S to the CEO and Board.
2.8.4	At the time of the Review there was a lack of understanding of the intent and content of the "Strong Foundations, Safe People Programme." Concern was raised that there is no involvement of the current H&S function. (2.8.8)
2.8.5	It is noted that the 'Strong Foundations, Safe People' programme is to be superseded by a new strategic H&S plan.

## Key Findings and Recommendations

Ref	Recommendations	Immediate action required	Implementation Period	Estimated Impact
2.8.6	Establish a GM H&S position that reports directly to the CEO.	Y	S	H
2.8.7	The Reviewers recommend re-establishing a H&S structure and function that includes the following capabilities: H&S Transformation leader, Critical H&S Risk Programme Wellness/Injury Management/Health resourcing, Safety Systems <i>Please note this a suggested indicative recommendation for guidance that POAL should evaluate based on its future operational requirements.</i>		M	M
2.8.8	Ensure that the head of H&S prioritises the setting of a new comprehensive H&S strategy.		S	H

## Key Findings and Recommendations

### 2.9 TRAINING

Ref	Key Findings (with reference to recommendations)
2.9.1	Overall, the standard of training and assessment activities is carried out to a high level. (2.9.4., 2.9.7)
2.9.2	The connection between the training curriculum and controls established for managing critical risks requires improvement to ensure that workers in critical areas have a common understanding of the risks and controls. (2.9.5)
2.9.3	Although there are many areas where engineering controls have been applied, there is a strong focus on training as an administrative control in a high-risk operation where greater use of elimination and engineering controls could be adopted. (2.9.8, 2.9.6)

Ref	Recommendations	Immediate action required	Implementation Period	Estimated Impact
2.9.4	Consider existing training in relation to work as done versus work as imagined and how this could be used to create a dynamic training environment where variability is explored.		M	H
2.9.5	As part of the recommended critical risk programme ensure that training captures key controls and golden safety rules required to prevent fatalities or serious harm from identified critical H&S risks. This should include collaboration with those responsible for creating and delivering training with the H&S Risk teams		M	H
2.9.6	Consideration should be given to the creation of a set of “Golden Rules” or “Lifesavers” (these are key controls which are easily digestible for all that work at the POAL)	Y	M	H
2.9.7	Improve on-the-job re-assessment so it is carried out at an appropriate frequency (i.e. every two years).		M	H

## Key Findings and Recommendations

2.9.8	Look for opportunities to create higher levels of controls (elimination, substitution, engineering) in areas where a purely behaviour/training relation safety control is in place to manage significant critical H&S risk.	Yes	S	H
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## 2.10 CONTINUOUS IMPROVEMENT

Ref	Key Findings (with reference to recommendations)
2.10.1	The Reviewers have concerns about the practice of video recording shift toolbox meetings as this may be contributing to an environment of low trust between workers and management. 2.10.3)
2.10.2	The content of shift toolbox meetings is too dense for effective adoption by workers, and the size of the groups included in the meetings does not allow for free discussion or questioning by workers. (2.10.3)


Ref	Recommendation	Immediate action required	Implementation Period	Estimated Impact
2.10.3	Consider the adoption of elements of a lean management system, - specifically Leader Standard Work and Daily Management Systems (DMSs). These offer opportunities for collaborative engagement between front line leaders and workers to better define daily priorities and collectively resolve problems as they occur.		M	M

## Key Findings and Recommendations

Appendix

Climate Survey Results

3

A white line-art icon of a clipboard with a checklist. The clipboard has a circular fastener at the top. The checklist consists of four horizontal lines, each preceded by a checkmark.

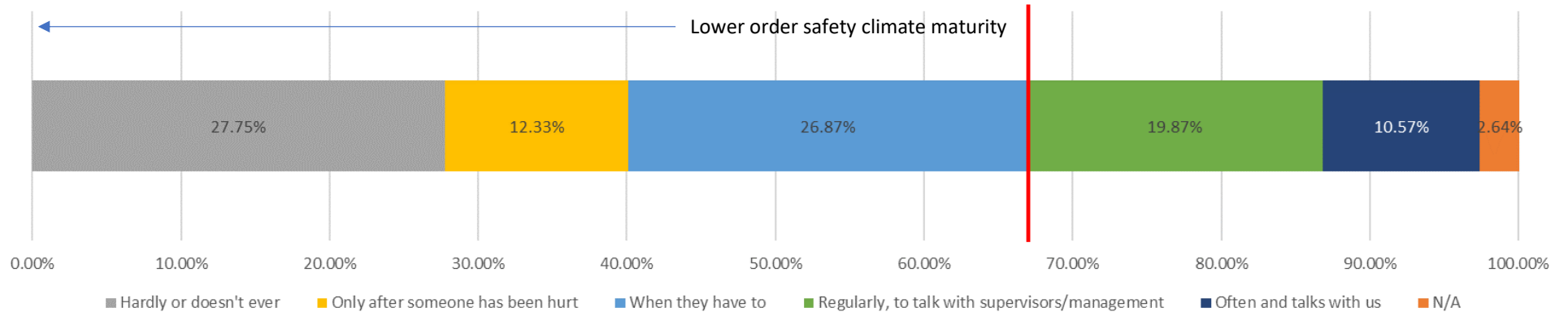


## Safety Climate Survey

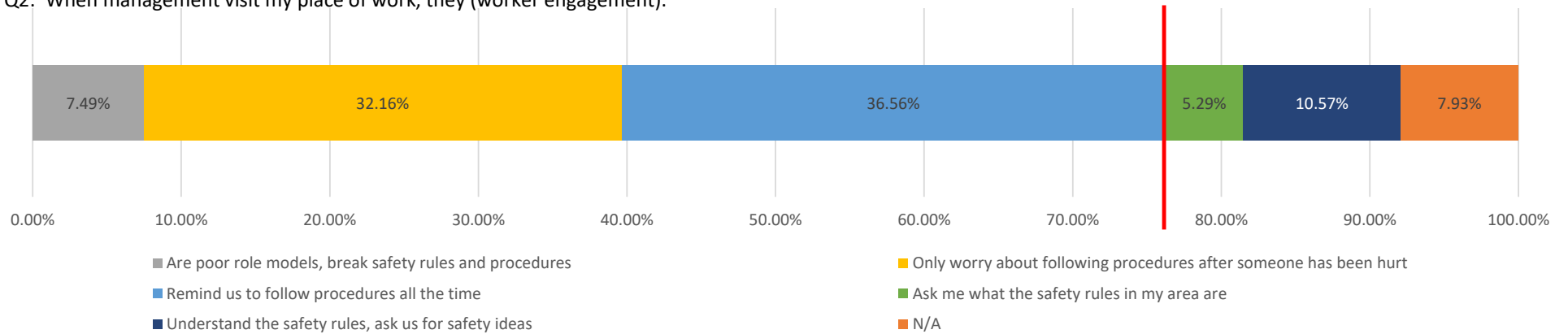
There were 227 climate surveys were completed from the total workforce of 667 employees and conducted in 7 different languages. 86% of the responses were from workers in higher risk positions such as stevedoring. Office based workers had a lower uptake on completing the survey, however this is not considered material to the findings of the survey due to the relatively lower level of H&S risk that these workers are exposed to. The sample size represents a margin of error of 5.29% and a confidence level of 95%.

### Management Questions:

Q1: Senior Management visits my work area (frequency):

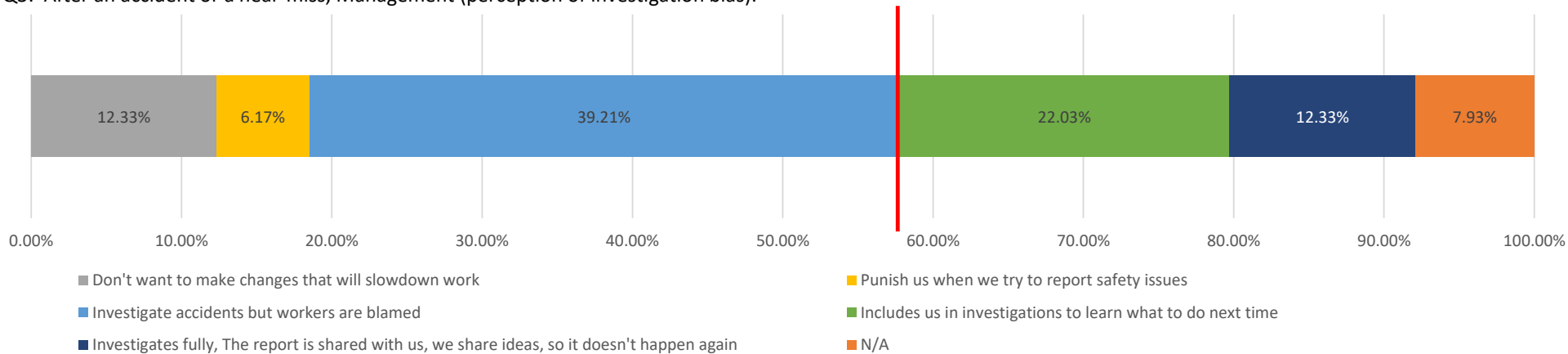


Q2: When management visit my place of work, they (worker engagement):

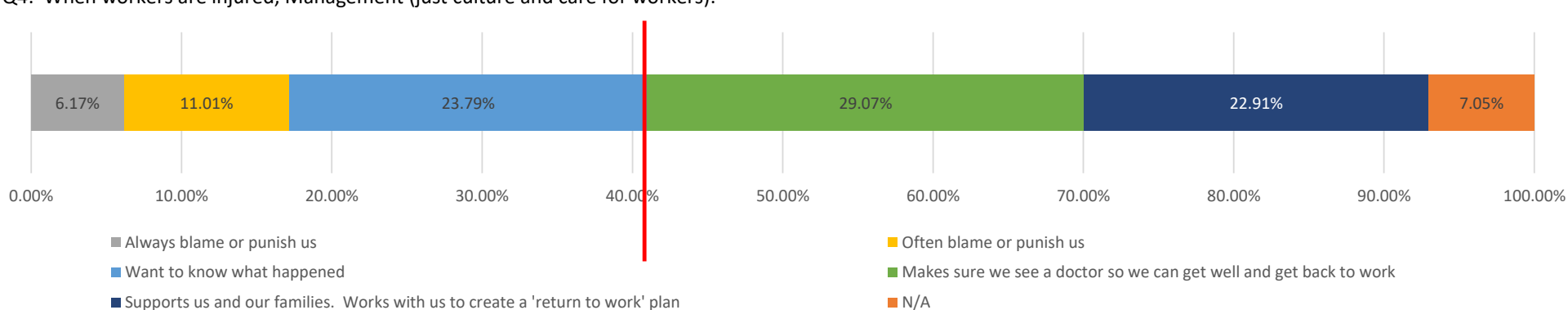


## Safety Climate Survey

Q3: After an accident or a near-miss, Management (perception of investigation bias):

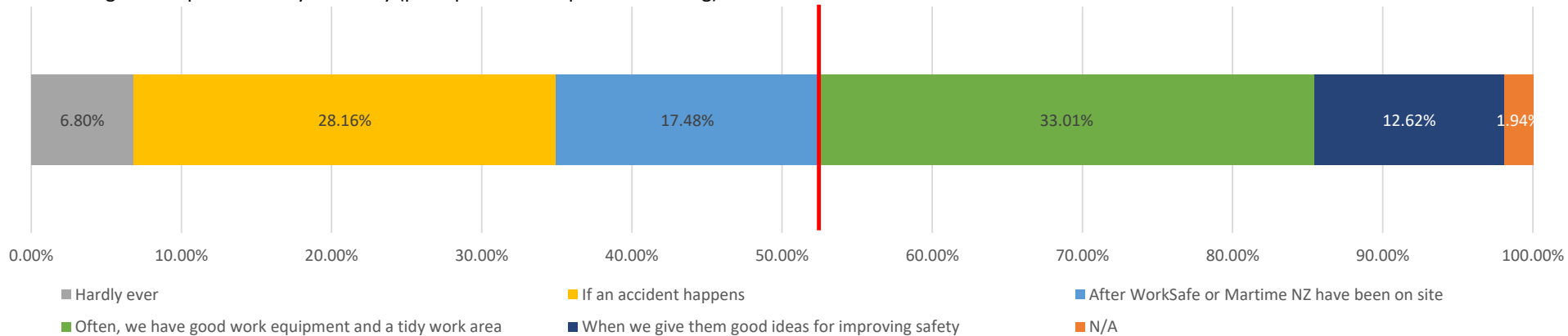


Q4: When workers are injured, Management (just culture and care for workers):



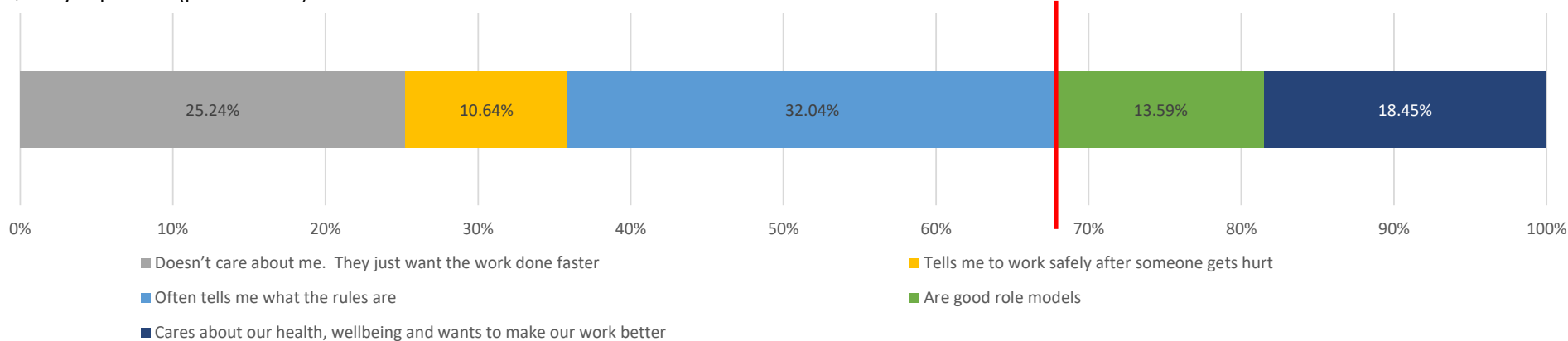
## Safety Climate Survey

Q5: Management spends money on safety (perception of adequate resourcing):



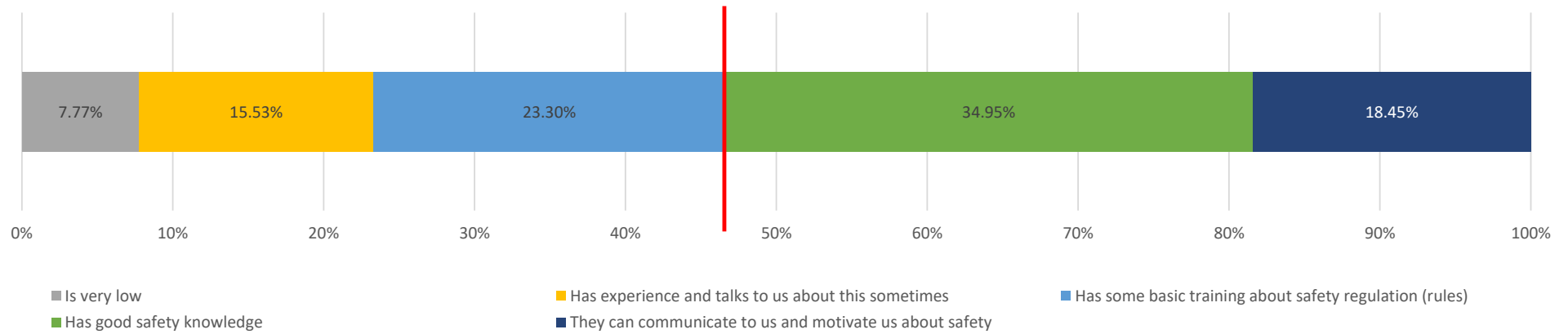
## Frontline Leadership/Supervisor Questions

Q7: My Supervisor (pastoral care):

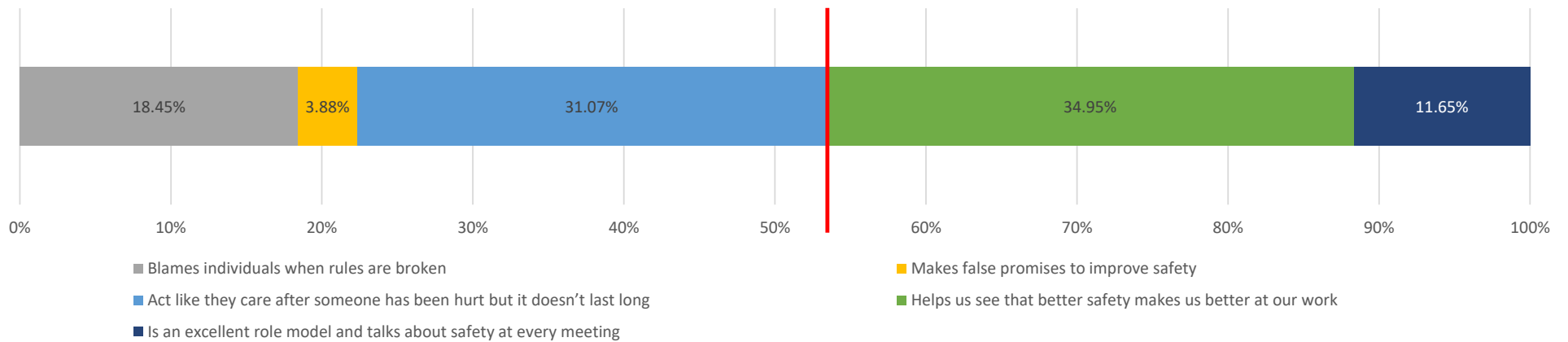


## Safety Climate Survey

Q8: My supervisor's knowledge of health and safety:



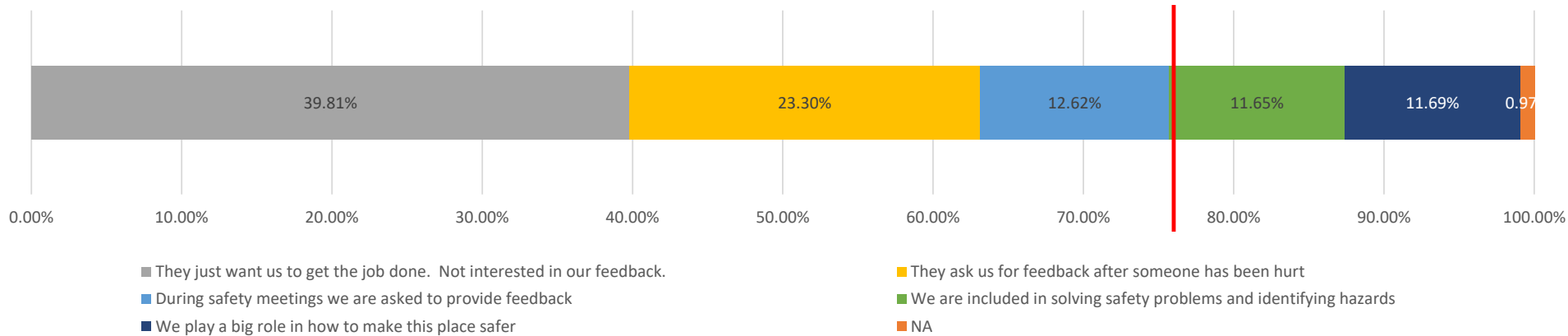
Q9: My supervisor (role modelling)



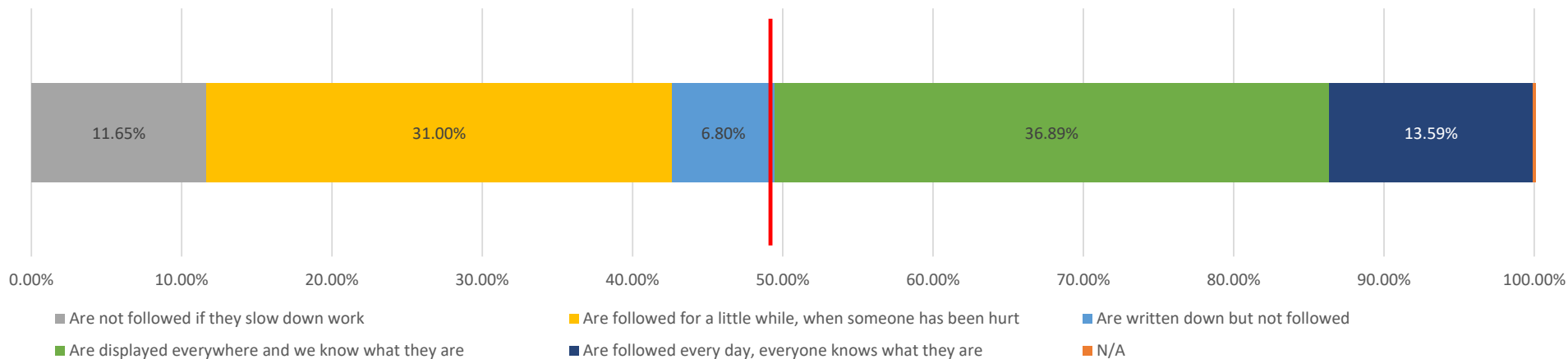
# Safety Climate Survey

## POAL/Safety Rules Questions

Q10: At POAL (worker engagement):

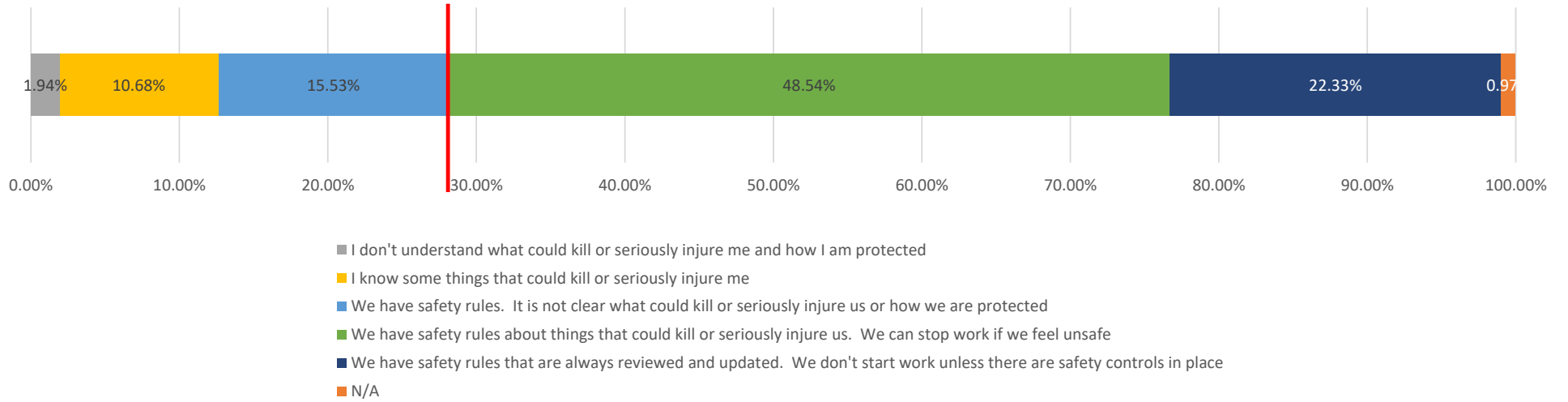


Q6: Safety rules and responsibilities:



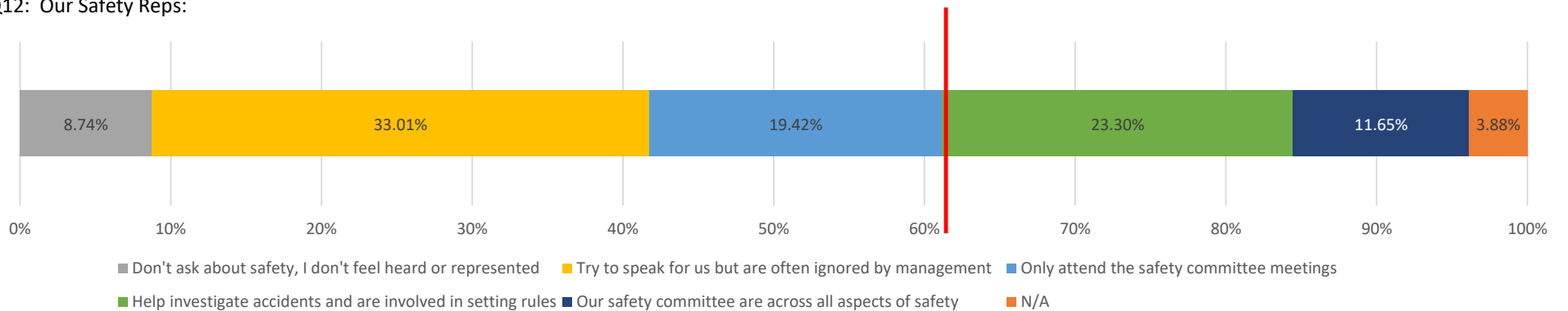
# Safety Climate Survey

Q11: At POAL (critical H&S risk)



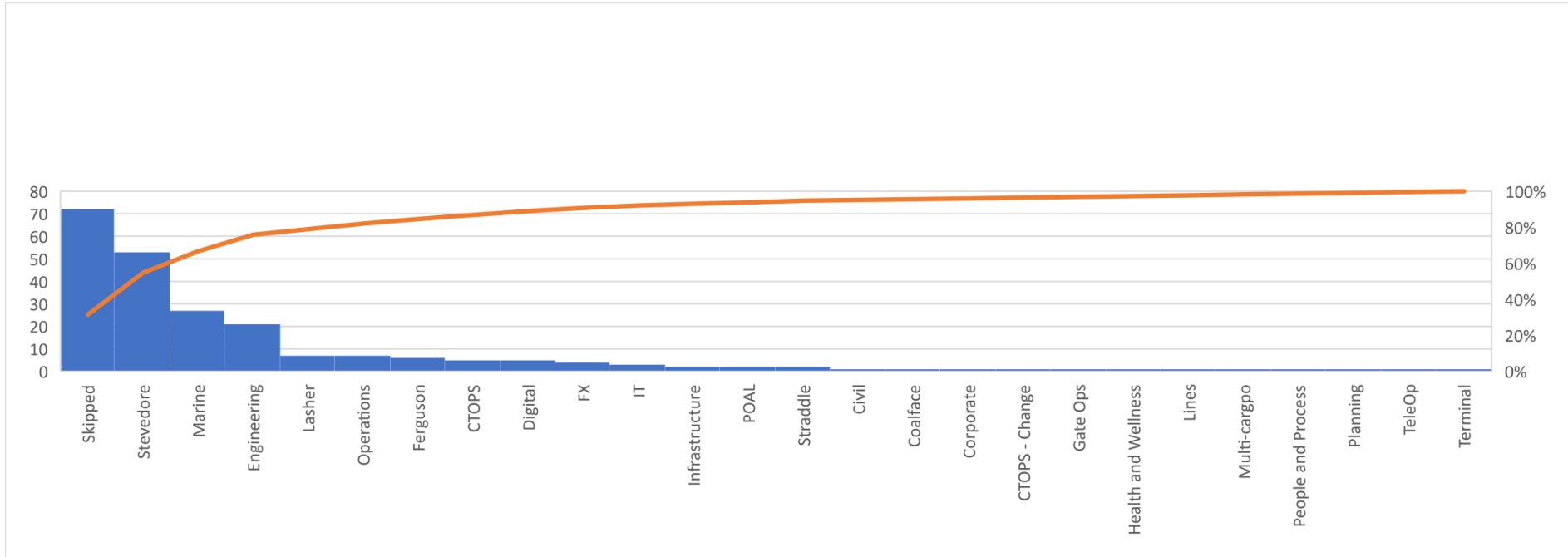
## Safety Representative Questions:

Q12: Our Safety Reps:



## Safety Climate Survey

Q13: What department do you work in (open response):



## Safety Climate Survey

Q14: Do you have any other comments? (open response)





**Roger McRae, Independent Chair CHASNZ**

**Chris Alderson, CEO CHASNZ**

**Jon Harper-Slade CFIOSH, GM Safety Innovation CHASNZ**

**Emma Brookes, Health and Safety Specialist CHASNZ**



Confidential to Ports of Auckland and Auckland Council

**Finance Risk and Assurance Committee**  
**4 May 2021**  
**Report 21.81**



**For Information**

## **QUARTERLY FINANCE UPDATE – QUARTER 3**

### **Te take mō te pūrongo**

#### **Purpose**

1. To provide the Finance, Risk and Assurance Committee (the Committee) with Greater Wellington Regional Council's (Greater Wellington) financial reports for the quarter ended 31 March 2021.

### **Te tāhū kōrero**

#### **Background**

2. This report provides a review of the financial performance of Greater Wellington's activities for the first nine months of the 2020/21 financial year. The year-to-date operating position is \$19.6 million favourable to budget.

### **Te tātaritanga**

#### **Analysis**

3. The finance report is for the nine months ended 31 March 2021 (see [Attachment 1](#)). The key results are:
  - a Revenue was \$15.2 million lower than budget
  - b Operational expenditure was \$34.8 million under budget
  - c This gave an operational deficit of \$8.1 million, \$19.6 million better than budget
  - d Capital expenditure was underspent by \$25.1 million.
4. The capital expenditure underspend is expected to improve to approximately \$20 million by end of financial year. While there are a myriad of valid reasons for project delays, Greater Wellington acknowledge that capital do-ability was an emphasis of matter for the Long Term Plan consultation document. Greater Wellington is working to improve business case processes and will undertake a programme of work to improve budget estimation outcomes.

**Ngā tūāoma e whai ake nei**

**Next steps**

5. A further update will be provided to the Committee at its meeting on 3 August 2021.

**Ngā āpitihanga**

**Attachment**

<b>Number</b>	<b>Title</b>
1	Financial Report – 31 March 2021

**Ngā kaiwaitohu**

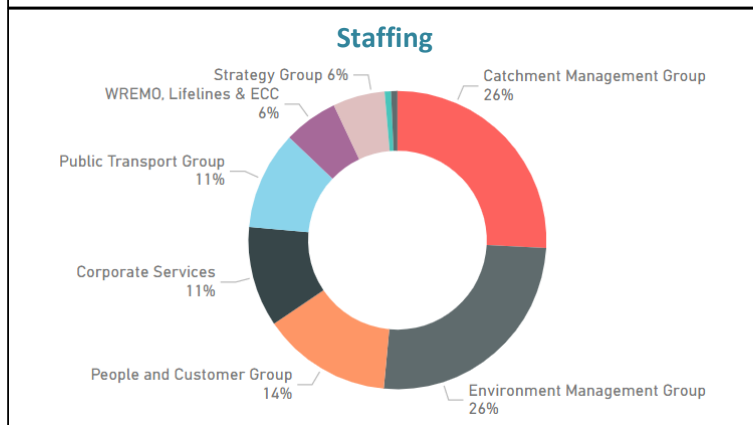
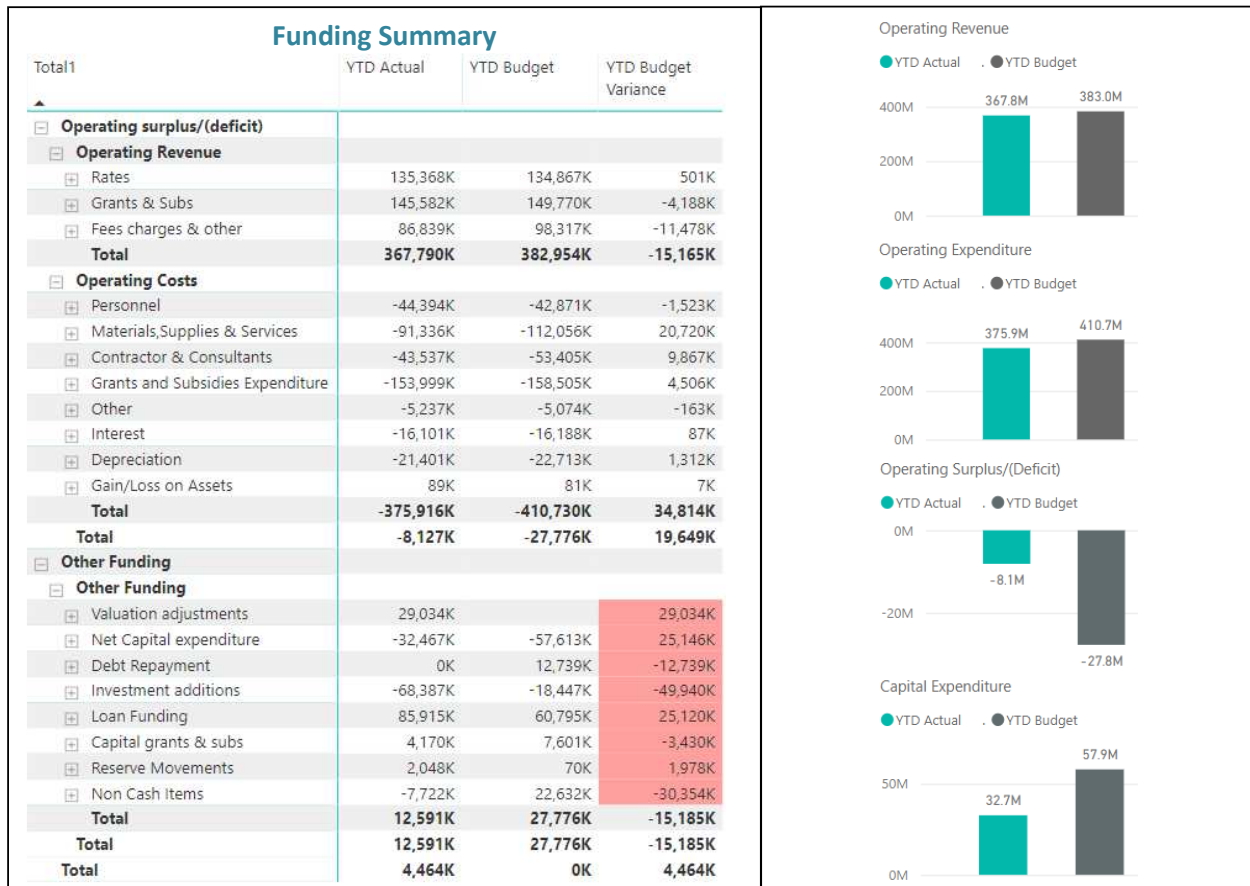
**Signatories**

Writers	Robert Glennie – Accounting Services Manager Alison Trustrum-Rainey – Chief Financial Officer
Approver	Samantha Gain – General Manager, Corporate Services

<p><b>He whakarāpopoto i ngā huritaonga</b>  <b>Summary of considerations</b></p>
<p><b><i>Fit with Council’s roles or with Committee’s terms of reference</i></b></p> <p>The Committee’s specific responsibilities include to “review the robustness of the organisation’s financial performance”.</p>
<p><b><i>Implications for Māori</i></b></p> <p>There are no known implications for Māori.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>The report reviews performance against the financial statements in Council’s Annual Plan 2020/21.</p>
<p><b><i>Internal consultation</i></b></p> <p>All business groups contribute to Greater Wellington’s financial performance.</p>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>There are no risks arising from this report.</p>

Financial Report – 31 March 2021

Council Financial Summary – 31 March 2021



**Financial Report – 31 March 2021**

## Summary of Key Issues & Forecast Update

### Key Issues

- Waka Kotahi NZ Transport Agency (Waka Kotahi) has underwritten 100 percent of lost Public Transport revenue caused by lower patronage levels due to COVID-19 to 30 June 2021. Fare revenue is currently running at approximately 83 percent of budgeted levels. The impact of this as at 31 March 2021 is \$13.8 million which is recognised in the accounts as recoverable from Waka Kotahi.
- Discussions will continue with Waka Kotahi in relation to continuing the COVID-19 revenue subsidies for 30 June 2021 onwards.
- Personnel costs currently running ahead of budget mainly due to unbudgeted temp staff and recruitment costs, this has been offset by savings in contractors.
- Public Transport capital projects are behind schedule, work is expected to pick up as we move towards year end and the remaining will be rebudgeted into the next financial year.
- Water capital expenditure makes up approximately half of GWRC capital expenditure underspend mainly due to the deferral of the Cross Harbour Pipeline and delay at design stage of Kaitoke Flume Bridge.

### Forecast Update

For areas funded by the general rate and the river management rate we are largely tracking better than budget and expect to end the year favourable to budget.

Flood protection is forecasting revenue to be favourable to budget due to Government funding of Shovel ready projects and rental income from Riverlink properties.

For areas funded by the public transport rate there are a number of expenses that are currently underspent but we expect these to mostly catch up before year end with the exception of the rail network renewals which we expect to be delayed until next financial year.

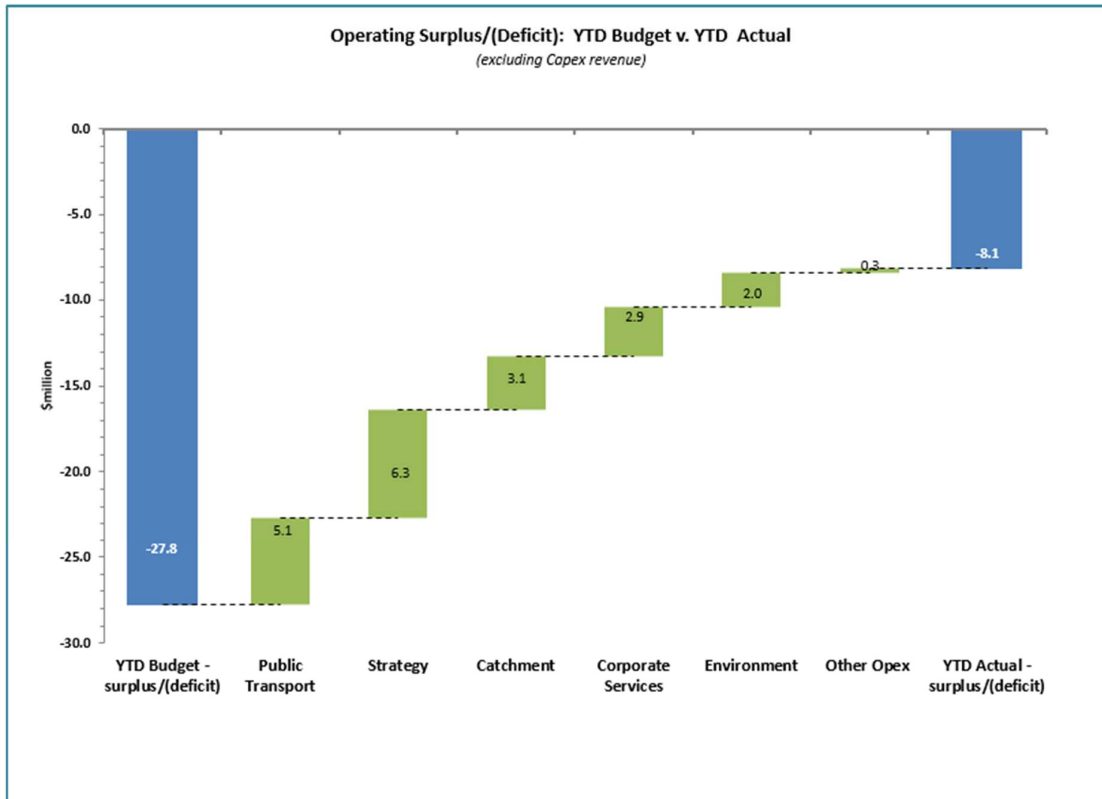
These underspends were partially offset by increased personnel and contractor spend.

Flood Protection Capex is expected to be mostly underspent offset by ahead of budget spending in Riverlink property purchases and unbudgeted Shovel Ready projects.

A further forecast update and carry forwards will be completed Q4 2021.

Financial Report – 31 March 2021

Operating Surplus



Operating Surplus Variance

**Public Transport** – lower patronage fare revenue due to COVID-19 is 100 percent recoverable from Waka Kotahi until 30 June 2021. Operating costs are under budget due to delays in Rail network renewals; Bus shelter cleaning, minor fleet works and civils which is timing only.

**Strategy** – mainly due to not drawing down on Low Carbon fund, and timing for LGWM and RLTP expenditure.

**Catchment** – mainly due to increased revenue in Akura nursery, Riverlink property rents and reduced expenditure on hill country erosion program and river maintenance.

**Corporate Services** – expenditure lower than expected due to Project Optimus timing.

**Environment** - mainly due to timing of surface water and groundwater monitoring programmes, SMap, and Ruamahanga Aerial Survey and loan to Water Wairarapa Ltd.

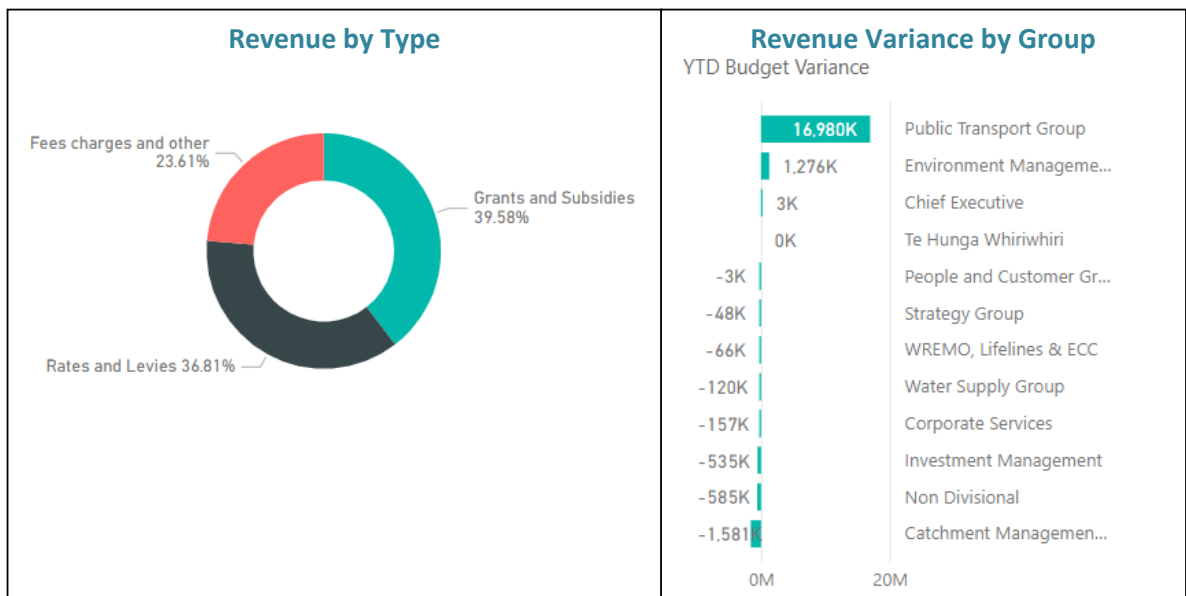
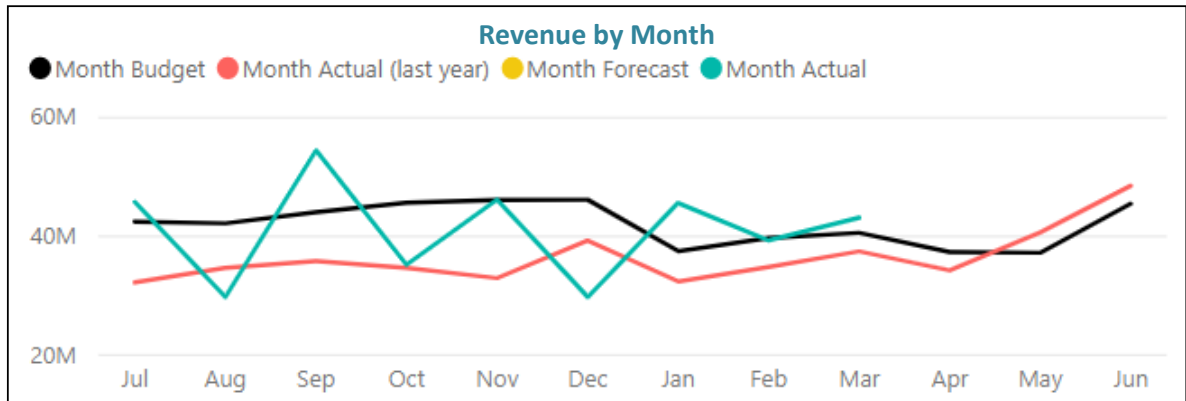
Financial Report – 31 March 2021

Operating Revenue

-367,789,547  
YTD Actual

-382,954,452  
YTD Budget

15,164,906  
YTD Budget Variance



Revenue Key Variances

**(\$16.5m)** KiwiRail pass-through payment – fully offset in expenses **(\$16.8m)**. **\$0.3m** difference is a 1% management fee earned by GWRC.

**\$1.6m** Catchment – RiverLink property rents, Akura internal sales higher than expected, and Predator Free Wellington revenue.



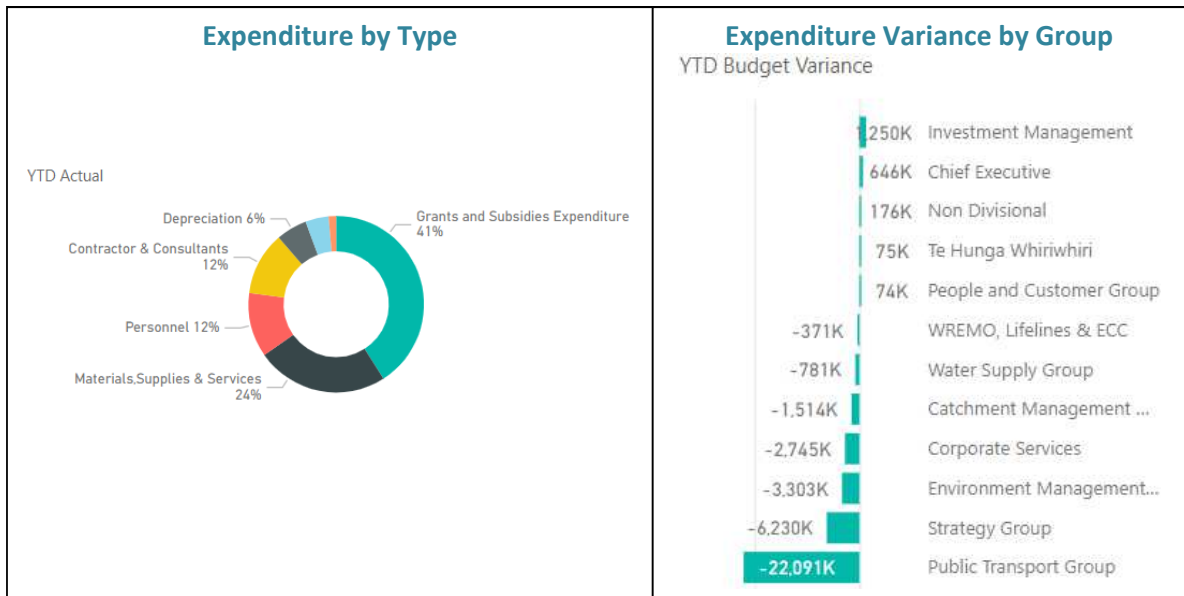
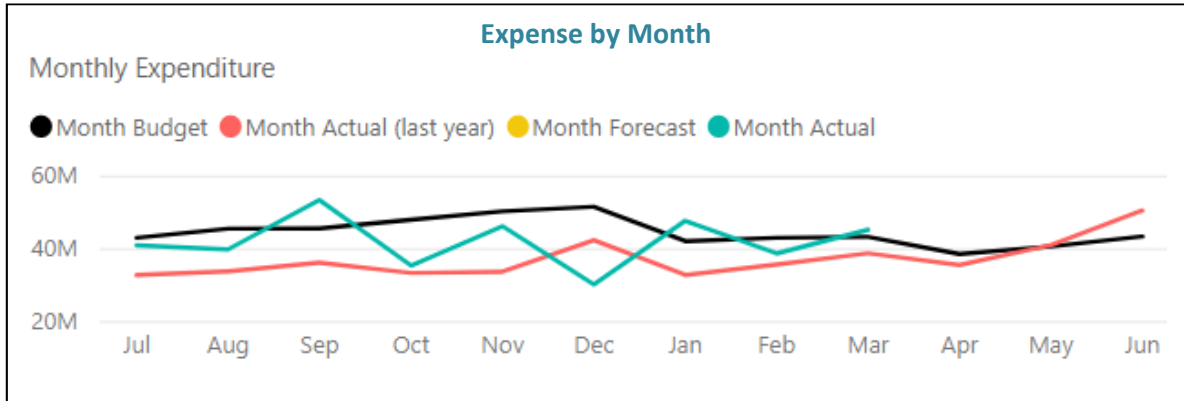
Financial Report – 31 March 2021

Operating Expenditure

375,916,286  
YTD Actual

410,730,355  
YTD Budget

-34,814,069  
YTD Budget Variance



Expense Key Variances

- \$16.8m** Public Transport – KiwiRail pass-through costs – fully offset in revenue and 1% management fee.
- \$3.9m** Public Transport – Rail network renewals.
- \$6.2m** Strategy – mainly LGWM and low carbon fund initiatives.
- \$1.8m** Bus shelter cleaning and minor fleet works – timing
- \$2.7m** Corporate Services – mainly Ngatahi spend - *forecast is for \$2m carry-forward, full year budget \$8m against forecast of \$6m.*
- \$3.3m** Environment – mainly due to timing of surface water and groundwater monitoring programmes, SMap, and Ruamahanga Aerial Survey and loan to Water Wairarapa Ltd.

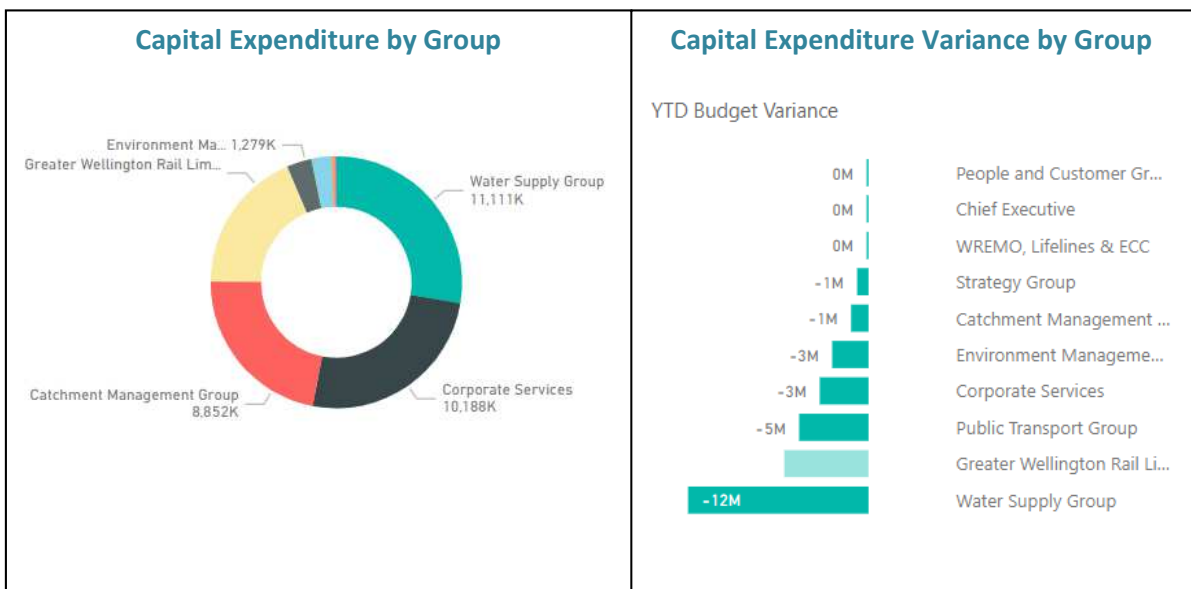
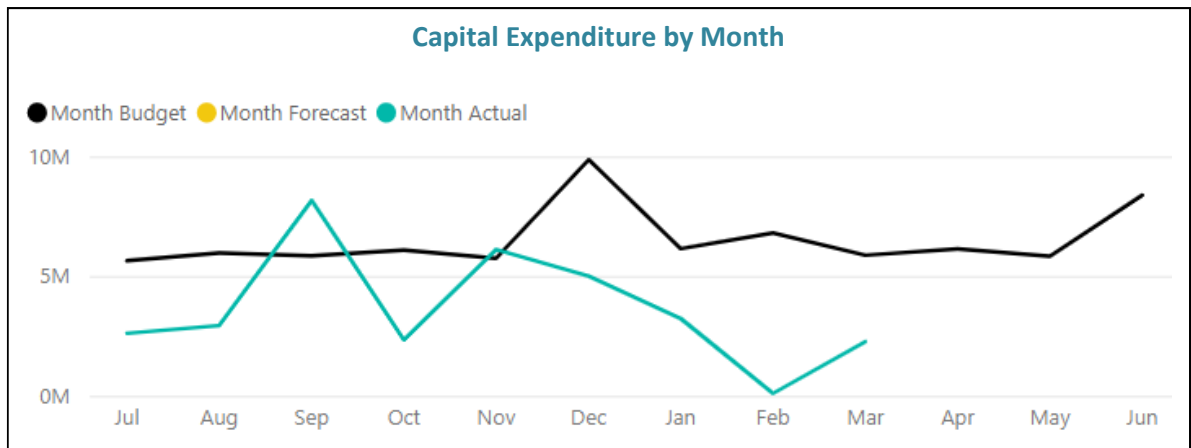
Financial Report – 31 March 2021

Capital Expenditure

32,692,049  
YTD Actual

57,918,637  
YTD Budget

-25,226,588  
YTD Budget Variance



Capital Expenditure Key Variances

- \$12.5m** Water Supply – timing of various capex programs including Cross Harbour Pipeline and Kaitoke Flume Bridge. *FY Forecast underspend \$12.5m*
- \$4.8m** Public Transport – mainly RTI 2.0 waiting on Waka Kotahi approval.
- \$3.4m** Corporate Services – mainly due to timing of property spend on Masterton fitout and Cuba St completed under budget. *FY Forecast Cuba Street \$1.5m under budget.*
- \$2.5m** Environment – Parks is **\$1.4m** favourable due to timing of projects and contractor invoicing and Science is **\$1.1m** favourable due to timing of equipment upgrades and Whaitua te Whanganui-a-Tara Modelling.

## Financial Report – 31 March 2021

## WRC Holdings Group Financial Summary – Approved by Board Feb 2021

FOR THE PERIOD ENDING 31 DECEMBER 2020				
WRC HOLDINGS GROUP INCOME STATEMENT FOR THE PERIOD ENDING 31 DECEMBER 2020	31 December 2020			Full Year 20/21
	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Total Revenue	47,626	55,500	(7,874)	97,262
Operating Expenses	55,184	63,745	8,560	106,665
<b>Earnings before interest &amp; tax ( EBIT )</b>	<b>(7,558)</b>	<b>(8,244)</b>	<b>686</b>	<b>(9,404)</b>
Less:				
Finance costs/(net interest earned)	(2,092)	(1,896)	195	707
<b>Net surplus (deficit) before tax &amp; revaluations</b>	<b>(5,466)</b>	<b>(6,348)</b>	<b>882</b>	<b>(10,110)</b>
CentrePort Fair Value Movements	-	-	-	-
CentrePort Earthquake costs (Net Revenue)	(26)	-	26	-
<b>Net surplus (deficit) before tax &amp; after earthquake costs</b>	<b>(5,440)</b>	<b>(6,348)</b>	<b>908</b>	<b>(10,110)</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.

**Key Variances****Net deficit before tax and EQ is \$0.882 million favourable**

The variances relate to Greater Wellington Rail \$0.725 million favourable, Centre Port \$0.002 unfavourable and WRC Holdings \$0.158 favourable.

**Greater Wellington Rail \$0.725 million favourable**

- Mainly due to delays in rolling stock business case and timing of station & cleaning maintenance and insurance costs.

**WRC Holdings Limited \$0.158 million favourable mainly due to:**

- Lower interest paid on borrowings due to prevailing low interest rates.

**Centre Port \$0.003 million unfavourable mainly due to:**

- Revenue variances being partially offset by the expenses variances.
- Profit on sale of the Palmerston North property \$1.36m offset by ongoing impacts from COVID-19:
  - Petroleum volumes continue to be low due to lower local demand.
  - No cruise ship visits expected during the year.

## Attachment 1 to Report 21.81

## Financial Report – 31 March 2021

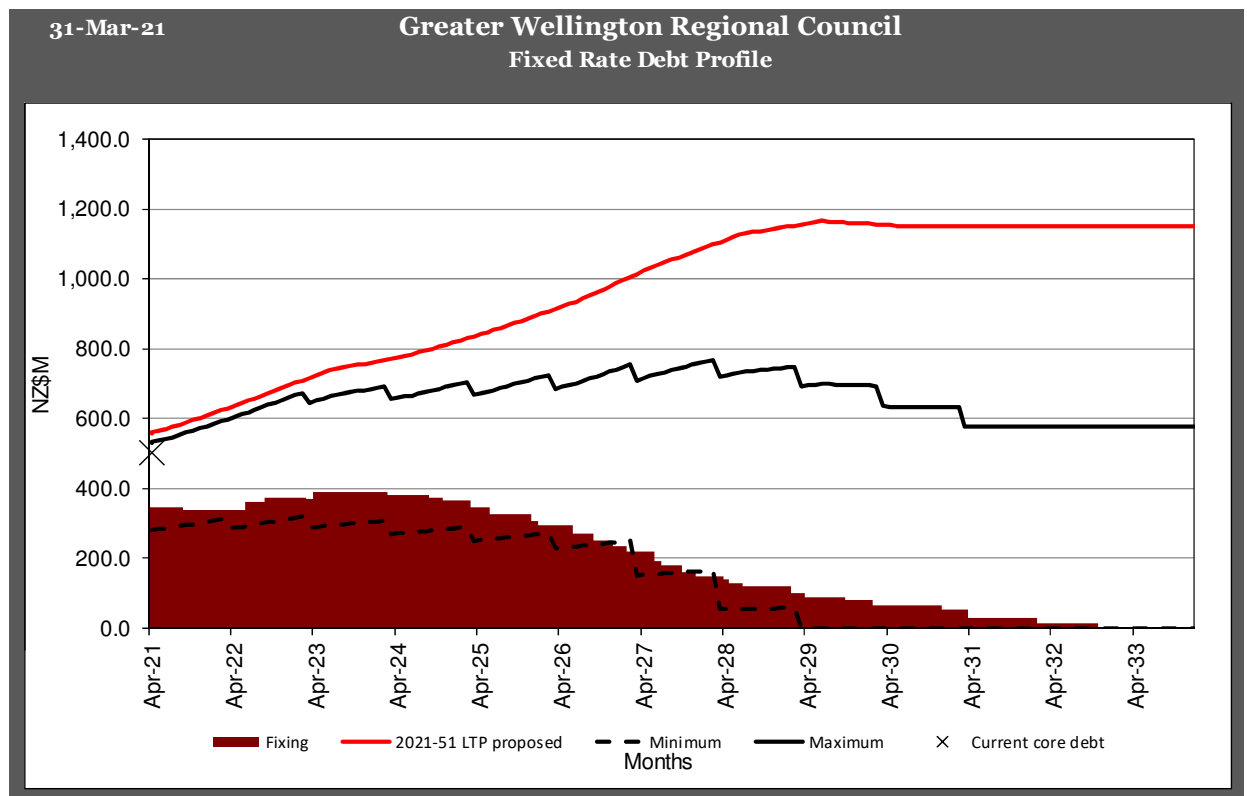
<b>WRC HOLDINGS GROUP BALANCE SHEET FOR THE PERIOD ENDING 31 DECEMBER 2020</b>	<b>31-Dec-20 Actual \$000</b>	<b>30-Jun-20 Actual \$000</b>	<b>Full Year 20/21 Budget \$000</b>
<b>Equity</b>			
Ordinary Shares	286,145	286,145	-
Retained Earnings	483,477	345,953	-
Reserves	55,606	158,999	-
<b>Total Equity</b>	<b>825,228</b>	<b>791,097</b>	<b>820,480</b>
Represented by:			
Current Assets	272,613	296,433	252,935
Non Current Assets	740,392	689,624	769,679
<b>Total Assets</b>	<b>1,013,005</b>	<b>986,057</b>	<b>1,022,614</b>
Current Liabilities	21,639	21,730	19,929
Non Current Liabilities	166,138	173,230	182,205
<b>Total Liabilities</b>	<b>187,777</b>	<b>194,960</b>	<b>202,134</b>
<b>Net Assets</b>	<b>825,228</b>	<b>791,097</b>	<b>820,480</b>

**Notes:**  
(1) Equity includes CentrePort non-controlling Interest (last reported 30 June 2020:\$105m)

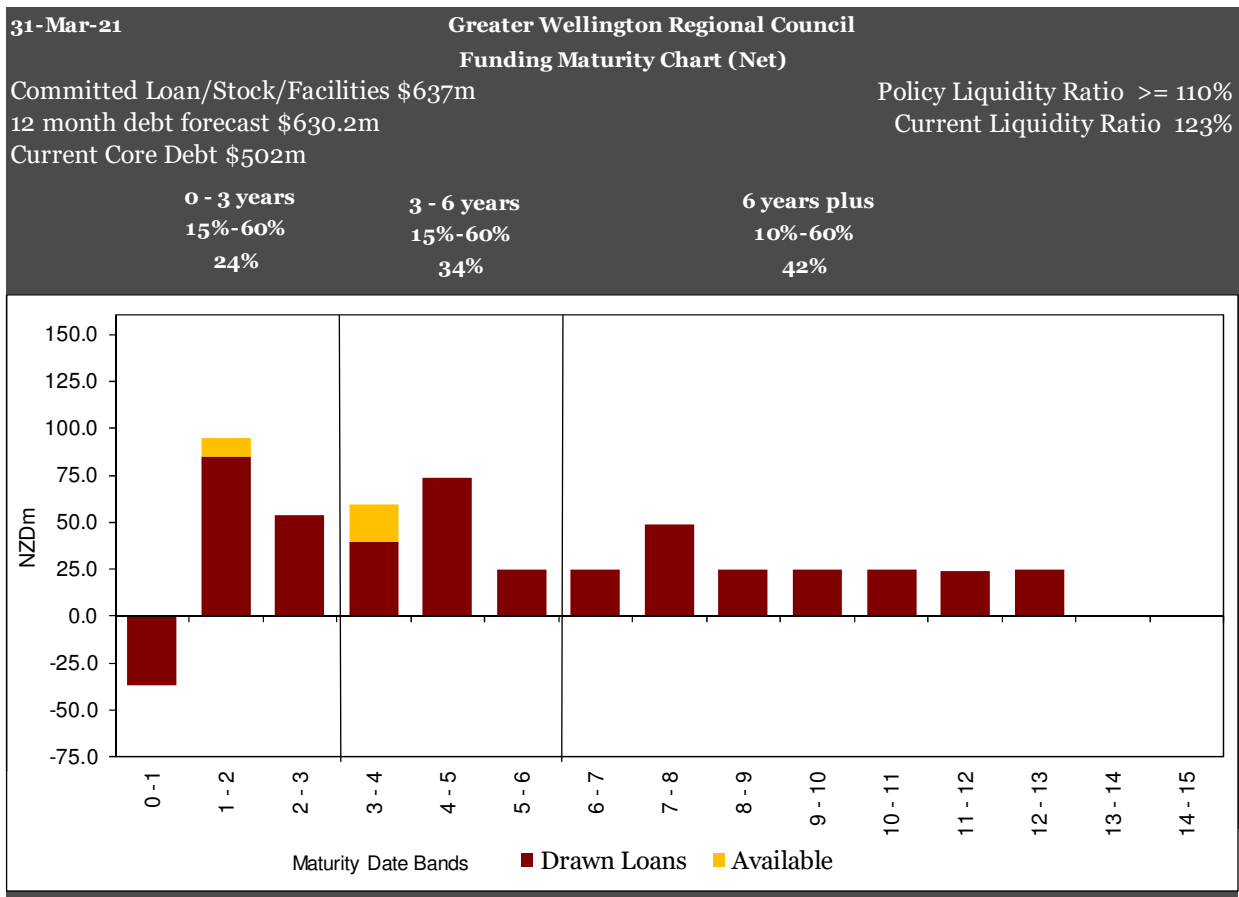
Financial Report – 31 March 2021

Compliance with Treasury Risk Management Policy

Total Council Limit Compliance Analysis				Compliant						Compliant		
				Yes	No					Yes	No	actual %
Debt Interest Rate Policy Parameters - based on 2021-51 LTP proposed												
Current	50% - 95%		✓			61%	Countreparty credit exposure with New Zealand registered banks which have a credit rating of at least A-, long term, and A2 short term					✓
year 1	45% - 95%		✓			54%						
year 2	40% - 90%		✓			52%	Other counterparty exposure within policy limits					✓
year 3	35% - 85%		✓			49%						
year 4	30% - 80%		✓			41%	Maximum counterparty exposure with a NZ registered bank is within \$108 million limit					✓
year 5	25% - 75%		✓			32%						
year 6	15% - 70%		✓			22%	The repricing of liquid financial investments are to occur within the following timebands					
year 7	5% - 65%		✓			14%	0 - 1 year	40% - 100%		✓	96%	
year 8	0% - 60%		✓			9%	1 - 3 years	0% - 60%		✓	1%	
year 9	0% - 55%		✓			6%	3 - 5 years	0% - 40%		✓	1%	
year 10	0% - 50%		✓			5%	5 - 10 years	0% - 20%		✓	2%	
year 11	0% - 45%		✓			1%						
year 12	0% - 40%		✓			0%						
year 13	0% - 35%		✓			0%						
year 14	0% - 30%		✓			0%						
year 15	0% - 25%		✓			0%						
<b>Core Council External Borrowing Limits - Ratios</b>												
Net Debt / Total Revenue < 300%											✓	77.7%
Net interest / Total Revenue < 20%											✓	4.2%
Net interest / Annual rates and levies < 30%											✓	10.7%
Liquidity > 110%											✓	123%
The maturity of total external debt less liquid financial investments to fall within the following timebands												
0 - 3 years	15% - 60%		✓			24%						
3 - 5 years	15% - 60%		✓			34%						
> 5 years	10% - 60%		✓			42%						



Financial Report – 31 March 2021



Finance, Risk and Assurance Committee  
06 April 2021  
Report 21.129



For Information

## **BUSINESS ASSURANCE UPDATE**

### **Te take mō te pūrongo**

#### **Purpose**

1. To provide the Finance, Risk and Audit Committee (the Committee) with an update on Business Assurance reviews and related action points.

### **Te tātaritanga**

#### **Analysis**

##### ***Internal audit arrangements***

2. Officers are engaging with PricewaterhouseCoopers to finalise the project plan for the *Health and Safety Audit*.
3. This is scheduled to commence in May/June 2021 with reporting back to the Committee scheduled for the August 2021 meeting.

##### ***Internal audit action points***

4. The action points and relevant updates from prior audit reports are appended as [Attachment 1](#) (Audit Status Update May 2021).
5. As indicated in the previous Business Assurance update to the Committee (Report 21.12), action points from the *P-card audit* have been removed as they are all complete.
6. There remains one pending action point relating to the *Policy Framework audit* which is expected will be completed by the next Committee meeting in August 2021.
7. The *Cyber security audit* has a number of the initial action points completed, with some actions not quite finished in line with the expected completion date. Further detail is provided in Attachment 1.
8. The *PMO audit* has some initial work underway with the bulk of the work being the development of a plan to address opportunities not scheduled for completion until August 2021.

### **Ngā tūāoma e whai ake nei**

#### **Next steps**

9. Officers will report back to the Committee on the implementation of the internal audit plan as the audits are completed and will continue to monitor the audit action points for completion.

10. Officers will present the Committee with a revised recommended audit plan for the Committee’s review and acceptance at the 3 August 2021 meeting.

**Ngā āpitihanga  
Attachment**

<b>Number</b>	<b>Title</b>
1	Audit Status Update April 2021

**Ngā kaiwaitohu  
Signatories**

Writer	Mike Timmer - Treasurer
Approver	Samantha Gain – General Manager, Corporate Services



<p><b>He whakarāpopoto i ngā huritaonga</b>  <b>Summary of considerations</b></p>
<p><b><i>Fit with Committee’s terms of reference</i></b></p> <p>The Committee’s Terms of Reference provide for it to “approve an internal audit plan”.</p>
<p><b><i>Implications for Māori</i></b></p> <p>There are no known impacts for Māori.</p>
<p><b><i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i></b></p> <p>Internal audit reviews the effectiveness of Greater Wellington’s internal controls framework and processes such that Council can deliver effectively on its objectives, including safeguarding assets as set out in its Long Term Plan and Annual Plans. Internal audit supports the risk management policy and risk management framework.</p>
<p><b><i>Internal consultation</i></b></p> <p>The proposed internal audit arrangements were developed by management in consultation with a number of Greater Wellington’s third tier managers, with ELT oversight and review.</p>
<p><b><i>Risks and impacts: legal / health and safety etc.</i></b></p> <p>Internal audit acts to reduce risk by ensuring controls are operating as Greater Wellington has developed through its policies and procedures.</p>

## Attachment 1 to Report 21.129

## Recommendations and responses for internal audit reviews

Audit point action item	Responsibility	Audit Priority	Expected completion date	Action (required/completed) to address audit point	Complete Yes ✓
<b>Policy Framework</b>					
Adopt a principles-based approach to develop a new policy-based template	GM Strategy	High	Oct 2019	Policy template agreed and signed off by ELT, available on GWennie and currently being used as existing policies expiry.	Yes ✓
Identify policies that are overdue for review	GM Strategy	High	Ongoing	We have a record of policies that are overdue and GMs are addressing these with their managers on an ongoing basis.	Yes ✓
Amalgamate policies that are overlapping	All GMs	High	Ongoing	GMs are aware of the audit review and have advised managers. GMs will consider/check overlaps as policies are refreshed/renewed with new template	Yes ✓
Embed policy-related training within staff training and on boarding to ensure all staff/contractors etc. are aware of Council's expectations	GM People & Customer	Medium	July 2022	<p>Policy-related training is currently embedded in relation to GW's Code of Conduct for new staff in the format of a quiz to ensure staff's understanding of the policy.</p> <p>The same approach is in progress for other key policies and will be done manually until we can move to a more automated process within the new HRIS system. They expect to have policy related training largely implemented by the end of June 2022.</p>	Yes ✓

## Attachment 1 to Report 21.129

## Recommendations and responses for internal audit reviews

Audit point action item	Responsibility	Audit Priority	Expected completion date	Action (required/completed) to address audit point	Complete Yes ✓
Communicate policy framework, policy and policy changes to all staff. Includes policy register on GWennie (in-house intranet), based on logical themes so easy to access	GM Strategy GM People & Capability	Medium	Ongoing	Policy framework changes and template have been provided to GMs and policy owners. Training and assistance is being provided on an ongoing basis to individual policy owners.  Policies are on Gwennie, which is under review. Any new system will take into account audit points.	Yes ✓
Embed compliance and monitoring function within the policy framework. Introduce control activities that enforce policy principles and identify non- compliance. Policy owners to proactively monitor compliance controls and provide risk based reporting	All GMs	Medium	Ongoing	Management policy review will be integrated into the annual business planning process for 2021-22 to ensure they are monitored and associated risks are considered and addressed.	Yes ✓

## Attachment 1 to Report 21.129

## Recommendations and responses for internal audit reviews

Audit point action item	Responsibility	Audit Priority	Expected completion date	Action (required/completed) to address audit point	Complete Yes ✓
<b>Cyber Security (March 2020)</b>					
In March 2020 PwC in conjunction with ICT performed a maturity analysis on Cyber Security in GW. ICT took that approach deeper conducting various technical assessments underpinning our Cyber Security posture using one of our trusted partners, Voco with support of our security partner LiquidIT. This action plan is a detailed breakdown of what ICT is actively working on to address the high level themes highlighted in the PWC report.					
<p><b>CS Action 1: Establish Cyber Security Strategy</b> – PWC recommends providing an overall plan which consists of objectives, values and strategies relating to the use of technologies within an organisation to identify, protect, detect and respond to Cyber Security risks.</p> <p>ICT are focusing on delivering the prerequisites required prior to developing a Cyber Security Strategy namely:</p> <ol style="list-style-type: none"> <li>1. Security Governance defined and adopted</li> <li>2. Roles and Responsibilities identified and adopted</li> </ol>	Chief Information Officer	Iterative and sequential	1. 30/3/2021	1. Security Governance defined and adopted - <b>In progress completion date 30/4/21</b>	✓
			2. 30/3/2021	2. Roles and Responsibilities identified and defined. Needs to be socialised and embedded - <b>In progress, target completion date 30/4/21</b>	
			3. 30/03/21	3. Establish a security framework and standard, and adopt them. <b>Completed</b>	✓
			4. 30/03/21	4. Established GCSB (Government Communications Security Bureau) standards NZ Information Security Manual (NZISM) Version 3.3 as preferred framework. Completed September 2020. [ <a href="#">NZISM V3.3 link to ICT Arch site.</a> ] <b>COMPLETE.</b>	✓
			5. 31/05/2021	5. Key roles recruited 5.1 Security/Systems Analyst role <b>Completed.</b>	✓

Recommendations and responses for internal audit reviews

Audit point action item	Responsibility	Audit Priority	Expected completion date	Action (required/completed) to address audit point	Complete Yes ✓
<p>3. A security framework and standards identified and adopted</p> <p>4. Establish Standards – complete</p> <p>5. Key roles recruited</p>				<p>5.2 Security Ops Analyst <b>Reference checking underway.</b></p>	
<p><b>CS Action 2: Develop Cyber security policies</b> – PWC advise that a complete set of Cyber security policies should be developed) specifically where key risks are not already covered in existing policies). These policies will provide guidance for controls which management will seek to implement to address key Cyber related risks.</p> <p>GW has identified the Polices that provide the highest impact and will start a series of sprints to address these first.</p> <p>Once the policies have been completed the next set of</p>	<p>Chief Information Officer</p>		<p>1 31/10/2021                  2 30/06/2021                  3 30/06/2021                  4 31/07/2021                  5 30/06/2021                  6 30/06/2021                  7 30/06/2021                  8 30/06/2021                  9 31/05/2021                  10 30/06/2021</p> <p>All due for completion October 2021</p>	<p>1. Periodic Review                  2. Sharing Identification and Authentication Information                  3. Multi-factor Authentication                  4. Change of Roles &amp; Duties                  5. Privileged Account Identifiers                  6. Account Management                  7. Disable Inactive Accounts                  8. Privileged Account Inventories                  9. Credential Sharing                  10. Account Lockout</p>	

## Recommendations and responses for internal audit reviews

Audit point action item	Responsibility	Audit Priority	Expected completion date	Action (required/completed) to address audit point	Complete Yes ✓
<p>policies will be identified and scheduled for completion.</p> <p>As the policies are reviewed and adopted they are incorporated into the ICT Standard Operation Procedures for Security Operations.</p> <p>*Policies are a collection of settings and configurations made to our systems to secure information assets.</p>					
<p><b>CS Action 3: Establish minimum control standards</b> –</p> <p>GW has adopted NZISM which provides control standards.</p>	Chief Information Officer		<p>1 31/03/2021</p> <p>2 30/06/2021</p> <p>3 31/10/2021</p>	<p>1. Standards are identified and assessed for any current and future work undertaken. <b>Identified the standards are in the process of applying these controls. Expected completion 30/04/21</b></p> <p>2. A sprint will be initiated to define the minimum standard criteria and to review the NZISM Chapters and identify the minimum control standards.</p> <p>3. Once the security strategy work is complete any additional minimum control standards will be identified and adopted.</p>	

## Attachment 1 to Report 21.129

## Recommendations and responses for internal audit reviews

Audit point action item	Responsibility	Audit Priority	Expected completion date	Action (required/completed) to address audit point	Complete Yes ✓
<p><b>CS Action 4: Document procedures</b> - GWRC should define activities relating to each control and document them into procedures. This will allow the ICT staff to use it as reference and guidance to perform their responsibilities consistently and effectively.</p>	Chief Information Officer		1 30/06/2021	<p>1. Identify policies and controls, which will be completed under Audit Point action items:-</p> <p>Develop Cyber security policies</p> <p>Establish minimum control standards</p> <p>Therefore, the work required to address this finding will be covered within the sprints defined for those two themes.</p>	
<p><b>CS Action 5: Monitor vendor performance and compliance-</b> Define and embed processes to monitor the performance of the controls managed by third party security providers throughout the business relationship. This will detect any new Cyber security gaps. GWRC should receive real-time alerts if there are any security issues identified.</p>	Chief Information Officer		1 31/01/2021	<p>A Review of the GW suppliers has been planned with the commencement due once the ICT Transformation is complete.</p> <p>In the meantime, GW will:-</p> <ol style="list-style-type: none"> <li>1. Reach out to all suppliers and:             <ol style="list-style-type: none"> <li>a. Inform suppliers that GW has adopted the Protective Security Requirements (PSR) and NZISM standards.</li> <li>b. Requires information on their security standards and procedures (relevant to the PSR and NZISM) and how these are being applied to GW.</li> </ol> </li> </ol> <p><b>Completed</b></p>	✓

## Attachment 1 to Report 21.129

## Recommendations and responses for internal audit reviews

Audit point action item	Responsibility	Audit Priority	Expected completion date	Action (required/completed) to address audit point	Complete Yes ✓
			2 31/03/2021	2. Initiate a sprint to identify and develop the key policies relating to Third Parties and Identification and Authentication and Incident Response domains.  <b>Revised completion date 30/04/21</b>	
<b>CS Action 6: Develop a remediation plan-</b> A remediation plan includes control deficiencies and exceptions items. These come from identification of controls gaps and controls design or operating ineffectively. This will help management focus on priority items based on the severity of the risk identified.	Chief Information Officer		30/06/2021	Establishment of a CSIP (Continuous Service Improvement Process) process is underway. <ul style="list-style-type: none"> <li>- Meet monthly</li> <li>- Identify gaps, inefficiencies and other improvements</li> <li>- Deliver improvements via sprint teams</li> </ul>	



## Attachment 1 to Report 21.129

## Recommendations and responses for internal audit reviews

Audit point action item	Responsibility	Audit Priority	Expected completion date	Action (required/completed) to address audit point	Complete Yes ✓
<b>Project Management Office review (February 2021)</b>					
Assess and develop with PwC the future requirements of the PMO delivery model in consultation with ELT. Take into account those 35 opportunities identified in the PwC Audit in terms of their priority and sequencing.	Project Management Office	Medium	August 2021	Work with PwC in consultation with ELT to develop a plan to address PwC opportunities in consultation with ELT.  Present plan to FRAC for approval, monitor plan going forward, with progress against milestones as audit action points.	
That GWRC considers the 'handbrake' effect on PMO process that the low-level Delegated Financial Authority levels have, in the context of DFA maturity for the organisation	Project Management Office/General Manager Corporate Services	Medium	April 2021	Internal discussion on delegations for the PMO/Purchasing and recommendation to ELT.  <b>Work underway</b>	

Finance, Risk and Assurance Committee  
04 May 2021  
Report 21.152



For Information

## QUARTERLY RISK UPDATE – MARCH 2021

### Te take mō te pūrongo

#### Purpose

1. To update the Finance, Risk and Assurance Committee (the Committee) on changes to the Greater Wellington Regional Council (Greater Wellington) risk register during the March 2021 quarter.

### Te horopaki

#### Context

2. Each quarter, the risks at business group level are considered and reported to the Chief Executive. This process involves adding new risks, archiving old risks if these are no longer relevant, reviewing the controls (risk mitigation/modifying management strategies) and checking that the scoring of the risk reflects its current state. Coupled with this is a status update on the risk.
3. The Risk Report for the March 2021 quarter, containing the top 10 risks, is included as **Attachment 1**. Definitions of the columns in the Risk Report are included in **Attachment 1**. Commentary on changes to risks, and on the Risk Report, follows below.

### Te tātaritanga

#### Analysis

#### *Changes to the risks – March 2021*

4. During the March 2021 quarter, as part of the review of Greater Wellington's risk register, three new risks were added and one risk was archived. **Attachment 2** - New risks added in March 2021 quarter, provides details on the new risks, and **Attachment 3** - Risks archived during the March 2021 quarter, provides details on the risk that has been archived.

#### *Summary of new risks*

5. Over the March 2021 quarter the following three risks were added to Greater Wellington's risk register (**Attachment 2**).
  - a Risk 190: relating to the risk that the Warm Wellington Scheme may not be legally compliant subsequent to a law change.

- b Risk 191: relating to the risk that the Let's Get Wellington Moving project does not meet public expectations on timelines and short to medium term outcomes.
- c Risk 192: relating to the risk of delay and additional costs to Greater Wellington if an alliance is entered into to deliver the RiverLink project, due to the predominance of the Waka Kotahi component of the project.

**Summary of archived risks**

- 6. During the March quarter the following risk was archived ([Attachment 3](#)):
  - a Risk 153: The state of our Real Time Passenger Information (RTI) to withstand system failures is compromising our ability to provide service continuity. The risk has been archived as the RTI info has successfully been moved to the cloud.

**Summary of changes to the top 10 risks**

- 7. The following is a summary of the changes to the top 10 risks over the three month reporting period.

*Moved out*

- 8. Risk 166: The risk of Greater Wellington's cashflow being unable to withstand an unforecasted drop in revenue, compromising Greater Wellington's ability to provide service continuity, has been re-rated. As a result of patronage stability and better knowledge of travel patterns at each alert level we are now in a position where revenue can be forecasted more accurately, and Waka Kotahi is underwriting lost revenue for the balance of the financial year. The risk ranking has moved from second place as at 31 December 2020 to 54 at 31 March 2021.
- 9. Risk 169: The risk of Greater Wellington's balance sheet being adversely impacted by the Three Waters Reform moved out of the top 10 as other risks are ranked higher.

*Moved in*

- 10. Risk 106, states that the condition of third party rail network assets to withstand mismanagement, under investment or reduced funding is compromising our ability to provide safe and healthy rail services. The risk has been reviewed and rescored during the quarter and has moved from 44<sup>th</sup> place to fifth highest risk as at 31 March.
- 11. Risk 51, states that the contracted public transport operators' ability to deliver services is compromising Metlink's ability to provide service continuity. The risk has been re-rated as two bus operators are having driver resourcing issues. The risk has moved up from 36<sup>th</sup> place to 10<sup>th</sup> place.

**Definitions of report headings**

- 12. The attachments 1-3 contain the various risk reports. The definitions of the columns in these reports are appended at the base of **Attachment 1**.

**Ngā tūāoma e whai ake nei**

**Next Steps**

- 13. Officers will consider any comments from the Committee and report back if applicable.

14. The top 10 risks will be included in the Quarterly Report to Council, for the period to 31 March 2021.

**Ngā āpitihanga**

**Attachments**

<b>Number</b>	<b>Title</b>
1	Quarterly Risk Report - March 2021 quarter
2	New risks added March 2021 quarter
3	Risks archived during the March 2021 quarter

**Ngā kaiwaitohu**

**Signatories**

Writer	Mike Timmer - Treasurer
Approver	Samantha Gain – General Manager, Corporate Services

<b>He whakarāpopoto i ngā huritaonga</b> <b>Summary of considerations</b>
<p><b><i>Fit with Committee’s terms of reference</i></b></p> <p>The Committee has a specific responsibility to “review the effectiveness of Greater Wellington’s identification and management of risks faced by Council and the organisation. This review includes whether Greater Wellington is taking effective action to mitigate significant risks”</p>
<p><b><i>Implications for Māori</i></b></p> <p>There are no known impacts for Māori arising from this report.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>Risk management is about considering impediments to achieving Greater Wellington’s objectives in the Long Term Plan, with policies and processes designed to support delivery of these and act as controls. The risk management policy and risk management framework support the risk management function at Great Wellington.</p>
<p><b><i>Internal consultation</i></b></p> <p>All business groups contribute to Greater Wellington’s risk register, with that contribution reflected under the specific risks and controls stated.</p>
<p><b><i>Risks and impacts: legal / health and safety etc.</i></b></p> <p>This report is focused on the identification and management of risks to Council and Greater Wellington.</p>

**Attachment 1 to Report 21.152**

**Attachment 1: Quarterly Risk Report - March 2021 quarter**

QUARTERLY RISK REPORT 31 MARCH 2021											
Overall ranking by residual score 1)	Risk Id	Risk category	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Residual score 2)	Risk Appetite	Outlook / Trending	Risk Owner	Status Change since last quarterly review, including any risk treatments being considered
1 (1)	155	Physical harm to the general public Health & safety to staff and contractors Legislative and regulatory	GW people , or other road users, could be killed or seriously harmed in an accident involving GW vehicles, or other vehicles used to carry out GW duties. This includes all on and off road (4WD, LUV's, quads & motorcycles) fleet, rented vehicles and use of personal vehicles for GW duties.	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	High Risk	1295 (1295)	Averse	improving ↑	Nigel Corry	Status update Transportation 'Fatal or Severe Risk Standard' and essential controls approved by ELT and implementation is underway. Treatment plan to be reviewed in Q4 to further reduce risk. This will include recommendations from Optifleets review of GW's vehicle fleet.
2 (3)	135	Loss, failure or damage to assets Physical harm to the general public Financial Political Environmental Damage	The integrity of Birchville Dam (Parks Asset) to withstand earthquake or extreme flooding which could result in potential loss of life and damage to property downstream. In addition there is an inability to address on going risk due to regulatory restrictions.	Very High Risk	Active programme to remove risky/poor assets Dam Safety Assurance Programme Parks asset management plan Special inspections of high risk assets following earthquakes/floods	High Risk	1200 (1200)	Averse	stable ↔	Steven Fargher	Status update The inspections for the comprehensive dam safety review are complete. All Requested information has been provided. We are waiting on the report to inform the future management decisions for this dam. A repeatable survey of the dam and its lake/sediment has been undertaken.  It has been suggested by the dam safety engineers that the risk of the dam has been somewhat overstated by GWRC, we should wait to see the report before due in a few weeks before making any changes.

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 1 to Report 21.152

QUARTERLY RISK REPORT 31 MARCH 2021											
Overall ranking by residual score 1)	Risk Id	Risk category	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Residual score	Risk Appetite	Outlook / Trending	Risk Owner	Status Change since last quarterly review, including any risk treatments being considered
3 (36)	51	Services being severely curtailed Political	Contracted public transport operators' ability to deliver services, relied on by Metlink, is compromising our ability to provide service continuity	High Risk	Enforceable Contracts with suppliers 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 disruption 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 GW has emergency response and communications plan for management of events. Contract KPIs Compliance with regulations (bus, rail, ferry) Performance based operator contracts	High Risk	950 (120)	Balanced	stable ↔	Melissa Anderson	Status update 31/03/21 The status of this risk has changed to reflect driver resourcing issues which have resurfaced for two of four bus operators. We are currently experiencing increased cancellations on the network. The inherent and residual likelihood of this risk occurring has increased to near certain. New treatment: consider planned cancellations to provide customer certainty. Treatments: Option 1: Ensure bus operators have an operational plan for managing minimum service levels in the event of prolonged disruption Option 2: Ensure that contingency plans are considered at the first sign of pending insolvency Option 3: Regularly monitor Business Continuity Plans (6 monthly) Note: We are aware that NZ Bus is in the process of negotiating its collective employment agreement. As a result there is an increased chance of industrial action causing disruption to the network. We have prepared appropriate communications to be deployed in the event of disruption.
4 (4)	77	Physical harm to the general public Legislative and regulatory Political Environmental Damage	Significantly contaminated site(s) either known or unknown that release substances that harm environment and/or human health which compromises our organisational mandate, legislative requirements and reputation	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	630 (630)	Averse	stable ↔	Lucy Baker	Status update GWRC secured funding from MFE to investigate the historic Miramar gasworks site. Jacobs' soil and groundwater sampling showed that there are no human health risks from contaminants migrating offsite and that the contaminant levels have been falling over time. A further contract with Jacobs for the final round of sampling is being developed to close the investigation. The work will include reinstatement of a key borehole and groundwater sample collection and analysis from 10 wells. A standalone factual report will be delivered including: summary table, comparison to 2019 results, updated plume maps and an updated piezometric surface. Risk treatment has included the use of a Communications Plan, which has involved making affected parties aware of the work.

Attachment 1 to Report 21.152

QUARTERLY RISK REPORT 31 MARCH 2021											
Overall ranking by residual score 1)	Risk Id	Risk category	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Residual score	Risk Appetite	Outlook / Trending	Risk Owner	Status Change since last quarterly review, including any risk treatments being considered
5 (44)	106	Services being severely curtailed Physical harm to the general public Political	The condition of third party rail network assets to withstand mismanagement, under investment or reduced funding is compromising our ability to provide safe and healthy services	Very High Risk	<p>GW ensures that KiwiRail has a robust network management plan that:</p> <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> <p>GW ensures that KiwiRail has an emergency response plan with the network owner and operator</p> <p>Maintain strong relationships with the network operator, including regular meetings and reporting against a clear set of performance targets</p> <p>GW ensures that KiwiRail has a safety plan and current safety case</p> <p>GW partners application to the crown (via NZTA) for additional funding for 'catch up renewals' for network infrastructure</p>	Medium Risk	560 (90)	Averse	stable ↔	Fiona Abbott	<p>Status update 31/03/21</p> <p>We have reviewed and rescored this risk to reflect our ongoing understanding of this risk. The overall inherent risk has changed from being a high risk to a very high risk and the overall residual risk has changed from being low to medium. The likelihood of this risk occurring has moved in both inherent and residual to likely to reflect recent slope stability issues on the network. We have also increased the financial consequences of this occurring to \$5-10m.</p> <p>We have commenced working with KiwiRail to understand seismic issues with the Wellington Station.</p> <p>New treatment:</p> <p>Request quarterly reporting from KiwiRail on its management of the risks (slope stability - progress against planned activity)</p> <p>Current Treatments:</p> <p>Option 1: GW leads application to the crown (via MoT) for additional funding for 'catch up renewals' for network infrastructure</p> <p>Option 2: Increase oversight of KiwiRail (we will receive funding from NZTA to build capability and capacity to enable us to take the oversight)</p> <p>Option 3: Currently reviewing Wellington Network Agreement - we aim to improve KiwiRail's Asset Management processes</p> <p>Treatment update: Option 2:</p> <p>We have received funding from NZTA; we are in the process of determining FTE gap to be filled.</p>
6 (5)	162	Health & safety to staff and contractors Human Resources	Staff mental health and wellbeing affected by stress and other workplace issues leading to adverse physical and psychological effects, increased sick leave, turn-over and loss of productivity.	Very High Risk	<p>Employee Assistance Programme</p> <p>Good Yarn - staff mental health awareness training</p> <p>Organisation 5 Year Wellbeing plan as part of the GW People Strategy</p> <p>Rehabilitation Support for remaining and/or returning to work after a mental wellbeing event</p> <p>Trained Mental Health First Aiders</p>	Medium Risk	490 (490)	Averse	improving ↑	Nigel Corry	<p>Status update</p> <p>Recruitment of new Mental First Aiders and refresher training for existing Mental First Aiders is planned in the fourth quarter</p>



Attachment 1 to Report 21.152

QUARTERLY RISK REPORT 31 MARCH 2021											
Overall ranking by residual score 1)	Risk Id	Risk category	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Residual score	Risk Appetite	Outlook / Trending	Risk Owner	Status Change since last quarterly review, including any risk treatments being considered
7 (6)	186	Financial	The nature of our current commercial contracts/arrangements with third party rail asset owners to withstand contract renegotiation is compromising our ability to manage costs in the provision of services	Medium Risk	Contract renegotiation Relationships with Ministry of Transport & KiwiRail	Medium Risk	490 (490)	Balanced	stable ↔	Fiona Abbott	<p>Status update There has been no change to the assessment of this risk. Controls are currently classed as ineffective.</p> <p>Treatments:</p> <p>Option 1: Build relationship with MOT/KiwiRail Option 2: Develop further contract oversight Option 3: Seek additional funding from NZTA to fund oversight of third party owned assets (1% of total pass through funding) Option 4: develop long term partnership strategy with KiwiRail for Wellington Station Option 5: renegotiate Wellington Network Agreement to better reflect risks with KiwiRail in network</p> <p>Treatment update:</p> <p>Note: Option 3 is being progressed. We have received additional funding from NZTA; we are in the process of determining FTE gap to be filled.</p>
8 (7)	103	Health & safety to staff and contractors	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	468 (468)	Averse	improving ↑	Wayne O'Donnell	<p>Status update Land Management Department comments: Staff focus and culture around maintaining appropriate risk controls is strong. E.g. LUV and Quad bike refresher training and orientation provided both professionally and through internal peer training.</p>

Attachment 1 to Report 21.152

QUARTERLY RISK REPORT 31 MARCH 2021											
Overall ranking by residual score 1)	Risk Id	Risk category	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Residual score 2)	Risk Appetite	Outlook / Trending	Risk Owner	Status Change since last quarterly review, including any risk treatments being considered
9 (8)	115	Services being severely curtailed Financial Political	The condition of third party rail network asset to withstand mismanagement, under investment or reduced funding is compromising our ability to provide service continuity	High Risk	GW ensures that KiwiRail has a robust emergency response plan that: - provides for efficient bus replacements - provides for effective customer communications in the event of a failure - includes a separate set of operational parameters relating to earthquake magnitudes and readings from network based ground acceleration sensors  GW ensures that KiwiRail has a robust network management plan that: - focuses funded renewal activities on critical components of the network - provides for infrastructure maintenance, monitoring and inspections  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	Medium Risk	455 (455)	Balanced	stable ↔	Fiona Abbott	Status update 31/03/21  There has been no change to the status of this risk.  Controls are currently classed as ineffective.  Treatments: Option 1: Increase oversight of KiwiRail (we will receive funding from NZTA to build capability and capacity to enable us to take the oversight) Option 2: Build relationship with MOT/KiwiRail Option 3: Develop further contract oversight Option 4: Develop long term partnership strategy with KiwiRail for Wellington Station Option 5: Renegotiate Wellington Network Agreement to better reflect risks with KiwiRail in network  Treatment update: Option 1 We have received funding from NZTA; we are in the process of determining FTE gap to be filled.
10 (9)	126	Health & safety to staff and contractors	Fatality or harm to staff working in or near water	High Risk	FPSOP46 Working in or near water  Driver training general and 4WD  SOP for working with heavy machinery	Medium Risk	432 (432)	Averse	stable ↔	Wayne O'Donnell	Status update No change

A brief description of the Greater Wellingtons risk report columns and what they mean, is as follows:

**Overall ranking by residual risk score:** This essentially lists Greater Wellingtons risks by residual risk score discussed below. A lower ranking means it has a higher residual risk score 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 a risk.

**Risk Category:** This is a category/ies of risk that the risk belongs to. Each category has a risk appetite which measures GWRC's propensity to accept risk. See risk appetite below.

Attachment 2:

New Risks added in March 2021 quarter

QUARTERLY RISK REPORT 31 MARCH 2021											
Overall ranking by residual score 1)	Risk Id	Risk category	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Residual score 2)	Risk Appetite	Outlook / Trending	Risk Owner	Status Change since last quarterly review, including any risk treatments being considered
47	192	Financial Political Projects	Entering into an Alliance to deliver Riverlink. This may cause delay and additional cost to GWRC due predominance of waka kotahi component of project.	Medium Risk	Using legal and procurement to provide advice on any contracts, or partnership agreement to ensure our interests are protected.	Low Risk	84	Balanced	stable ↔	Graeme Campbell	Status update New risk identified. Will provide an detailed update next quarter following options assesment
20	191	Political Projects	Lets Get Wellington Moving Project does not meet public expectations on timelines and short to medium term outcomes resulting in reputational damage to the programme and its partners. This may be due to project complexity and possible staging of implementation necessary from affordability constraints.	Medium Risk	Future delivery vehicle to strengthen programme during the delivery phase Flattening and empowering governance structure to speed up decision making Limited GW involvement during construction phase Strategic communications and engagement plan to clearly set expectations on the overall vision of the programme and what will be delivered and when.	Medium Risk	245	Balanced	stable ↔	Luke Troy	Status update LGWM has received some negative expsoure through the media recently, and as such poses a reputational risk to GWRC. There are significant changes in management going on currently with the project, which suggest that eternal communicaitons and stakeholder management will improve, however currently these controls are not effective. This is a new and changing risk needing to be re-analysed for next quarter. There is no status change assessment as this is a new risk.
39	190	Financial, Legislative and regulatory, Political and reputation	Warm Wellington Scheme may be under threat following warning letter issued by Commerce Commission in relation to another similar scheme, questioning legal compliance.	Medium Risk	Insurance is in place	Medium Risk	108	Averse	stable ↔	Samantha Gain	Status update As a result of Auckland Council dismantling their rate payers assistance scheme, (resulting from what appears an unintended consequence of changes to legislation). Greater Wellington is taking legal advice from Simpson Grierson who helped to set up the scheme initially, to see if our scheme is compliant based on the legislative change. At this point of writing this report we had not received advice as to our position.

**Attachment 3:**

**Risks archived during the March 2021 quarter**

QUARTERLY RISK REPORT 31 MARCH 2021									
Ranking per 31.12.20	Risk ID	Description	Inherent risk level	Controls	Residual risk level	Residual score 2)	Owner	Reason for archiving the risk	
47	153	The state of our Real Time Passenger Information to withstand system failures is compromising our ability to provide service continuity	Medium Risk	Vendor compliance with ISO 9001	Low Risk	75	Dawn Wilce	This risk has been removed. Server migration to the cloud means that it is no longer a risk.	

**Finance, Risk and Assurance Committee**  
**4 May 2021**  
**Report 21.160**



**For Information**

## **HARBOUR MANAGEMENT – RISK AND COMPLIANCE UPDATE (MAY 2021)**

### **Te take mō te pūrongo**

#### **Purpose**

1. To update the Finance, Risk and Assurance Committee (the Committee) on any significant compliance issues or emerging or changing risks affecting the Harbour Management department.

### **Te tātaritanga**

#### **Analysis**

##### ***Shelly Bay wharves***

2. Harbour Management is liaising with Environmental Regulation over any developments. There has been no change in status since the last report to the Committee.

##### ***Channel Risk Assessment***

3. This Risk Assessment is now underway. South Maritime Services have been engaged and are undertaking initial information gathering. Greater Wellington has assisted with providing a wide ranging list of groups for consultation.
4. Greater Wellington will remain in contact with the consultants and expect the final report to be delivered in August/September 2021. The work will include a presentation to both CentrePort and Greater Wellington.

##### ***Reduced channel soundings - dredging***

5. Due to the availability of a dredge, CentrePort applied for, received consent, and have a proposal to take back the accretion in the channel.
6. Between Greater Wellington and CentrePort, a traffic management plan for the channel while the dredging was taking place was agreed and shared.
7. The channel will be re-surveyed towards the conclusion of the dredging work.
8. A verbal update will be provided at the Committee meeting.

##### ***Sunken/Derelict vessels***

###### ***Sealion***

9. The Sealion is a large 24 metre vessel berthed at Queens Wharf. It is notable due to its location and artist work that saw penguins, seals and seagulls painted over the cabin.
10. There has been significant conversation between CentrePort, Wellington City Council, residents and the owner of the vessel, some of which has been reported in the media.

11. Due to contractual changes around Queens Wharf, CentrePort have made the decision to move the vessel to Glasgow Wharf, within the working-port area. This process has been made more challenging due to difference in opinions and approaches between the residents and owner.
12. The vessel should have been moved by the time of the meeting. The Harbourmaster had to give written approval to allow the vessel to move, by way of modification to the Harbourmaster’s Direction confining it to the berth.
13. The ongoing risk associated with this is either sinking or abandonment of the vessel that will then require removal. Harbour Management are working with the relevant parties to try and avoid this situation. A verbal update will be provided at the Committee meeting.

*Ngataki*

14. The vessel is due for removal at any time. A verbal update will be provided at the Committee meeting.

*Kahu*

15. This vessel semi-sank in the Cook Strait and floated until it was hit by another vessel. It continued to float until it was found in the cable protection zone.
16. *SeaPatroller* towed it to anchor in Lowry Bay.
17. The insurance company accepted a quote for removal and is scheduled for removal on 21 April 2021.

***Mana bridge jumping***

18. The change in weather has ended the season and the use of the security guard. The increased security presence, while not perfect, does have a positive impact on safety. The total cost for the security guard at the Mana launching area was just over \$11,000, some of this cost will be on-charged to Porirua City Council.
19. For the first time in many years there was no media coverage over the summer concerning bridge jumping.
20. During the season, Waka Kotahi took an active interest in the issues, specifically road safety, and were intending to approach Porirua City Council to progress discussions. There is no straight forward solution. The relevant parties are looking at further discussion.
21. Harbour Management maintain that the separation of activities is the best solution, however this will require increased pressure for Porirua City Council to ensure this occurs.
22. This issue continues to take up a considerable amount of staff time.

***Days Bay wharf***

23. Upgrade work has been completed and the “no swimming” buoy on the south side will be removed. Next summer will see a suitable separation of use by the ferry being on one side and the majority of swimmers on the other.

24. While it is likely there will still be some interference to ferry operations, it is likely to be significantly less.

#### ***Ship noise***

25. In March a ship carrying a large consignment of reefer (frozen/refrigerated containers) visited Wellington. This entailed running five generators in port to maintain the temperatures of these reefer. This created a significant noise issue for residential areas south of the ship, possibly due to the interaction of engine and associated sound waves which was disruptive.
26. Due to pressure on the container terminal, the ship was in port longer than usual. Upon completing cargo work it had missed the high tide to depart and had to spend a night at anchor. This seemed to improve the issue for some residents but not others.
27. The previous port was Lyttleton where the noise had not been remarked upon. The nearest houses were significantly further away at that berth. More reefer containers were loaded in Wellington that may have increased the load on the generators here as well.
28. At present there is no capability for either the ship to take shore power, or CentrePort to provide it. This would be a significant infrastructure investment on both side. This process is called “cold ironing” meaning the engines go cold (are not in use).
29. This incident had a very particular set of conditions, many of which were unusual. Harbour Management would not expect a repeat of this incident however global freight logistics are stretched so it is not impossible.

#### **Ngā hua ahumoni**

##### **Financial implications**

30. The disposal of derelict or uninsured vessel/s will be an unplanned expenditure from our operating budget.

#### **Te huritao ki te huringa o te āhuarangi**

##### **Consideration of climate change**

31. Globally there is discussion around ‘cold ironing’ (refer paragraph 28). The ability for ships to operate off shore power would reduce exhaust emissions. This may be driven by the cruise industry when it revives and would be a long term and challenging project.

#### **Ngā tūāoma e whai ake nei**

##### **Next steps**

48. The Committee will be updated on these risks, and any new issues, in future reports.

**Ngā kaiwaitohu**  
**Signatories**

Writer	Grant Nalder – Manager, Harbours, Harbourmaster
Approvers	Al Cross – General Manager, Environment Management Samantha Gain – General Manager, Corporate Services



<p><b>He whakarāpopoto i ngā huritaonga</b>  <b>Summary of considerations</b></p>
<p><b><i>Fit with Council’s roles or with Committee’s terms of reference</i></b></p> <p>This report allows the Committee to “review... Greater Wellington’s identification and management of risks faced by Council and the organisation... [including]... whether Greater Wellington is taking effective action to mitigate significant risks.”</p>
<p><b><i>Implications for Māori</i></b></p> <p>Risk mitigation can protect and preserve taonga.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>This report does not contribute directly to Council’s or Greater Wellington’s key strategies, plans, or policies.</p>
<p><b><i>Internal consultation</i></b></p> <p>Environmental regulation were communicated with over Shelly bay and the ship noise issue.</p> <p>Legal advice was received in regards the semi-submerged vessel <i>Kahu</i></p>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>Specific risks and related mitigations are discussed in the Analysis section.</p>

Finance Risk and Assurance Committee  
4 May 2021  
Report 21.172



For Decision

## RESOLUTION TO EXCLUDE THE PUBLIC

That the Committee excludes the public from the following parts of the proceedings of this meeting, namely>:—

New Replacement Standby Facility – Report PE21.119

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>New Replacement Standby Facility – Report PE21.119</b>	
<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under section 48(1) for the passing of this resolution</i>
Information contained in this report relates to pricing of banking facilities. Greater Wellington 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 need to withhold the information.	The public conduct of this part of the meeting is excluded as per section 7(2)(h) of the Act (to enable Greater Wellington to carry out, without prejudice or disadvantage, commercial activities)

This resolution is made in reliance on section 48(1)(a) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.