

**Absolutely Positively**  
**Wellington City Council**

Me Heke Ki Pōneke

# Ordinary Meeting of Unaunahi Māhirahira | Audit and Risk Committee Rārangi Take | Agenda

9:30 am Rāapa, 14 Here-turi-kōkā 2024

9:30 am Wednesday, 14 August 2024

Ngake (16.09), Level 16, Tahiwī

113 The Terrace

Pōneke | Wellington



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## **MEMBERSHIP**

Mayor Whanau  
Councillor Apanowicz  
Councillor Chung  
Pouiwi Kelly  
Councillor Matthews  
Councillor Pannett  
Councillor Randle (Deputy Chair)  
Bruce Robertson (Chair)  
Wendy Venter

### **Have your say!**

*You can make a short presentation to the Councillors, Committee members, Subcommittee members or Community Board members at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-499-4444, emailing [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz) or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.*

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## AREA OF FOCUS

The Unaunahi Māhirahira | Audit and Risk Committee oversees the work of the Council in discharging its responsibilities in the areas of risk management, statutory reporting, internal and external audit and assurance, monitoring of compliance with laws and regulations, including health and safety.

**Quorum:** 4 members



# TABLE OF CONTENTS

## 14 AUGUST 2024

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<b>Business</b>	<b>Page No.</b>
<b>1. Meeting Conduct</b>	<b>7</b>
1.1 Karakia	7
1.2 Apologies	7
1.3 Conflict of Interest Declarations	7
1.4 Confirmation of Minutes	7
1.5 Items not on the Agenda	7
1.6 Public Participation	8
<b>2. General Business</b>	<b>9</b>
2.1 Project Management Office update	9
2.2 Risk Management update	27
2.3 Assurance and Business Integrity Update	35
2.4 Annual Report 2023/24 update	53
2.5 Quarter 4 Health and Safety Performance Report	71
2.6 Insurance Update August 2024	103
2.7 Decision register updates and upcoming reports	113
<b>3. Public Excluded</b>	<b>117</b>
3.1 Litigation Matters and Chief Officer Updates	
3.2 Office of the Auditor General and Audit New Zealand - standing update	



# 1. Meeting Conduct

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## 1.1 Karakia

The Chairperson will open the hui with a karakia.

<b>Whakataka te hau ki te uru, Whakataka te hau ki te tonga. Kia mākinakina ki uta, Kia mātaratara ki tai. E hī ake ana te atākura. He tio, he huka, he hauhū. Tihei Mauri Ora!</b>	Cease oh winds of the west and of the south Let the bracing breezes flow, over the land and the sea. Let the red-tipped dawn come with a sharpened edge, a touch of frost, a promise of a glorious day
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At the appropriate time, the following karakia will be read to close the hui.

<b>Unuhia, unuhia, unuhia ki te uru tapu nui Kia wātea, kia māmā, te ngākau, te tinana, te wairua I te ara takatū Koia rā e Rongo, whakairia ake ki runga Kia wātea, kia wātea Āe rā, kua wātea!</b>	Draw on, draw on Draw on the supreme sacredness To clear, to free the heart, the body and the spirit of mankind Oh Rongo, above (symbol of peace) Let this all be done in unity
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## 1.2 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the hui, where leave of absence has not previously been granted.

## 1.3 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

## 1.4 Confirmation of Minutes

The minutes of the meeting held on 8 May 2024 will be put to the Unaunahi Māhirahira | Audit and Risk Committee for confirmation.

## 1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows.

***Matters Requiring Urgent Attention as Determined by Resolution of the Unaunahi Māhirahira | Audit and Risk Committee.***

The Chairperson shall state to the hui:

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent hui.

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The item may be allowed onto the agenda by resolution of the Unaunahi Māhirahira | Audit and Risk Committee.

***Minor Matters relating to the General Business of the Unaunahi Māhirahira | Audit and Risk Committee.***

The Chairperson shall state to the hui that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent hui of the Unaunahi Māhirahira | Audit and Risk Committee for further discussion.

## **1.6 Public Participation**

A maximum of 60 minutes is set aside for public participation at the commencement of any hui of the Council or committee that is open to the public. Under Standing Order 31.2 a written, oral, or electronic application to address the hui setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the hui concerned, and subsequently approved by the Chairperson.

Requests for public participation can be sent by email to [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz), by post to Democracy Services, Wellington City Council, PO Box 2199, Wellington, or by phone at 04 499 4444 and asking to speak to Democracy Services.



## 2. General Business

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### PROJECT MANAGEMENT OFFICE UPDATE

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#### Kōrero taunaki | Summary of considerations

##### Purpose

1. This report provides an update on the continuing steps to improve maturity of the project management profession and practices across Council, related to the management of the Strategic Planning strategic risk.

##### Strategic alignment

2. The most relevant community outcomes, strategic approaches, and priorities for this paper include those related to the delivery of Council infrastructure managed through delivery of capital projects.

##### Relevant previous decisions

3. None.

##### Financial considerations

Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

##### Risk

Low       Medium       High       Extreme

Author	Geoffrey Coe, Manager, Project Management Office
Authoriser	Siobhan Procter, Chief Infrastructure Officer

#### Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

#### Whakarāpopoto | Executive Summary

4. A presentation summarising the areas of focus for the Project Management Office and the uplift of project management capability at Council will be provided at this meeting. A copy of that presentation is included as Attachment 1.

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### **Takenga mai | Background**

5. Council has been progressively lifting the capability of project management across the Council with the Project Management Office (PMO) being the source of leadership in this capability uplift.
6. The establishment of a Project Management Office and the related uplift in project capability is directly related to the Strategic Planning strategic risk. Improved project management is a direct control to the risk that relates to inadequate planning, scoping and prioritisation for delivery of strategic city and infrastructure goals and outcomes.
7. The Unauahi Māhirahira | Audit and Risk Committee last received an update on the Council's PMO and project management capability in February 2023.

### **Kōrerorero | Discussion**

8. Recent improvements since February 2023 in project management at Council has focused around the embedding of centralised project reporting tool 'Paiaka'. This has centralised what was previously distributed project information spread across Council systems. Centralised and consistent project information capture is enabling significant improvement in the visibility of projects including risks and issues.
9. Areas of focus for 2024/25 financial year include:
  - Governance and Assurance practices – lifting the consistency of governance practices across Council's significant projects as well as documenting clear assurance plans for significant projects.
  - Financial management – improving connections between council financial and project reporting systems and lifting quality of project financial analysis and forecasting
  - Project Management Capability – building clear technical capability framework for project management within Council. Embedding industry practices and professional standards.
  - Reporting improvements – continue to strengthen quality of project data capture and lifting quality of project governance and organisational project reporting.
10. Longer-term the PMO improvement programme is targeted toward project and programme improvements that will enable improvements in capital programme prioritisation and planning as part of the 2027 Long-term Plan.
11. Attachment 1 includes a summary of the Project Management Office and planned areas of focus and will be spoken to at this meeting.

### **Ngā mahinga e whai ake nei | Next actions**

12. Further updates on progress on Council project management maturity building will be provided to future meetings of the Unauahi Māhirahira | Audit and Risk Committee.

### **Attachments**

Attachment 1. [Audit and Risk PMO update presentation](#)  

Page 11

# Project Management Office update

Audit and Risk Committee  
August 2024

Absolutely Positively  
**Wellington City Council**  
Me Heke Ki Pōneke

# Purpose

This presentation provides ARC with an update on the status of WCC Project Management Office as a key control for the Strategic Planning strategic risk. It:

- Provides an overview of WCC’s Project Management Office
- Outlines areas of focus for PMO over coming 12 months

## Wellington City Council Strategic Risk Profile – STRATEGIC PLANNING

Threat Title	STRATEGIC PLANNING		Last Review Date
Threat Description	Inadequate planning, scoping and prioritisation for delivery of strategic city and infrastructure goals and outcomes. Inadequate process for considering the all-of-Council volume, achievability, dependency and alignment of work programmes and projects to deliver strategic outcomes and goals.		
Risk Owner	Chief Strategy & Governance Officer		Next Review Date

Governance		Risk Assessment – Consequences	
<b>Governance Body</b>	<b>Topics Reported On:</b>	<b>Consequences</b>	<b>Rationale</b>
Unaunahi Māhirahira   Audit and Risk Committee	<ul style="list-style-type: none"> <li>Overall risk status reporting</li> </ul>	Democracy & Governance	Minor Elected member agenda are busy/heavy workload for governance as we drive key decisions through <a href="#">SLTP2024</a> we can still make key decisions. Decisions could be based on inadequate data. Poorly informed decisions will reflect badly on Council
Kōraua Māhinani   Social, Cultural, and Economic Committee	<ul style="list-style-type: none"> <li>Performance against key strategies</li> <li>Asset monitoring and reporting</li> <li>Planning and delivery updates of key programmes, projects and initiatives</li> </ul>	Partnerships & Relationships	Moderate If we lose control, then the impact is more than minor
Kōraua Tūāpapa   Environment and Infrastructure Committee	<ul style="list-style-type: none"> <li>General asset management planning and asset-specific reporting on waste, transport, three waters, and council properties</li> <li>Planning and delivery updates of key environment, asset/infrastructure programmes/projects/initiatives</li> <li>Priority investment programmes and projects status</li> </ul>	Critical Service Delivery	Moderate Given the way we set up our contracts, biggest impact with 3waters where we are still accountable.
Kōraua Tōkōpī   Long-Term Plan, Finance and Performance Committee	<ul style="list-style-type: none"> <li>Long-term Plan and Annual Plan, city goals outcomes priorities</li> <li>Status of financial and non-financial performance for asset management</li> <li>Financial performance and risk budget</li> <li>Planning and delivery updates of key programmes/projects/initiatives</li> </ul>	Wellbeing Services Delivery	Moderate We will struggle to keep up. These services can generally be sustained independent of specific assets.
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> <li>Priority investments programmes and projects status</li> <li>Financial performance and budget</li> </ul>	Community Wellbeing	Minor Health and safety of community unlikely to be affected to a significant degree.
<b>Monitoring and Exception Reporting</b>		Priority Investment Projects & Programmes	Severe Could be severe if specific projects are affected. Some delays for projects have been outside our control and not a result of poor planning. E.g. pandemic, supply to the country. With inadequate financial management capability across Council, we could overlook components such as downstream whole of life cost when making big decisions ineffective asset management planning will mean we are not able to optimise our decision making with regards to new assets.
<ul style="list-style-type: none"> <li>This risk profile was refreshed in September 2023 merging the key contents of the Inadequate Financial Planning and Practice, Inadequate Asset Management Planning and Inadequate Planning and Prioritisation risk profiles. <a href="#">Propose removing this risk as the Finance and Infrastructure strategies for the LTP, proposed consultation on top of Citizens' Assembly, audit of consultation document, reporting to ARC, strengthened project management disciplines (there will be exceptions e.g. Town Hall), improved supply chains</a></li> </ul>		Environment	Moderate Potential environmental consequences, dependent on which projects. Slag projects is localised damage?
<b>Current Risk Treatments/Controls/Mitigations</b>		Reputation & Trust	Severe Sustained media coverage, loss of confidence, central govt attention.
Asset	<ul style="list-style-type: none"> <li>Asset Planning Centre of Excellence leading development of the Asset Management Policy and Framework. This is aligned with strategic objectives and Long-term Plan has been developed International Infrastructure Management Manual</li> </ul>	Worker Health & Safety	Major Major drop in staff morale and wellbeing. Psychological health of staff. Impacting a lot of business units, not just a few. Self-inflicted failure - senior leader leaving.
Planning and Prioritisation	<ul style="list-style-type: none"> <li>Level of Service and Strategic Priority Planning for LTP 2024 - 27</li> <li>Project Management Office to raise maturity and improve functions across the Council using the Investment Delivery Framework (IDF) which provides standardised approach to managing projects, promotes planning from the outset</li> <li>Project governance and steering arrangements to provide oversight for key initiatives that include multiple projects and areas of council e.g., Cycleways, Housing</li> </ul>	Capability & Capacity	Major Noticeable gaps in capability/capacity. Might be hard to get contractors as well.
		Critical Assets	Moderate We are now better at planning ahead – past issues based on inadequate data for lifecycle planning are still a challenge. Co-funding and planning (e.g. transport) has reduced risk.
		Finances	Major We don't currently spend our full capital works budget. Value for money might be impacted. Budget overruns. What might be perceived as a budget overrun may be better certainty/understanding of the costs. Carry forward of capital works budget (up to 40%) may impact the next year's planning as well, and we need to explain variance.
		Data, Information & Tools	Minor No direct impact.
		Legal Regulatory & Compliance	Moderate Corrective actions in BCA area. Judicial reviews. Matter of emphasis from external auditors

# Project Management Office

## WCC Project Management Office

- oversees the Council's investment management lifecycle and centralised project reporting system;
- provides project management advisory and assurance support to projects across Council; and
- facilitates significant project reporting to the Executive and Elected Members through monthly and quarterly reporting.

# Investment Delivery Framework (IDF)



# Three categories of projects

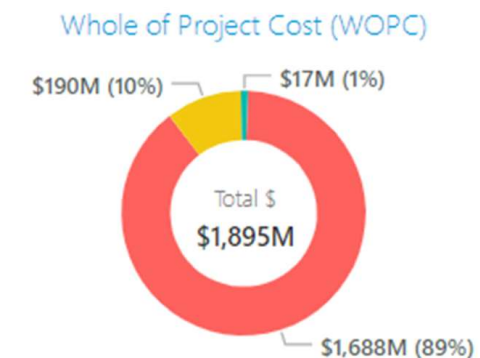
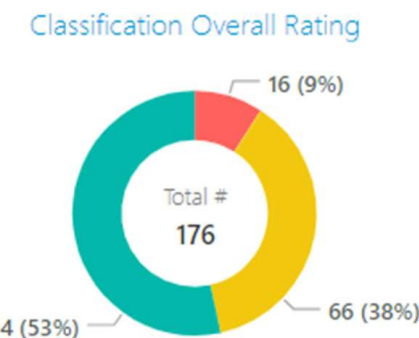
We use an internal classification approach to identify the appropriate level of documentation, management and governance to apply to each project or programme.



Total Number	<b>176</b>
# of Programmes	<b>10</b>
# of Projects	<b>166</b>

- Significant
- Moderate
- Minor
- Minimum/NA

Risk Rating ↓	EXTREME	(Blank)	1	(Blank)	3
	HIGH	(Blank)	1	21	13
	MEDIUM	5	32	28	15
	LOW	(Blank)	51	6	(Blank)
		MINOR	SMALL	MEDIUM	LARGE
		← Effort Rating			



## Current significant projects

Harbour Quays Bus Corridor	CONCEIVE	Te Matapihi ki te Ao Nui (Central Library)	DELIVER
Waikoukou (Future Accommodation Project)	CONCEIVE	Te Matapihi Client-Side Programme	DELIVER
Te Ngakau Programme	DEVELOP	Sludge Minimisation Facility	DELIVER
Organics Processing	DEVELOP	Town Hall Redevelopment Project	DELIVER
Begonia House Upgrade	DEVELOP	Frank Kitts Park Programme	DELIVER
Housing Upgrade Programme 2 (HUP2)	DEVELOP	Thorndon Quay Upgrades	DELIVER
Residual Waste - Southern Landfill – SLEPO	PLAN	Bike Network Programme	DELIVER
Redesigning Rubbish and Recycling Collections	PLAN	Frank Kitts Park Playground	CLOSE
Golden Mile	PLAN		



# Paiaka

The most significant change since last ARC update is the roll out of Council's central project reporting system 'Paiaka'.

It has enabled central capture of key project information – schedules, costs, risks, stakeholders etc as well as status reporting

Clear monthly reporting rhythm established now for significant projects

Is enabling improved visibility of projects including risks and issues.

Continuing to build tool:

- Increase the number of projects across Council actively using the tool
- Building functionality – e.g. improve connection with finance system



# Elected member reporting

Reporting on significant projects is through quarterly performance reporting to the Long-term Plan, Finance and Performance Committee.

Puts projects reporting in context of wider financial and non-financial performance.

PMO currently working with Planning and Reporting team to refresh quarterly significant project reporting for the new financial year.



# PMO areas of focus






Governance and Assurance practices

Financial management

Project Management Capability

Reporting improvements

Core continued PMO services

-  Advisory and assurance services for projects
-  Project Health checks (second line of defense activity)
-  Clear templates and guidance
-  Central tool and reporting to enable good data and information
-  Running Community of Practice sessions

## PMO areas of focus

### **Governance and Assurance practices**

Financial management

Project Management Capability

Reporting improvements

- Focus on significant projects
- Supporting effective project boards: reporting, agenda, membership, training
- Assurance plans

# PMO areas of focus

Governance and Assurance practices

## **Financial management**

Project Management Capability

Reporting improvements

- Connecting financial reporting system to project reporting system
- Lift quality of financial analysis in business cases
- Lift quality of project budget management and forecasting

## PMO areas of focus

Governance and Assurance practices

Financial management

### **Project Management Capability**

Reporting improvements

- Define consistent capabilities requirements for Council project management roles
- Meeting industry standards and good practice
- Develop shared plan for capability lift with practice leads across Council

# PMO areas of focus

Governance and Assurance practices

Financial management

Project Management Capability

## **Reporting improvements**

- Strengthen quality of project data
- Better project reporting for project boards – empower project governance
- Lift ELT and Committee reporting – enable improved strategic views of portfolio/s of projects

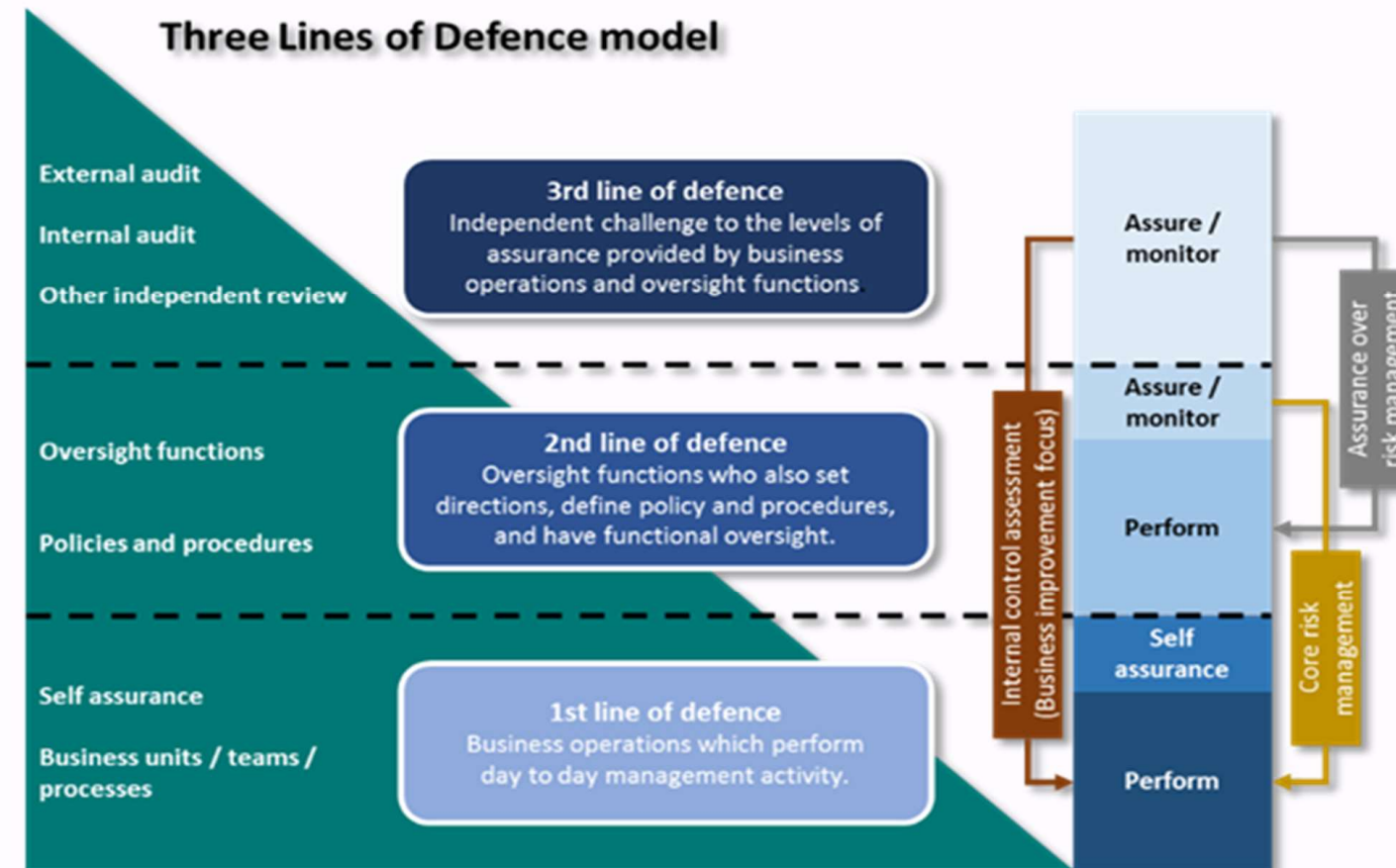
# What does project assurance look like?

Assurance is a key activity to give the SRO of a project assurance that the project is set up to be successful.

Forward looking and constructive to identify improvements. A positive and healthy culture to project assurance activity is critical – supporting success, not assigning blame.

Current focus is getting good assurance plans documented for all significant projects.

## Project assurance framework





## How is project assurance used and reported?

Project assurance activity is:

- internal to the project (supporting an SRO in their governance role)
- an input to the PMO maintaining cross-project 'lessons learnt' and promotion of a learning culture with Council

Issues or risks of significance identified through internal project assurance activity will, by default, be visible to Elected Members and the public through regular significant project reporting in the quarterly report.

**Questions?**

# RISK MANAGEMENT UPDATE

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## Kōrero taunaki | Summary of considerations

### Purpose

1. This report to Unaunahi Māhirahira | Audit and Risk Committee seeks the Committee's approval of the Risk Management workplan for 2024-25. It also provides an update on the work to review and align the Council's Strategic Risks to the 2024-34 Long-Term Plan.

### Strategic alignment

2. The Risk Management workplan supports the alignment of our strategic risks and how they relate to the Council's Long-Term Plan 2024-34 vision and the desired community outcomes. The most relevant community outcomes, strategic approaches, and priorities from the 2024 Long Term Plan include:

#### Community outcomes

Cultural Wellbeing - A welcoming, diverse and creative city

Social Wellbeing - A city of healthy and thriving whānau and communities

Economic Wellbeing - An innovative business friendly city

Urban Form - A liveable and accessible, compact city

Environmental Wellbeing - A city restoring and protecting nature

#### Strategic approaches

Value for money and effective delivery

### Relevant previous decisions

3. Unaunahi Māhirahira | Audit and Risk Committee approved the previous year's Risk Management Team Workplan in [May 2023](#).

### Significance

4. The decision is **rated low significance** in accordance with schedule 1 of the Council's Significance and Engagement Policy.

### Financial considerations

Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

### Risk

Low       Medium       High       Extreme

5. This paper does not create risks to the Council. It provides a summary of progress to refresh Wellington City Council's current set of strategic risks, and initiatives to further develop and mature our organisational risk culture.

Authors	Rachel Frear, Principal Advisor Risk Mgmt Richard Leverington, Manager Risk and Assurance
Authoriser	Andrea Reeves, Chief Strategy and Finance Officer

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## **Taunakitanga | Officers' Recommendations**

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

- 1) Receive the information on the approach to review the Council's strategic risks and define our enterprise-wide risks.
- 2) Approve the Risk Management Workplan 2024-25.

## **Whakarāpopoto | Executive Summary**

6. In accordance with the Committee's terms of reference, a copy of the Risk Management 2024-25 Workplan is provided for your approval. The plan summarises the activities to continue lifting risk management maturity across Wellington City Council.
7. There has been no change to the status of our strategic risks since the May 2024 meeting of this Committee.
8. Work has begun to review our strategic risk profiles and align our risk management approach to other Council frameworks. The proposed titles of these profiles will be provided at the planned workshop later this month.
9. Subject to the outcome of the workshop, we will aim to present the revised risk profiles for approval to the Audit and Risk Committee before the end of the 2024 calendar year.

## **Takenga mai | Background**

10. Strategic risk discussions have taken place as part of the Long-term Plan deliberations.
11. The Principal Advisor Risk Management will focus on:
  - lifting maturity through simplifying and making our risk tools more accessible to kaimahi; and
  - providing a line of sight from strategic through to operational risk to guide our kaimahi's ability to influence, partner, support, and deliver our desired LTP outcomes.
12. Through improved strategic, enterprise-wide and operational risk management, we improve our resilience to threats, uncertainties and shocks that could impede our strategic vision, strategic investment portfolio, and disrupt operational objectives.

## **Kōrerorero | Discussion**

13. The focus of the 2024-25 Risk Management workplan includes:
  - consolidation of our strategic and enterprise-wide risks to align with the LTP 2024-34;
  - alignment of our risk management framework to other frameworks, such as our monitoring and reporting framework;
  - restarting our Risk Champions network;

- conducting the annual All of Government Enterprise Risk Maturity Assessment Framework (gERMAF) survey; and
  - continuing support for operational risk management and ad hoc responsive risk advice to business groups.
14. Currently there is no system-based solution for strategic or operational risk management at Council. We will seek to identify a low-cost solution that may improve the quality and timeliness of reporting and make it more accessible to kaimahi.
- Note: There are system-based solutions for Health & Safety incidents and Project risks.
15. The Risk Management Team is now comprised of one FTE and the detailed workplan has been developed accordingly.
16. Once established in the role, the Principal Advisor Risk Management will resume monitoring and reporting on emerging threats or risks to the Council's outcomes.
17. The 28 August 2024 workshop builds on the output from the April 2024 workshop. The purpose will be to refine and agree the strategic risk profile for WCC, agree how key areas of strategic risk will be described, and understand the ways of working intended to support this risk approach.
18. The Risk Workplan 2024-25 is included as an attachment to this paper.

### **Kōwhiringa | Options**

19. N/A.

### **Whai whakaaro ki ngā whakataunga | Considerations for decision-making**

#### **Alignment with Council's strategies and policies**

20. We will review and align our Risk Management approach to other Frameworks that are in place at Council.

#### **Engagement and Consultation**

21. This paper discusses internal engagement only. It is rated low significance using Council's Significance and Engagement Policy.

#### **Māori Impact Statement**

22. This paper does not include any partnering for decision making. However, one of our Strategic Risk Profiles *Inadequate implementation of Tūpiki ora and Tākai Here* was reviewed as planned before 30 June 2024. This year's risk assessment was conducted on a bow-tie template and the outputs will be included in the 28 August 2024 risk workshop pack.

#### **Financial implications**

23. There are no financial implications for Council from this paper.

#### **Legal considerations**

24. There are no financial implications for Council from this paper.

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### **Risks and mitigations**

25. There are no risks to Council from the contents of this paper. It describes work in progress to support improved risk management maturity and build our risk culture.

### **Disability and accessibility impact**

26. There are no disability and accessibility implications for Council or the people of Wellington from this paper.

### **Climate Change impact and considerations**

27. There are no climate change implications for Council or the people of Wellington from this paper.

### **Communications Plan**

28. This contents of this paper do not require a communications plan.

### **Health and Safety Impact considered**

29. There are no health and safety implications for Council or the people of Wellington from this paper.

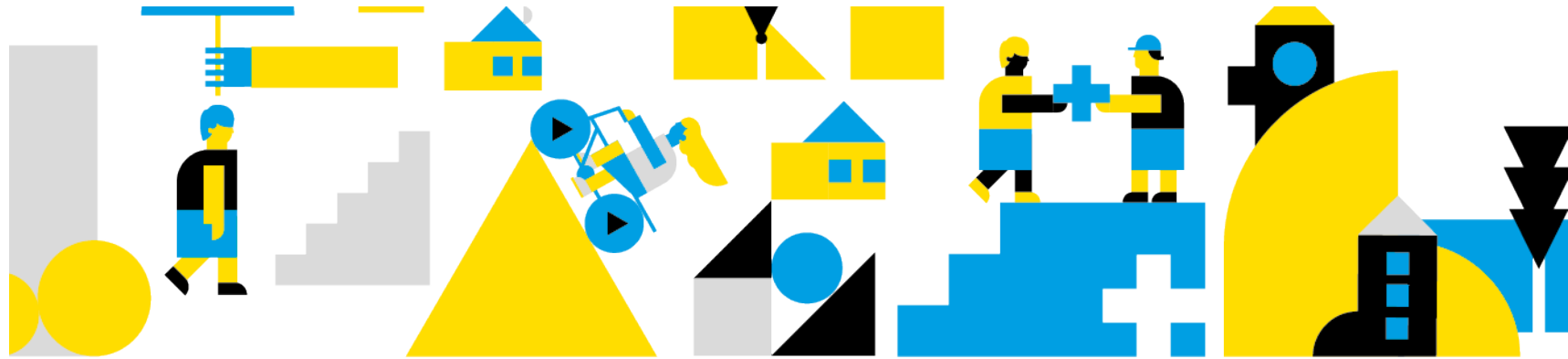
### **Ngā mahinga e whai ake nei | Next actions**

30. Distribute the slides for 28 August 2024 'ARC Committee Workshop'.
31. Continue work to review and align strategic risks to the new LTP community outcomes, including collaboration across Council to align frameworks, and identify if any adjustments are subsequently required to our Risk Appetite Statements.
32. Explore low-cost / no cost system-based solution(s) for risk management at Council.

### **Attachments**

Attachment 1. Risk Management Workplan 2024-25 [↓](#) 

Page 31



# Risk Management Team Workplan 2024-25

Prepared for the Unaunahi Māhirahira | Audit and Risk Committee  
August 2024



## Summary

Risk management is a critical business discipline that reduces uncertainty in the achievement of Wellington City Council’s (the Council) objectives. It also strengthens and complements other Business Units’ (BUs) initiatives.

The Principal Risk Management Advisor (the Risk Advisor) role and responsibilities are to:

- Maintain oversight of the Council’s risks,
- Report on the Council’s risks to the Unaunahi Māhirahira | Audit and Risk Committee (Committee) and Executive Leadership Team (ELT),
- Lift maturity in risk management practice at the Council, and
- Assess emerging threats in conjunction with business units.

In 2023-24, we contributed to increased risk management maturity across all levels of the organisation through:

- Strategic risk monitoring and reporting,
- Support for BU operational risk identification and management,
- Responsive (ad-hoc) expert risk advice to BUs,
- Facilitation of the Risk Champions Group,
- Delivered 'Risks & Issues Roadshow' (Aug-Sept 23), and
- Ongoing development of risk resources and tools.

Our last risk maturity survey was conducted during 2022, at which time the rating was M2.53, we plan to conduct another survey during 2024-25 to measure how we are tracking to the desired rating of M4.

For 2024-25, we will build on the previous year’s work by continuing to support organisational success through the following key initiatives:

- Continued development of governance level risk reporting for elected members and officers, as per the Risk Workshop August 2024,
- Implement process improvements for monitoring of risks, and
- Uplift risk and issue management practices across the Council via proactive and responsive support to BUs.

The key activities of the Risk Advisor are summarised in the table (right). The activities table on the next two pages, provides a more detailed breakdown.

Risk Management Team Workplan 2024-25

Summary of Risk Management Workplan Activity Areas 2024-25		
Governance		
1	Revitalise strategic risks and align to the 2024-2034 LTP. Collaborate across Council to gain oversight and escalate uncertainties that may impact our vision.	  
2	Strategic risk register maintenance and reporting	  
Capability		
3	Annual All of Government Enterprise Risk Maturity Assessment (gERMAF)	  
4	Explore system-based approach to risk management across Council	  
5	Consolidate and strengthen risk frameworks and tools to make them more accessible	  
6	Risk Management resource and capability building	 
7	Restart the Risk Champions Group	  

### Working Better Together | Kia Kotahi Rā – Focus Areas



Accountable Leaders



The Way We Work



Connected Council



Living Our Values



## Risk Management Workplan Activities (2024-25)

#	Risk Management Activity	Activity Description	Proposed Timeframe
Governance			
1	Revitalise Strategic and Enterprise Risks	Collaborate across Council to identify uncertainties that may impact our vision and community outcomes. Revitalise strategic risk profiles so that they align to the new 2024 - 2034 Long-term Plan. <i>Rationale: Reduce uncertainties or maximise opportunities that may impact our vision.</i>	Q1 – Q3
2	Strategic risks monitoring and reporting	Maintenance of the Strategic Risk Register including rationalisation of risk profiles. Regular monitoring and reporting of strategic risk status to ELT and Committee. Influence best practices to incorporate strategic and enterprise-wide risks into planning and decision making. <i>Rationale: Required to meet the Terms of Reference for Committee and to support governance oversight and accountability for risks to the Council.</i>	Q1 – Q4 (Ongoing)
Capability			
3	All of Government Enterprise Risk Maturity Assessment (gERMAF)	Facilitate and complete the annual gERMAF survey to identify priority areas for risk maturity uplift within the organisation. Report results to ELT and Committee. <i>Rationale: The gERMAF survey assists us to identify and target areas of lowest maturity and tracks our maturity progress as an organisation.</i>	Q2 – Q3
4	Explore system-based approach to risk management across Council	Identify if any low or no cost system-based solutions can be implemented across Council to provide consistent and easier ways of working of risk management practices. Report results to ELT and Committee. <i>Rationale: Supports consistent practice and reporting of risks. Enable the Risk Advisor to have greater over-sight of the risk exposure for the Council, and opportunity to gather data for semi-qualitative reporting.</i>	Q1 – Q4 (Ongoing)

5	Consolidate and strengthen risk frameworks and tools to make them more accessible	Consolidate risk and issue management resources and tools to make them more accessible, in collaboration with BUs. Facilitation support for risk and issue assessment workshops. Ongoing and ad-hoc capability building training and support. <i>Rationale: Use of standard frameworks and tools supports good risk management practices. Improving identification, escalation and management of risks and issues continues to be an area of focus.</i>	Q1 – Q4 (Ongoing)
6	Risk Management resource and capability building	Maintain and grow technical expertise through a series of different mechanisms: Corporate RiskNZ membership, risk seminars and conferences, courses, local government risk forum, etc. This will ensure that the Council continues to receive the appropriate advice and support. <i>Rationale: Risk Advisor and Risk Champions to maintain and expand their knowledge as risk management theory and practice evolves.</i>	Q1 – Q4 (Ongoing)
7	Restart of the Risk Champions Group	Restart Risk Champions Network. The key focus for the Risk Advisor is to communicate updated risk information and tools to support the Risk Champions advocacy of risk management within their own BUs. <i>Rationale: Continue to grow and energise the Group to uplift capability in their own parts of the organisation.</i>	Q1 – Q4 (Ongoing)



# ASSURANCE AND BUSINESS INTEGRITY UPDATE

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## Kōrero taunaki | Summary of considerations

### Purpose

1. This report provides Unaunahi Māhirahira | Audit and Risk Committee with:
  - An update on the Assurance Workplan
  - An update on Protected Disclosures
2. The information supports the Committee to discharge its responsibility under its Terms of Reference to:
  - Have oversight of the internal audit function
  - Review and monitor whether management's approach to maintaining an effective internal control framework is effective and includes appropriate systems to prevent, detect and investigate fraud.

### Strategic Alignment

3. The most relevant community outcomes, strategic approaches, and priorities from the 2024 Long Term Plan include: Value for money and effective delivery – Assurance and Business Integrity seeks to improve the efficiency and effectiveness of Council operations.

### Relevant previous decisions

4. The Committee approved the [2024-25 Workplan](#) at the May 2024 meeting
5. The Committee noted the [Plan to raise Internal Controls](#) in February 2024.

### Significance

6. The decision is **rated low significance** in accordance with schedule 1 of the Council's Significance and Engagement Policy.

### Financial considerations

Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

### Risk

Low       Medium       High       Extreme

7. This paper addresses known risks to the Council's control environment. It does not create new risk.

Authors	Jon Daley, TL Assurance and Business Integrity Richard Leverington, Manager Risk and Assurance
Authoriser	Andrea Reeves, Chief Strategy and Finance Officer

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## **Taunakitanga | Officers' Recommendations**

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Note the confirmation of audit independence;
2. Note the uplift in Controls framework assessment to 2.5;
3. Receive the update on the Assurance and Business Integrity workplan; and
4. Receive the update on protected disclosures.

## **Whakarāpopoto | Executive Summary**

8. Audit work has been completed for 12 of 13 audits on the 2023-24 workplan. The remaining audit is underway. Work has also begun on the 2024-25 workplan.
9. One Protected Disclosure was received, investigated and responded to within statutory timescales.
10. The annual controls assessment has been completed. Work in relation to improving the control framework to 'good' is ongoing. But trending upwards.

## **Takenga mai | Background**

11. The Assurance & Business Integrity team's purpose is to enable Council to deliver results and outcomes in a way that meets the public's expectations of accountability and our responsibilities as a public sector organisation.
12. To facilitate our purpose, each year the Assurance & Business Integrity team develops and delivers a risk-based workplan of assurance activities across its core services.
13. The Assurance & Business Integrity team conduct an annual Controls Assessment, applying the Committee of Sponsoring Organisations (COSO) enterprise control framework. Following the 2023 assessment, the Committee noted a programme of work to lift the assessment from 'Core' to 'Good' by mid-2025.
14. The Assurance and Business Integrity Team is also responsible for the Protected Disclosure process and policy.

## **Kōrerorero | Discussion**

### **Confirmation of Independence**

15. A requirement of the Global Internal Audit Standards is that independence of the function must be confirmed to the Board (in Council context this is the Audit and Risk committee) at least annually. During 2023-24, Internal Audit was able to operate independently, receiving sufficient management support to deliver the responsibilities defined in the Internal Audit Charter.

### **Assurance and Business Integrity Workplan**

16. The following reports have been issued since the last report to the Committee:

<p><b>Grants Monitoring Multi-Year Funding</b></p>	<p>The objective of our review was to review the due diligence that Council conducts before release of funds, and how it manages relationships with organisations that receive funding.</p> <p>The overall opinion was ‘Good’ – controls are effective to manage existing risks.</p> <p>Management has agreed with our recommendations to:</p> <ul style="list-style-type: none"> <li>• Improve visibility of all funding, risks, and issues associated with each recipient of funding</li> <li>• Review capability and training requirements for the Fluxx system.</li> </ul>
<p><b>Trespass Notices</b></p>	<p>The objective of our review was to assess the effectiveness of processes and controls within the trespass notice and bans processes.</p> <p>The overall opinion was ‘improvements recommended’ – there are opportunities to improve internal controls.</p> <p>Management has agreed with our recommendations to:</p> <ul style="list-style-type: none"> <li>• Confirm responsibility for Trespass and Bans processes, document the processes, and provide training to the business</li> <li>• Correct the Section 3 Trespass (A verbal immediate notice to leave) information on the Pokapū page and inform business of change.</li> <li>• Consider whether section 3 delegations could be given to staff on site or the security team</li> </ul>
<p><b>PSR Budgeting and reporting</b></p>	<p>The objective for this review was to assess the efficiency and effectiveness of the budgeting process and reporting for Parks, Sport, and Recreation. Additionally, we aimed to understand any divergence in budgeting process from those in use elsewhere in the business and any inefficiencies with this approach. The scope was also expanded to include whether a separate fund for capital renewals was appropriate.</p> <p>The overall opinion was ‘improvements recommended’ – there are opportunities to improve internal controls.</p> <p>Management has agreed with our recommendations to:</p> <ul style="list-style-type: none"> <li>• Complete a cost centre review for Parks, Sport and Recreation</li> <li>• Not establish a separate capital renewals fund for PSR</li> </ul>

<p><b>Commercial Leases</b></p>	<p>The objective of this review was to assess the controls around establishing and renewing commercial leases, including how probity is assured.</p> <p>The overall opinion was 'improvements recommended' – some controls are not effective to manage key risks.</p> <p>Management has agreed with our recommendations to:</p> <ul style="list-style-type: none"> <li>• Use of e-signatures to ensure an electronic copy of approval memoranda</li> <li>• Establishing a consistent file structure and validating the completeness of current files</li> <li>• Establishing Key Performance Indicators for the leasehold portfolio.</li> </ul>
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17. The Te Atakura Environmental Strategy audit from the 2023-24 workplan is still in progress. We will report on this at the October meeting.
18. The Annual Legislative Compliance attestation is underway. We anticipate reporting this to the Committee in the October meeting.

**Annual Controls Assessment**

19. Attachment One provides our annual Controls assessment, consolidating the results from the 2023-24 workplan. The internal controls assessment is an assessment of five categories of internal control to provide a high-level overview of council controls.
20. A plan to improve internal control from the 2023 assessment of 'Core' to 'Good' by mid-2025 was provided to the Committee at the February 2024 meeting.
21. The overall assessment has remained at 'Core'. There have been modest improvements in ensuring that policies are updated, however opportunities to embed controls and embed second line controls remain. We will report on progress over the next year.

**Protected Disclosures**

22. We received one protected disclosure in the 2023-24 financial year.
23. The disclosure alleged procurement irregularities resulting in a flawed decision and corrupt use of authority. An investigation found that the facts did not support the allegation and that the procurement decisions in both procurement option and selected supplier could be justified. The disclosure was responded to within statutory timescales.
24. As a result of this investigation, we have identified potential improvements to our disclosure processes and how these interact with other Council teams, specifically around customer reports of alleged fraud.
25. Assurance and Business Integrity have updated the Protected Disclosure Policy – there have been no material changes.

### **Ngā mahinga e whai ake nei | Next actions**

- Officers will continue to deliver the Assurance Workplan
- A further update on the initiative to improve internal controls will be supplied to the Committee.

### **Attachments**

Attachment 1. Annual Controls Assessment 2024 [↓](#) 

Page 40



**TE AHO MARUTAU | ASSURANCE & BUSINESS INTEGRITY**

<b>Annual Controls Assessment</b>			
Business Unit	Council-Wide	Rating	Not rated
Accountable Manager	-	Draft Issued	19 July 2024
Auditor	Jon Daley	Final Issued:	2 August 2024
Distribution	Audit & Risk Committee Executive Leadership Team Richard Leverington, Manager Risk & Assurance		

**1.1 Executive Summary**

The annual controls assessment provides an overview of the effectiveness of controls across five themes:

- Tone from the top,
- Risk assessment,
- Implementation of controls,
- Communication and information, and
- Assurance and monitoring.

This is graded on a four-point scale. Overall, the score has increased from 2.3 to 2.5 which gives a rating of ‘core’. This indicates that while controls exist, good practice is not consistent across the organisation

**1.2 Background**

This report provides the results of the Annual Controls Assessment (section 1 and 2) and a summary of completed work for the financial year (Section 3).

**Controls Assessment**

The assessment is made against five aspects of internal control specified by COSO (The Committee of Sponsoring Organisations) which publishes the COSO framework for enterprise control. These are:



Area	Explanation
<b>Control Environment</b>	The attitude and actions of leadership regarding the importance of control within the organisation, including its values, operating style, accountabilities and competence.
<b>Risk Assessment</b>	The systematic and iterative process of identifying and assessing relevant risks.
<b>Control Activities</b>	The actions established by policies, procedures or practice to ensure that risk management actions are effectively carried out.
<b>Information and Communication of Controls</b>	The flow of timely, accessible and pertinent information to carry out internal control responsibilities.
<b>Assurance and Monitoring Activities</b>	Management review of whether controls are working effectively to manage risks. Control weaknesses are addressed timely and escalated where appropriate.

A plan was presented to the Committee in its February 2024 meeting with the aim of improving the internal control rating from 'core' to 'good' by mid-2025. Initiatives are underway.

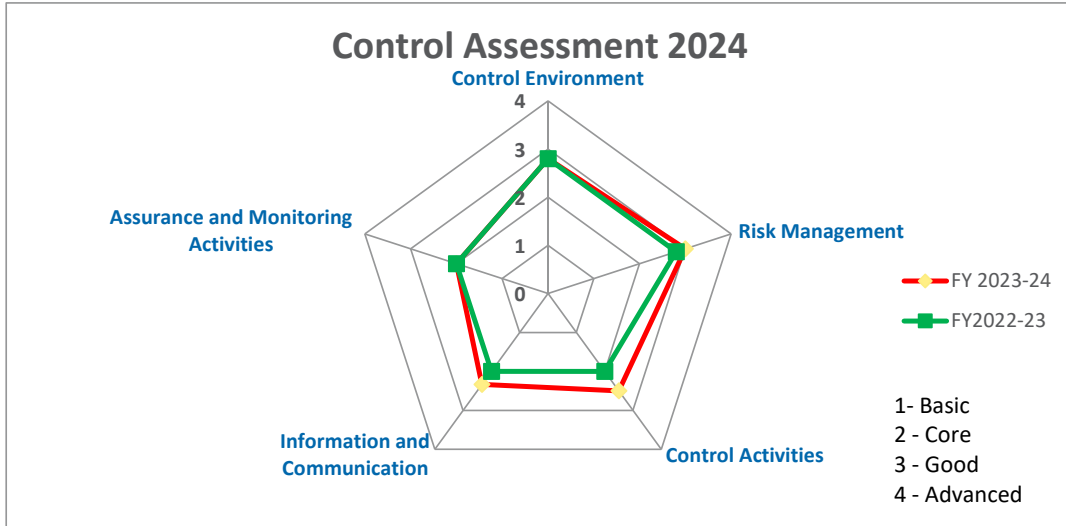
We have defined a 'good' level of internal control as:

- WCC's corporate policies will be systemically reviewed, up to date and accessible. The Office of the Auditor-General's integrity framework will be in place, understood and role-modelled universally by senior leaders.
- There will be widespread understanding by officers of their roles and core organisational policies.
- Incidents and errors will be rare and not the result of poor policies or lack of control activities. Well implemented controls identify issues before they eventuate and are appropriately reported. The organisational focus is on prevention of risk
- Rectification of internal control deficiencies occurs within suitable timescales and is actively monitored by senior leaders.



The overall rating has improved to 2.5 from 2.3, and the assessment of internal control has remained at 'Core'.

While there are elements of good practice these are isolated and uncoordinated. Our overall opinion is based on the following:



Further information, including action points from the plan, is supplied as Section 1.



## Section 1: Controls Framework

Controls are assessed against a 4-point rating:

<b>Advanced</b>	All elements of good practice are in place and operating effectively. High maturity rating for supporting elements.
<b>Good</b>	Most elements of good practice in place and operating effectively. Moderate to high level of maturity rating for supporting elements. May be some minor weaknesses.
<b>Core</b>	A basic approach with elements of good practice in place but operating in isolation. Low to moderate level of maturity rating for supporting elements. Areas for improvement noted.
<b>Initial</b>	Undefined or basic approach. Low level of maturity rating for supporting elements. Areas for improvements noted.

Control Environment		
The attitude and actions of leadership regarding the importance of control within the organisation, including its values, operating style, accountabilities and competency.	Assessment (previous FY)	2.8 Core (2.8 Core)
Expectations	Comments	
<ol style="list-style-type: none"> <li>Demonstrates a commitment to integrity and ethical values</li> <li>Governing body demonstrates independence from management and exercises oversight responsibilities</li> <li>Establishes structures, authority and responsibilities to achieve objectives</li> <li>Demonstrates a commitment to attract, develop, and retain competent individuals</li> <li>Holds individuals accountable for their internal control responsibilities</li> </ol>	<p>The organisational commitment to integrity and ethics is documented in the Code of Conduct. This has been pending an update and has been delayed due to issues finalising other policies.</p> <p>Councillors are organisationally distinct from management (ELT), and appropriate structures and responsibilities have been defined.</p>	
<p>Actions:</p> <p>Update and refresh Officer Code of Conduct</p> <p>Nominate an ELT champion for integrity within Council.</p>		

Risk Management		
The systematic and iterative process of identifying and assessing relevant risks.	Assessment (previous FY)	3.0 Good (2.8 Core)
Expectations	Comments	
<ol style="list-style-type: none"> <li>Specifies objectives with sufficient clarity – a precondition to effective risk assessment</li> </ol>	<p>Operational risk registers are sometimes lacking in maturity, however since Risk and Issues roadshows</p>	



<ol style="list-style-type: none"> <li>2. Identifies and assesses risks to the achievement of objectives</li> <li>3. Considers fraud risks to achievement of objectives</li> <li>4. Identifies and assesses significant change</li> </ol>	<p>held in Q2 2023/24 there has been an increase in production and updates.</p> <p>Risk relating to fraud, HSE and Business continuity is managed.</p> <p>Current strategic risks are being updated to align with new LTP.</p>
<p>Next Steps:                  Increase usage of operational risk registers by Business Units</p>	

Control Activities		
The actions established by policies, procedures or practice to ensure that risk management actions are effectively carried out.	Assessment (previous FY)	2.5 Core (2.0 Core)
Expectations	Comments	
<ol style="list-style-type: none"> <li>1. Implement control activities to mitigate risks to acceptable levels</li> <li>2. Establishes appropriate controls to manage technology infrastructure, security and change processes that are aligned to business objectives</li> <li>3. Deploys policies that establish what is expected</li> </ol>	<p>There are elements of Council that have deployed effective internal control, but these remain isolated. Ensuring that processes are documented and updated is one of the main rationales for this rating. Policies and procedures have been updated with 13 overdue for review. Status of these is being reported to ELT quarterly.</p> <p>A cybersecurity policy has been published and initial guidance on use of artificial intelligence has been circulated.</p>	
<p>Next Steps:                  Follow-up on Core Compliance Modules                  Strengthen Integrity Framework</p>		

Information and Communication of Controls		
The flow of timely, accessible and pertinent information to carry out internal control responsibilities.	Assessment (previous FY)	2.3 Core (2.0 Core)
Expectations	Comments	
<ol style="list-style-type: none"> <li>1. Uses relevant, quality information to support effective functioning of internal controls</li> </ol>	<p>There are established communication routes with external agencies and stakeholders. There are some issues in complaints management where controls are due to be improved.</p>	



<ol style="list-style-type: none"> <li>2. Internally communicates so that people understand and carry out their internal control responsibilities</li> <li>3. Communicates externally matters affecting the functioning of internal control and provide channels to allow input, including whistle-blower process</li> </ol>	<p>Issues associated with internal control are communicated to OAG and an external whistle blowing hotline is available.</p> <p>Some ongoing issues with reliability and accessibility of systems.</p>
<p>Next Steps:</p> <p>Establish communication plan for integrity framework</p> <p>Establish dashboard reports for open actions.</p>	

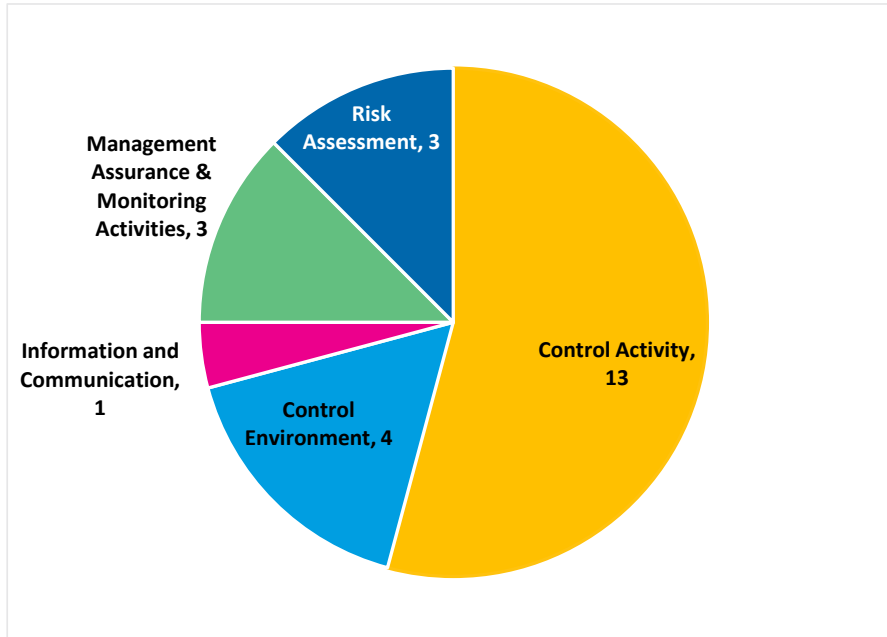
Assurance and Monitoring		
<p>Management review of whether controls are working effectively to manage risks. Control weakness are addressed timely and escalated where appropriate.</p>	<p>Assessment (previous FY)</p>	<p>2.8 Core (2.8 Core)</p>
<p>Expectations</p>	<p>Comments</p>	
<ol style="list-style-type: none"> <li>1. Management performs ongoing assessments to ascertain whether the processes and controls are working</li> <li>2. Management has processes to identify internal control improvements and monitors timely corrective action</li> </ol>	<p>Second line assurance remains inconsistent across the business – there are opportunities to better embed the three lines model.</p> <p>Automated action reminders have begun however this is not driving a change in behaviour at this time.</p> <p>Most actions are closed on being followed-up by Assurance rather than due to proactive action by the business. Timeliness of resolution is an issue and is driven by capacity within the business.</p> <p>ELT reporting is taking place quarterly.</p>	
<p>Next Steps:</p> <p>Implement PowerBI dashboard for Assurance actions tracking.</p> <p>Work with Risk to develop and embed effective second line controls.</p>		



## Section 2: Audit Findings 2023-24

There were 24 audit findings raised in the financial year.

The following table indicates the applicable COSO control area (see Section 1) that these were best categorised under:



The existence and effectiveness of controls has been the main area where findings have been identified. Most issues have related to inadequate documentation of processes and procedures. Note that the volume of findings does not necessarily correlate to impact of those findings.

This aligns with the overall assessment of 'Core' for Council's implementation of control activity, and indicates areas where processes were undocumented or had not been fully implemented.

We have noted a trend in action due dates being exceeded due to capacity issues. Work is underway with the business to ensure that realistic due dates are set for resolution.



## Section 3: Assurance Workplan

### Summary of 2023-24 Workplan

The 2023-24 workplan was approved at the 10 May 2023 meeting of Unaunahi Māhirahira | Audit and Risk Committee. This section summarises our work for the financial year. The issues identified in these audits was used to identify themes within the controls framework, or to support conclusions that elements of control were effective.

Area	Summary	Rating
<b>Grants Monitoring multi-year funding</b>	The objective of our review was to assess if organisations are managed effectively and in line with the WCC Relationship Management Framework to ensure adequate due diligence over funding investment that is paid	Good
<b>Trespass Notices</b>	The objective of our review was to assess the effectiveness of processes and controls within the trespass notice and bans processes. We recommended: <ul style="list-style-type: none"> <li>Confirming responsibility for Trespass and Bans processes, document the processes, and provide training to the business</li> <li>Correcting the Section 3 Trespass information on the Pokapū page and inform business of change.</li> <li>Considering whether section 3 delegations could be given to staff on site or the security team</li> </ul>	Improvements Recommended
<b>PSR Budgeting and Reporting</b>	The objective for this review was to assess the efficiency and effectiveness of the budgeting process and reporting for Parks, Sport, and Recreation. Additionally, we aimed to understand any divergence in budgeting process from those in use elsewhere in the business and any inefficiencies with this approach. The scope was also expanded to include whether a separate fund for capital renewals was appropriate. We recommended: Completing a cost centre review for Parks, Sport and Recreation Not establishing a separate capital renewals fund for PSR	Improvements Recommended
<b>Commercial Leases</b>	The objective of this review was to assess the controls around establishing and renewing commercial leases, including how probity is assured. We recommended: <ul style="list-style-type: none"> <li>Use of e-signatures to ensure an electronic copy of approval memoranda</li> <li>Establishing a consistent file structure and validating the completeness of current files</li> <li>Establishing Key Performance Indicators for the leasehold portfolio.</li> </ul>	Improvements Recommended



<b>Resource Consenting</b>	<p>The objective of our review was to assess the effectiveness of controls for delivery of timely resource consenting decisions and that reporting and billing are accurate.</p> <p>We recommended:</p> <ul style="list-style-type: none"> <li>Identifying process improvements that can be automated within the Teamwork system</li> <li>Identifying key performance data and introducing process checks for completeness</li> <li>Implementing a manual check for accuracy of discounting.</li> </ul>	Improvements Recommended
<b>Climate Response</b>	Work underway	-
<b>Encroachments</b>	<p>The objective of this review was to assess consistency in processing applications for and terminations of encroachments. It also analysed revenue options.</p> <p>We recommended:</p> <ul style="list-style-type: none"> <li>Updating the Road Encroachment &amp; Sale Policy</li> <li>Utilising Sharepoint for file storage</li> <li>Monitoring processing times.</li> </ul>	Good
<b>Significant Service Contracts</b>	<p>The objective of this review was to assess alignment with the Government Significant Service Contracts Framework, the value for money for significant spend and consideration of Section 17A reviews. Initial scoping indicated key controls were absent and a memo was issued to management. We recommended:</p> <ul style="list-style-type: none"> <li>Defining significance within the Council context</li> <li>Establishing a framework for the management of significant services</li> <li>Prepare a programme for completion of S17A reviews.</li> </ul>	Not rated.
<b>Credit Control Operations</b>	<p>The objective of this review was to evaluate the implementation of Credit Control Operation Processes, including accounts receivable, banking and receipting, credit control and debt recovery.</p> <p>We recommended:</p> <ul style="list-style-type: none"> <li>Updating credit control processes and improving access to debtor data</li> <li>Updating the Invoice &amp; Debt Management Policy</li> <li>Communicate best practice to business units</li> </ul>	Improvements Required
<b>Haining Street (Follow Up)</b>	<p>The objective for this review was to validate that management actions have been complete and are effective, and that recommendations have been actioned across the wider Te Kainga programme.</p> <p>No recommendations were made.</p>	Good







### **Integrity Activity**

1. Fraud Week communications were viewed by 600 staff. These included a quiz, webinars by the Serious Fraud Office and general activity intended to raise awareness. This was coupled with a phishing exercise completed by SmartCouncil.
2. We have updated internal publicity material for the Protected Disclosure hotline.
3. One Protected Disclosure was received in the 2023-24 year. This related to allegations of procurement irregularities. This was investigated and responded to within statutory timescales.
4. We have not received any further integrity related reports.
5. We have completed Sensitive Expenditure Reviews in January and April 2024 after the publication of the updated policy. These have shown an improvement in compliance to the policy, however concerns over the transparency of transactions have remained. Work in this area with the Payment Services team is ongoing.
6. We have monitored entries on the staff gift register.
7. We are now in routine contact with the Serious Fraud Office's Counter Fraud Centre. The SFO has convened a local government community of practice to uplift counter fraud maturity and share best practice.

### **Advisory Activity**

The annual legislative compliance attestation for the period ending 30 June 2024 is underway.

We have provided risk management support to cover for vacancies in the Risk team.

Other advisory work includes participation in the Policy Working Group and Water Shortage planning







# ANNUAL REPORT 2023/24 UPDATE

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## Kōrero taunaki | Summary of considerations

### Purpose

1. This report is to update the committee on the progress of the development of the Annual Report and provide assurance to the committee that the Annual Report will be completed and audited within the statutory timeframes.

### Strategic alignment

2. The report reflects the Council's achievement against Council's 2021-31 Long-Term Plan and 2023/24 Annual Plan.

### Relevant previous decisions

3. The draft FY2024 audit plan for the Annual Report was discussed at the February committee meeting. This audit plan has since been finalised with Audit New Zealand.
4. The proforma Financial Statements were presented at the May committee meeting and feedback has now been incorporated into the draft Financial Statements.

### Financial considerations

Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

5. There are no budgetary considerations arising from this paper.

### Risk

Low       Medium       High       Extreme

6. The key risks resulting from this paper are the ability to meet statutory deadlines and adhere with legislation and accounting principles. This paper outlines the key approaches we are using to mitigate these risks.

Authors	Elizabeth Steel, Chief Advisor Strategy and Governance Lloyd Jowsey, Team Leader, Planning and Reporting Amy Brannigan, Senior Advisor Planning and Reporting Karina Young, Financial Controller Jocelyn Anton, Senior Advisor Planning & Reporting Nicola Mitchell, Project Lead Mike Sammons, Climate Action Strategy Lead
Authoriser	Andrea Reeves, Chief Strategy and Finance Officer

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## **Taunakitanga | Officers' Recommendations**

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.
2. Note the FY24 Annual Report timetable through to adoption.

## **Whakarāpopoto | Executive Summary**

7. The overall goal of the Annual Report is to make it easy for the audience to understand how the Council has performed for the year in non-technical terms. The Summary Report will give an overview of the year and also contain summarised financial information. As with the full Annual Report, the Summary also includes an Independent Auditor's report.
8. The Annual Report will be published across two volumes with a common look and feel. Volume 1 will include an overview and performance in our strategic activity areas and Volume 2 will include the statutory Financial Statements.
9. The Annual Report proforma for Volume one demonstrating the structure and an example Governance strategic activity area has been included as an attachment to this paper. This demonstrates the intended look and feel of the Annual Report. As this is the last Annual Report to report against the 2021-31 long-term plan the narrative will cover both the annual story as well as the long-term plan three year story.
10. Progress is on track from both the delivery and audit of the 2023/24 Annual Report to be adopted on 31 October 2024. The audit report from Audit New Zealand (Audit NZ) is expected to be received and finalised no later than 21 October 2024.

## **Takenga mai | Background**

11. Section 98 of the Local Government Act (LGA) 2002 requires the Council to prepare and adopt an Annual Report containing specified disclosures within four months after the end of the financial year. Section 111 of the LGA 2002 requires Council to comply with generally accepted accounting practice (GAAP) in preparing the Annual Report.
12. Council officers propose to prepare the 2023/24 Annual Report for adoption at the Council meeting on 31 October 2024. In order to achieve this timeframe, there will be workshops in early September with the Committee to receive any feedback on the report content and key messages before being finalised with audit.
13. The workshops focus will be on the Council's service performance and summary sections ("summary of our year" and "our performance in detail") and the draft financial statements, underlying assumptions and judgements made.
14. The Unaunahi Māhirahira | Audit and Risk Committee will meet again on 22 October 2024 to consider the final audited Annual Report.
15. At the Long Term Plan Finance and Performance Committee (LTPFPC) meeting on 29 October, officers will recommend the Committee approves the report to be received by Council for adoption of the Annual Plan on 31 October 2024.

## Kōrerorero | Discussion

### Timeline to adoption

16. Included below is the timeline to adoption with particular focus on Audit NZ key deadlines. Officers are working very closely with Audit NZ to keep each other abreast of any emerging risk or issue areas and to ensure that work prioritised and completed on schedule.

Date	Action
12 August	Audit NZ commence final audit
19 August	Audit NZ continuing audit work onsite
Week of 10 September	Audit and Risk committee (and all elected members) workshop on review of full annual report including Statements of Service Provision as per Section 4: Our performance in detail, and draft financial results, key areas of judgements and provisions.
22 September	Full Annual report provided to Audit NZ
27 Sept – 5 October	Audit completed and feedback provided on statement of performance provision information and Financial Statements
9 October	Final annual report (inclusive of all changes agreed) available
17 October	Verbal clearance on Annual Report
18 October	Audit opinion issued in draft + Representation letter issued
21 October	Audit opinion issued
22 October	The Audit and Risk committee to review draft Annual Report. Audit NZ to provide update on interim audit findings and recommend the report to Long Term Plan Finance and Performance committee (LTPFPC)
29 October	LTPFPC receive Annual Report and recommend adoption to Council
31 October	Council to adopt Annual Report

17. This is the final year of reporting against the 2021-31 Long-term Plan. The report looks at the KPIs, key projects and programmes and financials as per that Long-Term Plan and the 2023/24 Annual Plan. It is not a comparison against the recently adopted 2024-34 Long-Term Plan.
18. The final audit is due to commence on 12 August 2024, with Audit NZ onsite at the Council offices from 19 August. The Financial Accounting and Corporate Planning and Reporting teams are on-track to deliver the required information to Audit NZ on the agreed schedule.
19. Audit NZ have confirmed their resourcing plan and will be starting the fieldwork on the investment property and infrastructure asset revaluations and greenhouse gas emissions in the first week of the audit. Both areas were recognised as requiring additional focus during last year's audit, therefore to manage the tight timeframes the audit of these items have been prioritised to start earlier.
20. The Summary Annual Report 2023/24 is produced following the completion of the Audit. The majority of the content is pulled from the first three sections of Volume 1 of

the full report. The summary conveys sufficient information to enable reader to gain an understanding of the year's performance without necessarily having to read the full document.

21. Council has attained Gold status twice in the Australasian Reporting Awards. Our focus on continuous improvement means this year we are seeking to sharpen the look and feel of the Annual Report with greater white space and clearer visual storytelling. The attached Annual Report Volume 1 pro forma shows the structure of the report and includes an example Governance strategic activity area which demonstrates the intended look and feel. As this is the last Annual Report of the 2021-31 LTP, narrative will cover both the annual story as well as the LTP three-year story.

### **Volume one - Structure and Content**

22. As in previous years, the Annual Report is structured in sections plus appendices, across two volumes and a summary report. This is consistent with how we published our 2021-31 Long-term Plan that the 2023-24 years' performance is reported against.
23. Volume one contains an overview of all performance and the details of the non-financial performance. introduction from the Mayor and CEO

**Section 1: Our city** – an overview of the city's history, our population, economy, location, and our environment.

**Section 2: Our leaders and strategic direction:** This section outlines our Strategic Direction - our vision, our strategic outcomes, and the role Council plays, along with an introduction of our Mayor, Councillors, and Executive Team.

**Section 3: Summary of Our Year:** This section includes summaries of our performance, including some challenges and highlights of the 2023/24 year, and an overview of our core business.

- It will provide the majority of content for the Annual Report summary document which recognises that some readers will only be interested in a summary of performance.
- Outlines the high level results of our non-financial and financial performance.
- States the context and operating environment for the year (eg increases in costs, Central Govt changes, climate change)
- Lists key project and programmes
- Looks at performance across the three years of the 2021 LTP as

**Section 4: Our Performance in Detail:** these are the Statements of Service Provision for each of the Council's seven activity areas. It describes in detail how we performed in each of the Council's seven strategic activity areas and our Council-controlled organisations. Each activity area includes an overview of the activities from the year, and a summary of financial information and performance measures. Note this section now includes the funding impact statements which were previously at the end of Volume 2. A pro-forma of how these Statement of Service Provision will look is included as Attachment 1 with Governance as an example.

**Section 5: Our council and organisation:** This section describes the Council's democratic and corporate governance arrangements and presents information relating to our elected members, committees, groups and business units, organisational structure and staff.



## Non-financial performance

24. There were 95 KPIs in the 2021-31 Long Term Plan KPIs, however two ceased reporting at the end of FY 2022-23 when Te Toi Mahana, the Community Housing Provider, was established. The results analysis shown in the subsequent paragraphs exclude these two KPIs. However, their reporting details will be included in the Statement of Service Provision in Volume 1 of the Annual Report.
25. We currently have results for 81 of our 93 KPIs. The twelve outstanding KPIs are expected to meet their targets. Preliminary results (actual and forecasted) indicate that performance has improved from last year's result: 63% Met (61% FY22/23) and 37% Not met (39% FY 22/23).
26. This is a solid result given the many lingering Covid-related issues and supply chain challenges that remained over the year. We still experienced material cost increases, contractor resourcing constraints and external advisory service delays.
27. However, we mitigated many of these, and in many cases, improved our internal systems. For example, there was a 24% increase in performance in the Building Consents issued within 20 working days KPI. The KPI is still not met, but the substantial increase in performance should be acknowledged and is attributable to several factors, two of which were a new workflow management application - Toha Mahi – which increased efficiency, and a structural engineering 'sprint' with elements that significantly reduced the impact of structural engineering reviews on overall consenting timeframes.
28. The twelve KPIs still to report belong to: WREDA (8), Wellington Museums Trust (1), the Wellington Regional Stadium Trust (1), Group Green House Gas (1) and Wellington Water (1). As detailed above all twelve KPIs are anticipated to meet their target.
29. An overview of 2023-24 financial year performance for the reported 81 KPIs is shown below:

Performance shift*	# KPI		Met status	Not met status
No change	22	Of these	18	4
Improved	34	Of these	20	14
Reduced	25	Of these	11	14
<b>Total</b>	<b>81</b>	<b>Of these</b>	<b>49</b>	<b>32</b>

\*Performance shift is +/-1% difference between 2022-23 and 2023-24 Financial Year results

The table shows that 34 (42%) KPIs improved performance irrespective of whether they Met or Not met their target for the year. Compare this against 25 (31%) that had reduced performance, which suggests that we have experienced an improvement uplift between the two financial years. Of the 22 KPIs that had no change, 12 were binary (Yes/No report option only) which precluded incremental improvement.

30. An analysis of performance across the three years of the 2021-31 LTP shows a different picture to that in paragraph 26 above. The table below uses the 10% performance threshold set for the LTP as a guide for attainment.

KPI performance for each year across 2021-31 LTP:	Number of KPIs	% of KPIs
At maximum of Target value (no change possible)	10	12.5%
Exceeded Target value (attainment above target value)	8	10%
Within 10% of Target value (set as 0-9.99% of target)	13	16%
Greater than 10% of Target value (set as ≥10% of target)	28	34.5%
No pattern discernible	22	27%
<b>Total</b>	<b>81</b>	<b>100%</b>

The table shows that more than a third 34.5% (28) of KPIs failed to improve over the three years of the LTP, with almost another third 27% (22) having no discernable performance pattern. 10% or eight KPIs consistently exceeded target, of these five belong to Wellington Water. Of the 12.5% or 10 KPIs at maximum of target value 9 were binary which precluded any degree of improvement.

Of the 81 reported KPIs, 16% or 13 sat in the unclear performance space of being within 10% of target. Such a threshold has proven problematic as it allows quite a large performance swing while claiming a result as met against target. For the 2024-34 LTP we have implemented thresholds of 0-2.49% for Met (Green); 2.5%-4.99% Met (Amber) and ≥ 5% as Not met (Red). This will allow a far more nuanced performance story to be told going forward.

31. Two KPIs were qualified for audit in FY2022-23 and it anticipated the same will occur for FY2023-24. These KPIs are:
- WCC Group greenhouse gas emissions (tCO<sub>2</sub>-e decreasing)
  - Number of complaints about the drinking water’s clarity, taste, odour, pressure or flow, continuity of supply, and supplier responsiveness, expressed per 1000 connections

**Volume two - Financial Statements update**

32. Reporting packs from all Council Controlled Entities have been received for consolidation into the Group Financial Statements. All Council Controlled Entities (with the exception of Te Toi Mahana) are on-track to have their entity’s Financial Statements audited prior to 30 September 2024. BDO have been appointed auditor for Te Toi Mahana and both parties are currently finalising their audit plan with an indicative sign-off date prior to 31 October 2024.

33. The full revaluation for investment properties and three waters below-ground/reticulation infrastructure assets have been completed by independent valuers and final valuation reports have been provided to the auditors.
34. During the three waters revaluation – WSP found the Maximo (asset information system) dataset for the above ground assets (i.e pumps & pump stations) provided by Wellington Water Limited (WWL) in April to be lacking sufficient completeness to enable an accurate valuation. The above ground assets represent less than 5% of the total three waters portfolio and is therefore a relatively low proportion of the total asset class value.
35. At the end of July, Officers agreed with WSP on a new proposal for valuing these assets. WWL have since provided WSP with an updated dataset in July. While the updated dataset is not fully populated, it is sufficient enough to still enable a traditional valuation approach to valuing these assets. The updated WWL dataset will be supplemented with site-based collection data performed by WSP, focusing on major components across a sample of sites. WSP have proposed 19 site visits in total to be completed in August/early September.
36. The draft valuation report for the above ground assets is expected to be received on 19th September. We will be managing this process tightly to ensure timelines are adhered to by both WSP and Council. We will also be working closely with Audit NZ to ensure the audit of this can be completed in a timely manner, as the final revaluation report is currently planned to be received in early October. We note that there is demand pressures across the wider industry due to the increased area of focus for the sector on infrastructure asset revaluations and the limited pool of suitably qualified valuers and demand for external valuers from both Councils and Auditors.
37. A fair value assessment was completed for all other infrastructure assets by WSP. The fair value assessment for the roading, waterfront, landfill and zoo infrastructure assets indicated a material movement in fair value. The fair value movement from this desktop exercise will be recognised in the 30 June 2024 Financial Statements. We will still need to complete a full revaluation for 30 June 2025 in line with our policy of fully revaluing infrastructure assets at least every three years.
38. A provision of \$2.84m has been provided for the Holidays Act 2003 remediation liability. This provision is a fair representation of our current estimate for financial reporting purposes.
39. Officers will continue to closely monitor progress on the key programmes of work that are underway and any developments up to sign-off date to ensure any disclosures and judgements relating to these or other emerging issues or legislation have been appropriately reflected as events after reporting date. Key programmes of work include Affordable Waters Reform and the Sludge Minimisation project.
40. Progress on all other aspects of the Financial Statements is tracking well.

### **Ngā mahinga e whai ake nei | Next actions**

41. The draft statement of service provision including draft final non-financial performance measures will be provided to the Committee at a workshop briefing to be scheduled in September 2024.
42. The headline draft Financial Statements results will be presented to the Committee at a workshop briefing to be scheduled in September 2024. This workshop will cover the draft financial results, key areas of judgements and assumptions, major provisions and any emerging events after balance date that may require disclosure. This workshop will

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provide the Committee with an opportunity to provide feedback on the draft financial statements and judgements and assumptions applied.

**Attachments**

Attachment 1. Annual Report Volume One - Proforma [↓](#) 

Page 61

# Structure of 2023/24 Annual Report

## Volume 1

### **Nau mai, haere mai – Welcome**

#### **Message from our Mayor and Chief Executive**

#### **Section 1: Our city**

City profile

#### **Section 2: Our leaders and strategic direction**

Our strategic direction

Our role

Our Council

#### **Section 3: Summary of our year**

Our performance

Overview of our non-financial performance

Overview of our finances

Key projects and programmes

Wellington events 2023/24

#### **Section 4: Our performance in detail**

How to read this section

1 Pārongo ā-tāone – Governance

2 Te Taiao me te hanganga – Environment & infrastructure

3 Whanaketanga ōhanga – Economic Development

4 Oranga ahurea – Cultural Wellbeing

5 Pāpori me te hākinakina – Social and recreation

6 Tāone tupu ora – Urban development

7 Ngā waka haere – Transport

#### **Section 5: Our Council and organisation**

Te Kaunihera o Pōneke | Our Council

Our organisation

Making ourselves accountable

Our staff

#### **Independent Audit Report**

#### **Appendices**

Appendix 1: Greenhouse gas emissions performance measure disclosures

Appendix 2: Principles for service performance information

Appendix 3: Community wellbeing outcome indicators

# 1 Pārongo ā-tāone Governance

This chapter explains what we did and how we performed in our Pārongo ā-tāone – Governance portfolio of activities.

## Overview of the year

Our services in this section include governance support, strategy and policy work, information collection and archiving, community engagement, climate change engagement and Māori and mana whenua partnerships.

This year we developed and successfully adopted the 2024 Long-term Plan, including extensive public engagement across the year. This involved holding our first Citizens' Assembly, which is detailed in the Spotlight feature at the end of this chapter, page X. We also held two by-elections – one for the Tawa Community Board and one for the Pukehinau / Lambton General Ward.

Supporting business, community groups and residents to act was an important part of our climate change initiatives, which included advocacy for supportive central government policies. We also used our understanding of climate change to shape policies and programmes focused on a zero-carbon city, increased housing density and a low-carbon transport system.

## Challenges

The main challenge in this area continued to be how we improve our community engagement to build trust and confidence in Council decision making and the relationship we have with our residents. This has been trending down in previous years.

Two performance measures for Governance showed improvements this year – those who think they have adequate opportunities to have their say in Council activities and the percentage of residents satisfied with the process by which Council makes decisions. However, the third performance measure, of satisfaction with decision making, is still very low

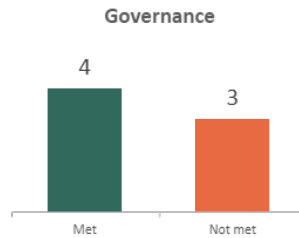
at 17 percent against a target of 45 percent.

This challenge was the particular focus of the engagement plan for the 2024 Long-term Plan, which started six months earlier to include more community voice in the process. The evaluation of the engagement will outline what can be applied to wider practices at Council to improve this area.

## Performance Summary

This strategy area is responsible for delivering just over eight percent or seven of Council’s performance measures.

Based on the Residents’ Monitoring Survey, only four of the seven measures in this area were met. Of the four measures which met the targets, one recorded an improvement in performance, one a slight decrease, and the other two had no change against the previous year. Of the three measures which did not meet the targets, two had improved performance against the previous year, and one had no change.



# 95%

Our KPI on Contact Centre response times has met and exceeded target this year and shows a significant improvement in performance across the life of the 2021-31 Long Term Plan.

# 0 out of 3

For the third year, none of our measures on residents’ satisfaction with decision making, community engagement, or information accessibility met their targets. There was improvement across the three years of the 2021-31 LTP and we will continue to work to uplift performance in this area.

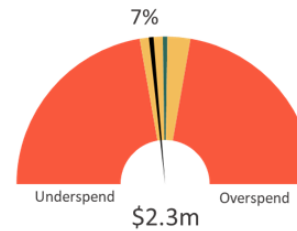
## Financial summary

The operating expenditure result for Governance was favourable for the year due to lower than planned work programmes for Māori Initiatives and Climate Change Response. Vacancies across several areas also contributed to lower costs.

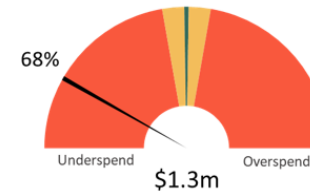
The capital expenditure tracked behind schedule due to delays in the Māori Initiatives and Climate Change Response work programmes. For example, delays in the conversion of our Council fleet to EVs and the installation of public EV charging stations.

For more details on the Governance budget and variance explanations, see page 42-43.

### Net operating expenditure



### Capital expenditure



## Pārongo ā-tāone – Governance activities

This section outlines some of the projects and programmes we have undertaken this year. It also provides detailed financial and non-financial performance information for the two key groups of activities.

### What we do:

#### 1.1 Kāwanatanga, Pārongo me ngā mahi whai wāhi | Governance, information and engagement

In this area, we seek to be as transparent as possible to build public confidence in the way the Council operates. This means, clearly communicating the reasons for the things we do and encouraging public participation in the decision-making process. We prepare and run local body elections. We also provide insights, data and analysis to engage the city on the challenge of climate action, and support communities to plan for climate change impacts.<sup>1</sup>

<sup>1</sup> Note that consideration of the city's carbon emissions and how they can be reduced doesn't sit in this activity alone. When we make decisions on transport, the landfill, and how and where the city grows, climate

#### 1.2 Rangapū Māori/manā whenua – Māori and manā whenua partnerships

In this area, we partner with manā whenua and recognise their special place in the city's history and their relationship with the land, waterways and other parts of the environment. We have also shifted our focus from operational matters to a strategic direction, looking at providing Council with a strong Māori voice and raising its importance, along with championing manā whenua and Māori aspirations for the city.

change impacts are considered. Te Atakura – First to Zero outlines how we will deliver on our emission reduction goals over time.

### Key projects or programmes

The following section outlines how we performed this year on the key projects or programmes that were identified in the 2021–31 Long-term Plan (Year 3) and 2023/24 Annual Plan as being areas of focus.

#### Long-term Plan 2024

The Council developed and engaged on the 2024-34 Long-term Plan, before adopting the final plan on 27 June 2024. The work took more than 18 months and included multiple rounds of community engagement. The updated plan sets a new strategic framework and new priorities to guide service delivery and capital works for the next three to ten years. All the information on the new plan can be viewed on our website ([wellington.govt.nz/ltp](https://wellington.govt.nz/ltp)).

The results of the engagement are included in Volume 1 of the LTP, including what key decisions were made as an outcome of feedback received from Wellingtonians. We engaged with our communities via multiple channels including, social media, delivery of online and in-person public engagement events, advertising,

and there was wide-spread media coverage of the key issues. Our work resulted in a steep increase in participation in the final formal consultation with double the number of formal submissions (4,077) compared to the 2021 LTP.

#### Tūpiki Ora Māori Strategy

Tūpiki Ora is a metaphor for the pursuit of wellbeing, and it articulates the aspirations of the Council, along with our Tāka Here partners and Māori communities, to seek new ways to support our whānau to thrive. The Action Plan states how the Council will implement the strategy.

A highlight this year was the delivery of Te Hui Ahurei Reo Māori 2023 between Wellington City Council, Te Rūnanganui o Te Āti Awa Taranaki Whānui and Te Rūnanga o Toa Rangatira. It featured several arts and cultural events across the city to celebrate te ahurea Māori and te reo Māori.

The name correction of Epuni street to Hōniana Te Puni Street was another significant achievement and correctly recognises the role he played in shaping Wellington's history. Born in Taranaki in the late 18th century, Hōniana Te Puni was a chief of the Ngāti Tāwhirikura and Ngāti Te Whiti



hapū of Te Āti Awa. In the early 1830s he was one of the leaders of the hekenga (migration) that travelled from Taranaki to the greater Wellington region. In 1839, he and Te Wharepōuri, another chief of Te Āti Awa, signed an agreement to sell land in the present-day Wellington City to the New Zealand Company with a tenth of the land to be set apart for Māori.

### Te Atakura milestones

Climate Change Response programme of work was impacted by the redirection of DIA funding by Central Government at the start of the 2024 calendar year. The loss of funding has meant some community and small business workshops were stopped or scaled back. However, the following highlights were still achieved during the year:

- Finalised and published the Wellington Regional Climate Change Impact Assessment. This was a significant piece of work involving all the Councils in our region, and enables the next stage of regional adaptation planning.
- Supported the delivery of bike/scooter parking to six pilot schools, increasing bike/scooter parking capacity by 225 parks collectively across the pilot schools. We are now in the implementation phase of behaviour change initiatives for the pilot schools, to support the uptake of active

transport in their school communities.

- Supported the completion of a 400m track from the Basin Reserve to Hataitai that provides a nature-based and off-road alternative commuter route. This was in collaboration with the Bloomberg Infrastructure Cycling Initiative (BICI), Wellington East Girls College and Matarangi Trail Builders.
- Gathered data for the Freyberg Street 'Friendly Street Trial' in Lyall Bay, through student and parent interviews, observations, a public online survey and input from the project working group. This culminated in proposing to extend the trial an extra 12 months and to install extra traffic-calming measures on Queens Drive. This was endorsed by the school working group, informed by the various sources of follow-up and approved by the Bike Network Project Board.

### Strategy, Policy and Research

An extensive programme of policy work was progressed during the year. This included: completing Te Awa Māpara – the Council's Community Facilities Plan which will guide future investment in facilities; reviewing and adopting new Dog and Animal Policy and Bylaws after a 30 percent increase in dog ownership during COVID-19; and completing reviews and updates on the Water Service Bylaw, the Freedom Camping Bylaw and the Commemorative Policy. We also started work on the Development Contributions Policy, the Half Cost Paths Policy and the Alcohol Fees Bylaw. These will be completed in the next financial year.

### Communications and Engagement

In the past three years, the Council has worked to improve how we communicate and engage with our communities. We have focused on growing the audience for our Council-owned online channels to reach Wellingtonians in a cost-effective way via the channels that suit them – Facebook, Instagram, TikTok, LinkedIn, X and Our Wellington news on our website.

- Followers across the social media channels have grown by more than 50,000 people.

- Annual Facebook reach has increased by 126% from 11.6 million people in 2020/21 to 26.3 million this year.
- Annual page views for Our Wellington stories on the Council's website has increased by 156% from 281,400 annually to 722,021.
- Media requests and enquires has increased from about 200 per month to 250 per month.

However, the Council has also experienced increased trolling and harassment – the tone, frequency and volume of unpleasant and threatening messages via the Council channels and increased negative behaviour at public consultations can compromise Council officers' safety. One result of this was the decision to hold many of the public consultation events online for 2024-34 LTP.

### Governance

We delivered two by-elections this year. In October 2023, Liz Langham was elected to the Tawa Community Board, following the resignation of Janryll Fernandez. In January 2024, Geordie Rogers was elected to the Pukehinau / Lambton General Ward following the resignation of Councillor Tamatha Paul in 2023 after her election to Parliament. We also started establishing a new Ethnic Communities Advisory Group. The group is expected to have its first meeting in 2024/25.

## **Governance finances**

### **How it was funded**

Services in this activity area are mostly funded through general rates, with a small portion funded through fees and user charges for Civic Information and City Archives.

The Funding Impact Statements for each area will be inserted here with commentary (Template included from 2023-24 Annual Report)

## Governance performance

### Key Performance Indicators

Key performance indicators (KPIs) allow us to track how well we are delivering services against the targets in the Long-term Plan and its associated Annual Plans. The Council reports on an exception only basis, so where a KPI doesn't meet its performance target, a variance commentary is provided. To assist in telling our performance story, additional commentary may be provided even though a KPI may have meet its target. Commentary is also provided for those KPIs which report a narrative rather than a numbers-based result.

Key to help understand our results: Met is within 10% of the target; and Not Met is >10% below target.

#### Summary of three-year Long-term Plan performance:

<b>7</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>1</b>
<b>Number of KPIs</b>	<b>Met target all three years</b>	<b>Not met all three years</b>	<b>Improved result</b>	<b>At max for target</b>	<b>No change in performance</b>

Performance measures	2023/24 result	2023/24 target	Result	Variance commentary	2022/23 result	2021/22 result
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### 1. Pārongo ā-tāone Governance

Pārongo me ngā mahi whai wāhi | Governance, information, and engagement

Service description: Facilitate democratic decision making to build trust and confidence in the Council.

#### Facilitating democratic decision-making

Meeting and committee agendas (%) made available to the public within statutory timeframes	100%	100%	Met	The result this year continues strong performance for this KPI across the life of the current Long Term Plan. This KPI will continue for the 2024-34 Long Term Plan <i>Note: The statutory timeframe is defined as at least two working days before every meeting as per the Local Government Official Information and Meetings Act 1987.</i>	100%	100%
Percentage of residents who have adequate opportunities to have their say in Council activities	38%	45%	Not met	This year there has been a continuation in the minor uplift in performance for this KPI, however results remain below target. Council has worked hard in the last two years to broaden the opportunities for residents to have their say especially in the 2024-34 Long Term Plan process where 4077 submissions were received. A substantial increase on the 1999 received for the 2021 process. Council will continue to develop opportunities for residents to participate in city decision-making. For more detail visit the full Residents' Monitoring survey. This KPI will continue with minor amendments for the 2024-34 LTP.	37%	34%
Percentage of residents satisfied with the process by which Council makes decisions	20%	45%	Not met	The result is the third successive year of improvement, however it is still significantly below target. The Council has broadened opportunities for residents to participate in and interact with Council decision-making. The significant increase in submissions for the 2024 LTP (4,077 vs 1,999 in 2021) suggests a greater engagement with Council,	17%	12%

Performance measures	2023/24 result	2023/24 target	Result	Variance commentary	2022/23 result	2021/22 result
				but it has not translated into increased satisfaction levels. For more detail visit the full Residents' Monitoring survey. This KPI will be replaced in the 2024-34 LTP.		
<b>Providing information and a point of contact</b>						
Percentage of residents that can easily access Council information (via website, libraries, social media, newspapers etc)	49%	55%	Not met	The result this year reflects a steady and consistent below target outcome across the life of the current Long Term Plan. While the result is below target, data for specific channels (Our Wellington magazine, social media, website, libraries) are higher than general sentiment and range from 54%-67%. For more detail visit the full Residents' Monitoring survey. This KPI will continue with minor amendments in the 2024-34 LTP.	49%	48%
Contact Centre – Contacts responded to within target timeframes (all)	95%	90%	Met	The KPI has met and exceeded target this year and shows a significant improvement in performance across the life of the 2021-31 Long Term Plan. The Contact Centre undertook a 2year improvement journey in which all elements of service delivery were assessed against and aligned with best practice. The outcomes of this journey can be seen in the significant year-on-year uplift in performance. This KPI will continue in the 2024-34 LTP. <i>Note: The target timeframes are defined as:</i> ■ % of calls handled answered within 240 seconds ■ % of emails received responded to within 24 hours	87%	75%
Official information requests (%) handled within Local Government Official Information and Meetings Act legislative timeframe	94%	95%	Met	The result this year reflects the impact of the 2024-34 Long Term Plan process increased demand for official information requests. This KPI has maintained a solid performance against target across the life of the 2021-31 Long Term Plan. As the Council now proactively releases all Official Information requests on our website, this KPI will not continue for the 2024-34 LTP. <i>Note: The timeframe is defined as 10 working days.</i>	95%	92%
<b>1.2 Rangapū Māori/Mana Whenua   Māori and mana whenua partnerships</b>						
<b>Service description: Develop, maintain and inspire meaningful relationships so that our partnerships with mana whenua, tangata whenua and Māori within our community are mana enhancing</b>						
<b>Customer focus</b>						
Number of annual initiatives delivered that strengthen WCC relationships, presence, and intelligence so that Māori are engaged in Wellington's future	Achieved	Achieved	Met	This KPI has consistently met target over the 2021-31 LTP demonstrating the Council's commitment to positive outcomes for Māori. The foundation for this direction was established with the signing of the Tākai Here Partnership Agreement in April 2022, the adoption of the Tūpiki Ora Strategy in May 2022 and the Tūpiki Ora Action Plan in September 2022. With the agreement and strategy now being implemented, this KPI has come to its natural end and new KPIs for the 2024-34 LTP have been developed to track our progress against our strategic aspirations for Māori.	Achieved	Achieved

# Hahana mai Spotlight on

## **Citizens' Assembly**

This was a ground-breaking piece of deliberative democracy engagement work which involved a representative group of Wellingtonians coming together for four days to give a collective view on prioritising Council services.

The result was a report providing advice about revenue, capital expenditure, open spaces, housing, community funding and process, which was presented to the Mayor and Councillors to help inform their decision-making on the LTP.

The Assembly was the one of the first of its kind in the world and received enthusiastic support and praise from academics, local government organisations and experts around the world.



# QUARTER 4 HEALTH AND SAFETY PERFORMANCE REPORT

## Kōrero taunaki | Summary of considerations

### Purpose

1. This report to the Unaunahi Māhirahira | Audit and Risk Committee discusses the Council's health and safety performance for the period 1 April 2024 to 30 June 2024.

### Strategic alignment

2. N/A.

### Relevant previous decisions

3. N/A.

### Financial considerations

- Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

### Risk

- Low       Medium       High       Extreme

Authors	Thomas Fowler, Principal Advisor Health & Safety Services Wendi Henderson, Health, Safety & Security Manager
Authoriser	Meredith Blackler, Chief People and Culture Officer

## Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

## Whakarāpopoto | Executive Summary

4. The purpose of this report is to provide qualitative analysis of the latest quarter's health and safety data. It outlines performance in four main categories: lead indicators, lag indicators, critical risks, and use of the Employee Assistance Programme.
5. This analysis is provided to assist officers of Wellington City Council to exercise their due diligence under the Health and Safety at Work Act 2015, specifically their obligations to:
  - a. Have sound knowledge of the organisation's health and safety matters.
  - b. Understand the nature of the organisation's operations, and the hazards and associated risks.
  - c. Ensure appropriate resources and processes are in place to eliminate or minimise risk as far as reasonably practicable.

- 
- d. Receive and consider health and safety information.
    - e. Verify the provision and use of resources and processes.
  6. This report comprises qualitative commentary on activities that have occurred in the last three months, and are presented in the following sections:
    - a. Year One of A Safer Tomorrow
    - b. Safety Culture Review
    - c. ACC Audit
    - d. Risks
    - e. Relationships
    - f. Resources
    - g. Dashboard analysis
  7. This style of reporting is based on the Business Leader's Health and Safety Forum: 'Monitoring what matters in Health and Safety' – a guide for CEOs. The Council is a member of the Business Leader's Forum.

### **Takenga mai | Background**

8. N/A.

### **Kōrerorero | Discussion**

#### **Year One of A Safer Tomorrow**

9. We're now one year into delivery against A Safer Tomorrow, our five-year workplace health and safety strategy. Over the last 12 months there has been a significant amount of work put into building strong foundations of safety management at the Council.
10. We successfully launched our updated Safety Management System in April, delivering to the organisation a single source of truth for enterprise safety practices. The system has been built with the ISO 45001 framework at its core (the international standard for safety management systems).
11. The system is now operational across the organisation, and where necessary, local teams are adjusting their site-specific practices to align to the updated standards set out through the SMS.
12. To better capture all the work that has been achieved, and the results it has produced, we have put together a summary annual report for the first year of the strategy which is attached to this paper.

#### **Safety Culture Review**

13. In April an external safety auditor spent two weeks at the Council to understand its current safety maturity and culture. This is the same review that was undertaken in 2021.



14. The review involved a complete analysis of our safety management system, as well as series of focus groups across the organisation to gauge where the Council sits on the Hudson Safety Culture model.
15. The auditor found at the end of their review that the Council has made significant improvements to its safety culture and system. Moving up the culture model by 15% to now sit predominantly between calculative and proactive.
16. In the review the auditor commented that the Council's safety improvements have been made faster than expected; largely attributed to the level of investment that has been made in both the team and technology.
17. The reviewer commented that while good foundations have been set, getting the whole organisation into a proactive state will still take some time as the attributes of proactive become more focused on behaviour and culture rather than systems and technology.
18. However, they were confident that with the current level of resourcing and focus of the organisation that achieving proactive within the five-year timeframe is still very likely.

### **ACC Audit**

19. Additionally, in July another auditor spent three days at the Council to assess whether it is still compliant with the standards set out by ACC as part of the Accredited Employers Programme (AEP).
20. This audit looked at a range of standards including our safety management system, culture of continuous improvement, and injury management practices.
21. The Council is a tertiary provider as part of the programme, the highest standard, which means it must continue to demonstrate strong commitment and execution of continuous improvement on top of all the standard elements of the AEP.
22. After the three days which involved two site visits, three individual case studies, nine file reviews, and two focus groups; the auditor was confident that the Council is still meeting its obligations under the AEP and continues to demonstrate strong execution of continuous improvement in safety. Therefore, the auditor will be recommending to ACC that the Council remains as a tertiary provider for another year.
23. The final report, with recommendations (minor), will be delivered to the Council in mid-August and ACC will confirm the tertiary result shortly after.
24. Next year the Council will be assessed against an updated set of standards which have been recently released by ACC. These standards better align with the ISO45001 framework. Given our new safety management is also aligned with this framework, it is expected there will be minimal change in our practices to continue compliance with the AEP.

### **Risk**

#### **Enterprise Critical Risk Review**

25. Part one of the enterprise critical risk review has concluded, and produced a significant amount of information and actions that will form a continuous improvement programme for both the health and safety team, as well as all business units across the organisation to ensure optimum control and management of risks.
26. The review split the organisation into 27 individual workshops groups which best represent the varying complexity and risk across the Council.

- 
27. Each group identified which of the 29 Council risks were present in their operations, and then went on to further discuss and analyse the critical risks; of which the Council currently recognises 12:
- a. Asset failure
  - b. Dust, asbestos and silica
  - c. Extreme natural events
  - d. Hazardous substances
  - e. Health and impairment
  - f. Ignition sources
  - g. Mobile equipment
  - h. Personal confrontation
  - i. Traffic and pedestrian movement during work activities
  - j. Vehicles on/off road, including bicycles
  - k. Work at height
  - l. Work with or in the vicinity of services
28. Over the following 7 months there were a series of workshops (totalling 199) to fully understand what controls were currently in place to manage the risks, and how effective those controls were at that moment. The groups identified a total of 2190 controls with an overall average efficacy of 74%.
29. This work represents some of the largest levels of organisational engagement with health and safety seen in recent years, with 1121 total attendees in workshops representing 791 total people hours. Through this there has been a noticeable shift in risk understanding and awareness, and as a result a strong desire to address some of the inefficiencies identified through this process.
30. Through the workshops there were some clear themes that emerged, each with a range of actions needed to address them. These were:
- a. Asbestos and hazardous material handling
  - b. Business continuity and safety procedures
  - c. Training and development
  - d. Equipment and vehicle management
  - e. Workplace environment and culture
  - f. Health and wellbeing
  - g. Security and emergency response
  - h. Site and asset management
  - i. Policy and compliance
  - j. Community engagement

31. In total there were 546 actions generated across the workshop groups, either at enterprise or team-level. These actions will be incorporated into appropriate business unit plans, or enterprise safety improvements as necessary – and informs a significant amount of ongoing risk management work as part of the health and safety team's business as usual.
32. More details regarding the themes, and associated focus of the actions can be read in the attached closure report. Dashboards illustrating some of the data captured are also attached.
33. We are currently planning the second part of this review which will look at the remaining balance of the 29 risks across all groups and produce up to date full risk registers for each group.

## **Relationships**

### **Health and Safety Representatives**

34. Health and safety representation across the organisation sits slightly above the target of 1:19, however there are some pockets of the organisation where representation could be improved.
35. The business partner team is currently connecting with all their portfolios to understand the current representation status and need, with a view to produce more localised targets for health and safety representation.
36. Additionally, work is being put into additional support and resources for health and safety representatives across the organisation. We will be providing a new suite of induction material and activity, as well as monitoring ongoing training and ensuring representatives are getting the right support to succeed in their role.
37. In the later years of our workplace health and safety strategy there are plans to look at how we further enhance the community of health and safety representatives.

## **Resources**

### **Safety Management System**

38. As mentioned previously in this report, the Council's safety management system has been updated and now aligns with ISO 45001 (the international standard for safety management systems).
39. Over the last 12 months 98 new documents have been produced as part of the system which covers 13 sections of safety management for the Council.
40. Work is now being done at site-level to understand where local practices may need to adjust to meet the updated standards set out in the system.
41. To ensure the system is working effectively, there will be an ongoing review and improvement programme completed – with each document being reviewed at least every 12 months to ensure it is current.
42. Additionally, an internal audit programme is being produced to check coherence to the system across the organisation. The internal audit programme will provide valuable opportunity to continue to collaborate and evolve the system, taking examples of excellence from the organisation and elevating it across the Council.

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## Dashboard analysis

### Lead indicators

43. The Council recently adjusted its approach to the full suite of induction modules required to be undertaken by all staff. The approach now requires all staff to complete the modules every 12 months, to ensure critical information is front of mind. This has had an impact on overall induction completion while long-tenured staff recomplete their induction modules. This completion is being monitored by the business partner team and is expected to improve significantly by Q1 FY24/25.
44. Due to some cancellations and public holidays, there were less critical risk observations completed this quarter than usual. However, across the year completion remains on target with no issues of note.
45. Good Sort nominations were also below target this quarter, but across the year are above target (with a spike experienced in Q2). Good Sorts will be a topic of focus for the business partner engagement through Q1 and as such there should be an increase in numbers next quarter.
46. We have introduced actions monitoring to this report (and other monitoring activity) to better see where there are actions not being completed on time. This quarter there are a number of actions that are both overdue and have no due date. This is being followed up by the appropriate business partners. No critical actions have been missed, with most actions represented in that graph relating to improvement actions rather than corrective actions.

### Lag indicators

47. Staff injuries have reduced compared to last quarter, including the number of ACC claims made for workplace injuries. Over the last 3 years there has been a significant drop in number of workplace, and ACC injuries. During the recent audit it was commented that given the size and operation of the Council that there were relatively low numbers of claims – this is a good sign of a safe workplace.
48. Assessment delays (the time between when a staff member reports, and a manager assesses) has increased over the last 12 months. There appears to be a number of low-risk events that are often left unassessed for up to 40 days. While this does not present concern to safety management, it is important that managers are taking action/assessing all events within the seven-day target. The appropriate business partners will be working with leaders to ensure this expectation is known and delivered to.

### Critical Risks





49. While it appears there has been a drop in personal confrontation events recently, this is unlikely to be at a sustained level. We have seen drops like this in the past, followed promptly to a return to high numbers. Additionally, reports of more serious threatening behaviour across the city are becoming more common. We continue to support staff with appropriate training and additional resources to mitigate the impact of confrontation.

50. Looking at the details of the major and significant severity events reported this quarter, all appear to have been over-assessed against our risk criteria and instead should have been reported as either minor or insignificant.

### **Ngā mahinga e whai ake nei | Next actions**

51. None.

### **Attachments**

Attachment 1.	A Safer Tomorrow Annual Report 23-24 <a href="#">↓</a> 	Page 78
Attachment 2.	Critical Risk Review Closure Report <a href="#">↓</a> 	Page 83
Attachment 3.	Critical Risk Review Dashboards <a href="#">↓</a> 	Page 92
Attachment 4.	Health and Safety Q4 FY23-24 Dashboards <a href="#">↓</a> 	Page 99



## Introduction

Tēnā koutou katoa,

It has been an incredible first year of executing A Safer Tomorrow, our first ever long-term workplace health and safety strategy. Over the last 12 months there has been a substantial shift in focus, effort and understanding of health and safety at work across all areas of the organisation and I am excited to know we have so many more opportunities to further develop and refine on our journey to proactive.

As an organisation we have made a commitment to growth and continuous improvement; a commitment to be a proactive organisation that ensures employees, contractors, and volunteers are protected from unnecessary harm. To execute this commitment, we needed an ambitious goal and supporting plan to see us through the next five years and ensure we were all doing our bit to make positive improvements in our safety maturity.

The first year of A Safer Tomorrow was centred on laying the foundations of what we will build on in future years. It was all about establishing systems, technology, and expectations; and sowing seeds that will bear fruit for us all to enjoy in later seasons.

To do this we launched a new Safety Management System, rolled out new technology in the form of MySafety, improved our training offering, transformed how we share and understand data, took stock of our risks and how they're controlled, and most importantly invested in building strong relationships across the Council like we have never seen before. These actions have had a measurable difference in our safety culture.

In April 2024, we asked an external independent safety auditor to spend a week at the Council and review our safety culture, system, and maturity. We wanted to know if the work we have put in so far is making a difference, and it was surprising and exciting to hear just how much we have improved.

To summarise some of the auditors' points, our focus, plan, and the entire organisation's engagement with safety has resulted in a marked increase in safety maturity and signals a promising move forward towards the goal of becoming proactive. In fact, some areas interviewed through the review believed in some respects we were already there.

The review highlighted the importance and impact our vision and direction has had on the trust and belief that we will be able to achieve proactive. This coupled with the investment in our ability to support and build relationships, as well as the technology we use to support our management system, has meant that we have achieved an overall 15% increase in safety culture since we were last reviewed in 2021.

On the maturity scale we use to measure growth, this means we are sitting predominantly between calculative and proactive.

Through the review it was commented that the amount of growth we have been able to achieve in a short time should be commended. So, I give my thanks to all of you for making this possible.

But the work has only just begun. Shifting entirely into proactive means we need safety to be fully integrated into our way of life at work, and that is going to take more time. What I have seen in the last year is a commitment to engagement and shared ownership of positive safety outcomes, and that is exactly what we need to hold on to as we continue to execute this strategy.

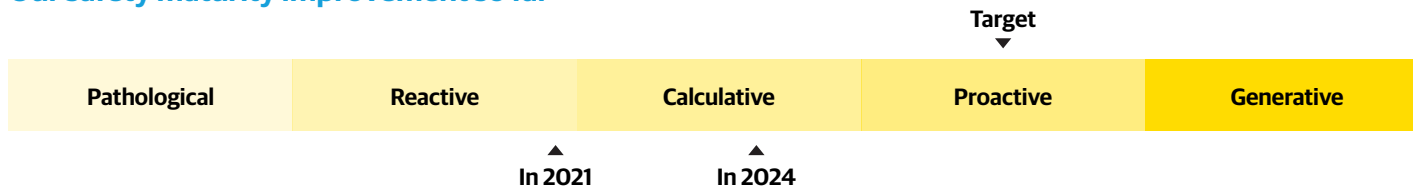
Through our regular planning, collaboration, communication, and drive to do better we will each contribute to the vision of A Safer Tomorrow. It is going to take everyone doing their part, looking after themselves and others, to get us across the line – and keep us there.

We have only just begun, but the future already looks so much safer.



Ngā mihi,  
**Wendi Henderson**  
Manager, Health and Safety

## Our safety maturity improvement so far



3

He āpōpō haumarū ake  
A safer tomorrow  
Annual Report 2023/2024

# 1

## Pou Tuatahi Pillar One Ahurea kaha Strong culture

15%  
increase in safety culture

352  
proactive safety observations completed

114  
health and safety good sorts recognised

96  
health and safety representatives trained

### What we've achieved

Having a strong culture, through the lens of A Safer Tomorrow, is about being an organisation where safety is part of every day. It means we have integrated safe ways of working into the very fabric of how we operate and cast our eyes ahead at the potential risks and do what we can to prevent harm.

In year one, our focus was on establishing some good baseline practices and reassessing where on the safety culture maturity scale the organisation now sat.

That meant we:

- Published the Council's first ever long-term workplace health and safety strategy.
- Established a new enterprise recognition programme focused on highlighting positive safety behaviour, the Good Sorts programme.
- Updated our framework for providing health and safety assurance to the organisation.

- Begun the process to integrate health and safety capability into leadership development.
- Rewrote our health and safety policy.
- Commissioned an external review into the Council's safety management system and culture.

Through this action, we have achieved greater clarity about the direction the Council is going in when it comes to safety and continuous improvement, and there is a clear mechanism to highlight and celebrate when people are contributing to that aspiration of a healthy, safe, and proactive workplace.

We are also now in a stronger position to provide clear and sound assurance that good safety practice is happening across the organisation - supported by a suite of new data and analytics that is being continuously evolved.

Together, this has meant that when our safety culture was assessed in June 2024, it was found that the organisation has moved from being largely reactive in

2021 to now sitting in between calculative and proactive - a significant step up in the maturity scale.

During the review, it was commented that the organisation has done a lot of work in a relatively short time, largely made possible by the level of investment that has been made in the Council safety resources and technology.

### Looking ahead

For the remaining years of the strategy, focus will need to be put on how safety practices are further integrated into everyday work - as well as our approach to staff engagement and empowerment.

In FY 24/25, this looks like progressing work to integrate safety into the refreshed leadership development approach, reviewing and improving our Health and Safety Representative induction and support processes, and reintroducing the regular health and safety bi-annual culture survey (to continue monitoring culture development in-between independent reviews).





# 2

## Pou Tuarua Pillar Two

Ngā pūnaha whakamana  
Enabled systems

### What we've achieved

We need the right tools to be a proactive organisation. That's why our strategy focuses on getting the basics right, and ensuring our management system works for what the Council needs.

In year one, that meant setting some strong foundations and building on the technology that we had invested in. Put simply, it meant getting the basics right and building from there.

To achieve this, we:

- Redeveloped and published our organisational workplace health and safety management system (SMS).
- Delivered the first phase of an enterprise critical risk review.
- Streamlined and simplified our police checking processes for staff that work with children and young people.

These actions are the building blocks for the next four years of delivery against A Safer Tomorrow. The SMS has provided the organisation a new home for robust safety direction and prompted significant action across different units to assess and align their local safety practices to the enterprise standards.

The critical risk review has highlighted where our risk management can be improved, and where it is working well, and provided a strong path forward for how we improve risk control efficacy in every business unit.

Finally, the update of our police check renewal procedures, and new automation, has eliminated our risk of non-compliance - with all staff now who require it having up to date certifications or are in process to have their police check renewed.

### Looking ahead

But setting up the system is just the beginning. As we progress through years 2 - 5 of the strategy we will be continuously reviewing and adjusting based on what we're seeing and hearing across the organisation. For the system to work at its best, it needs to continue to evolve as the organisation and our understanding does.

In FY 24/25 this looks like establishing an internal audit programme for the SMS, to check conformance against the system and provide opportunities for the organisation to collaborate on its improvement. We will also progress with part two of the critical risk review, to ensure all risks across each Business Unit are well understood and controlled effectively.

5

He āpōpō haumarū ake  
A safer tomorrow  
Annual Report 2023/2024

# 3

**Pou Tuatoru**  
**Pillar Three**  
He tāngata mātau  
Equipped people

98%  
decrease in average reporting delay

573  
safety training attendees

4  
new MySafety modules launched

30  
custom safety dashboards created

## What we've achieved

Having a strong culture supported by a robust system isn't possible without also providing the right equipment. Through A Safer Tomorrow, we want to support kaimahi with the learning, insights, equipment, and technology they need to do their part in being proactive.

This year, the focus was establishing a strong technology platform and ensuring it was well understood and used across the organisation. After close to a decade of using a poorly designed reporting platform, the introduction of MySafety has changed the game for how we capture and action health and safety information.

In just year one we have managed to:

- Launch a new health and safety technology platform, MySafety.
- Overhaul our approach to enterprise safety reporting and analysis.

- Introduce training specifically for managing contractor health and safety.
- Launch the new TELUS Health One wellbeing application.

Our technology platform has opened access to health and safety reporting to parts of the organisation that had never interacted with safety reporting before, and improved overall reporting culture across the board. The new technology has allowed us to overhaul the way we produce and understand regular health and safety data reporting; leading to a suite of new dashboards that are expanding every month.

We have also broadened our training offering to the organisation, addressing a capability gap in understanding, and managing contractor health and safety obligations. Forty (40) kaimahi have already completed the training, with more to come.

And most recently, we launched the new TELUS Health One application which provides kaimahi access to a huge library of wellbeing resources that is being continuously

updated and improved by a team of over 100 writers and researchers from across the globe – offered as part of our existing contract with our employee assistance programme provider at no additional cost.

## Looking ahead

As we progress into the later years of the strategy, our focus shifts to enhancing the platforms we have built; most notably boosting the functionality of the MySafety platform to cover a diverse array of safety functions and services, as well enhancing the understanding of safety data and how it can be used to anticipate where harm may occur and taking proactive action.

In FY 24/25, we will investigate our existing training offering, with a view to make it more diverse and flexible to the immediate needs of the organisation – adjusting to trends, emerging risks, and identified skills gaps as needed. We will also begin warehousing our safety data in a more accessible way, with more opportunities to undertake deeper and advanced analytics.

## Critical Risk Review Closure Report

### Report details

Report prepared by	Chris Brown
Project manager	Chris Brown
Project start date	11 July 2023
Project completed	30 June 2024

### Introduction

The Council maintains a register of the recognised health and safety risks that are encountered by the organisation. This register details the risk mechanisms, as well as the controls reported to be in place to eliminate or mitigate the risks.

**Critical risks** are those that represent the greatest risk to the health and safety of Council staff, contractors and the public. They typically also have the potential to seriously hurt or cause fatalities.

### Purpose

The Critical Risk Review focussed on the 12 identified critical risks and was undertaken to gain an understanding of which of the risks were relevant to different parts of the Council, and how well the risks were understood and controlled across the organisation.

The core questions we were looking to answer through the results of the workshop were:

1. What was the prevalence of each of the critical risks across the organisation, including within the Business Groups?
2. How were the council's "stated" controls for the critical risks implemented at business unit and team level?
3. Were the controls effective when implemented? How was this measured?
4. If the controls were ineffective, were there subsequent corrective actions identified? If so, what were these, and how would they be best actioned?
5. What were the local controls in place? Were they effective? If so, is there an opportunity to share them with other parts of the organisation?

This report summarises the project's status, performance, and knowledge gained during the project. It also confirms the status of any post-closure activities.



## Executive Summary

Through stage one of the critical risk review, the organisation was split into 27 individual workshops groups representing the diversity and complexity of the Council's operations.

First, each of the 27 workshop groups were asked to assess the 29 risks identified as being present in the organisation, to determine which of these they believed were present in their specific group. The results of this initial work provided the basis for the in-depth workshops into the 12 critical risks, determining which groups needed to attend which workshops. However, the work also provides insight for the follow-up project in which the process will be repeated with the remaining 17 risks.

Over the space of 7 months, 199 workshops were completed to understand the critical risks present in each group. The workshops also looked at the stated controls and identified how effective (or ineffective) each was. The result was an updated register of current control efficacy, as well as a significant amount of action to address gaps in risk management efficacy and understanding.

This work represents some of the largest levels of organisational engagement with health and safety seen in recent years, with 1121 total attendees in workshops representing 791 total people hours. Through this there has been a noticeable shift in risk understanding and awareness, and as a result a strong desire to address some of the inefficiencies identified through this process.

Through the workshops there were some clear themes that emerged, each with a range of actions needed to address them. These were

- Asbestos and hazardous material handling
- Business continuity and safety procedures
- Training and development
- Equipment and vehicle management
- Workplace environment and culture
- Health and wellbeing
- Security and emergency response
- Site and asset management
- Policy and compliance
- Community engagement

In total there were 546 actions generated across the workshop groups, either at enterprise or team-level. These actions will be incorporated into appropriate business unit plans, or enterprise safety improvements as necessary – and informs a significant amount of ongoing risk management work as part of the health and safety team's business as usual.

It also became clear through the workshops that there is a need to further assess the risk profiles themselves and ensure they are still fit-for-purpose for the organisation's context or whether adjustments are necessary to better align them with the real-world experience.

Ultimately stage one of the critical risk review represents a significant shift in how the organisation understands and manages its health and safety risks and provides a blueprint for ongoing management in alignment with the aspirations set out in the organisation's workplace health and safety strategy – A Safer Tomorrow.



## Project Benefits

### Worker engagement

During the project, the HS team conducted both face-to-face and online workshops throughout the organisation, resulting in a total of 199 workshops and 1121 kaimahi participating.

These workshops facilitated a significant amount of engagement which in turn reinforced the Council's commitment to managing safety effectively. In particular, the focus on this review around measuring the presence and efficacy of risk controls. Through the conversations created during the workshops, this review has helped improve the "safety mindset" of many individuals involved, moving them from a reactive or apathetic state towards safety into a proactive mindset. This was demonstrated in the findings of an external review of our safety culture which was undertaken shortly after the workshops of this project.

Throughout the project, the team reviewed 2190 controls in detail, examining each one to determine if it was in place and effective.

If not in place or effective, each workshop group identified actionable improvements to move the control from ineffective to practical. In total, 546 actions were generated, all designed to improve and enhance workplace safety for staff, contractors, volunteers and visitors (customers).

It is important to highlight that the actions generated by the workshops were done so by the teams that work on the front line, making the process deeply worker-led and worker-involved at all levels of the organisation.

### Risk understanding

Risks to health and safety arise from people being exposed to hazards (anything that can cause harm). Risk has two components – the likelihood that it will occur and the consequences (degree of harm) if it happens.

Under the Health and Safety at Work Act 2015, risks to health and safety must be eliminated so far as is reasonably practicable. If a risk can't be eliminated, it must be minimised so far as is reasonably practicable.

The Council has identified 29 risks that are encountered across the organisation. These are all recorded in the Council-wide risk register. However, the degree of risk posed by each of these varies. This is due to the proliferation of each risk across the organisation (the number of areas that are affected by the risk), but it also depends on the type of risk and potential outcome should an event occur in which the risk is experienced.

The critical risks are those identified as having the greatest potential risk to the health and safety to Council staff, contractors and the public.

Prior to the project, the Council had published the critical risks as the "nasty nine" on the intranet "Pokapū."

The nasty nine consisted of twelve individual risk profiles, of which three had been combined as they were perceived to have similar attributes, and two others had been combined for the same reason.

The nasty nine critical risks that were a combination of multiple risk profiles are:



- Vehicles, Traffic and Mobile Equipment (1. Vehicles on and off-road including bicycles; 2. Traffic and pedestrian movement during work activities; 3. Mobile equipment)
- Work related health hazards (1. Dust, Asbestos and Silica; 2. Hazardous substances)

By separating these into their original component risks and working through the twelve risk profiles, we were able to determine which business units are exposed to each risk. This enabled the HS team to ensure targeted support to the appropriate area.

The twelve critical risks reviewed as part of this project are:

- Asset failure
- Dust, asbestos and silica
- Extreme natural events
- Hazardous substances
- Health and impairment
- Ignition sources
- Mobile equipment
- Personal confrontation
- Traffic and pedestrian movement during work activities
- Vehicles on/off road, including bicycles
- Work at height
- Work with or in the vicinity of services

## Workshop findings

To ensure risks and controls were looked at in detail, the review took place over 199 workshops involving 27 different groups across the Council (a mixture of groups, business units, and functional teams). In total there were 1121 participants, amounting to 791 hours spent in a workshop.

The result was an identification of 2190 controls with varying efficacy across the organisation, which on average is 74.25% effective. Of the 12 critical risks that were part of this review, Personal Confrontation had the least effective set of controls (63% effective). Given this is the most reported event within the Council, it is clear there is work to do to better understand and mitigate this risk. The remaining risks had efficacy scores of between 64% up to 86%. This indicates there is some room for improvement.

It is not surprising then to see that there have been 546 actions generated by workshop participants. While most of these actions relate to the Council as a whole (339 enterprise actions), there were actions that related to some groups but not all (127 multi-unit actions) as well as 107 actions that were specific to the workshop group that raised them.

Given Personal Confrontation was the least effectively controlled risk, it makes sense that it topped the list for the most actions generated (134). 87 of those actions relate to enterprise control of the risk, while the remaining 47 were actions to be focused on at a local level.

While it was not the scope or intent of this project to reconfigure or update the critical risk profiles themselves; it was commented through the workshop process that the organisation felt the context of the Council and Wellington had changed enough that some, if not all, of the risk profiles should be reassessed and updated to reflect the current situation.

Through analysing the actions against each of the critical risks, the following themes arose.



### **Asbestos and hazardous material handling**

Findings of the workshop indicate a need to assess the risk profile of dust, asbestos and silica. This assessment should include:

- What training is being delivered, and what else is available
- What health monitoring practices are needed
- What PPE is required, and what fit/maintenance processes are needed
- How the organisation can better share Worksafe and other industry updates

### **Business continuity and safety procedures**

There was a common need for the update of and education on business continuity plans across teams. Additionally, some areas needed to think about specific scenario based standard operating practices to ensure they were adequately prepared. There was also a need across many teams to review, or produce, documentation for emergency response situations (like site alert lists, or crisis response procedures).

### **Training and development**

A range of training needs were identified through the workshops, both at an enterprise and local level. This also included ensuring appropriate training needs were well documented and supported.

Additionally, there was comments in multiple workshops related to ensuring essential training (inductions, system training, general safety) were regularly recompleted.

### **Equipment and vehicle management**

When looking at controls for equipment and vehicle management it was noted through the workshops that an update was needed to the Council vehicle use agreement, including updating the pre-use checks and providing an appropriate electric vehicle use induction.

Additionally, there needs to be thought put into the policy for driving Council vehicles while taking prescription medication.

There was a strong desire from the workshop groups to enhance the fleet management service, noting there has been a vacancy in the fleet management role for some time.

Lastly the workshops highlighted a need to remind and/or educate staff on the importance of ensuring the equipment they are using to charge devices is maintained and in safe working order; and that devices are not left to charge for long periods of time unattended.

### **Workplace environment and culture**

The workshops highlighted a desire from participants to be involved in role review processes, ensuring any adjustments consider the realities of the roles (and support needs).

Some areas also noted the need for better ergonomic considerations, including potential noise monitoring and a stronger understanding (and support) for appropriate workstation set up.

Lastly the workshops highlighted room for improvement in the procedures related to personal confrontation, specifically the response procedures including communication and reporting.



### **Health and wellbeing**

The risk profile of health and impairment was present in every workshop group. Discussions across the workshops highlighted a desire from staff and management to have more resources related to psychosocial risk and appropriate risk management.

Further to this, it was noted that EAP needed to be consistently spoken about as an available resource. Proactive wellbeing and psychosocial risk management was also something each team could look into when the appropriate resources are provided.

### **Security and emergency response**

There was an inconsistent approach to how lone work was being managed across workshop groups; leading to a need to better define and consistently manage when people are working alone.

Additionally, some teams mentioned there could be more emergency drills undertaken across sites, including drills related to emergencies outside of just an earthquake.

Some groups also mentioned there could be work done on improving CCTV coverage, site access controls, and beacon light provisions.

### **Site and asset management**

There was some discussion through the workshops about work that could be done on reviewing the security and maintenance procedures for Council assets, including roof access and electrical spaces. Adding to this, some teams also wished to investigate the practicability of isolating some areas of their site (to improve safety and security).

A desire to develop centralised registers of licenses and certifications also emerged, alongside a call for updated asset inspection processes.

### **Policy and compliance**

Some workshop groups would like to see the supervisions controls redefined and update the relevant policies when done.

There was also commentary about how various health and safety plans could be better aligned with organisational strategies and statutory requirements. The updated annual health and safety business unit plans are now aligned with the workplace health and safety strategy so should go some way to address this commentary.

### **Community engagement**

There was a strong desire from workshop groups that undertake community engagement to look at and enhance the information and resources surrounding public meetings and how they can be delivered safely. These groups also talked about the importance of cross-team communication when undertaking these kinds of activities to ensure any relevant risks are understood and managed effectively.

It was also discussed in some groups whether there was any possibility to investigate environmental changes to some of the venues where public engagement is undertaken (along the lines of Safety in Design).

### **Plan deliverables**

The project set out to deliver a comprehensive dataset, detailing to what degree each of the critical risks was present across the organisation.





The goal was to enable us to understand the degree to which each area across the organisation experienced the critical risks, and how many of the listed controls they employed to counter and mitigate the risks.

Further deliverables expected included the efficacy of the controls employed by the organisation to mitigate the risks, and where it is identified that there are future actions that can be put in place to increase the efficacy of the response to each risk.

The result of the project has been the development of a database that contains each of the above deliverables. The master document contains detail on what workshops were carried out, who attended, and the results of the workshop programme.

A secondary action document refines the results, detailing the future actions identified during the workshops, and what level of approach is proposed for the initiation of each action. This actions register is what the health and safety team will be implementing into its business as usual to ensure the local actions are being delivered in the various teams and the enterprise actions are included in the organisation's continuous health and safety improvement.

## Deviations from the plan

When Phase 1 began, Council teams were sorted into groups that were perceived to have similar risk profile needs and associations, for example combining the Resource Consent and Building Consent areas. From this there was a projection that 90 workshops would be needed to assess the risks and controls across the Council. This sorting was based on pre-workshop discussions across the organisation, in which the business units self-identified which of the 29 Council-wide risks they believed were relevant in their areas.

During initial Phase 2 workshops, it was found that there were differing views and approaches to the risk profiles and controls from teams in the same workshop. While this did not reflect an increase in the number of critical risks present in the teams, the dissociation between approaches in the same workshop may have led to a poor understanding of how each team applied controls to the risks.

To enable full detail and understanding of the different approaches, it was necessary to increase the number of workshop streams, separating teams with incongruent profiles. This led to the workshop count increasing from 90 to 199 workshops.

The increase in the number of workshops led to a significant increase in workload for the health and safety team running the sessions.

## Lessons learned

The first phase of the project, prior to the workshops, enabled the project team to gain a strong understanding of which critical risks the different parts of the organisation believed were relevant to their areas. This was achieved by providing them with the descriptions of the critical risks and asking them to identify those that affected their teams.

The biggest lesson learned through the early stages of the workshops was that the understanding of what the critical risks actually were and how they affected different areas of the organisation was not as mature as it could be. What this did was refocused the workshop process, increasing the number of sessions to enable the Health and Safety team to work with smaller groups and foster a better grasp of the controls utilised to mitigate the critical risks.

For some of the larger business units and teams, the same people were presenting for each of the workshops. This put an onus on the Health and Safety Business Partners (HSBPs) to



confirm with these attendees, and the appropriate team leaders, that the information and views being imparted were representative of the whole team. There were very few occasions where follow up discussions were required to complete a team's response to the workshop questions.

From the perspective of the HSBPs leading the workshops, it was quickly learned that for most sessions it was beneficial to have a second HSBP, or other competent attendee, to record the responses in the workshop. This enabled the workshop lead to maintain focus on the pace and direction of the session. It also provided for a second voice able to provide answers to some of the questions that were asked by workshop attendees, seeking clarification of the meaning of controls and mitigations.

The project lead had a specific game plan for how the recording of the data was carried out and took it upon themselves to administer this part of the project. While it increased the workload in this area, it also enabled a much more detailed understanding of the project as it progressed, including roadblocks and sticking points which could then be addressed directly.

## **Risks and Opportunities**

There are 17 risk profiles (of the 29) that still require review across the organisation; this is the balance of the Council's risk register. The first phase of this project already identified which groups felt had what present risks. This pre-work provides the basis for the second part of the critical risk review.

What became apparent through the first review was the 12 risks that had been identified as critical risks to the Council had greater or lesser relevance to different teams. It was also clear that in some areas risks that were not classified as Council-wide critical risks were in fact critical to those areas.

Part two of the critical risk review project will provide a better understanding of the risks that present as critical depending on which part of the Council staff are working in. We will then be able to tailor the risk register to better identify the hierarchy of risks across the different Council business units and teams.

The HSBP team who led the workshop process have gained a lot of understanding as to how best to work with the varied business units and teams to achieve the best results from the workshops and will be able to carry this over into part two of the review.

## **Next Steps**

An immediate step from part one will be the production of new risk registers with updated control information. These same registers will be updated and added to as part two commences.

Additionally, actions generated through part one will be assigned and monitored accordingly – depending on whether they were local or enterprise actions. Completion of these actions will be reported through the normal reporting channels that exist (monthly unit reporting, quarterly enterprise reporting).

What part one delivered was largely the foundational understanding to undertake part two, where there are a significant number of changes and improvements expected. The Health and Safety team is currently underway planning what part two will look like for the FY24/25 financial year.



What was clear through part one of this review is that the criticality of risk varies greatly depending on the nature of the work undertaken. The Council is a complex operation with a broad spectrum of work activities; this means some risks, while not originally thought of as our organisational critical risks or “nasty nine”, are in fact critical in some areas but not in others.

Part one also identified that the risk profiles themselves have been largely unchanged for some time. The second part of this review will focus on analysing our existing risk profiles in detail to better understand how they may have changed over the years. It will also highlight risk is critical to which area of the organisation. The result will mean we have a more dynamic approach to critical risk management and would be able to focus enterprise resources on risk mitigation where it is going to have the most impact.

The goal is to have a system that will enable the different parts of the Council to highlight which of the 29 risks are appropriate for their areas, and which of these should be considered as critical. Once the remaining 17 risks have been assessed and reviewed, it will be possible to detail which risks are Council-wide, but also the risks that are more critical to different areas of the organisation.

## Attachments

- Critical Risk Review Dashboards



**Critical Risk Review | Overview**

**199**  
Workshops



**791**  
Total hours



**1121**  
Total participants



**2190**  
Controls identified

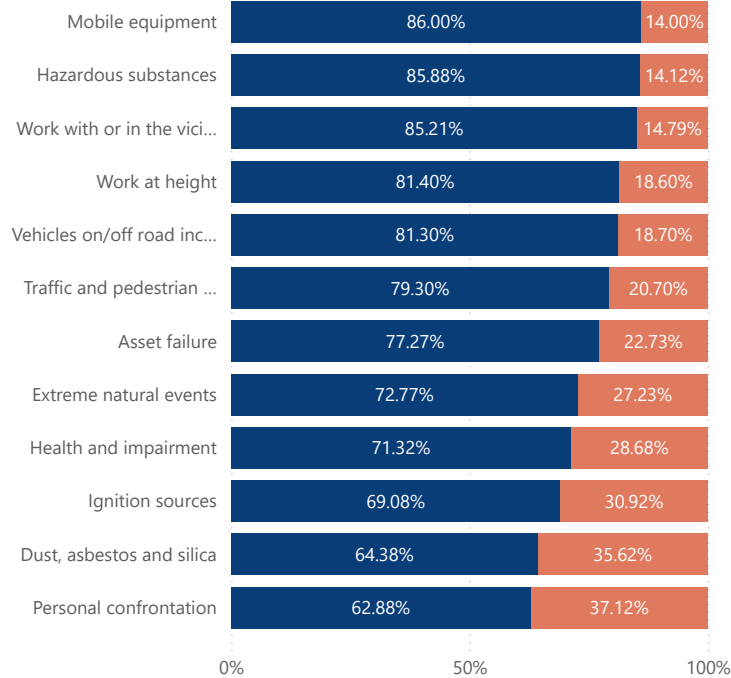


**546**  
Actions generated

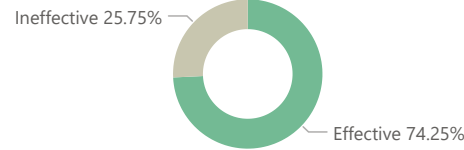


**Average control efficacy by risk**

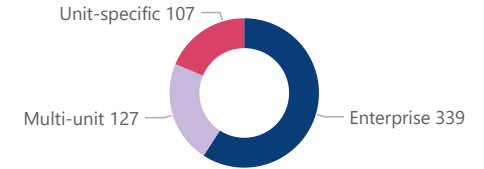
● Average of Efficacy percentage ● Inefficacy percentage



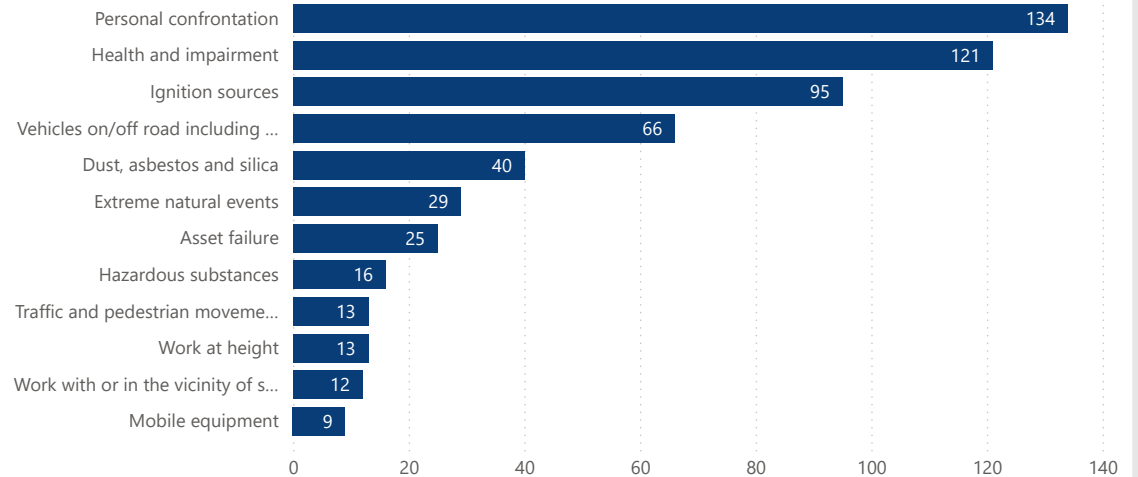
**Average control efficacies**



**Actions**



**Actions by critical risk**



## Critical Risk Review | Risk Distribution

Risk grouping	Health and impairment	Personal confrontation	Vehicles on/off road including bicycles	Extreme natural events	Traffic and pedestrian movement during work activities	Dust, asbestos and silica	Asset failure	Ignition sources	Work with or in the vicinity of services	Hazardous substances	Mobile equipment	Work at height
Building Compliance												
Creative Capital												
Parks, Sport and Recreation												
Property and Capital Projects												
Resource Consents and Compliance												
Transport and Infrastructure												
Waste Operations												
City Development												
Parking Services												
City Design												
Connected Communities												
Public Health												
Housing Development												
Strategic Planning												
Building Consents												
Libraries and Community Spaces												
Smart Council												
Climate Change Response												
People and Culture												
Project Management Office (PMO)												
Emergency Management												
BC Admin												
Finance and Business												
Mataaho Aronui												
Strategy and Governance												
Strategic Asset Management												
Water Management												



Risk spread across WCC

		Dipika Deo	Louise Barr			Kelly Deathe			Gwen Mans			Leigh McLachlan								Chris Brown				Tama Te Huki					
		Park Sport and Recreation	Finance	Smart Council	P&C	Libraries and Community Spaces	Community Services	Parking Services	Creative Capital	Planning & Environment (Housing Development)	Planning & Environment (Strategic Planning)	Planning and Environment (Building Compliance)	Planning and Environment (Building Consent)	Planning and Environment (BC Admin)	Planning and Environment (Public Health)	Planning and Environment (R&C Compliance)	Planning and Environment (Climate Change)	Planning and Environment (City Development)	Planning and Environment (City Design)	Strategic & Governance Inc (CO2)	Transport and Infrastructure	PMO	Property	Strategic Asset Planning	Waste Operations	Water Management	Emergency Management	Mataaho Aronui	
stated critical risks	Asset failure																												
	Dust, Asbestos and Silica																												
	Extreme natural events																												
	Hazardous Substances																												
	Health and Impairment																												
	Ignition sources																												
	Mobile Equipment																												
	Personal Confrontation																												
	Traffic and Pedestrian Movement during Work Activities																												
	Vehicles on/off road including bicycles																												
other identified risks	Work at height																												
	Working with or in the vicinity of services																												
	Biological Agents																												
	Electrical appliances and internal outlets																												
	Events in Council owned facilities or on Council-owned land																												
	Excavations																												
	Exposure to criminal activity																												
	Firearms																												
	Fixed plant																												
	Helicopters/drones and other powered aviation equipment																												
	Manual handling																												
	Near, on or in water																												
	Noise																												
	Stacking, racking and material storage																												
	Surface conditions																												
	Tools and equipment																												
	Working alone/remote work																												
	Working in confined spaces																												
Working outside																													

key  
 applicable  
 not applicable  
 no information provided





### Critical Risk Review | Controls

**2190**

Total controls



**1607**

Effective controls



**439**

Partially effective



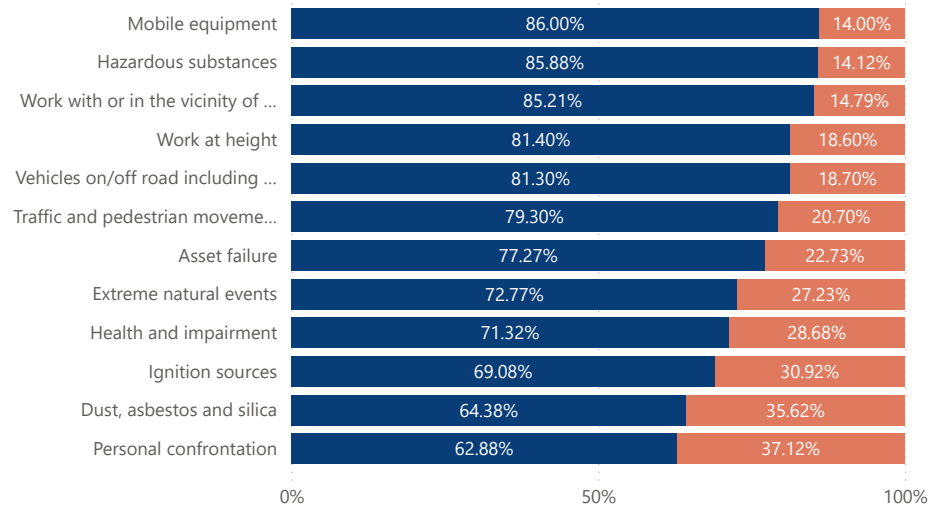
**141**

Ineffective controls



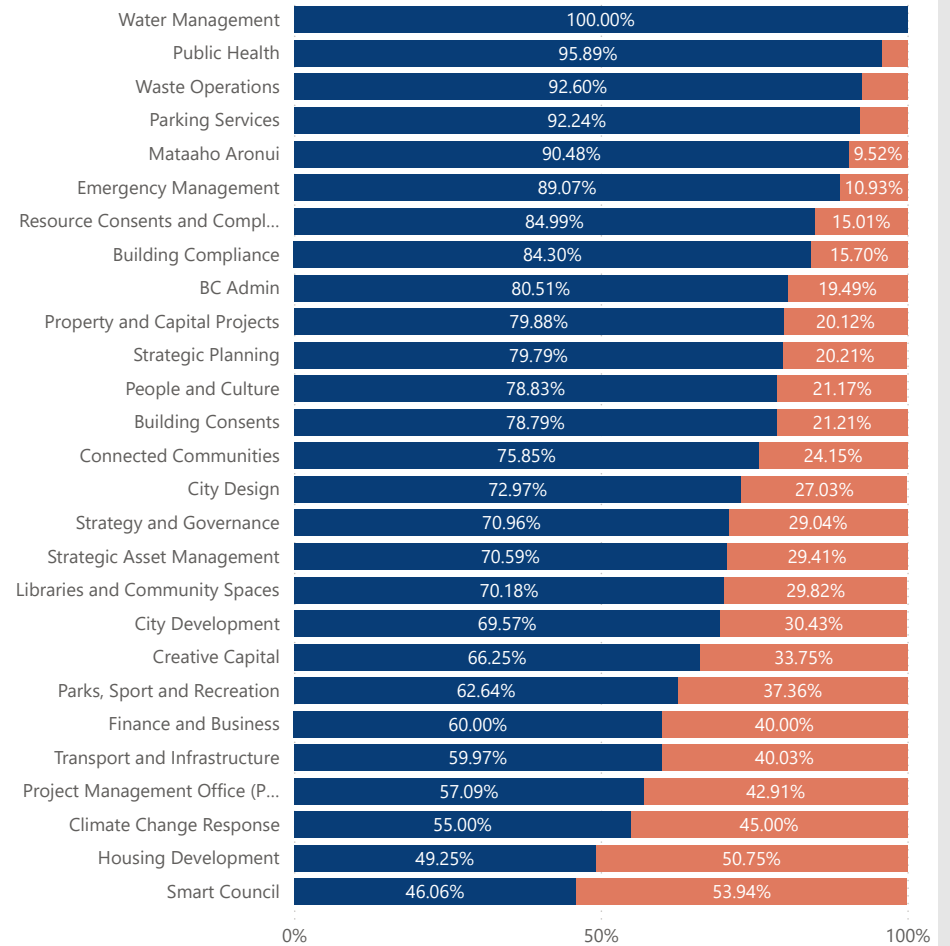
### Control efficacy by risk

● Average control efficacy ● Average control inefficiency



### Control efficacy by workshop group

● Average control efficacy ● Average control inefficiency



Critical Risk Review | Actions

546

Actions generated



339

Enterprise actions



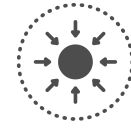
127

Multi-unit actions



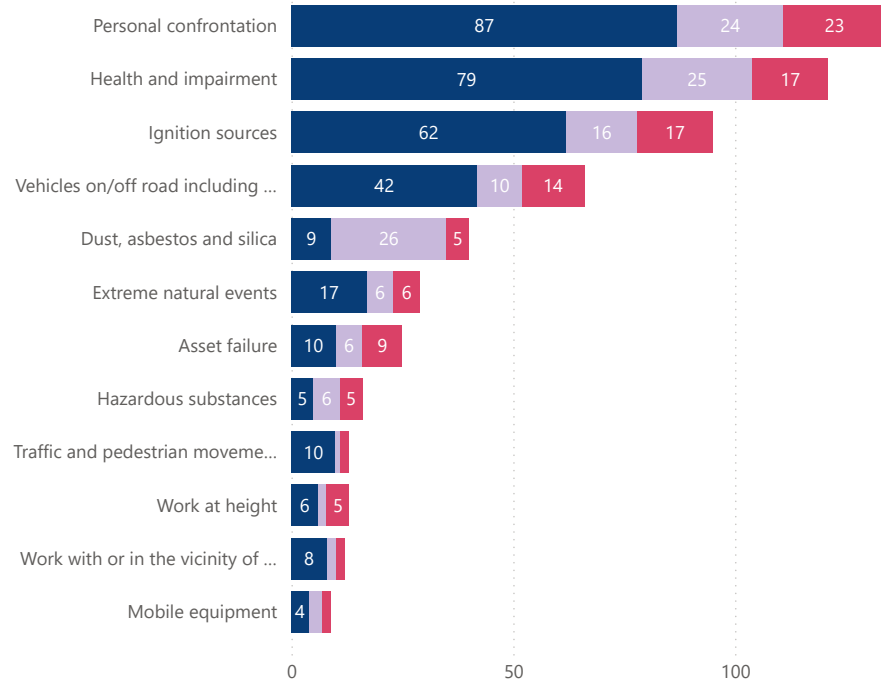
107

Unit-specific actions

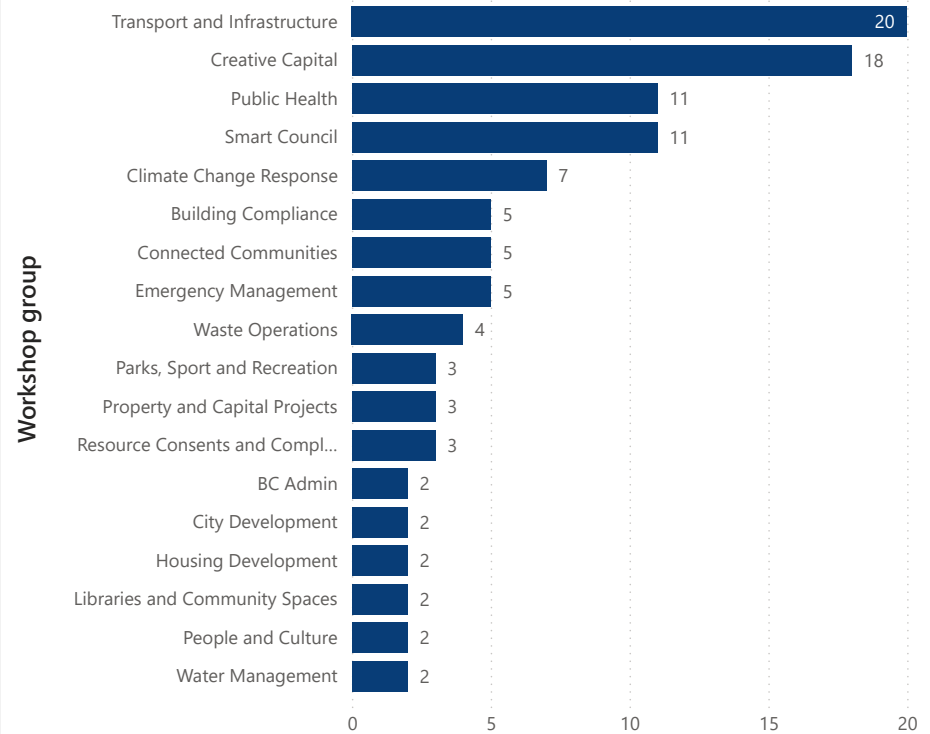


Actions by risk

Applies to ● Enterprise ● Multi-unit ● Unit-specific



Unit-specific actions



# Wellington City Council | Lead Indicators

Quarter 4 ▼ FY23/24 ▼

## Induction Completion

Current Completion

**65.11%**

-24.89%

Variance from Target (90%)

## Critical Risk Observations

This Quarter

**ELT 3 | Cr 3**

ELT -1 | Cr -5

Variance from Target (4 and 8)

## General Safety Observations

This Quarter

**77**

-2.53% | -2

Variance from Last Quarter

## Good Sorts Nominated

This Quarter

**19**

-36.67% | -11

Variance from Target (30)

## Health and Safety Reps

Current Active

**105**

+2.52% | +3

Variance from Target (1/19)

## Near miss reports

This Quarter

**122**

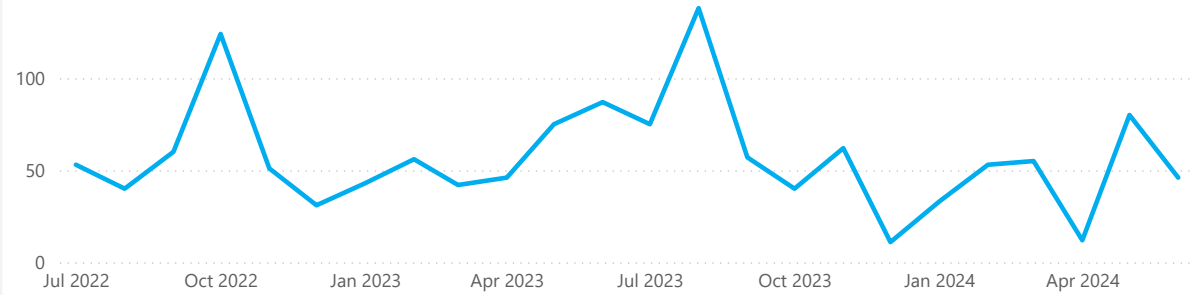
-9.63% | -13

Variance from Last Quarter

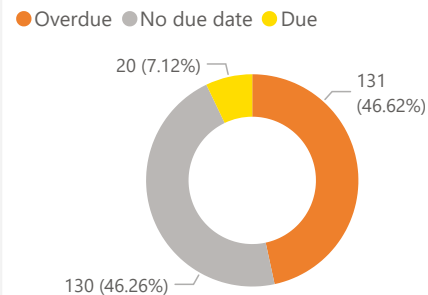
## Courses Completed This Quarter (excl induction and MySafety)



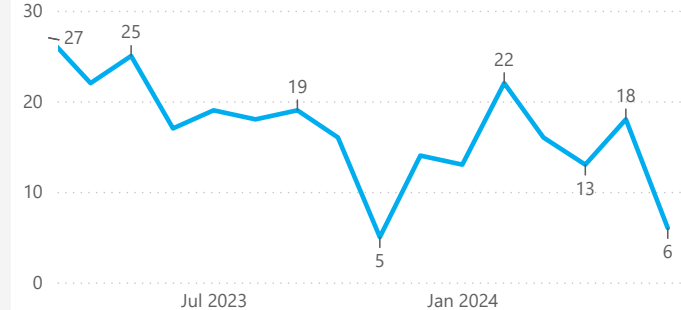
## Course Completion Over Time (excl induction and MySafety)



## Outstanding Actions



## Preventable Events



## Wellington City Council | Lag Indicators

Quarter 4 ▼ FY23/24 ▼

### Total Incidents

This Quarter

**843**

-0.47% | -4

Variance from Last Quarter

### Avg Reporting Delay

This Quarter

**1.54**

+30.05% | +0.46

Variance from Target (2)

### Avg Assessment Delay

This Quarter

**25.35**

-72.39% | -18.35

Variance from Target (7)

### Total Staff Injuries

This Quarter

**42**

-22.22% | -12

Variance from Last Quarter

### Non First Aid Staff Injuries\*

This Quarter

**6**

-60.00% | -9

Variance from Last Quarter

### Accepted ACC Claims

This Quarter

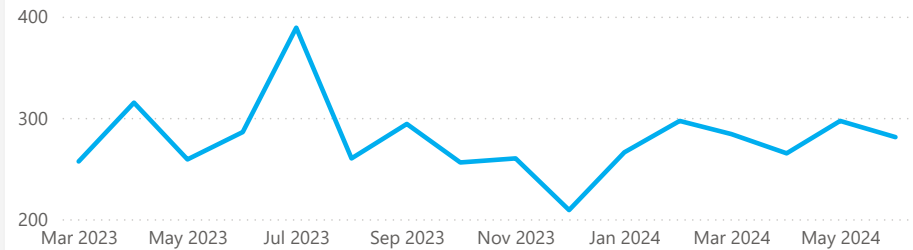
**10**

-41.18% | -7

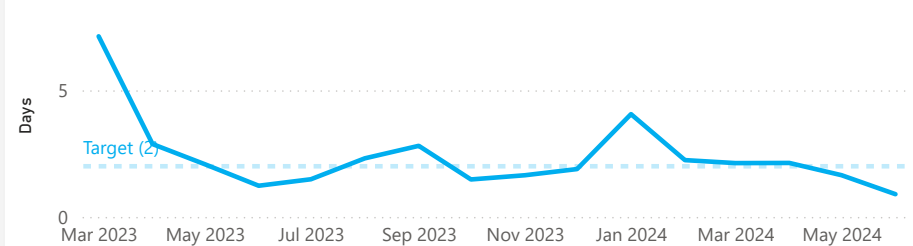
Variance from Last Quarter

\* Non First Aid Staff Injuries are those that required hospital, medical or other specialist treatment.

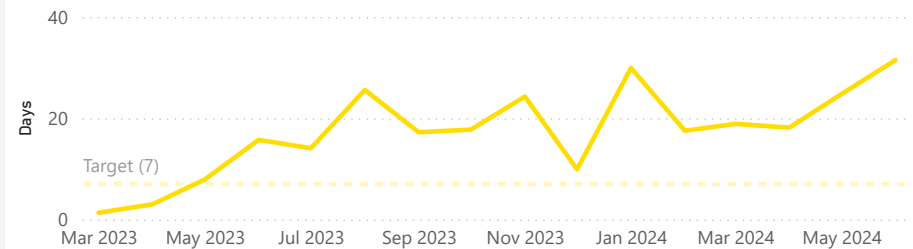
### Incidents over time



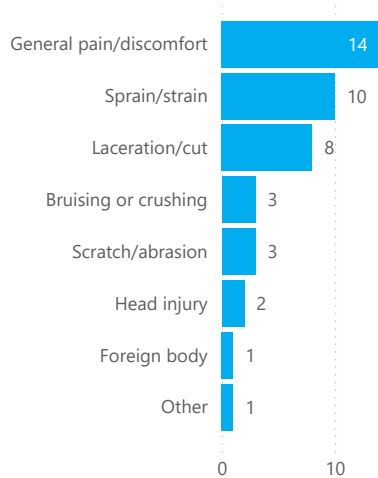
### Average reporting delay



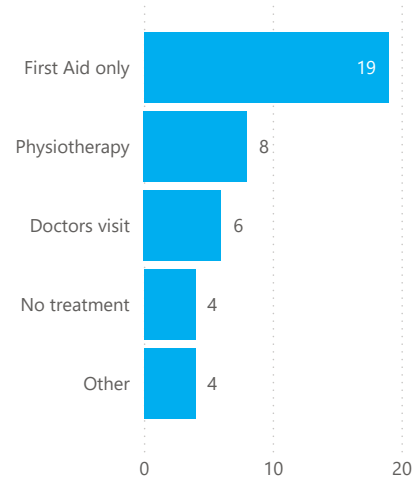
### Average assessment delay



### Staff Injury Types (this quarter)



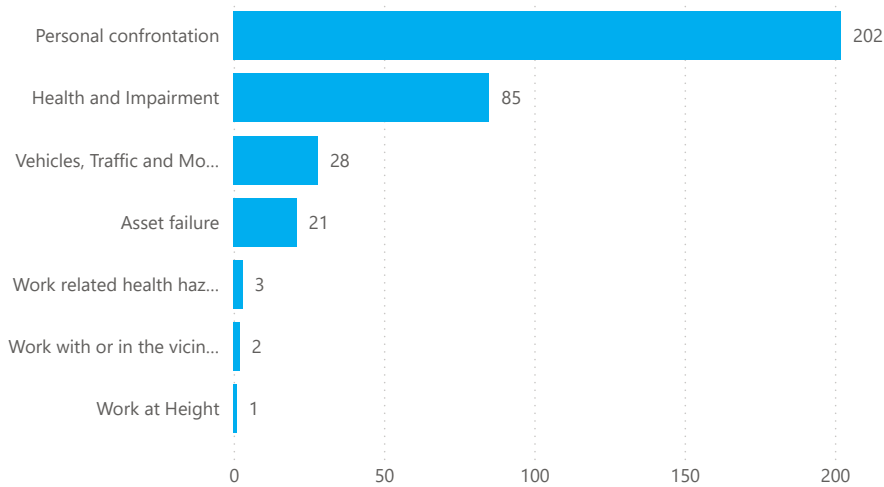
### Staff Injury Treatment Types (this quarter)



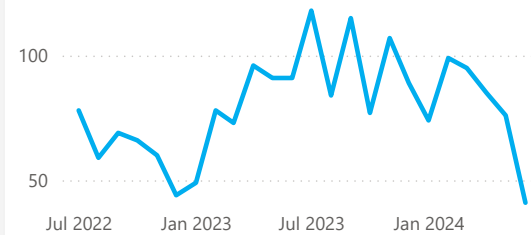
# Wellington City Council | Critical Risks

Quarter 4 ▼ FY23/24 ▼

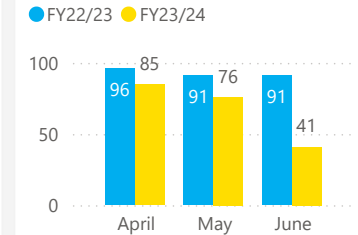
Critical Risk Events (this quarter)



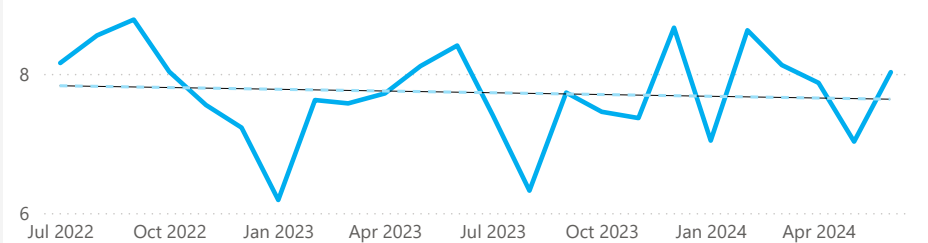
Personal Confrontation (PC) Trend



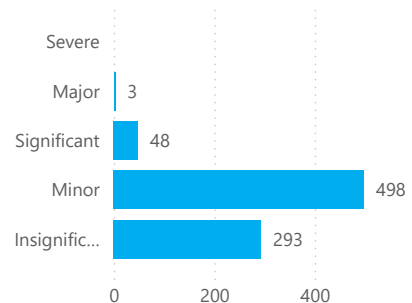
PC Annual Comparison



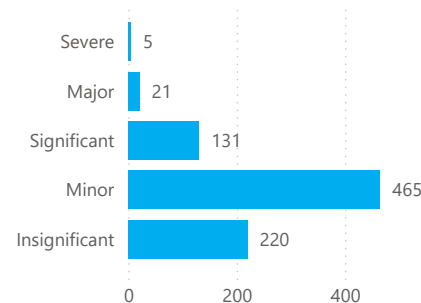
Average Risk Rating Trend for Personal Confrontation (scale 0 - 25)



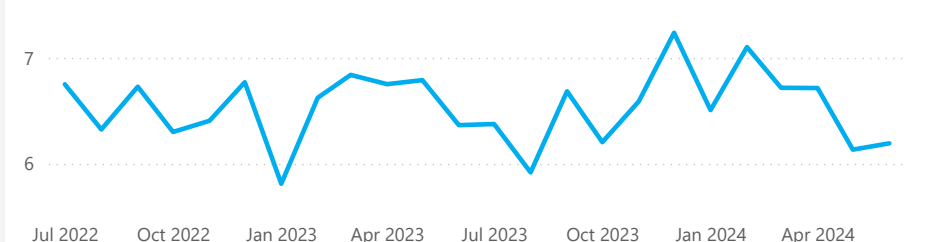
Actual Severity (this quarter)



Potential Severity (this quarter)



Average Risk Trend for all Reports (scale 0 - 25)





# INSURANCE UPDATE AUGUST 2024

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## Kōrero taunaki | Summary of considerations

### Purpose

1. This report provides an update on the main material damage renewals completed on 31 May 2024.
2. It also provides an update on the progress made against the insurance roadmap and introduces possible alternative risk transfer options to the Committee.

### Strategic alignment

3. The most relevant community outcomes, strategic approaches, and priorities from the 2024 Long Term Plan include: Value for money and effective delivery – the insurance roadmap supports objectives for value for money and effective delivery by ensuring that Council has available options to provide insurance coverage for the many risks and perils it faces.
4. The effective delivery of our enhanced strategic insurance programme will minimise the total cost of risk in the long run and set the Council up with the most robust and diversified risk management approach possible.

### Relevant previous decisions

5. [Kāwai Māhirahira | Audit and Risk Subcommittee 14 September 2022](#) received the Insurance roadmap report and endorsed the workplan set out in that report, instructing officers to report back to the committee on a regular basis outlining progress against the workplan.
6. [28 February 2023 report to Unaunahi Māhirahira | Audit and Risk Committee](#) provided an update on the 2022/23 insurance renewals process and Insurance Roadmap workstreams.
7. [29 November 2023 report to Unaunahi Māhirahira | Audit and Risk Committee](#) provided an update on the progress against the insurance roadmap. The meeting endorsed ongoing execution of the workplan.
8. [8 May 2024 report to Unaunahi Māhirahira | Audit and Risk Committee](#) provided updates on the 31 May 2024 renewals and progress against the insurance roadmap.

### Financial considerations

Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

9. Insurance roadmap activity expenditure is managed within the relevant budgetary provisions of the Annual Plan and Long Term Plan.

### Risk

Low       Medium       High       Extreme

10. The work included in the insurance roadmap will increase Council's risk understanding. This will apply to both the physical and financial risk areas and will inform a long-term strategy to treat these risks through traditional risk transfer, alternative risk transfer and internal risk treatments.

11. The risks related specifically to the delivery of the insurance roadmap and insurance renewal work outlined in this report are low, however resourcing for upcoming workstreams will need to be monitored carefully.

Authors	Andie Thompson, Senior Insurance Advisor Sarah Houston-Eastergaard, Treasurer
Authoriser	Andrea Reeves, Chief Strategy and Finance Officer

### **Taunakitanga | Officers' Recommendations**

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.
2. Note the 31 May 2024 renewal and risk modelling work updates.
3. Note the insurance roadmap workplan updates.
4. Endorse further investigation into alternative risk transfer methods as the next phase of the roadmap.

### **Whakarāpopoto | Executive Summary**

12. Since the adoption of the insurance roadmap in September 2022, officers have completed many discrete actions within the workplan, and continue to progress a number of ongoing action items. These include, financial risk tolerance assessment, governance structure review, investigation of alternative risk transfer mechanisms (two of which are a focus of this update) and have recently completed a very successful 2024 renewal of the three major material damage policies.
13. The insurance market for calendar year 2024 has been favourable for renewal activity for the Council and has netted the best insurance result since 2017 after a particularly difficult period between 2020 to 2023.
14. The 31 May 2024 material damage policy renewal results are positive and all policies have renewed within budget and with excess capacity obtained to fill previously ventilated portions of all policies. An additional \$25m of capacity was also added to the Housing Policy.
15. Work on the insurance roadmap continues with risk modelling now underway to enable the better understanding of the risks presented by Wellington's unique geography and location.
16. Investigation in to alternative risk transfer mechanisms has also been elevated in the current year's plan and some of these mechanisms are introduced to the Committee through this paper.

### **Takenga mai | Background**

17. Council holds 14 insurance policies which cover a wide range of risks that Council faces in its day-to-day operations. Of these, four policies relate to material damage which cover risks relating to physical damage. Six policies cover council's liability risks, ranging from damage we may do to third party assets, through to liability arising from services we provide or advice we give. The remaining four policies cover minor risks.



18. The material damage policies are structured to cover catastrophic losses, as such, they have high deductibles. Any day-to-day losses are covered by the Insurance Reserve fund. These policies are also loss limited (a maximum pay out regardless of damage is set), this limit is set based on the expected losses to the portfolio, the availability of capacity in the market, the associated premiums, and budgetary constraints.
19. At the May 2024 Unaunahi Māhirahira | Audit and Risk Committee, officers provided a verbal update on the progress towards the 2024/25 renewal. The 2024/25 renewal of the three main material damage policies is completed and is discussed within this paper, along with a verbal update to be provided in the public excluded session at the Unaunahi Māhirahira | Audit and Risk Committee meeting.
20. This paper also provides an update on the progress officers have made on the insurance roadmap workplan, specifically focussing on recent activity relating to modelling and to introduce two alternative risk transfer methods to the committee for consideration.
21. The key item for delivery during the 2024 calendar year is the earthquake loss modelling, this is underway.

### **Market Update**

22. Throughout the first quarter of calendar 2024, insurance markets have targeted ambitious growth targets, leading to a competitive market environment. Alongside this growth, an inflow of capital has been observed in both traditional and alternative markets allowing purchasers to increase programme stability.
23. Increases to premium rates over the last three years saw profitability return to the international markets over the 2023 calendar year. This supported growth targets and encouraged capital inflow into the market.
24. Local market Q1 2023 losses continue with a lagged effect and have impacted local insurer profitability. Between 2020 and 2023 Council saw overall rate increases of approximately 23%.
25. Economic losses due to natural catastrophe hazards over the first six months of the calendar year are lower than average. However, activity in the USA especially in the Tornado and Severe Convective Storm categories has driven far higher than average losses in the region. The upcoming hurricane season forecasts have been updated to predict very high storm incidence, with the average number of expected hurricanes reaching 11-12. A critical factor in these forecasts is the timing of the shift to La Niña conditions, aiding storm formation. This could lead to higher losses in the second half of the year moderating some of the appetite for risk, and thus reducing available insurance capacity to the market.

### **Kōrerorero | Discussion**

#### **31 May Renewal Results**

26. The 31 May 2024 renewal results are positive and all policies have renewed within budget. With each policy coming in between 6-13% below it's budget. Total premium across the three policies has increased by 7%, compared to the 31 May 2023 renewal. The amount of cover purchased has increased by 12% year on year.
27. Policies have renewed with average premium rate movements between -13% - +1%, reflecting favourable views of WCC's asset resilience and renewals programmes, increased capital inflows to the market resulting in increased competition and low claims incidence.

- 
28. The results of the 2024 infrastructure valuation may still affect the premium for both the Aboveground and Belowground portfolios. Timing for this is estimated in October this year and may lead to a mid cycle top up, depending on the outcomes. The Housing portfolio is not due for revaluation this year.
  29. The amount of cover purchased at the 31 May 2024 renewal has increased by \$75m. This is composed of increased cover on the Belowground and Aboveground policies through the filling of policy gaps experienced in previous years (referred to as ventilation) along with an increased limit purchased on the Housing policy. For the first time since 2017, these three policies are fully placed to their limits with no ventilation of the programme. Council now holds \$823m (prior year \$724m) of cover across its four material damage policies.
  30. Ventilation of a programme is an effective way to achieve value for money on a policy when the limit closely reflects the expected loss, and the purchaser has the capacity to accept some of the risk. The amount of ventilation in that case represents the risk that has not been transferred to a third party due to factors like low capacity on offer, or because that particular line on offer is cost prohibitive.
  31. Under the current circumstance, where the policy limit is short of the expected loss, the Council already takes on a significant portion of the risk. In this case ventilation represents additional risk which may not be able to be borne. Potential long term solutions to these issues could be introduced via a captive insurance vehicle – introduced later in this paper.
  32. Favourable consideration of the Council's insurance programme this year was helped by the growing understanding and capability of the insurance team (through the work towards the insurance roadmap), along with the annual London visit by officers netting savings of \$1.5m against budget.
  33. An additional focus for the insurance team this year has been to participate widely in sharing Council's insurance knowledge and experience across the sector. Including presentations to Taituara, the World Bank and other Councils. This also played out in London where officers told the story of the unique landscape of the local government sector to underwriters to the benefit of our local government peers, leading the way and providing a collaborative springboard for this year's renewals pipeline.
  34. Throughout the remainder of the calendar year officers will complete placement of the remaining policies, including Waterfront material damage and Liability policies. An update on these renewals will be provided in due course.

#### **Excess capacity opportunities**

35. The remaining material damage policy to be placed this year is Council's waterfront policy. This policy covers a group of assets with high perceived risk. Additionally, markets may be impacted by the anticipated highly active US hurricane season. Renewal results for this policy may not be as positive as the 31 May renewals.
36. To remedy this potential lack of cost efficient capacity, officers have enquired about how this might be managed on a more sustainable basis. Detail below sets out one potential opportunity to consider to diversify this risk.
37. Council has an opportunity to purchase excess earthquake only capacity from the US reinsurance market, this could aid in closing the insurance gap further. This purchase

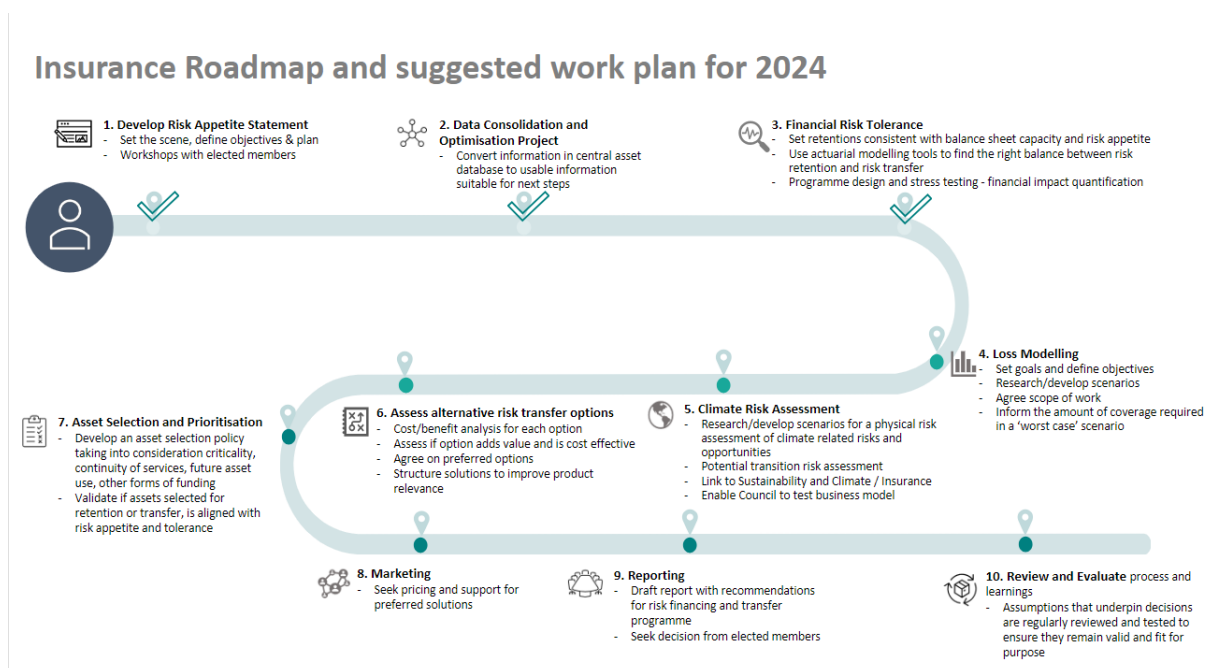
would depend on the available budget and appetite for additional cover, based on the overall cover position. As this cover would be a new policy, Council is not restricted to a specific purchase date. A policy of this type would add an additional \$50m to \$100m to Council's total insurance cover.

38. Council currently makes the majority of its insurance purchases from the New Zealand/local markets and the London market. With some minor participation, via London, from other markets. Council has not had US capacity on its placement before. The addition of US capacity would broaden Council's market spread, increasing the diversity of our insurance placement. Diversity of placement decreases the minor risk of non-payment in a claim event.
39. A placement of this type would come at a minimal additional administrative cost to set up and see diversification benefits.
40. A placement of this type by New Zealand local government organisations has not been made before. This gives Council an opportunity to elevate the New Zealand local government sector in a new market. During the last Council visit to London, officers spent time introducing the New Zealand local government framework to underwriters. Providing greater understanding in the market and smoothing the way for our local government peers who visited a few months later. Our presence in new markets may open more opportunity for our peers as well, providing benefit not only to Council but to the whole New Zealand local government sector.

#### **Reserve fund performance**

41. Council operates a self-insurance reserve fund, which was set up to fulfil two distinct purposes. The first to cover the day-to-day under-excess losses which Council experiences. The second to accumulate to a size suitable to cover Council's material damage excesses after a major event. The fund is currently sufficient to fulfil the first of those two purposes.
42. Over the past few years the fund has experienced increased claim pressure, due to the increase in replacement costs, and a number of significant claims which have all occurred in a short space of time. The average claim cost has doubled since 2020.
43. At the current rate of accumulation it is expected that the reserve would meet its stated objective of covering all expected excesses in 2045. This does not include any shocks which may occur, causing fund depletion or the effect of inflation.

## Insurance roadmap update



- Progress continues to be made towards the actions identified in the insurance roadmap, while the main focus for officers in the first part of the year is the 31 May renewals.
- Progress has slowed a little compared to the plan set out in September 2022, due to a number of factors. Driving the slower than expected progress is the delay in access to risk data including the effects of the NSHM (National Seismic Hazard Model) 2022. Without this data proceeding with earthquake loss modelling would result in almost immediately out of date outputs. The earthquake loss modelling is seen as a key deliverable of the insurance roadmap workplan, providing critical guidance for future actions.
- Officers have also been progressing their investigations into alternative risk transfer mechanisms, another key deliverable under the plan which will inform potential strategic risk transfer frameworks and help to close the insurance gap where traditional products are exhausted. Alongside the loss modelling outputs, these two actions will significantly progress the insurance roadmap and enable strategic cover decisions to be made towards closing the insurance gap.
- One action progressing faster than the roadmap sets out, is the climate change modelling. This action is being progressed by the climate change team, in collaboration with the insurance team. Insurance asset data has been passed over to the team to assist in their modelling process.

## Earthquake Risk Modelling

- Earthquake risk modelling was last updated in 2018, so specific risk information was out of date. The balance of assets and underlying damage assumptions have changed significantly since then, creating a need to undertake a new risk modelling exercise. To better understand the risks that we face and update our understanding of the insurance gap.

49. Significant internal work has been undertaken to consolidate and cleanse the multiple sets of asset data required as inputs into our insurance asset geospatial database. This data has been fed into Riskscape with the intended outcome being a better understanding of our unique risk profile with inputs from the updated NSHM 2022 incorporated fully into the results.
50. This process is currently being run and we can provide a verbal update to the committee on the provisional outputs at the committee meeting on August 14. The provisional output will be in the form of a single expected loss across all asset classes. Which will be compared to our expectation based on the previous modelling results, the interim modelling to indicate the potential effect of the NSHM 2022 along with changes to Council's asset portfolio.
51. Further work will deliver earthquake loss estimates for each insurance policy, plus a breakdown by asset class. Allowing us to identify more risky asset classes, target resilience and prioritise investment and planning. This work will be delivered in time to inform the 31 May 2025 renewal preparation work which begins in early December 2024.

### **Alternative risk transfer mechanisms**

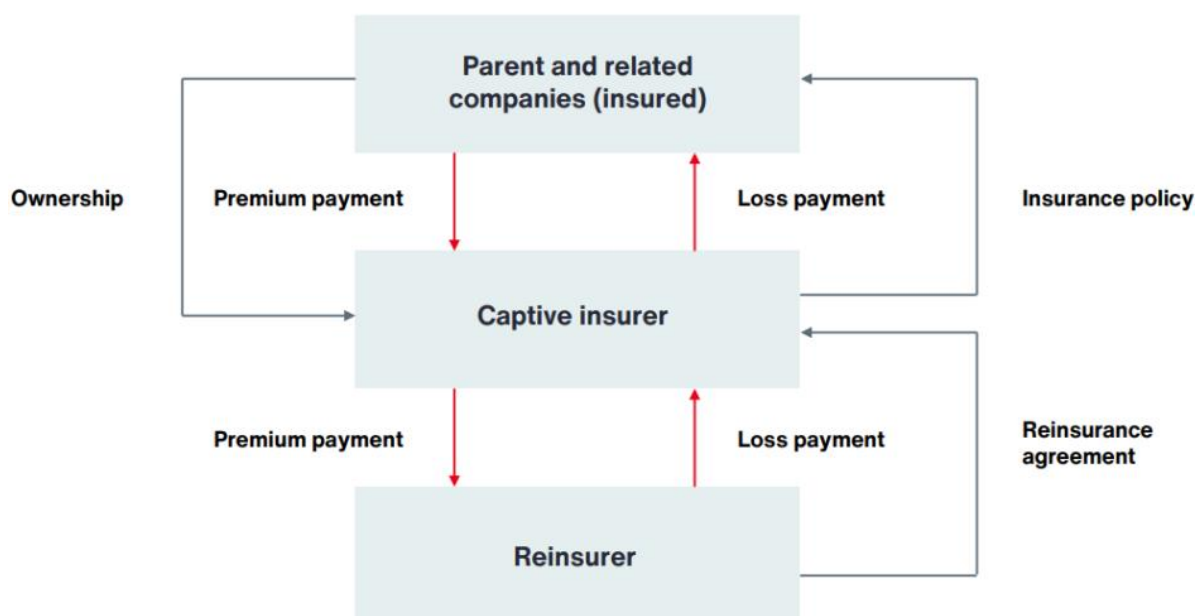
52. Another significant item on the insurance roadmap for this calendar year, relates to the investigation of alternative risk transfer mechanisms. Officers have been gathering knowledge and engaging with sector experts and other organisations that have deployed alternative risk transfer strategies.
53. Productive discussions have involved NZ Post, the Natural Hazards Commission (formerly EQC), expert advice from Aon and other sector experts. The focus of these discussions since the last update to committee has included, but is not limited to, captive insurance vehicles and catastrophe bonds. Some detail on both of these is included below, with more information to be provided via workshops during the second half of the calendar year.

### **Captive insurance**

54. A captive insurance company is a wholly owned subsidiary insurance company set up for the benefit of its parent entity (ultimately Council). A captive provides risk mitigation services to its parent or related entities and has the ability to act as a primary insurer and purchase re-insurance cover for the risks it chooses to take on. Note the discretion to insure portions of Council's risk is available to the Captive and can be used to either put pricing tension on other insurers or to fill parts of the insurance stack that cannot be covered by other markets.
55. Operating a captive would provide benefits in insurance pricing, having the ability to re-invest any underwriting profits for further risk mitigation and provides full flexibility to tailor cover, apply pricing pressure to the market and manage emerging risks.
56. A captive does require a commitment of capital from Council, though this can be recycled back to the originating entity.
57. There are synergies and opportunities present in starting up a captive alongside the proposed Perpetual Investment Fund (PIF). One of the intentions in setting up the PIF is to provide a form of self-insurance for Council, a captive could act as the insurer or stop gate ensuring that the fund (or portion of the fund) is only accessible in a covered event. The PIF could also be the capital provider to this arrangement, separating the investment in a captive from the Council itself.

58. A basic structure of a captive is presented below

### Sample captive structure



59. Benefits of establishing a captive insurance company for Council include:

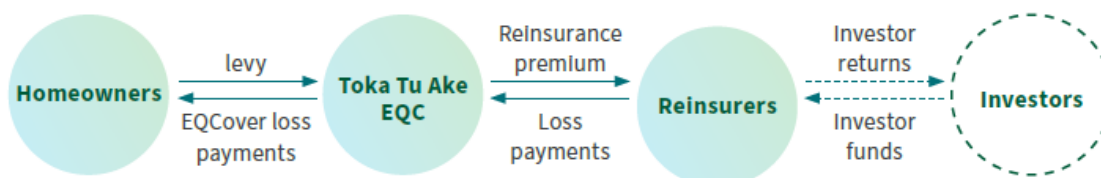
- Reduced insurance costs, matching of revenue and expenditure
- Improved negotiating position
- Introduces flexibility and diversity to the insurance program design
- Additional capacity and direct access to reinsurance markets
- Accumulates underwriting capital to allow greater risk retention capability in the future without putting the WCC balance sheet at risk
- Absent material claims, the capital will grow in line with the PIF investment over time

### Catastrophe bonds

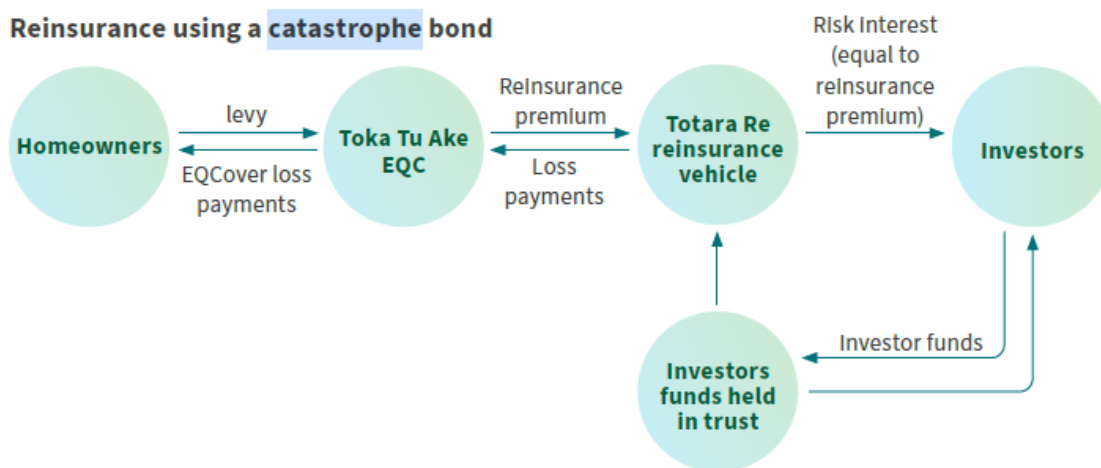
- A catastrophe bond is a form of insurance-linked security, which transfers the risk of a catastrophic event to precommitted capital market investors. This provides access to different capital pools outside of Council's existing insurance capital providers (via re-insurers) and lenders – protecting Councils' own capital. Diversifying risk transfer mechanisms and provides for multi-year protection against both seismic risk along with other defined perils.
- The catastrophe bond is fully customisable, available for multi-year agreements, and would provide access to alternative capital pools. This increases the potential available capital which Council can access to close the insurance gap.
- A brief diagram of how a catastrophe bond differs to a traditional insurance product is shown below, along with a list of benefits that differentiate this product from the traditional insurance Council purchases from the NZ and London Markets.

63. This example describes the EQC catastrophe bond that was transacted earlier this year which was a first for the New Zealand market and netted them an additional \$250m of capacity. It was issued in New Zealand dollars which is novel for this product but sets a valuable precedent for the Council should this be deemed an appropriate product for us to use.

#### Reinsurance using the traditional mechanism



#### Reinsurance using a catastrophe bond



64. Benefits of the structure include:
- Diversification of insurance markets
  - Additional capacity (over and above traditional insurance obtained from both London and NZ markets) providing more coverage of the 'insurance gap'
  - Beneficial pricing, depending on the state of the market
  - Three to four year term for cover (compared to the one year for traditional cover)
  - Repeatable process once documentation and organisational structure is set up
65. Note: there is significant upfront effort and cost involved in setting up the above structures. There would be synergies to achieve if they were developed in conjunction with each other (along with the proposed PIF), however they present long term, repeatable transactions that would have lasting impacts. There would also be significant payback where transactions are repeated (in the case of the catastrophe bond).

### Ngā mahinga e whai ake nei | Next actions

66. Officers expect to receive market feedback on the waterfront material damage insurance policy, which renew on 31 August. Our next update to this committee will include an update on the renewal of this policy.
67. The full results of the earthquake loss modelling will inform a re-assessment of Council's risk profile and inform an update to the insurance gap. Further to that, the results of the reassessment will be reported to this committee and inform a discussion which will include, the targeted level of cover, additional risk mitigations, asset and risk prioritisation and the application of alternative risk transfer mechanisms.

- 
68. The insurance team will provide advice and support as necessary into the proposed airport transaction and PIF. Collaboration across the business will ensure that Council's needs are met.
69. A workshop (or series of workshops) will be arranged with this committee to guide planning for the next phases of the insurance roadmap, including, where relevant, deeper information on risk transfer mechanisms and how they can benefit council. Officers will then use this guidance to inform the workplan for the 2025 calendar year.

**Attachments**

Nil



# DECISION REGISTER UPDATES AND UPCOMING REPORTS

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## Kōrero taunaki | Summary of considerations

### Purpose

1. This report provides an update on which previous decisions have been implemented and which are still outstanding. It also provides a list of items scheduled to be considered at the meeting (hui).

### Strategic alignment

2. N/A. This report is considered at every ordinary meeting and assists in monitoring progress.

Author	Leteicha Lowry, Senior Democracy Advisor
Authoriser	Sean Johnson, Democracy Team Leader Andrea Reeves, Chief Strategy and Finance Officer

## Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

## Whakarāpopoto | Executive Summary

### Decision register updates

3. A full list of decisions, with a status and staff comments, is available at all times on the Council website. Decisions where work is still in progress, or was completed since the last version of this report can be viewed at this link: [Council meetings decision register \(wellington.govt.nz\)](https://www.wellington.govt.nz/council-meetings/decision-register).
4. If members have questions about specific resolutions, the best place to ask is through the written Q&A process.
5. This body passed 29 resolutions at the last meeting:
  - All 29 are complete.
6. 12 in progress resolutions were carried forward from previous reports:
  - 10 are now complete and 2 are still in progress.

### Upcoming reports

7. The following items are scheduled to go to the hui:
8. Rātū, 22 Whiringa-ā-nuku 2024 (Tuesday, 22 October 2024):
  - Annual Report (Chief Strategy & Finance Officer).
  - Assurance and Business Integrity Update (Chief Strategy & Finance Officer).
  - Risk Management Update (Chief Strategy & Finance Officer).

- 
- CCO annual reports on risk impacting Council's group risk (Chief Economic and Engagement Officer).
10. The Proposed Workplan (attachment 1) sets out the areas of interest for the Unaunahi Māhirahira | Audit & Risk Committee for the remainder of this triennium until September 2025. The proposed workplan informs the forward programme.

### **Takenga mai | Background**

11. The purpose of the decisions register is to ensure that all resolutions are being actioned over time. It does not take the place of performance monitoring or full updates. A resolution could be made to receive a full update report on an item, if desired.
12. Resolutions from relevant decision-making bodies in previous trienniums are also included.
13. Elected members can view public excluded clauses on the Council website: [Council meetings decision register \(wellington.govt.nz\)](#).
14. The upcoming reports list is subject to change on a regular basis.

### **Attachments**

- Attachment 1. Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan 2022-25 triennium [↓](#)  Page 115

**Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan 2022-25 triennium**

	14 Aug 2024	22 Oct 2024	20 Nov 2024	5 Feb 2025	30 Apr 2025	10 Sep 2025
<b>Committee Governance</b>						
○ Forward programme and workplan update	◆	◆	◆	◆	◆	◆
○ Committee self-assessment of performance and effectiveness	◆				◆	
<b>Assurance and Business Integrity (Internal Audit)</b>						
○ Approval of the following year Assurance work plan					◆	
○ Update on current year Assurance work plan			◆		◆	
○ Update on Protected Disclosures and investigations	◆			◆		◆
○ Status of internal and third-party audit recommendations		◆		◆		◆
○ Update on fraud risk						
○ Annual legislative compliance attestation report	◆					◆
○ Review Internal Audit Charter						
○ Elected member gifts & hospitality and pecuniary interests		◆			◆	
<b>External Audit and Statutory Reporting</b>						
○ Audit plan and engagement letter				◆		
○ Progress to address matters of emphasis in 21/22 audit opinion						
○ Proforma Annual Report (financial statements & accounting policies)					◆	
○ Draft Annual Report and letters of representation	◆	◆				◆
○ Year-end management letter	◆		◆			◆
○ Committee briefing with no mgmt present (+ as req'd)		◆				
<b>Risk Management</b>						
○ Strategic Risk Management Framework - profile update	◆	◆		◆		◆
○ Fit for purpose review of risk management framework					◆	
○ Approval of annual Risk work plan	◆				◆	
○ Risk Maturity update				◆		
○ Group Risk Management – Chief Officer updates						
• Chief Executive (as required)	◆	◆	◆	◆	◆	◆
• Chief Planning Officer					◆	
• Chief People and Culture Officer						◆
• Chief Operating Officer		◆				
• Chief Māori Officer				◆		
• Chief Infrastructure Officer	◆					

Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan 2022-25 triennium

	14 Aug 2024	22 Oct 2024	20 Nov 2024	5 Feb 2025	30 Apr 2025	10 Sep 2025
<ul style="list-style-type: none"> <li>Chief Strategy &amp; Finance Officer</li> <li>Chief Economic &amp; Engagement</li> </ul>			◆	◆		
<b>Council Controlled Organisations</b>						
o CCO annual reports on risk impacting Council's group risk	◆		◆			◆
<b>Finance</b>						
o Insurance roadmap update				◆		
o Insurance renewal update		◆				
o LTP Finance risk update	◆	◆	◆	◆	◆	◆
<b>Health and Safety</b>						
o Performance report	◆		◆	◆	◆	◆
<b>Legal Risk</b>						
o Litigation matters update (Public excluded)	◆	◆	◆	◆	◆	◆
<b>Long Term Plan</b>						
o 2027-37 LTP Development Programme – project plan						
o LTP forecasting assumptions						
o Asset Management Planning – assurance						
o Audit New Zealand LTP assurance plan						
o Audit NZ LTP Management letter	◆					
<b>Focus Topics</b>						
o Accounting for interest costs on asset construction and capital projects						
o Project Management Office – maturity of project management practices	◆					

### 3. Public Excluded

#### Recommendation

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
3.1 Litigation Matters and Chief Officer Updates	<p>7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.</p> <p>7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.</p>
3.2 Office of the Auditor General and Audit New Zealand - standing update	<p>7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.</p> <p>7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.</p>