

Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke

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

9:30am Rāapa Wednesday, 11 Whiringa ā-nuku October 2023
Ngake (16.09), Level 16, Tahiwī
113 The Terrace
Pōneke | Wellington



MEMBERSHIP

Mayor Whanau
Councillor Apanowicz
Councillor Chung
Pouiwi Kelly
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, 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.

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

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1. Meeting Conduct

1.1 Karakia

The Chairperson will open the hui with a karakia.

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!	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.

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!	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 16 August 2023 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.

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, 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

SPEED MANAGEMENT DATA BREACH AND ASSURANCE REVIEW OF BENEFIT COST RATIO CALCULATION

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Unaunahi Māhirahira | Audit and Risk Committee provides findings and recommendations from two independent reviews into the events and processes surrounding the release (under LGOIMA) of a peer reviewed Benefit Cost Ratio (BCR) calculation spreadsheet which contained both personal information and an error in the BCR calculations. The reviews also identify improvements to the process to prevent this situation occurring again.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

Relevant Previous decisions

In August 2023 this Committee received an update on the Council's response to an associated privacy breach as a result of a spreadsheet containing the Speed Management Cost Benefit Analysis being supplied in response to a LGOIMA request.

Financial considerations

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

Risk

- Low Medium High Extreme

2. This review does not create risk. The recommendations seek to reduce the risk of errors in future.

Authors	Richard Leverington, Manager Risk and Assurance Elizabeth Steel, Funding Manager
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information
2. Note that the recommendations from both of the reviews will be tracked and reported back to this Committee.

Whakarāpopoto | Executive Summary

Benefit Cost Ratio (BCR) Review

3. In August 2023, Wellington City Council commissioned an independent review of how an error was made in the calculation of the speed management Benefit Cost Ratio (BCR) that was applied to Wellington City Council's draft Speed Management Plan. The review sought to identify how the peer review process failed to identify the error and to identify improvements to the process to prevent this situation occurring again.
4. Key recommendations for implementation are:
 - Clarify why Wellington City Council is carrying out the Speed Management Review and determine the key drivers before deciding on an analytical approach
 - Ensure that Councillors agree how much weight a range of factors should carry in making a decision on the approach to the Speed Management Review, and avoid basing a decision on a single factor
 - Develop a formal framework for Cost Benefit Analysis at WCC, including clear guidance on:
 - a. who can do it
 - b. peer review expectations
 - c. thresholds for outsourcing analysis or peer review.
 - Develop appropriate guidelines around document management and naming conventions and ensure all staff and contractors are trained in and aware of them.

Privacy Review

5. In June 2023, Wellington City Council commissioned an independent review of the events leading into and after the unintended release of personal information contained in the BCR spreadsheet. The review was also scoped to consider the cause of the unintended release of information, including the adequacy of the processes and controls associated with the release.
6. Key recommendations for implementation are:
 - Implementation of policies and accountabilities (project plan) when handling large datasets.
 - Review the LGOIMA process to improve maturity across the organisation, including review of accountabilities.

- Instigate a privacy programme of work to lift privacy maturity across the organisation to increase awareness and embed into organisational culture.

Takenga mai | Background

BCR Review

7. A 2020 Waka Kotahi assessment found that approximately 80% of Wellington City's streets currently have speed limits that do not align with the 'safe and appropriate' speed calculated for the street, and 98% of those require a speed reduction. Given that finding, WCC engaged independent consultants to undertake a city-wide assessment. This work concluded with eight (which later became nine) options that were evaluated for speed management approaches to safer speeds around schools, safe and appropriate speeds citywide and implementation timing.
8. Before making recommendations to Council on which option should be pursued and publicly consulted on, WCC officers carried out cost benefit analysis (**CBA**) of the options to support decision making on Wellington's draft speed management plan, including developing BCRs (or 'value for money' calculations) for each one.
9. BCRs were presented to Council's Planning and Environment Committee in meetings in June and September 2022 to support its decision to agree the option forming the basis of a draft Speed Management Plan.
10. Public consultation on the draft Speed Management Plan was halted after a significant error was found in the equations of the BCRs outlined in the consultation documents. The calculation error resulted in an overstatement of the safety benefits in the BCR put to Council due to a double adjustment in the analysis. This has since been confirmed by another independent external review.

Privacy Review

11. Wellington City Council was involved in a privacy breach that received media attention mid-2023. The breach related to the release of an Excel spreadsheet, through LGOIMA, containing personal information from individuals involved in car crashes.
12. Following the breach the Council engaged independent consultants to review how the breach occurred and to propose recommendations and opportunities for improvement.

Kōrerorero | Discussion

BCR Review

13. The Reviewer noted that it is understandable that officers would want to have robust, objective information to hand to support advice when making recommendations. The Reviewer understands that there are also frequent requests for that type of information from both elected members and the public, so there is merit in being able to respond.
14. Cost Benefit Analysis is one way to support robust decision making, but BCRs are not the only form that information could take, and their use is not required by Waka Kotahi to support speed management plans.

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15. As well as making a number of practical recommendations about BCRs, the Reviewer makes a specific risk-driven recommendation to develop a framework for Cost Benefit Analysis, including clear guidance on “*thresholds for outsourcing analysis or peer review.*”
 16. The Reviewer also recommends that decision makers should clarify why they are doing the review (in its next iteration) and determine its drivers. There are a number of possible drivers, including:
 - simply to comply with a rule change (which suggests a minimal approach)
 - to ensure that the city remains as economically prosperous as possible while complying with safety requirements (which points to an economic decision-making framework)
 - primarily for safety reasons (in which case DSI reductions will be the primary driver)
 - to encourage mode shift to support climate change and/or congestion outcomes
 17. Clarifying the rationale for the review will help determine the approach and need for a Cost Benefit Analysis.



Privacy Review

18. The Reviewers noted that one cause of the breach was that WCC has a lack of policy or process to respond to the use of large datasets. Commenting that “*Maturity is low in this space.*”
19. Another noted cause of the breach during the LGOIMA release was “normal human at an individual level” and “insufficient controls to prevent humans errors.”
20. The Reviewers have made a number of recommendations through their findings to help lift maturity and give practical solutions to implementing controls surrounding the use of large data sets and the LGOIMA process. These include;
 - Policies to cover larger data sets
 - Require completion of project plans before using large data sets
 - Review of the LGOIMA process
 - Consider resourcing of privacy function
 - Review of information sharing agreements
 - Build privacy culture and awareness through a deliberate privacy programme
 - Refresh of privacy training

Ngā mahinga e whai ake nei | Next actions

21. Risk and Assurance will track the implementation of recommendations from this review and report back to Unaunahi Māhirahira | Audit & Risk Committee.

Attachments

Attachment 1.	Speed Management BCR Calculation Review ↓ 	Page 14
Attachment 2.	WCC Privacy Breach Independent review into traffic accident privacy breach of June 2023 ↓ 	Page 47

Speed Management BCR Calculation Review

Wellington City Council

September 2023

Carolyn van Leuven
Independent Reviewer

About this report

This report was commissioned by Stephen McArthur, Chief Strategy and Governance Officer, Wellington City Council and may only be distributed or reproduced with his permission or the permission of Council's Chief Executive.

The report incorporates evidence-based findings in relation to the development of the Benefit Cost Ratios in the Cost Benefit Analysis that supported WCC's draft Speed Management Plan. It is not an economic analysis and the Reviewer did not carry out her own BCR analysis or evaluate source material for the BCRs used. It reflects the Reviewer's views based on information evaluated over several days during the review period from 3 August to 11 September 2023 and may not necessarily represent the views of WCC or parties involved in the development or review of the draft Speed Management Plan.

The review was carried out at the request of, and for the purposes of, WCC only. The Reviewer does not accept any responsibility on any grounds whatsoever, including negligence, to any other person.

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1 Review conclusions

1.1 Executive summary

The *Land Transport Rule: Setting of Speed Limits 2022* requires RCAs to introduce safe speed limits of 30km/h near 40 percent of their schools by June 2024. Safer speed limits (with a default of 30km/h) need to be introduced outside all schools by the end of 2027. As Wellington has a high density of schools (over 80 across the city), implementing this requirement will see lower speed limits across a large number of areas in the city, even if a 'bare minimum' approach is taken.

Cost Benefit Analysis (**CBA**) is not often carried out in relation to transport safety developments. However, Wellington City Council (**WCC**) officials developed the Safer Speeds CBA as a form of objective information to support advice and recommendations to Council on options to meet the Rule's requirements.

The Safer Speeds CBA was acknowledged as being well structured within a sound framework, easy to follow and generally well done.

However, human error and a catalogue of mostly minor issues with data, structures and processes enabled a "Swiss cheese"-type situation to develop, leading to an error being made in the analysis and not being discovered until after a draft Speed Management Plan that featured the Safer Speeds CBA prominently was in the public domain for consultation. These issues included:

- differences between the way crash data is treated by Waka Kotahi and the Ministry of Transport –and this not being widely understood
- lack of a formal framework and 'community of practice' for CBA within WCC
- insufficient 'scepticism' when carrying out work on a contentious area of policy
- turnover of key staff members
- poor management of the peer review process by both the consultant and WCC, leading to critical information not being provided, a draft report being treated as final, and a lack of follow up
- not ensuring that the peer review was updated or a further review carried out after the Safer Speeds CBA report was changed following the initial review, especially given that almost a year had passed between the peer review and the provision of the report to Council
- the error being difficult to spot, as acknowledged by experts and evidenced by it not being discovered until it was despite the relevant spreadsheet being released to requesters much earlier.

This report sets out the Reviewer's findings in relation to what happened in the CBA and peer review process, discusses Council and other settings and procedures that may have contributed to the error, and provides recommendations intended to help prevent this situation occurring again along with some related process improvements.

1.2 Recommendations

Ref.	Recommendation	Priority
R1	Develop a formal framework for Cost Benefit Analysis at WCC, including: <ul style="list-style-type: none"> • guidance on who can do it • clear expectations around peer review • thresholds for outsourcing analysis or peer review • encouragement to collaborate with Waka Kotahi and other Road Controlling Authorities where appropriate. 	DO BY December 2023
R2	Establish a WCC 'Cost Benefit Analysis community of practice' that can be called on to collaborate and provide peer support and review, including involving the Strategy, Policy and Research Team.	Consider
R3	Consider using external consultants to develop supporting material for decision making in contentious areas or to review it – to increase credibility, reduce perceived conflict of interest, and for protection if an error is made.	Consider
R4	Ensure that appropriate time, information and instructions are provided to consultants when engaging them and provide an opportunity for them to review if there are material changes following their input.	Ongoing
R5	Develop appropriate guidelines around document management and naming conventions at WCC and ensure all staff and contractors are trained in and aware of them.	DO BY March 2024
R6	Take a proactive approach to making non-confidential information supporting decision making available to the public, especially where there are likely to be diverse views.	Ongoing
R7	Clarify why WCC is carrying out the Speed Management Review and what are the key drivers before deciding on an analytical approach.	DO BEFORE work on revised draft Speed Management Plan
R8	Ensure that Councillors agree how much weight a range of factors should carry in making a decision on the approach to the Speed Management Review, and avoid hanging a decision on a single factor.	DO BEFORE deciding on draft Speed Management Review for consultation

2 Background

2.1 Development of draft Speed Management Plan

Under the Land Transport Rule: Setting of Speed Limits 2022, road controlling authorities (**RCA**s, including Wellington City Council (**WCC**)):

- may set speed limits for roads under their control, with the option of declaring a speed limit area
- must prepare a speed management plan
- must engage and partner with Māori when preparing the plan
- must use reasonable efforts to ensure that roads near at least 40 percent of its schools (33 out of 81 schools in Wellington city) have nominally 30km/h speed limits by June 2024, and all roads outside all schools have safe speed limits (with a default of 30km/h) by the end of 2027.

The Reviewer understands that a 2020 Waka Kotahi assessment found that approximately 80% of Wellington City's streets currently have speed limits that do not align with the 'safe and appropriate' speed calculated for the street, and 98% of those require a speed reduction. Given that finding, Abley consultants were engaged by WCC to undertake a city-wide assessment. This work concluded with eight (which later became nine) options that were evaluated for speed management approaches to safer speeds around schools, safe and appropriate speeds citywide and implementation timing. The options varied across three parameters:

- the approach to safe speeds around schools (permanent or variable)
- the approach to safe speeds citywide (default urban speed limit of 30 km/h (excluding arterials), 40 km/h (including arterials) or no change)
- the implementation timing (implemented by 2024 or 2030).

Before making recommendations to Council on which option should be pursued and publicly consulted on, WCC officers carried out cost benefit analysis (**CBA**) of the options to support decision making on Wellington's draft speed management plan (**Safer Speeds CBA**), including developing benefit-cost ratios (**BCRs**) (or 'value for money' calculations) for each one.

The initial Safer Speeds CBA was reviewed by an independent external peer reviewer, which identified a number of issues that were addressed in finalising the Safer Speeds CBA before making recommendations to Council – although the numerical analysis including the BCRs did not change as a result of the peer review.

The recommended option taken to Council (option 6 – a 40/30 km/h mix across the city with a few exceptions) provided the highest crash reduction benefits and high value for money with a BCR of 7.7 (\$7.70 of benefits for each \$1 spent) when certain 'central case' assumptions were applied¹. However, the BCR was negative in three of the sensitivity tests carried out to show results when some of the assumptions were changed, reflecting high costs and high travel time disbenefits. The two options with by far the highest value for money (options 2a and 2b, with BCRs of 23.4 and 22.8 respectively) were expected to provide substantially lower total benefits compared to other options, given they targeted

¹ Assumptions included crash modification factor, fatal to serious injury ratio, construction costs and travel time disbenefits.

a much smaller area – but were the only options that had a positive BCR across the full range of sensitivity testing.

The BCRs were a central (but not the only) aspect of the information presented to Council’s Planning and Environment Committee in meetings in June and September 2022 to support its decision to agree the option forming the basis of a draft speed management plan that officers would go on to develop. They also featured prominently in the draft plan released for public consultation (following approval of the (new) Council’s Environment and Infrastructure Committee in April 2023). This proposed an approach based on option 6: speed limits reduced to 30km/h or 40km/h on all streets in the city, with a slightly broader set of exceptions including a few arterials, regional, national, high-volume roads remaining at 50km/h and a small number of others remaining at lower speeds.

Public consultation on the draft Speed Management Plan was halted in June 2023 after a significant error was found in the equations of the BCRs outlined in the consultation documents. The calculation error resulted in an overstatement of the safety benefits in the BCR put to Council due to a double adjustment in the analysis, which has since been confirmed by another independent external review.

A table setting out key events dating from the initial development of the Safer Speeds CBA to the withdrawal of the draft Speed Management Plan is set out in Appendix 2.

2.2 Review objective and scope

The objective for this review was to assess how the error was made in the calculation of the speed management BCR, how the peer review process failed to identify the error and to identify improvements to the process to prevent this situation occurring again.

This review’s scope included considering:

- the process steps to calculate the speed management BCRs including the reason for and how the Council calculates BCRs
- internal review and approval of documentation for Council decision making
- the external peer review process and procurement
- identification of other processes that could be affected by the BCR calculation
- recommendations to prevent this situation occurring again and any other process improvements and any other matters.

The full terms of reference for this review are attached as Appendix 1.

2.3 Review approach

The review took place over several days between 3 August and 11 September 2023 at WCC’s offices and online. It also incorporated observations from fieldwork carried out by WCC’s Risk and Assurance team during the month prior, which included identifying and locating relevant documentation and interviewing relevant WCC staff and consultants (listed in Appendix 3).

The Reviewer interviewed relevant WCC staff, consultants and stakeholders (listed in Appendix 3) and reviewed relevant documentation provided by WCC (listed in Appendix 4)

This report incorporates evidence-based findings in relation to the development of the BCRs that supported WCC's draft Speed Management Plan. It reflects the Reviewer's views based on information evaluated over the review period and may not necessarily represent the views of WCC or parties involved in the development of the draft Speed Management Plan.

2.4 Acknowledgements

The Reviewer thanks all those interviewed for their open dialogue and support of the review process, which contributed greatly to her understanding of the Project and to the outcome of this review. Particular thanks go to James Mackessack, Senior Advisor Assurance and Business Integrity, for his fieldwork and to both him and Elizabeth Steel, Chief Advisor Strategy & Governance, for their logistical and administrative support.

3 Findings and recommendations

3.1 Policy and business context

The *Government's 'Road to Zero' Transport Safety Strategy 2020-2030* incorporates infrastructure improvements and speed management as one of five focus areas, signalling the need for major road speed changes across Aotearoa. In July 2022, Waka Kotahi published its *'Speed Management Guide: Road to Zero edition'*, which updates the approach to speed management planning and provides RCAs (including WCC) with guidance on developing long-term, high-quality speed management plans that set 'safe and appropriate' speed limits across Aotearoa New Zealand's road network.

As noted in section 2.1 above, the *Land Transport Rule: Setting of Speed Limits 2022* requires RCAs to introduce safe speed limits of 30km/h near 40 percent of their schools by June 2024. Safer speed limits (with a default of 30km/h) need to be introduced outside all schools by the end of 2027. As Wellington has a high density of schools (over 80 across the city), implementing this requirement will see lower speed limits across a large number of areas in the city, even if a 'bare minimum' approach is taken.

Waka Kotahi's *Speed Management Guide: Road to Zero edition* is clear that the speed considered 'safe' for a road is based on the survivable impact speed for relevant collision scenarios. For example, 30km/h is assessed as the safe system speed for roads and sections with people present outside and inside vehicles (such as roads near schools)². The Reviewer understands that RCAs can use local knowledge and specific insights to determine what speed is 'safe and appropriate' for a particular road, but will need to provide an explanation for a speed that differs from Waka Kotahi's assessment.

Almost all those interviewed commented that speed limits and their impact on road safety were a highly charged and political area, which is often "polarising in the community". Some even observed that those imposing or recommending them can become "*the target of horrendous public and social media*". It was noted that on the one hand, higher speeds lead to worse safety outcomes including more DSIs on the road and this means that people can feel unsafe (or worry that their children are unsafe) on and around roads – especially walking and cycling, which makes active transport modes less desirable. On the other hand, many interviewees acknowledged that there is a strongly held fear that lower speed limits are "*bad for the economy and create congestion*". In this case, by the time the consultation on WCC's draft Speed Management Plan was withdrawn, the Reviewer heard there had been around 3,000 submissions with 90% against the proposals.

In light of all this, it is understandable that officers would want to have robust, objective information to hand to support their advice when making recommendations. The Reviewer understands that there are also frequently requests for that type of information from both elected members of RCAs and the public, so there is merit in being able to respond to that. CBA is one way to support robust decision making, but BCRs are not the only form that information could take.

It became evident during the review that other RCAs have not used CBA to support their development of speed management plans, and their use is not required by Waka Kotahi, although CBA use (incorporating expected travel time changes) are commonplace for transport infrastructure investments.

Some interviewees considered that the highly charged nature of developments in speed management was one reason that some RCAs tended to 'farm out' analysis to independent consultants rather than carrying out the work themselves. They also considered this a protection factor if any errors were

² Waka Kotahi, *Speed Management Guide: Road to Zero Edition*, July 2022, available at <https://www.nzta.govt.nz/assets/resources/speed-management-guide-road-to-zero-edition/speed-management-guide-road-to-zero-edition.pdf>, p9

made, noting that it can be hard to recover from the reputational hit taken from making analytical mistakes.

The Reviewer heard that there was some concern about time constraints relating to the development of the draft Speed Management Plan, in order to ensure that legislative timeframes were met when implementing any changes. However, interviewees also acknowledged that after the error was spotted, it was not difficult to extend the timeframes and that the rule requires “reasonable efforts” rather than an absolute ‘drop dead’ date.

3.2 The use of Cost Benefit Analysis

Effectiveness of CBA and BCRs as a tool

Several interviewees commented that CBA provides a trusted, familiar framework and BCRs can be a key aid to decision making in transport investment (particularly transport infrastructure investment) when weighing up different options. In general, investment options with a BCR below 1 will not be considered further; options with a BCR greater than 1 are considered worth looking at.

CBA is not the only tool that can be used to weigh up investment options, though – multi-criteria analysis can also be used for assessing multiple quantitative and qualitative criteria to refine options.

Some interviewees said they would not have used CBA to support a regulatory / policy change. One commented that this is the only time they’ve seen CBA used in relation to a policy change, and noted that other RCAs don’t usually rely on CBA for safety-related work, given the large number of variables.

The Reviewer heard some views that CBA was always used (and some considered they were required) when requesting funding from Waka Kotahi and that this could be why there was an assumption that transport projects should be supported by CBA. However, others expressed scepticism with this approach and did not consider BCRs were required in weighing up the options.

The Reviewer heard from a number of interviewees that BCRs can often be perceived as very rational, or even an ‘absolute truth’, but that this is not the case given:

- they are “full of assumptions”
- projects (especially speed-related projects like the Speed Management Review, as opposed to infrastructure construction projects) can be quite value laden with winners and losers, and values do not easily translate to hard, comparable numbers
- BCRs will only ever be partial, with not all benefits, disbenefits and costs able to be captured (although some noted that the main things that would have drastically changed the ratio were captured in this case)
- modelling behind BCRs is sometimes incorrect (e.g. the Reviewer heard that delays and queuing resulting from transport system changes are often overestimated).

Several interviewees focused particularly on the difficulties of attributing a monetary value to time. They noted that the value of travel time swamps everything else and doesn’t always feel right (e.g. one interviewee noted that under a CBA approach, everyone in Auckland spending 6 minutes a year more in traffic broadly equates to someone being “shot in the square”). In addition, the Reviewer

heard from some that time should not be considered a flat value (e.g. when trying to catch a flight, the only minute that matters is the last one before the gate closes).

Also related to time, there was a debate as to whether travel time should be considered a disbenefit (deducted from the BCR numerator) or a cost (added to the denominator). Moving it from one to the other can completely change the BCR, as can be seen from the following hypothetical example:

With a crash reduction (CR) benefit of \$300m, a construction cost of \$20m and a travel time (TT) impact of \$200m, the BCR can be calculated as:

$\frac{\text{CR benefit} - \text{TT disbenefit}}{\text{Construction cost}}$	$\frac{\$300\text{m} - \$200\text{m}}{\$20\text{m}}$	=BCR of 5.0
OR		
$\frac{\text{CR benefit}}{\text{Construction cost} + \text{TT cost}}$	$\frac{\$300\text{m}}{\$20\text{m} + \$200\text{m}}$	=BCR of 1.36

This will sometimes enable those developing BCRs to present options differently, simply by choosing to call travel time a disbenefit or a cost.

A few interviewees also considered that there could sometimes be a bias (perhaps unconscious) towards wanting a “good BCR” to support options analysis, so results were not necessarily treated with as much scepticism as they should be.

BCR use at WCC

At WCC, the Reviewer understands that CBA is used across a range of areas, but relatively infrequently in relation to transport projects given that WCC is in most cases a regulator (rather than a builder) and doesn’t often build at a scale that interviewees considered calls for a CBA approach. Interviewees noted that officers have discretion to use whatever methodology they see fit to produce supporting material for papers and recommendations.

The Reviewer understands that the City Design team uses a BCR tool specifically developed to support transitional cycleway projects – where data is input to ‘spit out’ a BCR – and will generally contract consultants to carry out CBA in relation to the larger transformational cycleway projects.

However, interviewees were unable to point to a formalised process for the use of BCRs (in transport at least) at WCC, except in the City Design team, and there was no ‘community of practice’ across business units. This means that there are no formal controls, nor a practice of internal review to check CBA before it is relied on.

Qualifications and support for CBA

In addition, as noted by a number of interviewees, there is no special educational requirement or certification that qualifies a person to carry out CBA. This provides the opportunity for analysis to be carried out by someone who is not experienced or skilled in its use – although as noted above, there is no suggestion that that was the case with the Safer Speeds CBA.

The Reviewer heard that some comparable organisations have a ‘how to’ guide for CBA, but did not sight any such documents. There is also high-level guidance in Waka Kotahi’s Monetised Benefits and

Costs Manual (**MBCM**)³. It was noted by some interviewees that standard practice in similar organisations is to be clear that anyone doing CBA who is not highly experienced with that form of analysis needs help from someone who is; and if procuring consultants to do CBA, likewise they should call for help to scope up or review work. In addition, the Reviewer heard that other organisations have previously run workshops on best practice CBA. Both a ‘how to’ guide and CBA workshops could be useful for WCC to adopt, either for itself alone or (perhaps better) in conjunction with other relevant agencies.

Interviewees were confident that both Waka Kotahi and other RCAs would be willing to share their experience to support and review work in this area.

Some interviewees noted that where there are developments in contentious areas, or where there are organisational trust issues with constituents, the agency proposing a change can be perceived as having a conflict of interest. In these situations it can be particularly useful to engage consultants, either to carry out analytical and advisory work in the first place, or at least to review work done internally.

Working with consultants has two other significant benefits:

- Consultants sometimes have more leeway in the methodology they can use to carry out analysis (e.g. the Reviewer heard that a RCA may be obliged to follow Waka Kotahi’s MCBM because of their relationship, but an external consultant can simply use it as an input or consideration without actually following it if they consider other information outweighs it).
- If mistakes are made in analysis, the organisation can more easily distance itself from the error and move on or regain trust.

It would be useful to consider thresholds for outsourcing analysis or peer review bearing these points in mind.

Recommendations

R1	Develop a formal framework for Cost Benefit Analysis at WCC, including: <ul style="list-style-type: none"> • guidance on who can do it • clear expectations around peer review • thresholds for outsourcing analysis or peer review • encouragement to collaborate with Waka Kotahi and other Road Controlling Authorities where appropriate. 	DO BY December 2023
R2	Establish a WCC ‘Cost Benefit Analysis community of practice’ that can be called on to collaborate and provide peer support and review, including involving the Strategy, Policy and Research Team.	Consider
R3	Consider using external consultants to develop supporting material for decision making in contentious areas or to review it – to increase credibility, reduce perceived conflict of interest, and for protection if an error is made.	Consider

³ Waka Kotahi, *Monetised Benefits and Costs Manual, version 1.6, June 2023*, available at <https://www.nzta.govt.nz/assets/resources/monetised-benefits-and-costs-manual/Monetised-benefits-and-costs-manual.pdf>, p15

Input data for transport-related CBA

The Safer Speeds CBA was developed using:

- crash information from Waka Kotahi's CAS (which the Reviewer heard is the "primary tool for capturing information on where, when and how road crashes occur")
- Waka Kotahi's MBCM, which it says is the "industry's standard for the economic evaluation of land transport ..."
- monetised social cost information from the Ministry of Transport's *Social cost of road crashes and injuries*.

The Reviewer understands that it is well known that non-fatal crashes are underreported. According to the Ministry of Transport⁴:

While all fatal crashes are recorded by New Zealand Police in the official [Traffic Crash Reports] (TCRs), only some of the serious and minor injury crashes are. Hospitalisation data and ACC's motor vehicle claims data are used in conjunction with TCRs to obtain the best estimates of the total numbers of road crashes and injuries... For the three years to 2018, only 56 percent of all serious injuries and 29 percent of all minor injuries are recorded in TCRs.

Some interviewees noted that there is "continual confusion" between CAS and the MBCM on the one hand and the Ministry of Transport's *Social cost of road crashes and injuries* document on the other. All three are 'official' and well regarded, but Waka Kotahi and the Ministry of Transport use different methodologies and data. In particular, the Reviewer understands the Ministry's data is already adjusted to take account of under-reporting of serious and minor injuries, but that Waka Kotahi's data (in CAS and the MBCM) is not. However, interviewees commented that there is no visibility in the Ministry publication of what adjustments have been made to account for under-reporting, and some reported hearing that even experienced practitioners and officers have "no idea where they've come from or how they could be justified". To add to the confusion, the Reviewer heard that Auckland Transport has published separate research on the scale of under-reporting, which is different again.

A number of interviewees were unaware of the differences in the way Waka Kotahi and Ministry reporting treated unreported crashes prior to the error being discovered in the Safer Speeds CBA.

The Reviewer observes that where relevant information is available from multiple sources (as is understood to be the case with the Safer Speeds CBA given Waka Kotahi's MBCM and the Ministry's *Social cost of road crashes* contain similar cost data), the risk of confusion can be mitigated by using data from one source without introducing another that may have been treated differently. If there is good reason to use multiple sources, then of course additional care should be taken to ensure appropriate adjustments are made so that the data are comparable.

The Reviewer understands that training is available in the use of Waka Kotahi's CAS, and that it had been taken up by the staff member who developed the Safer Speeds CBA.

⁴ Ministry of Transport, *Social cost of road crashes and injuries*, June 2019 update, available at <https://www.transport.govt.nz/assets/Uploads/Report/SocialCostof-RoadCrashesandInjuries2019.pdf>, p8

3.3 What happened

Development of the Safer Speeds CBA

WCC's Transport Strategy team carried out the Safer Speeds CBA in the context of the following stated objectives:

- *achieving compliance with the requirement to reduce traffic speed around schools, 40% by 2024 and the remainder by 2029⁵;*
- *reducing deaths and serious injuries across the Wellington transport network;*
- *making walking cycling, and scooting more appealing modes of transport for all journeys, including to and from school; and*
- *providing value for money for our community and our ratepayers.*

It is not clear to the Reviewer where these objectives came from. If they were agreed by Council, then the Safer Speeds CBA is likely to have addressed the strategic wishes of elected members (acknowledging that there was a change in membership between the initial work and consultation on the draft Speed Management Plan earlier this year).

The analysis assessed:

- travel time impact using recognised transportation modelling suite AIMSUN software
- safety impact (crash reduction benefits) using crash information from the Waka Kotahi-managed Crash Analysis System (CAS), and monetised social cost information from Waka Kotahi's *Monetised Benefits and Costs Manual*⁶ and the Ministry of Transport's *Social cost of road crashes and injuries*⁷
- costs of signage, traffic calming devices, implementation costs and annual maintenance costs.

Key parameters used in the analysis included a discount rate of 4%, an analysis period of 40 years, vehicle occupancy rates of 1.2 for cars and 15 for buses, and an annualization factor of 245 working days per year. Given the inherent uncertainty involved in predicting future outcomes, 'sensitivity testing' was carried out to understand how the results would be impacted with changes to assumptions around the crash modification factor, the ratio of fatal to serious injuries, construction costs and travel time disbenefits.

Several interviewees expressed their view that the analysis was well structured within a sound framework, easy to follow, and generally "quite well done". An independent review of the Safer Speeds CBA in June 2023 noted that most steps had been carried out appropriately. This includes:

- choosing appropriate information sources
- adjusting Waka Kotahi data to account for all the serious and minor injuries that were sustained but do not show up in CAS due to the under-reporting issue noted in section 3.2 above

⁵ The final *Setting of Speed Limits Rule 2022* requires reasonable efforts to do this by 2027 rather than 2029; the Safer Speeds CBA paper refers to the *proposed* rule rather than the one in force.

⁶ *Supra*, note 3

⁷ *Supra*, note 4

- making further adjustments to the number of reported fatal and serious crashes to be consistent with expectations, given crashes of this severity happen (relatively) infrequently enough that whether they result in a fatality or serious injury may not be indicative of the true likelihood of those outcomes.
- monetising the social cost of these crashes.

This was in contrast to what some interviewees described as a “general lack of rigour to producing BCRs” in many cases.

Peer review

The Reviewer heard that because of the significance of the Safer Speeds CBA and because WCC did not have the time or skills to review the bespoke piece of work, a peer review was commissioned from an independent transport planning and engineering consultancy on 17 June 2021.

A peer review report was provided just over a month later on 19 July 2021, commenting that the Safer Speeds CBA report presented a “*generally sound analysis of the relative merits of the different speed management intervention options*” and identifying “*some issues with the selection of the correct values to use for each option, as well as a few details that could be better presented or documented in the report.*” The accompanying email noted that the peer reviewer had been unable to access the actual CBA spreadsheets, which had only been provided as links, and offered:

- to have a phone/video discussion about the findings, as provided for in the review proposal
- to review the WCC analysis if revised in light of the peer review comments and provide an updated memo.

However, the peer review report itself looked like a final document and there were no caveats in it in relation to the missing information; in fact the report stated that it had been based on the draft CBA document “... *as well as reviewing the accompanying analysis spreadsheets and related safety/risk data.*” The Reviewer also understands that the fixed consultancy fee for the peer reviewer’s work was paid by WCC.

Interviewees noted that the Safer Speeds CBA report was edited to take into account the issues identified in the peer review report, and that there were a number of changes as a result – although the Reviewer understands that the underlying analysis and numbers (including BCRs) did not change.

Between commissioning and provision of the initial peer review report, the WCC staff member who carried out the original CBA left the organisation. That person was later engaged as a consultant to finalise the Safer Speeds CBA report in relation to the 9 options considered, which the Reviewer understands was completed in December 2021.

The Reviewer understands that there was no follow up meeting in relation to the initial report, nor any referral back to the peer reviewer or to any other CBA specialist (other than the person who carried out the Safer Speeds CBA) before the analysis was used to support recommendations to Council almost a year later.

Consideration by Council

WCC’s Transport Strategy Team presented a paper recommending the adoption of option 6 as a basis for development of a draft Speed Management Plan to Council’s Planning and Environment Committee in June 2022 (originally planned for 9 June but deferred to 16 June due to storm

interruptions). The Committee discussed the paper but did not adopt the recommendations at this stage, requesting further work and consultation be carried out first.

Following the 16 June meeting, Waka Kotahi published its *Speed Management Guide: Road to Zero Edition*, and officers engaged with Wellington schools and further engaged with Councils in the region and with *Let's Get Wellington Moving* on the wider regional approach and process. Then after officers presented further information on 15 September 2022, the Planning and Environment Committee agreed the approach for the development of a draft Speed Management Plan by majority vote.

On 27 April 2023, WCC's Environment and Infrastructure Committee⁸ approved the draft Speed Management Plan for formal consultation in May 2023 by majority vote. Both the presentation to Councillors to support this and the draft Speed Management Plan itself prominently noted the BCRs for each of the options considered alongside the crash reduction benefits, although these were not the only considerations in setting the recommended approach.

Identification of the error

The Reviewer understands that in June 2023, while the draft Speed Management Plan was out for public consultation, a Councillor identified a potential double counting error in the CBA spreadsheet for the first time. It is understood that the spreadsheet had previously been released in July 2022 under the Local Government Official Information and Meetings Act 1987, then in April 2023 to another Councillor (and shared with an economist) without any error being identified.

An independent transport economist was engaged to carry out a rapid review on 14 June 2023 and reported the next day that:

"This rapid review of the Safer Speeds CBA done by the Transport Strategy Team at WCC found that there was a double adjustment of the crash rates in the analysis. This led to the cost of crashes being adjusted for underreporting twice, which inflated the cost of crashes (and thus, inflated, the benefit of reducing crashes). Fixing this error did not change the two options with the highest BCR, which remain well over 1. However, it did result in the rest of the options [including the preferred option 6] having a BCR below 1, and with the travel time disbenefits outweighing any safety benefits from reducing crashes."

After considering advice, WCC admitted the error publicly and withdrew the draft Speed Management Plan from consultation on about 19 June 2023.

A table setting out key events dating from the initial development of the Safer Speeds CBA to the withdrawal of the draft Speed Management Plan is set out in Appendix 2.

How was the error made?

In assessing the crash reduction benefits of the various options, the Safer Speeds CBA report noted that adjustments had been made for the level of non-reporting. However, unlike data from the MBCM, data taken from the Ministry of Transport's *Social cost of road crashes and injuries* has already been adjusted to take non-reporting into account.

Because all fatal crashes are reported, there will be no double counting for the savings from avoided fatal crashes. However, the independent review found that *"the benefit from avoided serious and minor injury crashes is off by a factor of 1.5 or 2.75, respectively."*

⁸ WCC's Environment and Infrastructure Committee was established following the October 2022 election and broadly replaces the previous Planning and Environment Committee.

Corrected BCRs

Between the time that the Safer Speeds CBA was carried out and the independent review, new research had led to updated New Zealand-specific values for the costs of death and serious injuries, showing that these costs had previously been significantly underestimated (e.g. the value of a life has moved from the \$4.562m used in the Safer Speeds CBA to \$12.5m⁹). This markedly changes the BCRs, although as shown in Table 3 below from the June 2023 independent review, the recommended option 6 (a variation of which was adopted in the draft Speed Management Review) still has a negative BCR.

Table 3 Comparison of BCRs (Original, Original correction, Values based on new research)

	Original BCR	Corrected BCR	BCR calculated with latest values
1a	0.7	0.1	0.2
1b	0.7	0.1	0.2
2a	23.4	10.9	17.2
2b	22.8	10.6	16.6
3	4.6	-8.4	-12.7
4	0.1	-6.6	-10.1
5a	3.5	-6.3	-9.5
5b	3.2	-5.9	-8.9
6	7.7	-1.8	-2.6

The independent reviewer’s report also noted that:

“only three categories of costs and benefits were monetised –changes to vehicle travel times, changes in the number of crashes, and the cost of construction. It is probable that there are other things that have been non-monetised and mean that the BCRs presented in Table 3 do not tell the entire story.”

Balancing this were comments from some interviewees that the three things that were monetised were the things that would have had the greatest impact on the BCRs, and that other potential costs and benefits would likely not have been significant in comparison.

Other processes that could be affected by the error

As far as the Reviewer has been able to identify from interviewees, the Safer Speeds BCRs have not been used to support any other work, so no other areas have been specifically affected by the error.

3.4 Working with consultants

Procurement and engagement

The Reviewer understands that the approach to procurement of a consultant to carry out the peer review of the Safer Speeds CBA generally complied with WCC policy. The consultant was considered a subject matter expert and the contract value was well below the threshold to trigger a requirement for a competitive process. However, the Reviewer understands that the procurement did not meet best practice in several aspects:

⁹ Supra note 3, p57

- No clear record of the rationale for the procurement approach was able to be located, and it was difficult to find evidence of the appropriate approvals.
- No formal contract was able to be located.
- Confidential information was provided to the consultant by email before the request for service was accepted.

New WCC procurement procedures dated September 2022 set out mandatory requirements for Procurement Planning on p7. These include a requirement for the procurement process to be documented in a Procurement File Note and sent to WCC's Commercial Partnerships team (or a more formal Procurement Plan to be documented in relation to procurements valued at \$50k or over), which is good practice and should ensure that proper process can be more easily verified in future.

In the case of the peer review, the signed offer of service included incorporation of client feedback into a final memo, and a debrief and discussion meeting. The Reviewer understands from interviewees that neither of these happened. The Reviewer makes two observations here:

- On the consultant's side, a number of discrepancies left the work more vulnerable to missing the error. Several of these could have provided an opportunity to find the error, including if the consultant had asked for the spreadsheet before completing the peer review or insisted on reviewing it before finalising the report; had he pursued a follow up meeting; had he clearly marked the report as draft until all the information was provided, or not noted in the report that the information had been reviewed when it hadn't (presumably on the assumption that it would be before finalisation).
- From WCC's end as the client, good practice documented contract management would have seen all promised deliverables tracked. A number of interviewees commented that staffing changes over the relevant period may have been a contributing factor to the contract not being managed as well as it should have been (including not providing information in an accessible format and failing to ensure the consultant had an opportunity to review it before accepting the report as final), and may have led to things "*falling in the cracks*". The Reviewer suggests that additional care is needed when there are personnel changes to avoid this situation.

More generally, some interviewees noted a degree of discomfort in the expectations on consultants to provide advice with limited time or limited information in some cases, including in relation to the Safer Speeds CBA. While there will be occasions where urgency dictates a shorter timeframe, it is important to be absolutely clear about any limitations and to ensure that there is an opportunity to follow up where appropriate.

In addition, if work or outcomes are markedly changed following consultant input (as the Reviewer understands they were in the case of the Safer Speeds CBA – albeit not in relation to the BCR where the error was found), best practice would suggest carrying out a follow up review. It is possible that had that happened in this case, this could have provided a further opportunity for earlier discovery of the error.

Provision of information

During the review, several issues arose in relation to the appropriate provision of information to consultants. In particular, a number of interviewees commented on the need to:

- provide sufficient information in a form accessible to the consultants

- ensure that relevant documentation is appropriately named and organised so that any required information is easily identifiable – both within WCC document management systems and within documentation sets provided to consultants
- ensure that sensitive or confidential information is identified as such.

A key issue identified during the review as noted in section 3.3 above was the non-provision of the spreadsheet files supporting the CBA, which were only provided as a link. Had these been available to the peer reviewer, it is possible (although not certain) that the error could have been identified before recommendations were made to Council about the draft Speed Management Plan.

The Reviewer sighted a WCC *Information and Data Asset Management Policy* that was due for review in September 2022. However, no interviewees appeared to be aware of this, and it does not contain any advice or policy in relation to document saving and naming conventions that would enable information to be more easily found and identified. It would be good practice to develop appropriate guidelines and to ensure that all staff and contractors are trained and aware of them.

Recommendations

R4	Ensure that appropriate time, information and instructions are provided to consultants when engaging them and provide an opportunity for them to review if there are material changes following their input.	DO NOW and ongoing
R5	Develop appropriate guidelines around document management and naming conventions at WCC and ensure all staff and contractors are trained in and aware of them.	DO BY March 2024

3.5 Preparing for the future

General observations

A number of interviewees spoke positively about Council Officers’ work and were accepting that mistakes will sometimes be made, as they were in this case. Some concern was expressed that individuals should not be targeted when this happens, and that organisation leaders needed to step up, own the problem and solution and protect the team, ensuring that officers are able to get on and continue to do their job.

WCC was also widely commended for quickly owning up to the mistake and acting on it by withdrawing the consultation.

There was some commentary in interviews, however, that not all officers appeared to be as neutral as they ought to be. Some interviewees considered there was a reluctance to receive feedback or accept different views in some cases, which they thought was exacerbated by weak corporate checks and balances.

The Reviewer considers that a strong strategic focus would help here, lifting up a level to first define the problem and then develop and consider high-level options –including those that might be considered undesirable or unrealistic, which can be discarded in due course if analysis shows that is appropriate. This is particularly important with contentious areas of policy and plan development like speed management. The Reviewer expects that strategic policy resources within WCC would be well placed to help with this.

Having said that, as noted above, the Safer Speeds CBA report was carried out with clear objectives in mind. If these were set by elected members, the approach is likely to have addressed Council's strategic wishes (acknowledging that there was a change in membership between the initial work and consultation on the draft Speed Management Plan earlier this year).

A number of interviewees considered that a greater oversight interest from organisation managers would also be beneficial, particularly with work in contentious areas. In noting this, the Reviewer acknowledges that it is not always easy to get the right balance between trusting staff to get on with their jobs and ensuring that work is sense checked and monitored appropriately.

The Reviewer also suggests that it is important to ensure that a healthy dose of scepticism is incorporated into any work where there are strong opposing views. This means, for example, ensuring that officers working in this type of situation have diverse views and backgrounds and that when consultants are engaged, they are not necessarily expected to endorse officers' views.

It was acknowledged that officers may seek to keep information close during development of work that may be controversial in order to protect due process. However, some interviewees commented that a reluctance to release detailed information can lead to decreased levels of trust, and may even enable errors or assumptions to go longer unchecked. On the other hand, an openness with information (provided it is not sensitive or subject to confidentiality requirements) can restore, maintain and increase trust and enable issues and errors to be surfaced.

Recommendation

R6	Take a proactive approach to making non-confidential information supporting decision making available to the public, especially where there are likely to be diverse views.	Ongoing
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Analysis to support the Speed Management Review

It is clear that some form of analysis is needed to support the Speed Management Review in its next iteration. However, interviewees were less clear on whether CBA, and in particular the use of BCRs to support a particular approach, was the most appropriate approach.

The first question decision makers should ask is why they are doing the review and what are its drivers. There are a number of possible answers here, including:

- simply to comply with a rule change (which suggests a minimal approach)
- to ensure that the city remains as economically prosperous as possible while complying with safety requirements (which points to an economic decision-making framework)
- primarily for safety reasons (in which case DSI reductions will be the primary driver)
- to encourage mode shift to support climate change and/or congestion and/or health and/or social outcomes
- for some combination of the above.

Some interviewees questioned whether an economic analytical approach provided the most suitable decision-making framework if the review was not being carried out for economic reasons.

Having said that, whatever form the SMR takes, interviewees were clear that:

- congestion will be a concern, so it will need to be quantified – whether or not it is monetised and weighed up economically against other factors
- there will be an economic impact on businesses, so it will be important to use a consistent frame to show how things are likely to change between now and when any changes are implemented
- a broad range of benefits and costs should be robustly described and taken into account, including longer-term and less direct effects such as changes in transport mode (shift to walking or cycling; impact on the public transport network), impact on emergency services and therefore health outcomes, and social impacts.

As cautioned by several interviewees, it will be important to avoid making assumptions in developing and assessing options. For example, some considered it would be administratively complex to enforce variable speed limits, but others understood this was fairly straightforward. Some were confident that speed reductions were key to reducing DSIs, but others noted there are many other more significant factors in crashes. In addition, just as current outcomes (and qualities of roads) vary in the city’s diverse locations, a number of interviewees were keen to note that the benefits of changes are likely to be much greater in some areas than others.

When it comes to decision making on the next iteration of the draft Speed Management Plan, a clear view was expressed that this should not hinge on a single factor, whatever the analytical approach. Depending on the agreed drivers for the review, Councillors could consider a range of factors, and weigh them according to the level of priority attributed to each.

Finally, the Reviewer understands that Waka Kotahi is currently engaged in research looking at the impacts of speed management, although no indications have been provided as to anticipated timing. It may be worth exploring whether there is an opportunity to dovetail into that work in developing Wellington’s draft Speed Management Plan.

Recommendations

R7	Clarify why WCC is carrying out the Speed Management Review and what are the key drivers before deciding on an analytical approach.	DO BEFORE work on revised draft Speed Management Plan
R8	Ensure that Councillors agree how much weight a range of factors should carry in making a decision on the approach to the Speed Management Review, and avoid hanging a decision on a single factor.	DO BEFORE deciding on draft Speed Management Plan for consultation

Appendix 1 – Speed Management BCR Review

TE AHO MARUTAU | ASSURANCE & BUSINESS INTEGRITY Speed Management BCR calculation

Absolutely Positively
Wellington City Council
Me Hoko Ki Pōneke

Context for this review

The Government's Road to Zero signals the need for major road speed changes across Aotearoa. The Land Transport Rule: Setting of Speed Limits 2022 requires Council to introduce safe speed limits of 30km/h near 40 percent of its schools by June 2024. Safer speed limits need to be introduced outside all schools by the end of 2027.

As Wellington has a high density of schools, Council initiated public consultation on 27 April 2023 proposing the reduction of speed limits on all streets in the city. However, public engagement on the draft Speed Management Plan was recently halted after a significant error was found in the equations of the benefit cost ratios (BCR) outlined in the consultation documents.

The calculation error resulted in an overstatement of the safety benefits in the benefit/cost ratio put to council when it approved the consultation approach in April. The calculation had been reviewed and verified internally and by an independent external review.

Key business contacts

- Liam Hodgetts, Chief Planning Officer
- Sean Audain, Manager Strategic Planning
- Joe Hewitt, Manager City Insights
- Sandy Mandic, Principal Advisor Transport Strategy

Assessment approach

- Enquiry, observation and walkthroughs of key controls and processes, including release and receipt of information
- Examine documents relating to process including relevant policy, operating procedures, management reports, meeting minutes, contracts
- Data analysis and testing of key data used for the speed management BCR calculation
- Interview key people involved including internal staff and relevant external contractors

Objectives, risks and scope for this review

The objective for this review is to assess how the error was made in the calculation of the speed management BCR, how the peer review process failed to identify the error and to identify improvements to the process to prevent this situation occurring again.

Key risks identified for this review are:

- Decisions made based on inadequate or incorrect advice
- Review processes based on insufficient information
- Reputational damage caused by incorrect information
- Failure to meet Government timeframes for implementation of initiatives

The scope of work for this review will include:

- The process steps to calculate the speed management BCR including the reason for and how the Council calculates BCRs
- Internal review and approval of documentation for Council decision making
- The external peer review process and procurement
- Identification of other processes that could be affected by the BCR calculation
- Recommendations to prevent this situation occurring again and any other process improvements and any other matters

Scope exclusions

- The review will not include the data breach as an external review is currently underway.
- A recalculation of the BCR, due to a decision is yet to be made on the approach to be followed for the next iteration of setting speed limits, including the reliance on BCRs

Internal Audit Engagement Scope |

Review resourcing and accountability

The field work will be undertaken by the Council's Audit and Risk team and the review will be overseen by an appropriate external independent party. This party will peer review and approve the report including any recommendations to be considered by the Audit and Risk Committee.

Timeframe

Task	Timeframe
Assessment period	July 2023
Draft report issued	August 2023
Report considered by the Audit and Risk Committee	September 2023

Revised Timeframe	
Task	Timeframe
Assessment period	July-September 2023
Draft report issued	September 2023
Report considered by the Audit and Risk Committee	October 2023

Appendix 2 – Key events

Date	Event	Comment
By June 2021	Safer Speeds Cost Benefit Analysis (CBA) was developed by Officer A in WCC's Transport Strategy Team.	8 options analysed including detailed cost estimation, modelling of travel time disbenefits using a mesoscopic traffic model in AIMSUN, and crash savings estimation using Waka Kotahi's Crash Analysis System data and Monetised Benefits and Costs Manual procedures, assuming a 40-year analysis period. These values were then adjusted for underreporting, leading to a double adjustment of some values where Ministry of Transport data was used.
16 June 2021	Transport planning and engineering consultancy (Consultant A) approached by email to conduct a peer review of the draft Safer Speeds CBA report (draft report attached to the email)	
17 June 2021	Consultant A provides offer of service to carry out the peer review	
18 June 2021	Consultant A's offer accepted and zip folder of files provided to consultant. Purchase order advised.	
25 June 2021	Officer A leaves WCC employment and Officer B takes over administration of the Safer Speeds CBA work	
19 July 2021	Consultant A provides peer review report via email, finding that the Safer Speeds CBA report presents a generally sound analysis, and making a number of suggestions to improve the work	Consultant A's email states that <i>"the cost-benefit spreadsheet "files" were actually just URL links that I couldn't access. Possibly there are some answers to be gleaned from the actual CBA spreadsheets but I would have expected to have seen the report itself document many of these things."</i> However, the peer review report itself states <i>"This review is based on the draft document received, dated 16 June 2021, as well as reviewing the accompanying analysis spreadsheets and related safety/risk data."</i>
20-22 July 2021	Consultant B (formally officer A) engaged to progress response to peer review and complete Safer Speeds CBA work.	

July–Dec 2021	Consultant B and Officer B respond to all points raised in the peer review, documenting responses in a spreadsheet.	This is good practice.
29 Oct 2021	Officer B leaves WCC employment.	
Dec 2021	Consultant B completes final Safer Speeds CBA report with 9 options. Subsequently leaves the consultancy.	
Early 2022	Officer C tidies up presentation of the Safer Speeds CBA report and creates final files. No values are changed during this process.	
16 June 2022 (adjourned from 9 June 2022 meeting)	WCC’s Planning and Environment Committee considers a paper on a proposed Approach to Speed Management, recommending a reduction of speed limits to 30km/h for local streets and 40km/h for arterial roads across Wellington based on the Safer Speeds CBA. The item was laid on the table while further work was to be carried out.	
~5 July 2022	Safer Speeds CBA spreadsheet released to LGOIMA requestor.	No double adjustment error is reported following this information release.
15 Sept 2022	WCC’s Planning and Environment Committee considers a further paper on a proposed Approach to Speed Management and agrees by majority vote to the development of a draft speed management plan based on a slightly varied option 6 from the Safer Speeds CBA.	
21 April 2023	Safer Speeds CBA report finalised for presentation to Council	
21 April 2023	Safer Speeds CBA spreadsheet again released to Councillor A (formerly LGOIMA requestor)	
27 April 2023	WCC’s Environment and Infrastructure Committee approves the draft Speed Management Plan for formal public consultation by majority vote.	
1 May 2023	Safer Speeds CBA spreadsheet released to Councillor B.	Councillor B later advises the spreadsheet was shared with an economist who didn’t find the double adjustment error.

12 June 2023	Councillor A email advises that there may be a double adjustment error in the Safer Speeds CBA.	This is approximately 11 months after first receiving a copy of the work, and 7 weeks after receiving it a second time.
13 June 2023	Officer D's enquiries with former Officer A suggest an initial confirmation of an error, and senior management are advised accordingly.	
14 June 2023	Independent transport economist (Consultant C) engaged to carry out a rapid review.	
15 June 2023	Consultant C confirms the double adjustment error.	
19 June 2023	WCC's Acting Chief Executive decides to withdraw the draft Speed Management Plan and this is announced.	
20 June 2023	Draft Speed Management Plan Consultation website is closed. Councillors are briefed by officers.	

Appendix 3 – Interviews

Initial fieldwork phase

<i>Sean Audain*</i>	<i>WCC – Manager Strategic Planning</i>	<i>7/07/2023</i>
<i>Joe Hewitt*</i>	<i>WCC - Manager City Insights</i>	<i>11 & 13/07/2023 8/08/23</i>
<i>Brad Singh*</i>	<i>WCC - Manager Transport & Infrastructure</i>	<i>18/07/2023</i>
<i>Vida Christeller*</i>	<i>WCC – Manager City Design</i>	<i>25/07/2023</i>
<i>Glen Koorey*</i>	<i>Viastrada – Director and Principal Transportation Engineer (Peer Reviewer)</i>	<i>27/07/2023</i>
<i>Sean Audain*</i>	<i>WCC – Manager Strategic Planning</i>	<i>3/08/2023</i>

**Italicised interviews were carried out by James Mackessack, Senior Advisor Assurance and Business Integrity and notes from these interviews were shared with the Reviewer.*

Review phase – interviews with the Reviewer

James Mackessack	WCC – Senior Advisor Assurance and Business Integrity	3/08/2023
Glen Koorey	Viastrada – Director and Principal Transportation Engineer (Peer Reviewer)	4/09/2023
Sean Audain	WCC – Manager Strategic Planning	4/09/2023
Joe Hewitt	WCC - Manager City Insights	4/09/2023
Liam Hodgetts	WCC – Chief Planning Officer	4 & 11/09/2023
Emma Speight	Waka Kotahi – Director Regional Relationships	5/09/2023
Councillor Tony Randle	WCC – Elected Member	5/09/2023
Ping Sim	Auckland Transport – Transport Safety Technical Lead	5/09/2023
Brad Singh	WCC – Manager Transport & Infrastructure	6/09/2023
Stephen McArthur	WCC – Chief Strategy and Governance Officer, WCC	7 & 11/09/2023
Vida Christeller	WCC – Manager City Design	8/09/2023
Shane Martin	MR Cagney – Principal Economist (Independent Reviewer of CBA error)	8/09/2023

Appendix 4 – Documents Provided

Folder	Document	Author	Date/version	Type
Evidence				
2021 Procurement Emails				
	20210616_Peer review of draft WCC speed management BCR paper (1) Request for review_	Joe Hewitt to Glen Koorey	15/06/2021 6:42am	Email
	20210617_RE_ Peer review of draft WCC speed management BCR paper (6) Offer of service	Glen Koorey to Nadine Dodge	17/06/2021 8:01pm	Email
	20210618_FW_ Peer review of draft WCC speed management BCR paper_WCCAuthorisation_	Nadine Dodge to Anna Blomquist	17/06/2021 8:56am	Email
	20210618_RE_ Peer review of draft WCC speed management BCR paper (2) Purchase Order_	Amy Clemworth to Nadine Dodge	18/06/2021 3:31pm	Email
	20210618_RE_ Peer review of draft WCC speed management BCR paper (3) Acceptance with Zip_	Nadine Dodge to Glen Koorey	18/06/2021 1:40pm	Email
	20210621_RE_ Peer review of draft WCC speed management BCR paper_Invoicing_	Joe Hewitt to Glen Koorey	21/06/2021 12:08pm	Email
	20210630_RE_ ViaStrada Invoice # 2259_WCCPayment_	Joe Hewitt to Amy Clemworth	30/06/2021 8:36am	Email
2021 ViaStrada Deliverables and related emails				
	20210701_Speed Limit Paper peer review Change of officers_	Joe Hewitt to Glen Koorey	1/07/2021 1:04pm	Email
	20210708_RE_ Cost benefit of variable speed limits (1)_ProgressUpdate_	Glen Koorey to Joe Hewitt	8/07/2021 1:54pm	Email

	20210715_AutomaticReply_	Glen Koorey to Joe Hewitt	15/07/2021 6:50am	Email
	20210719_RE_ Cost benefit of variable speed limits_RecieptDraftPeerReview_	Glen Koorey to Joe Hewitt	19/07/2021 7:06pm	Email
	20210719_WgtnCity-SpdMgmtBCRs-PeerReview-v01	Glen Koorey	19/07/2021	PDF
	20210720_FW_ Cost benefit of variable speed limits_WCC-ABtoJH_	Annie Bruckner	20/07/2021 2:10pm	Email
	Safer Speeds Cost Benefit Analysis	Wellington City Council (Transport Strategy Team)	21 April 2023	PDF
	FW Cost benefit of variable speed limits_	Annie Bruckner to Glen Koorey	4/08/2021 8:04am	Email
	Speed Management CBA Peer Review Response Tracking	Nadine Dodge	14/06/2023	Excel Sheet
2021 ViaStrada Deliverables and related emails				
	20210617_1135-2-WgtnSpdMgmtBCR-Review-OoS-v01	Glen Koorey	17/06/2021	PDF
2023 Confirmation of Error				
	20230615_FW_ Review of Speed Management Cost Benefit Analysis_IndependantReview_	Joe Hewitt to Sean Audain	15/06/2023 7:28pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (3)_	Joe Hewitt to Shane Martin	15/06/2023 3:58pm	Email
	Re_ Review of Speed Management Cost Benefit Analysis (4)_	Shane Martin to Joe Hewitt	15/06/2023 3:56pm	Email
	Re_ Review of Speed Management Cost Benefit Analysis (5)_	Shane Martin to Sean Audain	15/06/2023 3:03pm	Email

	RE_ Review of Speed Management Cost Benefit Analysis (6)_	Joe Hewitt to Shane Martin	15/06/2023 3:54pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (7)_	Joe Hewitt to Shane Martin	14/06/2023 5:44pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (8)_	Joe Hewitt to Shane Martin	13/06/2023 12:00pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (9)_	Shane Martin to Joe Hewitt	13/06/2023 11:13am	Email
	RE_ Review of Speed Management Cost Benefit Analysis (10)_	Shane Martin to Sean Audain	15/06/2023 5:59pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (11)_	Sean Audain to Shane Martin	15/06/2023 5:41pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (12)_	Shane Martin to Joe Hewitt	15/06/2023 5:34pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (13)_	Shane Martin to Sean Audain	15/06/2023 5:32pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (14)_	Shane Martin to Joe Hewitt	15/06/2023 5:31pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (16)_	Joe Hewitt to Shane Martin	15/06/2023 5:29pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis (16)_	Shane Martin to Joe Hewitt	15/06/2023 5:25pm	Email
	RE_ Review of Speed Management Cost Benefit Analysis_	Joe Hewitt to Shane Martin	15/06/2023 7:40pm	Email
	RE_ WCC speed CBA review (1)_	Shane Martin to Joe Hewitt	15/06/2023 8:56am	Email
	RE_ WCC speed CBA review (2)	Shane Martin to Joe Hewitt	15/06/2023 8:51am	Email

	RE_ WCC speed CBA review	Joe Hewitt to Shane Martin	15/06/2023 8:58am	Email
	Review of Speed Management Cost Benefit Analysis_	Joe Hewitt to Shane Martin	13/06/2023 10:00am	Email
	SpeedManagementCBA_A_new_CentralScenario-FINAL-UsedInReport_____SLM REVIEW	Nadine Dodge	16/06/2023	Excel Sheet
	Memorandum – Findings from review of cost-benefit analysis	Shane Martin, MR Cagney to Joe Hewitt	15/06/2023	PDF Memo
	WCC speed CBA review	Joe Hewitt to Shane Martin	15/06/2023 to 7:56am	Email
2023 Conversations with Glen Koorey and Nadine Dodge				
	20230619_RE_ WCC Speed Management Plan to be withdrawn_Response_	Glen Koorey to Joe Hewitt	19/06/23 5:13pm	Email
	20230619_WCC Speed Management Plan to be withdrawn_AdviceToConsultants_	Joe Hewitt to Nadine Dodge	19/06/2023 3:47pm	Email
	20230620_Re_ Wellington Speed Management BCRs Peer Review_SSNotReviewed_	Joe Hewitt to Glen Koorey	20/06/2023 5:31pm	Email
	20230620_Speed CBA Peer Review (1)_OtherPeerReviewsQuestion_	Joe Hewitt to Glen Koorey	20/06/2023 4:04pm	Email
	20230620_Speed CBA Peer Review (2)_OtherPeerReviewsResponse_	Joe Hewitt to Glen Koorey	20/06/2023 5:30pm	Email
2023 Correspondence Randle And WCC on Speed CBA				
	20230420_CBA report on speed management_TRProvidedWithCBAReport_	Siobhan Procter to Councillor Randle	19/04/2023 9:58am	Email

	20230421_Speed Management Cost Benefit Analysis_TRProvidedWithCBASpreadsheetREDACT_	Joe Hewitt to Councillor Randle	20/04/2023 9:45am	Email
	20230427_RE_Speed Management Cost Benefit Analysis (1)_TROKToShare_	Joe Hewitt to Councillor Randle	27/04/2023 2:44pm	Email
	20230427_RE_Speed Management Cost Benefit Analysis (2)_	Councillor Randle to Joe Hewitt	27/04/2023 11:39am	Email
	20230612_RE_Speed Management Cost Benefit Analysis(1)_PossibleError_	Councillor Randle to Joe Hewitt	12/06/2023 4:51pm	Email
	20230612_RE_Speed Management Cost Benefit Analysis(2)_Acknowledgement_	Liam Hodgetts to Councillor Randle	12/06/2023 5:03pm	Email
	20230619_Draft Speed Management plan _ public engagement_AdvisingCllrsOfStop_	Liam Hodgetts to DL Councillors, DL Tawa Community Board, DL Makara-Ohariu Community Board	19/06/2023 4:49pm	Email
	20230619_FW_Speed Management Cost Benefit Analysis_TRToCllrs_	Councillor Randle to DL Councillors	19/06/2023 8:23pm	Email
Joe Hewitt Timeline				
	20230630_TimeframesForCBASpreadsheetAndPeerReview_v3	Joe Hewitt	30/06/2023	Word Doc
Relevant Procurement Policy and Strategy				
	Procurement Policy - Updated April 2016	WCC Finance	30/06/2016	PDF
	Procurement Standard (10157071)	WCC	September 2014	Word Doc
	WCC Procurement Strategy May 2020	WCC Finance	May 2020	PDF

	Wellington City Council Operational Procurement Policy MASTER 2022	WCC Commercial Partnerships	September 2022	PDF
	Wellington City Council Procurement Procedures MASTER 2022	WCC Commercial Partnerships	September 2022	PDF
Miscellaneous				
	Social Cost of Road Crashes and Injuries	Ministry of Transport	June 2019	PDF
	Wellington CC CAS Organisation Agreement (002)	Waka Kotahi NZ Transport Agency	31/05/2021	Word Doc
	Workpaper	James Mackessack	17/08/2023	Excel
	CDPP Org Chart	Wellington City Council	15/07/2021	PDF



WCC Privacy Breach

Independent review into traffic accident privacy breach of June 2023.

The Instillery and INFO by Design

27 September 2023

Report information

Prepared for Wellington City Council
Prepared by The Instillery
INFO by Design



Acknowledgement

Thank you to those interviewees who shared your experience and thoughts honestly and with concern for improvement.

Thank you to the Senior Leadership team members, and Audit and Risk Committee member we interviewed who affirmed their commitment to improvement.

Thank you to Elizabeth Steel, for organising interviews and collating documents.

Disclaimer

We developed this report in good faith using the information (documents, interviews) available to us. We cannot be certain that there aren't more documents, emails, or staff that would be relevant. We provide this report and the recommendations contained in it, on the basis that we are not liable to any person or organisation for any damage or loss (including indirect loss) that may occur from publicising, acting upon or not acting upon this report.

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Executive Summary

1. Wellington City Council (**WCC**) was involved in a privacy breach that received media attention mid-2023. The breach related to the publication of an excel spreadsheet containing personal information from individuals who had been in car crashes (**the Spreadsheet**).
2. Following this breach, the Council engaged The Instillery and INFO by Design to review how the breach happened and to recommend opportunities for improvement at WCC.
3. This report details the events that led to the release and how the release was identified. It describes the size, scope and details of the information released by WCC as well as the steps taken by WCC to respond once identified. The core elements of the report set out the cause of the unintended release of information and set out recommendations to respond.

Summary of facts

4. In 2020 WCC developed a 'Draft Speed Management Plan.' Alongside this, a staff member completed an economic exercise called a 'Benefit to Cost Ratio' (**BCR**). This was completed by downloading Waka Kotahi New Zealand Transport Agency (**NZTA**) crash data, into the Spreadsheet.
5. Subsequently, public interest in the Speed Management Plan grew. WCC received a Local Government Official Information and Meetings (**LGOIMA**) request. In fulfilling the request, the Spreadsheet was published on the internet in July 2022. It remained there until 20 June 2023, when it was taken down and WCC was made aware of the breach by the journalist who had found personal information in it. On 21 June 2023, the breach was publicised by the same journalist.
6. The Spreadsheet contained 1380 rows of personal information about an individual or individuals.
7. There were five broad categories of personal information in the Spreadsheet. Standard personal information (name, contact information, personal identification, age). Information about how the crash happened and information about the crash itself. Contextual crash information about the geography and time of the event, traffic information, weather information. Sensitive information included drug and alcohol readings, whom the police thought was responsible, injuries. Narrative information such as driver commentary and commentary from the police at the scene.
8. After completing manual review, the most sensitive information was contained in 80 rows.
9. There were two further minor privacy breaches in 2023 sharing the spreadsheet on separate occasions with WCC Councillors (breaches of information privacy principle 11).

Summary of causes and recommendations

10. One cause of the breach was that WCC has a lack of policy or process to respond to the use of large datasets. Maturity is low in this space. The creation of the Spreadsheet in 2020 was inconsistent with the Privacy Act and breached information privacy principles 1, 8 and 10. The Spreadsheet does not appear to have fulfilled a WCC purpose, contained significant amounts of unnecessary information, was not sanitised, and so contained irrelevant information and therefore was not used appropriately. The creation of the Spreadsheet in this fashion created the risk of the breach that was subsequently realised. This could have been prevented.

11. During the release of the Spreadsheet, the contributing causes were normal human error at an individual level, and insufficient control to prevent human error at an enterprise level. This was exacerbated by the LGOIMA process.
12. Three main recommendations have been made in response.
13. Firstly, that WCC implement a policy and accountabilities to respond to large datasets. As part of this, it is recommended that WCC require project plans are completed before using large datasets. This recommendation responds to the creation of the spreadsheet.
14. Secondly, that WCC review the LGOIMA process in place and additionally consider making changes in three structural areas. It is recommended that WCC consider systematising the LGOIMA process across the agency, including reviewing accountabilities. It is also recommended that a senior leader is appointed to champion the LGOIMA team to increase influence and help build buy in to improve maturity. It is recommended that a rule is embedded in the LGOIMA process to support internal controls when WCC releases documents externally.
15. Thirdly, that WCC instates a privacy programme of work. WCC's privacy maturity is low. It will take time and resource to improve this. The above recommendations will require privacy subject matter expert support. Moreover, without building privacy maturity there will be further avoidable privacy breaches in the future.
16. An additional recommendation has been made that in 6-months' time WCC review the progress of these recommendations. A suggested roadmap has been provided, and key stakeholders nominated.

Executive summary of recommendations

Rec.	Recommendation	Issues responding to
1	1(a) – WCC should establish a policy to cover large datasets.	No existing policy or guidance for staff in place – growing issue for WCC.
	1(b) – WCC should require staff to complete a project plan before they use large datasets.	None for the BCR calculation; opaque purpose and methodology. Risk was introduced to WCC through the BCR. This could be managed proactively.
2	2(a) – WCC should complete a review of the LGOIMA process.	Pattern of human error in the release process. Substantive detail at [96].
	2(b) – WCC should systematise the LGOIMA process across WCC in support of recommendation 2(a)	Support effectiveness of 2(a).
	2(c) – to support the LGOIMA process, WCC should appoint a senior leader to champion the process.	LGOIMA team lack formalised tools so rely on relationships. Need a senior leader to build influence and maturity, and encourage prioritisation at WCC.
	2(d) – as part of the LGOIMA process, WCC should implement a ‘large dataset’ rule.	Forewarn LGOIMA team about risk, increase awareness, increase onus on business units to reduce risk.
3	3(a) – WCC should consider how to resource its privacy function properly.	WCC has not had sufficient privacy resource and is in a reactive state. Resource is necessary to build maturity to an appropriate standard.
	3(b) – WCC should review the information sharing agreements it is entered in.	NZTA CAS data was used inconsistently with the Agreement. Appropriate governance and clarity around Agreements could have prevented this.
	3(c) – WCC should build privacy culture and awareness through a deliberate privacy programme	WCC privacy maturity is low.
	3(d) – WCC should refresh privacy training offered to staff.	WCC privacy maturity is low.
4	WCC should revisit these recommendations and the progress they have made in 6 months time.	To revisit effectiveness, progress, organisational buy-in.

Background

The events that led to the release and how it was identified.

Context

17. Wellington City Council (**WCC**) is a territorial authority comprised of the Mayor and 15 elected Councillors who together make up the Elected Council. WCC is responsible for defining a vision consistent with that of the electorate and executing it consistent with legislation.
18. The Elected Council appoint a CEO to manage council operations and lead the administrative organisation. The CEO has statutory powers under the Local Government Act, and other powers granted under discretion of the elected council.
19. When referring to "**WCC**" in this review, we are referring to the council under the CEO rather than the Elected Council.
20. Waka Kotahi New Zealand Transport Agency (**NZTA**) is a Crown entity, established under the Land Transport Management Act 2008. The Land Transport Rule: Setting of Speed Limits 2022 (**the Rule**) was signed into effect in April 2022 by the Minister of Transport. The Rule was signalled earlier, to enable councils to consider the effect it would have.
21. Alongside a Waka Kotahi strategy called 'Road to Zero', and the Waka Kotahi road safety strategy guide, the Rule requires local authorities like WCC to consider the road speed limits set in their territory. WCC developed a 'Draft Speed Management Plan' in response. Work on this began as early as 2020.

Creation of the BCR spreadsheet

22. In September 2020, a WCC staff member (who has since left) began working on a 'benefit to cost ratio' (**BCR**) assessment for the Draft Speed Management Plan. A BCR indicates the relationship between the relative costs and benefits of a proposed project.
23. During this process, they downloaded data from NZTA's Crash Analysis System (**CAS**).
 - a. CAS is a database maintained by NZTA in order to analyse roading decisions.
 - b. When a crash occurs that is reported to the New Zealand Police (**the Police**), an Officer collects and records information at the scene. This is done in an app called 'On Duty', through pre-populated fields. The Officer will collect information about the crash.
 - c. This information is then transmitted to CAS as an electronic record. It enters the CAS database as a 'pending record.' Further fields are added. The NZTA CAS team manually review data and apply codes consistently with the event. The enterprise system then automatically adds more than 100 fields, including cost information and additional location data.
 - d. The record is then saved into the database and copied into NZTA's enterprise data warehouse.

- e. CAS data is then made available. A limited subset is made publicly available. More complete access is provided to organisations with a relevant interest in crash data – NZTA, academics, engineers and roading companies, and councils, including WCC. This data retains narrative comments from the Police Officer who collects information as it may be relevant to research in the future.
- f. More complete CAS access in this way is regulated by a templated agreement - *CAS Organisation Agreement*. Relevant clauses from the agreement for CAS use, signed by WCC are set out below with comments at **Appendix 2**. Generally,
 - i. NZTA makes data available for limited purposes, conditional on compliance with the Act and it is incumbent on WCC (or any user) to manage CAS data appropriately when accessing it.
 - ii. The agreement makes it clear that there is personal information available within CAS data.
- g. When using CAS, a user will query the location and time that they are interested in. This could be as limited as a specific street, or as broad as a region. In this instance, the region was the WCC territory.
- h. CAS downloads can be done from a person perspective (per individual involved including passengers and pedestrians), by a crash perspective (per incident) or a vehicle perspective (per the number of vehicles that are involved).
- i. Within these perspectives, CAS downloads can be restricted to specific fields, or an 'Export All' function enables a user to download all the fields that are relevant to the query.
- j. In this case, it appears that the 'Export All' function was used which contained personal information and other fields that were not necessary for the BCR.

24. The raw CAS extracts and calculation were executed using Microsoft Excel Spreadsheets (**the Spreadsheet**). The Spreadsheet contained various pieces personal information about individuals who were involved in car crashes in the Wellington region over previous years.

25. The Draft Speed Management Plan subsequently moved through consultation.

[Timeline of events leading up to the release of information](#)

26. In June 2022 a LGOIMA request was made for the Draft Speed Management Plan, and associated documentation including the BCR.

- a. Tony Randle made the request in his personal capacity. They became Councillor Tony Randle in the October 2022 Wellington Local election. The relevance of this point is expanded upon below at [31].

27. The request was made through www.FYI.co.nz, a platform aimed at facilitating transparency for Official Information Act and LGOIMA requests. Requests and their responses are published according to the agency subject to the request.
28. Timeline of LGOIMA release reported in documentation:
- a. The request was logged in JIRA. JIRA is a case management system used by the Official Information team to track requests. The following characteristics were added to the case:
 - i. Received Saturday 4th June 2022
 - ii. Acknowledged on Tuesday 7th June 2022
 - iii. Decision sent 5th July 2022
 - iv. Date Information Due 13 July 2022.
 - v. Priority – minor
 - vi. Privacy Breach – No
 - vii. Requestor Type – Special Interest Group
 - viii. IRC Directorates – Infrastructure & Delivery – Transport and Infrastructure
 - b. Because the request was made through FYI, it was added to the WCC Official Information Team '*LGOIMAs of Note*' – an email circulation to update senior leadership within WCC. The request is referenced in *LGOIMAs of Note week ending 23 June* and *LGOIMAs of Note week ending 8 July*.
 - i. In *LGOIMAs of Note week ending 23 June* the request is referred to with a decision due of 5 July, and a status of 'Information being collated.'
 - ii. In *LGOIMAs of Note week ending 8 July*, the request is referred to with a decision due of 15 July, and a status of 'Decision letter sent.'
 - c. In an internal document *20230623_TimelineForPrivacyDataBreach_V2* there are references to the Spreadsheet being reviewed before it was shared.
 - i. References are to 1 July and 5 July.
29. Internal review was consistent with the *LGOIMA Training for OI Team* process used internally.

Signing out a request

Once you have finalised your response you will need to have the response signed out. Depending on the complexity of the request, you may have different levels of sign-out. If unsure always check with the team.

- 1) Inform BU, Managers that you are sending out a response
- 2) Sign-out from the BU managers.
- 3) If a LGOIMA of note - Sign-out by Chief Officers and cc Media team
- 4) If a LGOIMA of note – may require CE [signout](#).

LGOIMA of Note:

For LGOIMA of note the draft response needs to be reviewed by the BU (one or more) and Communication specialists. You will also need to note any issues/risks/mitigations so the Chief Officer and or CE can sign-out.

The final response needs to go to the media team (media@wcc.govt.nz) before it gets released to the requestor.

Template - [Sign-out](#)

30. At some point between the 5th of July and the 15th of July 2022, the spreadsheet was published on the FYI website, where it remained until 20 June 2023.
31. On 21 April 2023, the spreadsheet was shared again with Tony Randle, now in their capacity as a Councillor. On 1 May, it was shared with Councillor Tim Brown.¹ These are each additional privacy breaches by WCC (of information privacy principle 11), reiterating the issues presented by the (main) privacy breach.
32. On 20 June 2023 WCC was made aware of the breach, and the next day the breach was made public on the NZ Herald.

Scope of the review

33. INFO by Design have been engaged to undertake an independent review of the release of the Spreadsheet, to examine:
 - a. The size, scope and details of the information released by WCC.
 - b. The events that led to the release and how it was identified.
 - c. Steps taken by WCC to respond once identified.
 - d. The cause of the unintended release of information, including the adequacy of the processes and controls associated with the release.
 - e. WCC's wider privacy management capability to ensure appropriate handling of personal information.
34. This report is the result of the independent review of this incident. These findings are accompanied by recommendations to improve the privacy management capability of WCC and reduce the chance of subsequent privacy breaches going forward. This scope was provided to the Office of the Privacy Commissioner (OPC) for feedback or comment, in order to confirm that it suitably met their expectations.

¹ INFO by Design has not sighted these emails referred to in [20230623_TimelineForPrivacyDataBreach_V2](#).

Methodology

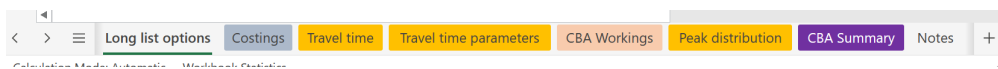
35. INFO by Design worked with WCC to identify documentation for the review and have completed a series of interviews.
- A list of interviews conducted by INFO by Design is attached at **Appendix 1**.
 - A list of documents reviewed with specific comments is attached at **Appendix 2**.
36. Relevant documentation and interviews were arranged by WCC consistent with the dependencies highlighted in the engagement Scope and Approach:
- The Supplier requires access to all the project documentation and information from the Buyer to undertake the project, through the Contract Manager.*
 - The Buyer will confirm the key stakeholders that the Supplier will liaise with for this engagement, through the Contract Manager.*
37. INFO by Design has:
- Reviewed the information released in the Spreadsheet.
 - Interviewed the relevant staff identified by WCC as well as relevant externals, either during the response to the breach or during this review.
 - Reviewed documentation provided by WCC including policy, process, and training documentation.
 - Reviewed overall privacy maturity capabilities.
 - Identified gaps for improvement.
 - Provided support to WCC throughout as and when requested.
 - Produced this report in response to the above.

Information released by WCC

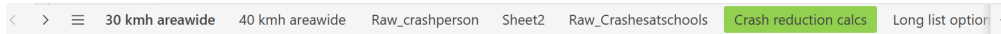
The size, scope and details of the information released by WCC.

Configuration of the excel spreadsheet.

38. The Spreadsheet itself was configured to show the following Tabs, each with content around the proposed speed management plan.



39. Standard excel configuration applied. Using the arrow key, or clicking on the left arrow, scrolling left opened up further tabs for examination.



40. The tabs that contained personal information were '30kmh', '40kmh', and 'Raw_crashperson.' The Spreadsheet contained a series of tabs extracted from CAS, including:

- a. 30kmh areawide – 133 columns by 1236 rows.
 - i. 294 incidents contained either identifiable or partially identifiable.
- b. 40kmh areawide – 133 columns by 2332 rows.
 - i. 727 incidents contained either identifiable or partially identifiable.
- c. Raw_crashperson – 140 columns by 4225 rows.
 - i. 359 incidents contained either identifiable or partially identifiable.

41. These tabs were configured per-person rather than per-incident. As such, a single road crash might have more than one row to represent it.

[Details of the information released.](#)

42. The personal information in the spreadsheet varied depending on the row. Where an individual is named or otherwise can be identified due to the combination of information about them, all other information is considered personally identifiable information under the Privacy Act.

43. There are five broad categories of information that were contained in the spreadsheet. The amount of information per person varies.

- a. **Typical personally identifiable information** including names, addresses, phone numbers and email addresses, age of the driver, driver's license information, occupation, gender, ethnicity,
- b. **Crash information** including how the crash happened, severity of the crash, unique identifiers, whether police attended, number of road users, complexity of the crash, social cost of the crash, level of social deprivation in the area of the crash, where the driver started their journey,
- c. **Contextual crash information** including the date and time and location, information about the road and topography (street name, intersection information, direction of travel, speed limit including temporary speed limit), road safety, road type including road lanes, road surface information and traffic information including traffic signal information, weather information.
- d. **Sensitive information** including whether alcohol was suspected, alcohol breath reading, alcohol blood reading, whether drugs were involved and drug screening information, who the police thought was responsible (driver contribution – primary or partial nor no contribution), whether the individual was restrained by police, whether they were injured or hospitalised.
- e. **Narrative information** – driver comment, and comments from the police around why the crash happened. These comments are free text and configured across eight columns.

Comments vary significantly in detail, style, language use, attribution of fault. These narrative comments are where the majority of names have been left in the spreadsheet. Other exacerbating material in comments includes information about domestic violence, criminal offences, related police issues with individuals, or generally sensitive information.

44. Manual review of the 7793 rows containing information about an individual or individuals led to 1380 rows containing personal information.
 - a. Some of these 1380 rows contained personal information about more than one individual.
 - b. This was done to add some perspective and context around the event, and thereby assess the personal information in the context it was generated when looking at harm.
45. Manually reviewing those 1380 rows of personal information resulted in a shortlist of 80 rows of data, generated based on whether there was an identifiable risk to the individual, considering:
 - a. the degree of identifiability - full name, contact information, address, or a combination of factors that enabled the person to be identified.
 - b. the degree of exacerbation – such as license violations, drugs or alcohol being involved,
 - c. whether the individual was labelled the ‘primary’ driver (and therefore at *fault*).
 - d. whether the case was already in the public domain.
 - e. other factors such as whether the person was high profile, or potentially vulnerable.
46. The FYI page was viewed a number of times but does not have audit logs to confirm how often the spreadsheet was accessed.

Containment steps that were taken by WCC

Steps taken by WCC to respond once identified.

47. Immediate containment steps taken by WCC were:
 - a. Contact FYI to remove the spreadsheet.
 - b. Contact the Office of the Privacy Commissioner.
 - c. The team where the spreadsheet was created drafted *20230623_TimelineForPrivacyDataBreach_V2*, which set out the information they had around the breach.
 - d. Contacting the councillors who had copies of the spreadsheet.
48. WCC also reviewed WCC staff with access to CAS.

49. WCC reviewed whether or not there were processes in place around the spreadsheet.
50. The Manager Strategic Planning instructed his team to increase their treatment of LGOIMAs – “no more low risk LGOIMAs.”
51. WCC engaged The Instillery and INFO by Design, and started reviewing the personal information in the privacy spreadsheet to see who was affected.
52. WCC published a statement on their website to publicly notify people on 27 June. This was updated 4 August.
53. WCC worked with OPC, Waka Kotahi New Zealand Transport Agency, and the New Zealand Police to respond to the breach.

Causes of the privacy breach

The cause of the unintended release of information, including the adequacy of the processes and controls associated with the release.

54. The main privacy breach due to the release detailed above is an information privacy principle (IPP) 11 breach – a disclosure of personal information that was inconsistent with any applicable exception. Similarly, the two additional breaches sharing the spreadsheet with Councillors Tony Randle and Tim Brown on separate occasions were IPP 11 breaches.

Cause of this release

55. The primary causes of the release were human error and insufficient controls to prevent human error and a lack of policy or process around data handling to reflect the increased risk to WCC (and stakeholders) when using large datasets.

Human error and inadequate controls responding to risk of human error.

56. Human error.
 - a. Nobody interviewed expressly recalls seeing the tabs containing personal information.
 - b. Some staff noted that even had they seen those tabs at the bottom of the spreadsheet and opened them, they might not have scrolled to the right within the spreadsheet where the personal information was contained.
 - c. Others commented that missing the tabs and the personal information was uncharacteristic for them.
 - d. Overall, an element of this breach was (at an individual level) simply human error. **Recommendation 3(c)** partially responds to human error by addressing ‘privacy awareness and culture.’
57. However, at an enterprise level, the spreadsheet was handled by seven WCC staff during the sign-out process to respond to the LGOIMA. This is an established pattern which in turn suggests that existing controls within the LGOIMA process aren’t working to prevent human error. The

other response is to the LGOIMA process itself and is covered at **recommendation 2(a)** and **recommendation 2(b)**.

LGOIMA process

58. The human error above was embedded within the review phases within the *LGOIMA Training for OI Team* – nobody picked up the material within the spreadsheet as a cause for concern. This indicates a pattern of process ineffectiveness controls. Any effective review should have caught the personal information. There is no external review or additional sampling or audit of LGOIMA responses.

59. **Recommendation 2** addressees the LGOIMA process itself.

60. The LGOIMA process across WCC is not consistent, due to the discretion that business units have in responding. Interviewees outside of the Official Information team said they treated requests – including requests for the same content – differently. Given the operating model of the OI team, which is a hybrid decentralised model.

- a. When asked what should be happening when WCC is asked for CAS data under the LGOIMA, expectations varied:
 - i. Waka Kotahi expectations are that whenever a request comes in for CAS data that it is consulted. This is set out in the CAS agreement at clause 7.3.² This did not occur, which is another process failure. When interviewed, NZTA staff noted that this has not been consistently happening for some time. **Recommendation 3(b)** is focused on improving governance and management of information sharing agreements.
 - ii. One WCC managers' preferred approach was refusing to provide the raw data. Providing an answer with report parameters so that the requesting individual could enquire back to NZTA if they wanted raw data, but otherwise had an answer.
 - iii. Another commented that for all LGOIMA requests, they expected to provide full datasets back to the requestor in pursuit of transparency.
- b. The Official Information team is reliant on business units to collect information, provide context, and engage in the sign-out process for LGOIMAs of Note. This can create information gaps. In this instance, there was no internal communication around CAS being a privileged system or information about the source of the information.
- c. It also means that due to the timeline of sign out there can be a 'pressure cooker' scenario where the Official Information team are responsible for the process but reliant on (often busy) business units, and

² Where the customer receives a request for information (and such information is not publicly available), from a third party, the customer will take all reasonable steps to first consult with Waka Kotahi before responding to the request, and if reasonably recommended by Waka Kotahi, will transfer that request to Waka Kotahi in accordance with section 14 of the Official Information Act 1982 or section 12 of the Local Government Official Information and Meetings Act 1987.

“there is an inconsistent approach across teams around how seriously they take LGOIMA and [the Official Information team] are very reliant on that business unit in order to fully comply.”

61. The LGOIMA process is not sufficiently clear around LGOIMAs of note.
 - a. ‘LGOIMAs of Note’ appears to be primarily around media sensitivity or repeat requestors as these are higher risk in terms of potential public interest. LGOIMAs of note go to senior staff for comment, and sign-out involves the business unit that generated or ‘owns’ the information.
 - b. While interviewing, interviewees used terms like “high risk” and “low risk” without a consistent risk methodology in place. There are risk categories in the *LGOIMA Training for OI Team*.
 - c. Where a request is perceived as “low risk” the team who receive it may respond without contacting the Official Information team responsible for LGOIMAs. While this might be fast, it also means that WCC does not have an accurate count of LGOIMA/ information requests it receives or the responses.
 - d. **Recommendation 2(a)** responds to LGOIMAs of Note.
62. Business units also have significant independence and different approaches and preferences. **Recommendation 2(b)** focuses on systematising the LGOIMA process across WCC.
63. The Official Information team have no formal governance tools, and so have to rely on relationships. This is an ongoing issue; how does the team get buy in. **Recommendation 2(c)** responds to this, suggesting that a top-down sponsor is appointed.

Policy and process

64. Lack of policy or process around data handling. There are no specific policies or processes in place at WCC to ensure that large datasets are treated appropriately, ensure that data is sanitised before use, or consistently treated across WCC business units. This is particularly relevant to this breach and is detailed more below. **Recommendation 1** responds to this.

Spreadsheet

Additional privacy issues

65. The spreadsheet has additional privacy breach issues. Privacy principles involved are IPPs 1, 8, and 10.
 - a. IPP 1 – purpose. Personal information must not be collected unless the information is for a lawful purpose and is necessary for that purpose. If it is not necessary, it cannot be collected.
 - b. IPP 8 – accuracy. Agencies must not use or disclose personal information without taking any steps that are, in the circumstances, reasonable to ensure that the information is accurate, up to date, complete, relevant, and not misleading.

- c. IPP 10 – use. Agencies must only use information consistently with the purposes for which it was collected unless an exception applies.
66. Nobody interviewed could explain why the BCR spreadsheet was created in September 2020, and several raised the question whether there was a purpose for calculating the BCR. This is relevant to IPP 1(a) – purpose of information collection. The WCC Advisor who created it has since left. The Advisor who replaced them has never used the CAS system since.³
- a. Ostensibly, the spreadsheets’ purpose was to accompany the draft speed management plan and provide insight into the costs of the proposals.
 - b. However, councils weren’t required to complete a BCR by Waka Kotahi and in general terms the speed management plan is a safety-based policy.
 - c. One senior interviewee commented that WCC was the only council they were aware of that elected to complete a BCR. From interviews it appeared not to have been a formal council decision to complete a BCR calculation and a number of senior interviewees were unsure of the purpose of the BCR.
 - d. This leaves it unclear what the purpose of the BCR was in light of the policy problem. This makes it unclear why CAS was accessed in this fashion and unclear what the purpose of the personal information in the spreadsheet was.
67. The necessity of the personal information is mixed. This is relevant to IPP 1(b). The full download was not necessary.
- a. Where personal information in the spreadsheet speaks to the specific policy question (whether the speed management proposal would have changed the outcome of the crash) this may have been necessary information to collect.
 - b. To effectively comply with IPP 1(b), WCC could have downloaded a limited subset of information or cleaned that data that was not necessary.
 - c. This does not appear to have happened. A significant number of incidents were unrelated to the speed of the vehicle⁴ and therefore do not appear to relate to the policy question at hand. Additionally, this is a data accuracy (IPP 8) issue: for the instances where the information was *not* relevant to the BCR calculation, it should have been removed from the calculation (the use of that information under IPP 10) for example, by removing incidents from the spreadsheet.

³ We are advised that a separate report is looking into the BCR. The focus here is purely on the privacy element – so, purpose of information access under IPP 1 and subsequent risk controls when using large datasets.

⁴ Examples include a car was stolen by children too young to have a license, individuals who deliberately crashed their own car, a suicide attempt, deliberately using the vehicle to run over someone, and numerous incidents involving drugs or alcohol or medical events.

68. Additionally, because the data was being downloaded from an external source, more attention should have been paid to the conditions of use and relevant privacy clauses. WCC should have been alert to these issues, however nothing was in place formally to act as a control or a reminder of the risks associated with the CAS dataset.

Large dataset and data hygiene practices

69. The issues described above would best have been proactively solved (or retroactively clarified) by a documented methodology, and through appropriate data hygiene practices. This is relevant to **recommendation 1(a)** around large data set policies and processes, specifically **recommendation 1(b)** around completing a project plan before using large datasets.

70. If the personal information was intended for use, it should have been managed appropriately, and consistently with the Privacy Act.

71. If it was unintentional, this speaks to poor data handling and data hygiene practices. Interviewees commented on their surprise that data would not be cleansed before use – as this is standard across research industries and academic training.

- a. Interviewees commented that they were “surprised” by the data in the CAS spreadsheet, and at the “degree of data contamination” present.
- b. Interviewees who have experience working with large datasets commented that the first thing they do in analogous processes was clean the data including by deleting irrelevant data – “just because there is all that data, why would you need it” and that they were “shocked” that personal information had been left behind.
- c. **Recommendation 1(b)** responds to this, as a project plan would define the scope of the data necessary to be collected, and set out how it would be minimised, treated, analysed.

72. Most broadly, the creation of valid research/ analysis requires the ability to reassess the issue. WCC has obligations to its stakeholders that analysis is transparent and can be reproduced and examined. In this case the BCR calculated in the spreadsheet was significantly incorrect.⁵

73. WCC does not have anything in place specifically controlling how it treats large datasets or setting out expectations or instructions.

- a. There are broad policy statements but nothing substantiating these.
- b. Examples of broad policy statements that would apply to this dataset include the Ngā Tikanga Whanonga Code of Conduct and Privacy Policy (2022).
- c. Either would apply to the actions of the employee who created the spreadsheet, but neither give instruction how, and there are no Standard Operating Procedures or processes.

⁵ The benefit was overstated 7x according to one interviewee.

- d. Similarly, the privacy training during the WCC Whare Kura onboarding is generic rather than specific. One interviewee described it as focussed on customer service, and questioned whether it is fit for purpose for analysts. This is expanded on at **recommendation 3(d)**.

74. As part of the LGOIMA process, **recommendation 2(d)** focuses on large datasets. Currently, the Official Information team are not forewarned around big datasets being published. As big datasets become increasingly common (particularly in areas like 'Let's Get Wellington Moving' and within the City Planning Department), the LGOIMA process needs to address this issue.

WCC wider privacy management capability

To ensure appropriate handling of personal information

Culture and awareness

75. Interviewees made the following comments about WCC privacy culture and awareness:

- a. That WCC consciousness is "focused on new risks but has become blind" to older issues.
- b. "numb" to risk of legacy systems.
- c. That WCC has some areas that are privacy aware and some that aren't.
- d. That a balance is required between improving privacy, and privacy not being used to erode transparency.
- e. With well-established systems (legacy systems) trying to get people to consciousness of privacy could be difficult when staff would prefer not to change behaviour.
- f. That there were still staff who weren't willing to accept responsibility for their role in this breach. This comment is consistent with *20230623_TimelineForPrivacyDataBreach_V2*, which
 - i. Had a series of erroneous references to legislation.
 - ii. Shifted responsibility for the breach to NZTA.
 - iii. Didn't accept that it was reasonable for WCC to pick up the personal information that was downloaded from CAS.
- g. That WCC is a low privacy maturity organisation.
- h. Privacy response is reliant on individual team leaders to drive content.
- i. Symptomatic of not having robust privacy processes and policies in place.
- j. (By comparison to the public sector) in terms of privacy maturity and culture WCC does not meet stakeholder expectations.

76. **Recommendation 3(c)** responds to the culture and awareness at WCC, and more broadly **recommendation 3** is focussed on improving privacy capabilities to help lift maturity.

Learning and training

77. Privacy training at WCC is completed through *Whare Kura*, a training module that new employees to WCC complete. There are no further training modules, and no further mandatory internal training programme. Specialised staff like the Official Information Team may, on an ad hoc basis, attend professional development courses that might include privacy: interviewees commented that in the past they have attended lunchtime learning sessions held by law firms around privacy.
78. *Whare Kura* is nonspecific. It is relatively thorough, but it is not specific to employee context. The complexity and number of services mean that the training is ‘all things to all people.’ It doesn’t tie back to specific policies or the *Code of Conduct*. It also has a number of out-of-date references. **Recommendation 3(d)** responds to privacy training.

Privacy resourcing

79. The privacy function at WCC is reactive rather than proactive, and in an immature space. This is clear from document review (**Appendix 2**) and interviewing (**Appendix 1**); a number of interviewees acknowledged or raised this as an issue. A core element of this is a lack of resource. There is currently 0.6 of a FTE in this function and Team Leader absorbing the function.
80. From 2017 to mid-2019, there was a Principal Privacy Advisor employed at WCC. This role has not been filled since. In mid-2022 there was an attempt to hire a fixed term replacement, but this did not succeed. This was possibly due to market conditions and expectations at the time and interviewees across WCC noted that they struggle to compete with central government to recruit subject matter experts. This means that for the last four years there has not been a privacy thought leader or strategic lead at WCC.
81. A Senior Privacy Advisor was hired in late 2022, however across WCC they are “stuck in reactive mode” due to the workload.
82. WCC has become a large organisation – with a significant operating budget and a large number of ‘functions’ it is required to be responsible for, and a large workforce.
- a. WCC has a total operating budget of \$817.6 million for financial year 2023/2024.
 - b. Around 400 services have been identified internally as being provided by the council.
83. This makes WCC a significant organisation that manages large volumes of personal information. Having one privacy subject matter expert has not been sufficient.
84. **Recommendation 3(a)** responds to resourcing. Resourcing is necessary for the subsequent privacy programme recommendations.

Governance of information sharing

85. One element of this incident is that CAS data was accessed under an information sharing Agreement, as above at 23(f) and 60(a)(i):

- a. CAS access in this way is regulated by a templated agreement - *CAS Organisation Agreement*. Relevant clauses from the agreement for CAS use, signed by WCC are set out below with comments at **Appendix 2**. Generally,
 - i. NZTA makes data available for limited purposes, conditional on compliance with the Privacy Act and it is incumbent on WCC (or any user) to manage CAS data appropriately when accessing it.
 - ii. The agreement makes it clear that there is personal information available within CAS data.

86. Information sharing agreements like the CAS Agreement are not centralised at WCC. There is not any single point of responsibility. This creates a series of risks:

- a. It is unclear how an information sharing agreement would be entered, and how WCC reviews information sharing agreements before entering them.
- b. Information sharing agreements almost always place obligations on parties. Without oversight of these obligations, they may not be met. In this instance, the CAS Agreement imposed obligations on WCC, and these were not met. At **Appendix 2**, there is detailed commentary around specific clauses.

87. **Recommendation 3(b)** responds to this.

Recommendations

Recommendation 1 – data handling

88. There are no specific policies or processes in place at WCC to ensure that large datasets are treated appropriately, ensure that data is sanitised before use, or consistently treated across WCC business units.

89. **Recommendation 1(a) – large dataset policy.**

90. WCC should establish a policy to cover the handling of large datasets. Presently, there is nothing in place across WCC. WCC is an increasingly data rich organisation. Interviewees noted the increasing amount of data at WCC being ingested and used, and that this trend will continue into the future, during which time infrastructure and roading projects are a major focus.

91. The 'Large Dataset Policy' should

- a. Be tied to the Code of Conduct and set out appropriate staff responsibilities – for employees and managers working with large datasets, a privacy support function and a support function for the Official Information Team.
- b. Set expectations, responsibilities, and a baseline control for staff working with big sets of data, including:
 - i. Completing a project plan before using big datasets (**recommendation 1(b)**).

- ii. Not downloading or ingesting irrelevant data – if it can be filtered or cleaned before it is accessed, this must happen.
- iii. Cleaning data before use, removing anything that is not relevant, accurate, up to date, or that doesn't specifically help answer the problem question.
- iv. Securely deleting any data that is removed.
- v. Consulting with WCC Privacy whenever there is personal information, or information that could be recombined to identify individuals.
- vi. Consulting with Information Management Support team for support around the security and integrity of data, including around appropriate disposal of information and classification of information.

92. Recommendation 1(b) – project plan before using big datasets.

93. No project plan was completed before the CAS Spreadsheet was created. No methodology was recorded, no privacy impact assessment was completed, and there remains no clear record of *why* the Spreadsheet was created. This exacerbated the issues in this case by raising purpose (IPP 1) issues. A successful project plan could have reduced or averted harm, by identifying the required data, and resulted in appropriate levels of data hygiene being met.

94. WCC should introduce a 'project plan' process for the use of large datasets.

95. A project plan should:

- a. Be completed and reviewed before a project involving large datasets is undertaken.
- b. Define the scope of the data necessary to be collected, and set out how it would be minimised, treated, analysed. This should be done in light of the purpose of the research or task to be undertaken.
- c. Be aligned to the Privacy Impact Assessment Process where there is personal information involved (or the risk of personal information being created).
- d. Be consistent with, or informed by, research best practice. This could be supported by the WCC 'Research and Evaluation' team.

Recommendation 2 – LGOIMA process

96. Recommendation 2(a) – review the process. The Official Information Team should review the LGOIMA process. The review should look at:

- a. How effective the current peer review process is for LGOIMAs. In this instance, at each layer of review or sign out (not just the Official Information Team) review did not catch the personal information in the Spreadsheet.

- b. Whether a formal peer reviewer or lead reviewer should be appointed. This does not need to be through role adjustment, but could be achieved through improved accountabilities.
 - c. Whether the current 'Scoping Request' approach is fit for purpose. It occurs before information has been collated but assesses the risk of said information.
 - d. Whether the 'LGOIMA of Note' approach is fit for purpose.
 - i. LGOIMAs of note are primarily focussed on public interest. This doesn't necessarily align with other elements of complexity – sensitivity of information for example.
 - ii. If a LGOIMA of note is simple, and the business units are fulfilling simple requests adequately, it is unclear why the Official Information Team would fulfil the LGOIMA of note response, rather than just review the response consistent with the 'medium risk' review pathway.
 - iii. The existing sign out process is opaque whether the various managers signing out a LGOIMA of note are expected to review the content before it goes out.
 - e. Whether the 'Low Risk' pathway should be removed. There is still discretion in the 'Medium Risk' pathway for 'as needed' support. This would ensure more oversight. It is opaque what experience or understanding would enable WCC to be sure that current 'Low Risk' LGOIMAs are in fact low risk or are being handled appropriately.
97. **Recommendation 2(b) – systematise across agency.** This is an extension of/ mirror of recommendation 2(a). Once the LGOIMA process has been reviewed, it will need to be rolled out across the organisation to ensure consistent treatment across the different business units at WCC.
98. **Recommendation 2(c) – nominate a senior leader to champion this.** The Official Information team have no formal governance tools, and so have to rely on relationships. This is an ongoing issue. WCC should appoint a senior leader to champion or sponsor the review, and to support the team to build their influence and council maturity while trying to make business units prioritise engaging with LGOIMAs in a timely fashion.
99. **Recommendation 2(d) – have a 'big dataset' rule in place.** As part of the LGOIMA process, **recommendation 2(d)** focuses on large datasets.
- a. Currently, the Official Information team are not forewarned around big datasets being published.
 - b. As big datasets become increasingly common (particularly in areas like 'Let's Get Wellington Moving' and within the City Planning Department), the LGOIMA process needs to address this issue.

- c. A reference to 'large datasets' should be added to the *LGOIMA Training for OI Team* as something that makes the request a 'high risk' pathway.
- d. Some form of obligation should be put on business units to proactively explain to the Official Information team what is contained in documents going out under the LGOIMA.

Recommendation 3- privacy programme

100. **Recommendation 3(a) – resourcing.** WCC needs to consider how to appropriately resource its privacy function appropriately. One option WCC could consider hiring a Principal Privacy Advisor and an additional Advisor.

- a. WCC requires a thought leader for the organisation, a strategic lead, able to lead and build relationships and a practice network across the organisation. This type of role is best suited for a Principal Advisor level subject matter expert.
- b. WCC also needs resource to do standard privacy work. To fulfil privacy requests, support the Principal Advisor, breach management, privacy impact assessments and develop their skills. An Advisor is a cost-effective way to do this as the privacy function at WCC gets established; they can be trained up, developed by the Principal, and will quickly begin adding value.

101. **Recommendation 3(b) – review information sharing agreements.** WCC should review its position with respect of information sharing agreements. In this instance there was systematic non-compliance with the *CAS Organisation Agreement*. The review should look at:

- a. Cataloguing and centralising the information sharing Agreements that WCC is in.
- b. Creating a register of obligations under those Agreements to ensure WCC is meeting them.
- c. Ensuring appropriate governance, including but not limited to, transparently appointed relationship managers, and ensuring appropriate consultation with WCC stakeholders is completed before sharing agreements are entered or renewed.

102. **Recommendation 3(c) – culture and awareness.** Once resource is appointed, WCC privacy should begin building awareness across the organisation. Awareness could be built through:

- a. Offering regular training and information sessions.
- b. Creating a privacy champions network across the organisation.
- c. Continuing the pattern of adding privacy related posts to the WCC Intranet.
- d. Working with Information Management Support on their data strategy; ensuring that there is appropriate privacy support for deployment. This may include

- i. A focus on broader data governance matters – such as the absence of a classification system at WCC designating data sensitivity (restricted, confidential, etc.)
 - ii. Improving accountability frameworks for accessing datasets, particularly external datasets.
- e. Reviewing policies and processes proactively. Review notes for documents at **Appendix 2** may provide a starting point.

103. **Recommendation 3(d) – refresh training.** The privacy training on the Whare Kura intranet should be refreshed. Elements for consideration include:

- a. Splitting the training so there are variants for various types of role at WCC. Three potential variants would be customer facing, head office, and analyst roles.
- b. Re-ordering the slides so that concepts are introduced in a linear fashion.
- c. Ensuring there are explicit references back to staff requirements – Code of Conduct, Privacy Policy.

[Recommendation 4 – follow up audit in 6 months.](#)

104. **Recommendation 4 that there is a check-in on progress of recommendations at 6 months to the Audit and Risk Committee**

105. Following the acceptance (or rejection) of the recommendations in this report, WCC should review the success of the implementation of those recommendations that have been accepted. The review should look at:

- a. Which recommendations were accepted and why or why not.
- b. Progress of deploying those recommendations.
- c. How effective the recommendations have been – what have relevant staff experiences been.

[Suggested roadmap to implement recommendations and respond to this paper.](#)

106. It is recommended that the following approach is taken.

107. Review this paper internally. Key stakeholders will be:

- a. Manager Official Information.
- b. Manager Risk and Assurance.
- c. Chief Planning Officer.
- d. Manager Strategic Planning.

- e. Chief Strategy and Governance Officer.
 - f. Chair, Audit and Risk Committee.
108. Accept or reject each of the recommendations contained in this paper.
109. If accepted, recommendations can be deployed in the following order:
- a. Recommendation 2(a) through 2(d) can begin immediately within the LGOIMA team.
 - b. Recommendation 3(a) should also begin immediately as it will take time to recruit.
 - c. Following recruitment, 3(b) and 3(d) can be added to the privacy work programme, and recommendations 1(a) and 1(b) can be led by the new privacy function.
 - d. Recommendation 4 should occur in 6 months.
 - e. Recommendation 3(c) is an ongoing task, and privacy culture at WCC should be looked at again in 18 months.

Appendix 1 interviews or contributors

Wellington City Council staff

- Manager Strategic Planning
- Manager Street Transformation
- Manager Official Information Team (Acting)
- Senior Advisor Official Information
- Principal Advisor Transport Strategy
- Manager Official Information (Substantive) and Acting Manager Risk and Assurance
- Manager Transport Strategy.
- Manager Behaviour Change
- Manager IT
- Manager Data Insights
- Chair Audit and Risk Committee
- Chief Strategy and Governance Officer
- Chief Planning Officer
- Manager Risk

External – breach review

- Manager CAS Data Processors (NZTA)
- Senior CAS Data Processor (NZTA)

External – privacy breach management

- Privacy Officer (NZTA)
- Principal Advisor Privacy (Police)
- Privacy Officer (Police)
- Principal Advisor Privacy (Police)
- Manager Investigations (Office of the Privacy Commissioner)

Appendix 2 – Documents reviewed

Ngā Tikanga Whanonga Code of Conduct.

CAS Organisation Agreement (between WCC and Waka Kotahi New Zealand Transport Agency)

Privacy Policy (2022)

Privacy Policy (pre May 2022)

Whare Kura Privacy Training

Managing Privacy At the Council (09 May 23)

Privacy Impact Assessment (09 May 2023)

PIA Template

Protected Disclosure Policy

Protective Security Policy

Privacy Incident Response Procedure

LTP 2024 ASSUMPTIONS

Kōrero taunaki | Summary of considerations

Purpose

1. This report asks the Audit and Risk Subcommittee to note the 2024-34 Long-Term Plan (LTP) significant forecasting assumptions that have been used as the basis of planning.
2. The draft significant forecasting assumptions were presented at the 15 August 2023 Councillor workshop, where the focus was on population growth, financial assumptions, climate change, Three Waters reform and Let's Get Wellington Moving (LGWM).

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- | | |
|---|---|
| <p>Strategic alignment with priority objective areas from Long-term Plan 2021–2031</p> | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Sustainable, natural eco city <input checked="" type="checkbox"/> People friendly, compact, safe and accessible capital city <input checked="" type="checkbox"/> Innovative, inclusive and creative city <input checked="" type="checkbox"/> Dynamic and sustainable economy <input checked="" type="checkbox"/> Functioning, resilient and reliable three waters infrastructure <input checked="" type="checkbox"/> Affordable, resilient and safe place to live <input checked="" type="checkbox"/> Safe, resilient and reliable core transport infrastructure network <input checked="" type="checkbox"/> Fit-for-purpose community, creative and cultural spaces <input checked="" type="checkbox"/> Accelerating zero-carbon and waste-free transition <input checked="" type="checkbox"/> Strong partnerships with mana whenua |
|---|---|

Relevant Previous decisions

Financial considerations

- | | | |
|-------------------------------------|--|--|
| <p><input type="checkbox"/> Nil</p> | <p><input checked="" type="checkbox"/> Budgetary provision in Annual Plan / Long-term Plan</p> | <p><input type="checkbox"/> Unbudgeted \$X</p> |
|-------------------------------------|--|--|

3. The setting of forecasting assumptions has direct impact on the development of Council budgets, as such there are significant cost impacts of the setting of assumptions. This is most directly related to the setting of financial assumptions such as inflation or interest rates. The Council's finance team has informed the setting of all relevant assumptions in this paper and the financial impacts of assumptions will be reviewed throughout the preparation of the LTP budget.

Risk

- | | | | |
|-------------------------------------|--|--------------------------------------|---|
| <p><input type="checkbox"/> Low</p> | <p><input type="checkbox"/> Medium</p> | <p><input type="checkbox"/> High</p> | <p><input type="checkbox"/> Extreme</p> |
|-------------------------------------|--|--------------------------------------|---|
4. Risk is inherent in the setting of all significant assumptions, as such, and as required by legislation, the certainty, risks, impacts and mitigations for assumptions and their risks is outlined alongside each assumption.

Authors	Joy Volkerling, Senior Advisor, Planning & Reporting Matthew Deng, Senior Advisor Geoffrey Coe, Principal Advisor Corporate Planning Lloyd Jowsey, Team Leader, Planning and Reporting
Authoriser	Baz Kaufman, Manager Strategy and Research Stephen McArthur, Chief Strategy & Governance Officer Andrea Reeves, Chief Financial Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.
2. Note that the 2024 Long-Term Plan forecasting assumptions will be presented back for adoption alongside the LTP Consultation Document following audit.

Whakarāpopoto | Executive Summary

5. Forecasting assumptions are an essential input into the development of Council's Long-Term Plan. Attachment 1 outlines the draft forecasting assumptions used for the development of the 2024 Long-Term Plan and are presented here for the Committee's review.
6. Since the 15 August workshop, there have been some updates to the draft assumptions including additions of funding and cost of carbon assumptions and updates to the climate change assumption. These are outlined in Attachment 1.

Takenga mai | Background

7. Setting significant forecasting assumptions is a required component of developing a Long-Term Plan (LGA 2002 Schedule 10, Section 17). Forecasting assumptions that are required are those that underlie the financial estimates, with additional information necessary where there is a high degree of uncertainty regarding these assumptions.
8. The Council is developing the 2024-34 LTP in a highly uncertain environment, especially due to the Three Waters Reform. As a result, it is likely that there will be increased scrutiny of the assumptions underpinning Council plans.

Figure 1: Statutory requirements for significant forecasting assumptions

17 Significant forecasting assumptions

A long-term plan must clearly identify—

- a) all the significant forecasting assumptions and risks underlying the financial estimates;
- b) without limiting the generality of paragraph(a), the following assumptions on which the financial estimates are based:
 - i. the assumptions of the local authority concerning the life cycle of significant assets; and
 - ii. the assumptions of the local authority concerning sources of funds for the future replacement of significant assets;
- c) in any case where significant forecasting assumptions involve a high level of uncertainty,—
 - i. the fact of that uncertainty; and
 - ii. an estimate of the potential effects of that uncertainty on the financial estimates provided.

Kōrerorero | Discussion

9. Approach to setting Assumptions Given heightened levels of uncertainty, the approach in setting significant forecasting assumptions has been to establish an initial set of working assumptions to inform asset and service planning, and then to reconfirm assumptions early in 2024 in time for final assumptions to be communicated alongside the consultation document in March/April 2024.

10. In setting forecasting assumptions, a key focus has been on ensuring internal and external consistency in the alignment between planning and budgeting within the LTP and planning and policy settings through other processes. These include:

-
-

Other territorial and regional council long-term planning **Auditors will be looking for the evidential basis for the assumptions underpinning the LTP. Therefore, Council is required to provide clear information on the basis of each assumption. Long-Term Planning staff have worked closely with these Council workstreams to ensure an aligned approach to the setting of assumptions To maintain consistency, Attachment 1 structures the assumptions as follows:**

<i>Assumption</i>	<i>Details of the assumption made</i>		
<i>Data</i>	<i>The base on which the significant assumptions have been prepared, including the principal sources of information from which they have been derived.</i>		
<i>Level of certainty</i>	<i>[High/Moderate/Low]</i>		
<i>Key risk</i>	<i>Risk</i>	<i>Effect of risk</i>	<i>Mitigation</i>

The initial working assumptions developed in the early part of 2023 focused around the key drivers of asset and service planning: Population growth Three Waters Reform LGWM Climate Change – based on alignment to Ministry for the Environment projections and guidance on planning for the impacts of climate change. **These have been supplemented through the development of working financial assumptions underlying early budget material, including:** Asset value growth Inflation Interest rates – costs of borrowing Returns on investment and other funding sources. **These financial assumptions are based on sources including Taituarā cost indices, and asset valuation advice from economic forecasters including BERL and CBRE. They cover the ‘must have’ assumptions as outlined by Taituara and Council’s auditor. Full details of the assumptions and the sources of information are included in Attachment 1.**

Ngā mahinga e whai ake nei | Next actions

11. Councillors will consider the draft LTP budgets and options at the Committee meeting on 8 February 2024. The budget and plan to review will be based upon the assumptions outlined in this paper.
12. As a part of the audit process for the Long-Term Plan Consultation Document the significant forecasting assumptions will reviewed by Council’s auditor. Any changes that may be required as a result of that audit will be presented to the Committee alongside the Consultation Document for approval.
13. The audited significant forecasting assumptions will be made available to the public alongside the Consultation Document to enable a transparent view of the assumptions underpinning the draft proposals and will allow for public feedback on proposals based on review of these assumptions.

Attachments

Attachment 1. LTP 2024 Assumptions [↓](#) 

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LTP 2024

Significant Forecasting Assumptions

The assumptions are all draft and at a point in time. As the assumptions are refined we are also planning on improving the disclosure around uncertainties and implications.

Significant forecasting assumptions

The tables below outline the starting forecasting assumptions guiding the preparation of the 2024 LTP and associated documents. It notes their data source(s), key challenges and risks around the assumption including commentary on how the risk will be managed. The financial decision-making environment in which the 2024 LTP is being developed is challenging and constrained particularly in relation to the funding of the work programme for the 2024 LTP. These challenges and constraints (e.g. rates and debt limits) will surface in the Finance and Infrastructure strategies which draw and will contribute to the finalisation of the forecasting assumptions underpinning the final LTP.

The following assumptions are a starting point and are presented as they currently stand. Some of the forecasting assumptions are likely to be updated in the upcoming months leading to the adoption of the Consultation document. This reflects (for example):

- uncertainties in the external environment - including the general election; and
- more information from external sources and / or other LTP workstreams (e.g. on climate change risks) becoming available.

The information on each assumption includes information on the level of certainty, the associated risks and the approach to mitigation. We have also highlighted the relevant assumption where its content, and application to the development of the LTP, is iterative. This means that, some assumptions may change as the programme proceeds.

Population

Assumption	<p>The long-term population forecast for Wellington City is growth of between 50,000 to 80,000 over the next 30 years. This is the forecast growth projection that underpins our Spatial Planning.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>50th Percentile (median) projection</th> </tr> </thead> <tbody> <tr><td>2023</td><td>212172</td></tr> <tr><td>2024</td><td>213269</td></tr> <tr><td>2025</td><td>215128</td></tr> <tr><td>2026</td><td>217102</td></tr> <tr><td>2027</td><td>218932</td></tr> <tr><td>2028</td><td>220658</td></tr> <tr><td>2029</td><td>222647</td></tr> <tr><td>2030</td><td>224449</td></tr> <tr><td>2031</td><td>226226</td></tr> <tr><td>2032</td><td>228252</td></tr> <tr><td>2033</td><td>230057</td></tr> <tr><td>2034</td><td>231463</td></tr> <tr><td>2035</td><td>233550</td></tr> <tr><td>2036</td><td>236056</td></tr> <tr><td>2037</td><td>237845</td></tr> <tr><td>2038</td><td>240286</td></tr> </tbody> </table>	Year	50 th Percentile (median) projection	2023	212172	2024	213269	2025	215128	2026	217102	2027	218932	2028	220658	2029	222647	2030	224449	2031	226226	2032	228252	2033	230057	2034	231463	2035	233550	2036	236056	2037	237845	2038	240286
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	2044	251758	
	2045	254252	
	2046	257294	
	2047	258790	
	2048	260445	
	2049	262237	
	2050	263400	
	2051	265573	
	2052	267534	
	2053	269452	
	2054	271288	
Data	Sense Partners		
Level of certainty	Moderate		
Key risks	Risk Underestimation of future growth (e.g. higher than expected net migrations for significant periods. Overestimation of future growth (e.g. migration does not rebound to levels we are accustomed to (for various reasons including policy settings and relative attractiveness of NZ))	Effect of risk Higher than expected pressure on council infrastructure & services. Over investment in the short term, but impact short-term if growth continues to meet the level of investment.	Mitigation Moderate growth accommodated within present service levels. Development contributions help to meet portion of the costs of new or upgraded infrastructure. Monitoring of population will occur on a regular basis and changes will be made to infrastructure investment programmes or service levels as required.

Economic growth

Assumption	That the Wellington City economy will continue to be impacted by the effects of COVID-19 until beyond 2024 with GDP remaining lower than March 2020 levels until 2024. Migration is currently at record levels and is expected to strengthen national economic performance.
Data	Infometrics
Level of certainty	High

Key risks	Risk	Effect of risk	Mitigation
	<p>Economic growth is lower than forecast due to:</p> <ul style="list-style-type: none"> the impacts of COVID-19 being more severe or lasting longer than anticipated political change may target public service jobs in Wellington as a way of balancing government's books competition from the region for housing that limits the City's attractiveness for investment by residential developers University students continue to study elsewhere 	<p>Lower levels of economic growth will impact the affordability of Council plans:</p> <ul style="list-style-type: none"> ratepayer base growth assumptions will be inaccurate (see later assumption) the affordability of Council services will be lower for households, businesses and users of services 	<p>The strategic economic threats/risks impacting our City will be considered in the context of what the City can do either via advocacy or direct investment.</p>

Climate change - physical impacts on WCC assets

Assumption	<p>Climate change will have physical impacts for the Council (damage to assets and disruption of services) with cascading impacts in the social and economic domains, in line with Ministry for the Environment's global emissions scenarios as informed by the Intergovernmental Panel on Climate Change (IPCC).</p> <p>Wellington is projected to experience increased risks of coastal storm surge, an increase in hot days, a rise in annual average temperatures, higher frequency and magnitude of flooding events, both exacerbated by sea level rise and increased volumes of water during rainfall events.</p> <p>The financial impact of the physical risks to WCC assets is only partially incorporated into WCC asset management plans and infrastructure planning.</p>		
Data	<p>Assumptions are directly informed by 1) Ministry for the Environment's projections for the Wellington and Wairarapa region and GWRC climate change maps; 2) NIWA reports for Wellington City regarding sea level rise and coastal hazards; 3) Table 3 from the MfE Interim Guidance on Sea Level Rise Guidelines informs our base assumptions for planning for the minimum allowances for Sea Level Rise using NZ-wide sea level rise scenarios. For detailed guidance please refer to the full Guidelines.</p>		
Level of certainty	<p>Medium – while there is certainty on the direction of change, there is uncertainty as to the speed at which the climate and related risks will change.</p>		
Key risks	<p>Risk</p> <p>That climate change impacts (sea level rise, coastal inundation, and more frequent and severe</p>	<p>Effect of risk</p> <p>If physical impacts happen slower than assumed, then we will have over invested in mitigating or</p>	<p>Mitigation</p> <p>Council's Te Atakura Strategy outlines various activities to reduce carbon emissions, and to adapt to</p>

	extreme weather events) may occur faster or slower than planned for.	management strategies. The impacts of this are likely to be short-term as sea levels are projected to continue rising over the longer-term. If physical impacts happen faster than assumed then we will have increased levels of service interruption, including to storm water and transport services.	the impacts. Identifying, reviewing, and disclosing our climate-related financial risks and opportunities will be key to making sound decisions around our investments both in near- to long-term perspectives.
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Climate change – commitment to climate action (transitional risk)

Assumption	There will be continued commitment from residents, businesses and central government to the climate actions required to meet local and national greenhouse gas emissions related targets and improve resilience to climate change impacts.
Data	Current attitudes: WCC’s “Residents Survey on Climate Change” <ul style="list-style-type: none"> • 90% of respondents believed that we needed to act now to start reducing Wellington’s carbon emissions, with over half of the opinion that we should make significant reductions straight away. • 59% of respondents are “not at all confident” that enough action is being taken to prepare Wellington for the impacts of climate change. • Local and central government are the top two ranked for who is responsible for climate change response.
Level of certainty	Medium – Wellingtonians support for climate action has been consistent over many years and is likely to continue, particularly with media coverage of recent extreme weather events. Central government funding, financing and regulatory mechanisms to support local government climate change response is not as certain and has varied over the past two decades.

Key risks	<p>Risk That support for climate action may be higher or lower than we anticipate.</p>	<p>Effect of risk If climate action support reduces then we may not support the city's transition of its social, economic and physical systems fast enough to minimise both physical impacts and transition impacts on residents and local businesses. If climate action support increases, then we may be subject to litigation or reputational risk for not supporting the city to take a higher level of action.</p>	<p>Mitigation Council's Te Atakura Strategy outlines various activities to engage with and inform Wellingtonians on climate change impacts and potential responses, to make climate change relatable and local. This includes reporting on progress of the City and Council towards Te Atakura goals, and the contribution towards those goals of the activities outlined in the Strategy.</p>
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Three waters reform

Assumption	<p><i>(Assumptions around three waters have moved since last update. Awaiting decision regarding transition date.)</i></p> <p>Current assumption is that we will transfer assets and liabilities sometime post 1 July 2024 so will need to include three waters activities (including revenue collection) in some or all of the LTP.</p>		
Data	None		
Level of certainty	High		
Key risks	<p>Risk That the three waters reform leads to changes to the management and/or ownership of Council's three waters assets</p>	<p>Effect of risk A change in ownership of three waters assets would have substantial direct impacts on Council finances and its financial and infrastructure strategy. It could also have second order impacts on Council's long-term planning in other areas given fundamental changes to the Council's financial position. For example, our debt to revenue position may be negatively affected should the value of three waters</p>	<p>Mitigation Maintain visibility of Wellington Water asset planning and ensure that it is developed so that it can be included into Council budgets, if required.</p>

		debt that is transferred be disproportionately lower relative to three waters income compared with wider Council debt and income levels.	
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Three waters reform – No worse off funding

Assumption	Council financial position will be no worse off following the transfer of water services to new Water Service Entity.		
Data	DIA		
Level of certainty	Low – risk relates to election outcomes Where the current legislation framework remains in place - terms of transfer will be known prior to adoption of the 2024-34 LTP		
Key risks	Risk Election outcome causes significant change to current water solution	Effect of risk This and many other areas of the current reform programme will be impacted, the risk cannot yet be quantified.	Mitigation Continue to have ongoing conversations with DIA.

Inflation

Assumption												
<p>Inflation rates have been estimated using the BERL Forecasts of Price level Change Adjustors to 2034 interim update.</p> <p><i>Please note: We expect to have the finalised inflation rates later in October.</i></p> <p>We also assume that the Reserve Bank will use monetary controls to keep CPI within the 1.5 percent to 3 percent range.</p>												
Cost adjustors												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	20 yr ave
Planning and regulation	3.9%	3.0%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	3.9%
Roading	4.0%	3.1%	1.9%	1.9%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	4.4%
Transport	3.9%	3.1%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%	1.7%	4.1%
Community activities	3.9%	3.0%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%	3.9%
Water and environmental management	3.9%	3.2%	2.1%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	4.2%

Council HR cost adjustor	6.0%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	
Interest revenue – forecast to remain constant. Interest rates do not increase annually in line with rates of inflation.												
Data	<p>Inflation rates applied – Inflation rates have been estimated using the BERL Forecasts of Price level Change Adjustors to 2034 interim update. We expect to have the finalised inflation rates later in October.</p> <p>We also assume that the Reserve Bank will use monetary controls to keep CPI within the 1.5% to 3% range.</p> <p>Inflation is affected by external economic factors, most of which are outside of the Council’s control and influence.</p>											
Level of certainty	Low											
Key risks	<p>Risk That actual inflation will be significantly different from the assumed inflation.</p>				<p>Effect of risk The Council’s costs and the income required to fund those costs will increase by the rate of inflation unless efficiency gains can be made.</p>				<p>Mitigation Annual review through the annual plan process.</p>			

Interest rates- cost of borrowing

Assumption	The Council borrowing rates for debt will change as per the table below.								
		24/25	25/26	26/27	27/28	28/29	29/30	30/31	50/51
	Effective Interest Rate	4.79%	4.35%	4.30%	4.39%	4.49%	4.57%	4.73%	3.16%
Data	Assumption reflects Council actual borrowing rates along with forecast rates based on hedging position and range of economic forecasts.								
Level of certainty	High - There is relative higher levels of certainty over short-term borrowing rates for Council debt in the short term given hedging policies. Longer-term, certainty levels are lower as interest rates are subject to wide range of factors								
Key risks	<p>Risk That prevailing interest rates will differ significantly from those estimated.</p>			<p>Effect of risk Based on the minimum hedging profile, a 0.1 percent movement in interest rates will increase/decrease annual interest expense by between \$200,000 and \$1,000,000 per annum across the 10-year period of this plan</p>			<p>Mitigation Interest rates are largely driven by factors external to the New Zealand economy. The Council manages its exposure to adverse changes in interest rates through the use of interest rate swaps. At any time Council policy is to have a minimum level of interest rate hedging equivalent to 50 percent of core borrowings.</p>		

Asset revaluations

Assumption	Assumed growth in asset values are outlined in the table below. Growth in Council asset values are key drivers of forecasting increasing capital investment and depreciation rates.																																																										
	<i>Please note: These rates are based on the 2021/2022 LTP and will be updated in late October 2023 once the final BERL report is available</i>																																																										
	<table border="1"> <thead> <tr> <th></th> <th>24/25</th> <th>25/26</th> <th>26/27</th> <th>27/28</th> <th>28/29</th> <th>29/30</th> <th>30/31</th> <th>40/41</th> <th>50/51</th> </tr> </thead> <tbody> <tr> <td>Buildings Revaluation</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> </tr> <tr> <td>Waters Revaluation</td> <td>6.0%</td> <td>6.0%</td> <td>6.0%</td> <td>6.0%</td> <td>6.0%</td> <td>6.0%</td> <td>6.0%</td> <td>6.0%</td> <td>6.0%</td> </tr> <tr> <td>Treatment Plant Revaluation</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> </tr> <tr> <td>Roading Revaluation</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> <td>4.0%</td> </tr> </tbody> </table>		24/25	25/26	26/27	27/28	28/29	29/30	30/31	40/41	50/51	Buildings Revaluation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	Waters Revaluation	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	Treatment Plant Revaluation	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	Roading Revaluation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%								
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	Depreciation and revaluation of property, plant and equipment (including water and transport assets) Financial forecasts in this Long-Term Plan include a 3-yearly estimate to reflect the change in asset valuations for property, plant and equipment in accordance with the Council's accounting policies. This approach is under consideration and may change during the budget process																																																										
	The following assumptions have been made for this LTP:																																																										
	<ul style="list-style-type: none"> • The Council will continue its policy of fully funding depreciation which is affected by asset revaluations except for Three Waters assets. <i>Please note: this will need to be updated during the budget process once there is more certainty as to Three Waters transitions and budget decisions.</i> • Revaluation movements shall equate to the inflation rates applied for all depreciable property, plant and equipment (refer to the "Inflation" section) • The value of non-depreciable assets (such as land) is forecast to remain constant 																																																										
Data	Asset revaluation assumptions are based off asset valuation analysis provided by CBRE and BERL.																																																										
Level of certainty	Medium – medium uncertainty in how Council asset values will change over time due to currently high inflation impacting construction costs.																																																										
Key risks	<p>Risk</p> <p>That actual asset value growth will be significantly different from the assumed rates.</p>	<p>Effect of risk</p> <p>Asset value growth at higher rates than assumed will lead to increasing pressure on rates and borrowing levels. This risk has impacted Council planning repeatedly in recent years as asset value growth has exceeded budgeting assumptions.</p>	<p>Mitigation</p> <p>Annual review of assumptions through the annual plan process.</p>																																																								

Let's Get Wellington Moving – Funding

Assumption	<p>Early delivery & city streets -funded from Council's balance sheet in accordance with financial policies.</p> <p>Transformational Programme - working assumption to contribute 1% rate increase towards transformational programme (however, the funding of the transformational funding will have to be off the Council's balance sheet as there is no available funding).</p> <p>No assumption made for urban development funding, again this would have to sit off the Council's balance sheet and a decision on level of rates willing to commit to this is yet to be made.</p>		
Data	Council and LGWM programme		
Level of certainty	High		
Key risks	<p>Risk</p> <p>That alternative funding for the full costs of LGWM are not able to be identified and, in order to proceed with LGWM business cases, the Council would have significant unbudgeted costs.</p> <p>The need for the Council to identify alternative funding or make significant variations to this LTP to accommodate additional costs may also lead to delays to decision making around programme business cases.</p>	<p>Effect of risk</p> <p>This would either require Council to accommodate additional costs into an amended budget with breaches of proposed current rates and debt limits or aspects of LGWM may not be able to proceed.</p> <p>The effect of this risk on Council finances and the programme is significant given the draft size of the full programme identified in the indicative programme business case was \$3.2b for the three partner organisations.</p>	<p>Mitigation</p> <p>The LGWM partners are engaging with the Minister of Transport on the range of funding tools.</p> <p>Setting a debt limit at 225%, below the 280% limit of the LGFA covenant provides some flexibility for future additional debt should Council decide that LGWM investment warrants further extending the debt position.</p> <p>Council's Annual Planning process also provides a process whereby reprioritisation of the capital programme can be undertaken.</p>

Let's Get Wellington Moving - Programme

Assumption	<p>For the purposes of development of the 2024-34 LTP we will assume:</p> <p>Early delivery & city streets - Will be delivered by Council as planned through the approved business cases.</p> <p>Transformational Programme – will be delivered through the preferred programme of work agreed to in the Indicative Business Case.</p>
Data	N/A

Level of certainty	Medium – the detailed business case on the transformational programme is under development and it is possible that aspects of the preferred option agreed in the Indicative Business Case will change as a result of that further business casing		
Key risks	Risk That costs for the projects may escalate significantly due to inflation or scope change.	Effect of risk This would either require Council to accommodate additional costs into an amended budget with breaches of proposed current rates and debt limits or aspects of LGWM may not be able to proceed.	Mitigation Each project funding is approved as single stage business cases are submitted allowing for reprioritisation as required. Tight scope control on projects. The transformational programme Detailed Business Case review will be an opportunity to review the assumption. Significant changes may need to be subject to a LTP amendment.

Waka Kotahi subsidies

Assumption	That Waka Kotahi (WK) FAR rate subsidy will remain in place and will be funded through the next LTP – 2024 – 2034.		
Data	The Waka Kotahi business case model is administered nationally and is the mode of operation for the operations, maintenance, renewals and new capital investment. The model is mature and is the national delivery framework.		
Level of certainty	High		
Key risks	Risk Risk is where programs of work with a stipulated level of investment, and the FAR rate may change which is out of step with the forecasts.	Effect of risk If the actual returns/revenues from these sources are significantly less than forecast, the Council will need to look for alternative funding through rates or borrowings. If the returns were greater then Council would have additional revenue above forecasts. A 5 percentage point change in the level of NZTA subsidy over our transport programme would represent approximately \$1.7m increase or decrease in revenue each year.	Mitigation Retain an agile approach to changing GPS & FAR Rates. Ensure Annual Plan and LTP are updated to reflect any changes.

Other forecasting assumptions

Resource consents

Assumption	Conditions for existing resource consents held by the Council will not be significantly altered. Any resource consents due for renewal during the 10-year period of this plan will be renewed accordingly.		
Data	N/A		
Level of certainty	<p>Moderate- there is some uncertainty around consenting conditions for the renewal of some Council consents:</p> <ul style="list-style-type: none"> Landfill consents expire in 2026. Given the Southern Landfill consenting conditions are substantially about the management of leachate, there is a likelihood that conditions will be substantially more rigorous. Contaminated Soil - Retrospective consent for the disposal of contaminated soil on Stage 2, specifically, discharge of contaminants to water and to land where they may enter water. Sludge minimisation plant: have obtained all resource consents required for construction (list and IDs available if required) and Outline Plan Report is on track to be submitted to Council on 4 October. This submission represents the final step in the Change of Designation process required for the operational authorization of the plant 		
Key risks	<p>Risk Conditions of resource consents are altered significantly. The Council is unable to renew existing resource consents upon expiry</p>	<p>Effect of risk The financial effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the Council needing to spend additional funds to enable compliance.</p>	<p>Mitigation Generally, the Council considers that it is fully compliant with existing resource consents. Changing consenting conditions will be inputs into planning individual projects- for example in the scoping of any landfill or sludge minimisation investment.</p>

IFF – Costs

Assumption	The IFF costs up to \$400 million do not sit on Council's balance sheet. Anything above that cost is included in the LTP balance sheet (est \$67m).
Data	Council Treasury Team
Level of certainty	Medium

Key risks	Risk	Effect of risk	Mitigation
	The key risk is that construction costs and timeline deviate materially from the current estimates.	Where cost escalations occur, the funding (over and above that allocated from IFF) will need to be provided from Council's already constrained balance sheet. Where there are significant delays in delivery of the project, at a minimum, Council will be in breach of resource consents and may have to consider costly alternatives to the one provided for by the SMF.	We have allowed for contingency in the project budget and are applying good risk management strategies.

Cost of carbon

Assumption

Council assumes that the cost of carbon will inflate over the coming years as per the table below.

Table 1: Estimated Forecast Cost of a NZU from 2025 to 2034

Assumption: Use the market forward contract last/fix price for NZUs for April 2025 to April 2028 in Table 4. A 7.8% increase in the cost of a NZU per year from 2029 to 2034. This is based on the 3 year average increase in the market forward contract last/fix price for NZUs from April 2025 to April 2028.

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$80.95	\$86.82	\$93.12	\$99.90	\$107.69	\$116.09	\$125.15	\$134.91	\$145.43	\$156.77

This assumption directly informs the carbon unit costs related to the Southern Landfill. More broadly the growing cost of carbon will have implications on the investment profile of individual projects and design of Council services, these impacts will be considered through the establishment of frameworks the Council will use in future project investment analysis and service review.

Data	Price ceiling and price floor				
	The Climate Change Commission provided advice to government that has been accepted, to set a trigger price for the release of additional units into the market. This in effect acts as a price ceiling. The Commission also advised on the minimum price the govt can set in an auction of units. While the market price can sit below this, it is likely that this sets the price floor, and the forward contract prices are all sitting above this auction price, lending weight to this assumption.				
	Fixed and cannot be changed		Updated recommendations		
Cost containment reserve	2024	2025	2026	2027	2028
Trigger price, including inflation	\$91.61	\$103.24	\$205.00	\$215.00	\$226.00
	<i>Reference: He Pou a Rangi Climate Change Commission Advice on NZ ETS unit limits and price control settings for 2024-2028</i>				

Note: The Climate Change Commission states: “Our advice is that significantly higher trigger prices are justified to put them well outside where the market may need to operate to be consistent with meeting emissions budgets. We judge it unlikely that any potential magnet effect would be sufficiently strong to cause prices to rise to that level.”

Table 2: Climate Change Commission’s Recommended Cost Containment Reserve from 2024 to 2028.

Auction reserve price	Fixed and cannot be changed		Updated recommendations		
	2024	2025	2026	2027	2028
	\$35.90	\$38.67	\$72.00	\$75.00	\$79.00

Reference: *He Pou a Rangi Climate Change Commission | Advice on NZ ETS unit limits and price control settings for 2024-2028.*

Table 4: Market forward contract last/fix price for NZUs for April 2025 to April 2028.

Contract	Last/Fix (Forward Contracts as of 15 September 2023)
NZUs – April 2024	\$75.47
NZUs – April 2025	\$80.95
NZUs – April 2026	\$86.82
NZUs – April 2027	\$93.12
NZUs – April 2028	\$99.90

Reference: *Carbon News NZ, website accessed September 15th 2023.*

Level of certainty

Moderate – The certainty of the cost estimate for a NZU is moderate. A range of factors including the pace of technological change and level of economic activity could significantly affect both the medium and long-term trend and year on year costs.

Key risks

Risk	Effect of risk	Mitigation
That actual inflation will be significantly different from the assumed inflation.	The Council’s NZU costs and the landfill income required to fund those costs will increase by the rate of inflation unless efficiency gains can be made. This includes secondary impacts on other Council budget lines, for example the cost of fuel and electricity, which are not directly informed by this NZU price assumption.	Annual review of the budget through the annual plan process.

Significant Asset lifecycles

Assumption	<p>The estimated useful lives of significant assets will be as shown in the Statement of Accounting Policies. The asset life of key assets (three waters and transport is included below). The majority of the significant assets will continue to be revalued every three years. It is assumed that assets will be replaced at the end of their useful life. Ranges in average ages relate to the variability of component parts of assets and changing material and design of assets over time.</p>																										
	<table border="1"> <thead> <tr> <th data-bbox="475 609 815 667">Key Asset – Pipes</th> <th data-bbox="821 609 1066 667">Asset life in years</th> <th data-bbox="1072 609 1311 667">Asset life from 2022 3W Valuation</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 669 815 692">Water pipes</td> <td data-bbox="821 669 1066 692">50-95</td> <td data-bbox="1072 669 1311 692">40-150</td> </tr> <tr> <td data-bbox="475 694 815 716">Water reservoirs</td> <td data-bbox="821 694 1066 716">40-100</td> <td data-bbox="1072 694 1311 716">90-115</td> </tr> <tr> <td data-bbox="475 719 815 741">Water pumping stations</td> <td data-bbox="821 719 1066 741">20-100</td> <td data-bbox="1072 719 1311 741">100-105</td> </tr> <tr> <td data-bbox="475 743 815 766">Sewer pipes and tunnels</td> <td data-bbox="821 743 1066 766">60-110</td> <td data-bbox="1072 743 1311 766">40-130</td> </tr> <tr> <td data-bbox="475 768 815 790">Sewer pumping stations</td> <td data-bbox="821 768 1066 790">20-80</td> <td data-bbox="1072 768 1311 790">100</td> </tr> <tr> <td data-bbox="475 792 815 815">Stormwater pipes</td> <td data-bbox="821 792 1066 815">50-130</td> <td data-bbox="1072 792 1311 815">40-150</td> </tr> <tr> <td data-bbox="475 817 815 840">Stormwater pump stations</td> <td data-bbox="821 817 1066 840">20-100</td> <td data-bbox="1072 817 1311 840">100</td> </tr> </tbody> </table>			Key Asset – Pipes	Asset life in years	Asset life from 2022 3W Valuation	Water pipes	50-95	40-150	Water reservoirs	40-100	90-115	Water pumping stations	20-100	100-105	Sewer pipes and tunnels	60-110	40-130	Sewer pumping stations	20-80	100	Stormwater pipes	50-130	40-150	Stormwater pump stations	20-100	100
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	<p>It is also assumed that:</p> <ul style="list-style-type: none"> the majority of the significant assets will continue to be revalued every 3 years. assets will be replaced at the end of their useful life. planned asset acquisitions (as per the capital expenditure programme) shall be depreciated on the same basis as existing assets. 																										
Data	<p>Assumptions of asset lives are informed by guidance on the Useful Life of Infrastructure from the NAMS Council and Council actual condition information of assets.</p>																										
Level of certainty	<p>Mixed – The level of certainty of useful lives of assets ranges across different asset types. Underground assets that are not easily accessible have lower levels of confidence on their current condition and therefore expected remaining useful lives</p>																										
Key risks	<p>Risk That assets wear out earlier or later than estimated.</p>	<p>Effect of risk Depreciation and interest costs would increase if capital expenditure was required earlier than anticipated. The financial effect of the uncertainty is likely to be immaterial.</p>	<p>Mitigation Generally, we have the ability to prioritise work programmes should assets wear out earlier or later than estimated. In addition we are actively investing in improving the quality of asset condition information including of our three waters assets, to reduce the likelihood of this risk.</p>																								

Ability to deliver capital programme

Assumption	We assume that there will be market capacity to deliver our planned capital programme. This will be supported by careful programme planning, investment in internal capability and Wellington Water increasing their capability, capacity and use of innovation and scale.		
Data	N/A		
Level of certainty	Moderate – There is always an inherent level of risk in delivering a capital programme, particularly one that is substantially increased. Although we have plans to manage this risk there remains uncertainty. In the short-term this is linked to significant cost escalation of labour and materials. In the longer-term this relates to the ability of the supplier market to respond to regional investment and demand on infrastructure service providers.		
Key risks	Risk That our capital programme is not able to be delivered as planned.	Effect of risk If we are unable to deliver the planned capital programmes, then the benefits of investment will be delayed. For projects aimed at enabling growth, this could constrain the pace of growth. There will also be delays to our planned capital expenditure profile with flow on impacts on borrowing and operating expenditure projections.	Mitigation Regular monitoring of our capital programme progress, and adjustments to plans through the formal Annual Planning process. Careful programme planning, investment in internal capability and Wellington Water increasing their capability, capacity and use of innovation and scale. If unable to deliver the capital programme, Council will prioritise renewals work (to prevent asset failure and resulting service interruptions) and critically review the planned capital upgrade work programme including identifying opportunities for deferral of works.

Level of service

Assumption	For this 10-year plan we assume that: the current demand for Council services and customer expectations regarding business as usual levels of service will not significantly change during the planning period beyond what is specifically planned for and identified in this 10-year plan. As a result it is assumed that there will be no significant additional impact from level of service changes on asset requirements or operating expenditure.
Data	N/A
Level of certainty	Low – it is highly likely that demand for Council service levels will change to some degree over the course of the next ten-years, however these changes are not currently predictable and as such not about to be built into the underlying assumptions of this long-term plan.

Key risks	Risk	Effect of risk	Mitigation
	That there are significant changes in the impact of pressures on the demand for services or levels of service beyond those planned in this plan.	If customers begin to expect a higher level of service, we either risk decreasing residents' satisfaction or an increase in ongoing costs to maintain a higher level of service	The Council has defined service levels for its planned activities, which have been reviewed as part of the 10-year plan process. The regular 3 year Long-term Planning cycle provides opportunity for service levels to be regularly reassessed for changes in demand.

Vested Assets

Assumption	It is assumed that the sludge treatment plant, valued at \$XXX and delivered through a special purpose vehicle, will be vested back to the Council once completed in year four of the long-term plan. <i>(Please note: this will likely change)</i>		
Data	N/A		
Level of certainty	Medium		
Key risks	Risk That the sludge minimisation project is delayed and vesting of the asset is delayed	Effect of risk A delay of vesting of the asset into Council ownership will have minimal effects on Council budgeting	Mitigation Regular monitoring of our capital programme progress, and adjustments to plans through the formal Annual Planning process.

Funding sources – ground leases

Assumption	That long-term ground leases for Michael Fowler Centre carpark, Municipal Office Building and Civic Administration Building are all secured in the first two years of the LTP to enable revenue from those ground leases to be used to pay down Council debt. Proceeds from those ground leases would be approximately \$27m		
Data	N/A		
Level of certainty	High – While the MFC carpark negotiations are more advanced and therefore the likelihood of ground lease more certain, the MOB and CAB sites are less certain as we have not yet tested the market. Council has had valuations on the land and unsolicited queries from the private sector about opportunities with Civic Square. The need to gain resource consent for demolition of those buildings and potential consultation requirements associated with that also creates risks to this assumption		
Key risks	Risk That long-term ground leases are not able to be secured in the timeframe of this assumption or are at a lower value than assumed.	Effect of risk If long-term ground leases are delayed or at a lower value then that may impact Council's debt position and may lead to breach of	Mitigation Council's Annual Planning process provides a process whereby reprioritisation and/or rephasing of the capital programme can be undertaken.

		proposed debt to revenue limits.	
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Development Contributions

Assumption	We have assumed annual revenue from Development Contributions of \$3.5m over the 10 years of this long-term plan. (Please note: this number will change once the review of inputs and funding decisions are made)		
Data	N/A		
Level of certainty	Moderate – the level of Development Contribution revenue is broadly in line with actual levels of revenue over the previous three financial years.		
Key risks	Risk The level of development contributions collected and the timing could result in insufficient income to cover the costs of required growth infrastructure.	Effect of risk If the level of development contribution income is less than forecasted, this would mean the debt is not paid off as quickly as planned, and therefore interest costs relating to this debt would be marginally higher than planned	Mitigation Council’s Annual Planning process provides a process whereby reprioritisation of budget can be undertaken.

Sale of assets

Assumption	We have assumed sale proceeds from asset sales of \$48m will be realised to repay borrowings across the 10-year period of this plan.		
Data	N/A		
Level of certainty	Moderate		
Key risks	Risk That the sale of assets do not occur at forecasted levels.	Effect of risk If the level of asset sales is less than forecasted, either our level of debt will increase by the relevant amount or the Council may consider revising its level of asset investment. The interest cost of servicing this debt will be lower or higher depending on the level of asset sales.	Mitigation Council’s Annual Planning process provides a process whereby reprioritisation of budget can be undertaken. Setting a debt limit at 225%, below the 280% limit of the LGFA covenant provides some flexibility for future additional debt.

Availability of insurance

Assumption	The Council will maintain or increase its current level of asset insurance to indemnify itself against the expected damage caused in a one in one thousand year earthquake event. This level will cover approximately 15% of the forecast loss, with the remaining 85% of the loss assumed to be funded by debt, alternative risk transfer or un-funded.		
Data	The 1-1000 year event loss estimates for Council owned assets are calculated by GNS. This informs our strategy on how we transfer the risk to a third party and also the level of financial risk that is held by Council if third party risk transfer is not available or affordable.		
Level of certainty	Moderate – Price and available capacity of insurance is reducing over time in areas of the world that are deemed to be of high risk, as a result of a natural disaster.		
Key risks	<p>Risk</p> <p>That the Council is not able to secure sufficient insurance</p> <p>That the increasing costs of holding insurance exceeds available budget.</p> <p>That the financial loss to the assets in a major event is significantly greater than that estimated.</p>	<p>Effect of risk</p> <p>An inability to secure sufficient insurance or actual losses exceeding estimated loss would mean that not all assets would be able to be repaired or replaced post a significant earthquake event. Meeting increasing costs of insurance to maintain coverage would have direct impacts on rates and fees and user charges.</p>	<p>Mitigation</p> <p>The assumptions that drive the 1-1000 damage estimates are updated every 2-3 years by GNS to ensure up-to-date asset information is understood e.g. buildings that are base isolated and unlikely to take material damage.</p> <p>Council is also working to minimise potential impacts of an event through significant investment to earthquake strengthen buildings (base isolation). New developments and renewal of our assets are also done with earthquake resilient materials e.g. Water pipes, reservoirs, tunnels and bridges.</p> <p>The Forecast Debt limit includes the provision of approximately 5% debt funding of the forecast loss. Council Officers will also work on the “Insurance Roadmap”, which aims to instate alternative risk transfer methods and improve Council’s post event outcomes. The Roadmap identifies a 3-6 year timeframe to fully understand and begin implementation of new strategies.</p>

LGFA

Assumption	Each of the shareholders of the LGFA is a party to a Deed of Guarantee, whereby the parties to the deed guarantee the obligations of the LGFA and the guarantee obligations of other
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	participating local authorities to the LGFA, in the event of default. Council assumes no default event occurring during this Long-Term Plan.		
Data	N/A		
Level of certainty	<p>High – Given the safety valves contained within the LGFA structure and the conservative nature of the financial covenants they place on all Councils, the level of certainty that there will not be a default event during the period of the LTP, in Council’s view, is high.</p> <p>The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge.</p>		
Key risks	<p>Risk In the event of a default by the LGFA, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each respective guarantor is set in relation to each guarantor’s relative rates income.</p>	<p>Effect of risk Payment would be required by Wellington ratepayers for the relevant amount in default, for the most part via equity investments already held on behalf of COUNCIL by the LGFA</p>	<p>Mitigation The structure and makeup of the LGFA through the foundation documents sets out the protections and processes of guarantees and defaults. The LGFA Risk management committee, reporting framework, Key performance indicators and variance at risk all mitigate the risk eventuating.</p> <p>COUNCIL also maintains conservative internal policies (D/R of 225% + headroom) to ensure we are not the council at risk of default. This is demonstrated in our AA+ rating from S&P.</p>

Renewal of existing funding

Assumption	It is assumed that the Council will be able to renew existing borrowings on similar terms.		
Data	N/A		
Level of certainty	High		
Key risks	<p>Risk That new borrowings cannot be accessed to fund future capital requirements.</p>	<p>Effect of risk Future capital programmes may be delayed and the Council improvement programmes/infrastructure assets may not receive the required investment.</p>	<p>Mitigation Council sources debt from the LGFA which is a very well run, risk averse organisation that has sound risk management practices in place to continue to fund the local government sector over the long term. Access to the LGFA will continue to be the most appropriate way for Council to fund its balance sheet.</p>

			Council maintains internal policy settings that allow for long term funding access and to ensure that we are meeting our intergenerational equity requirements as set out in the Local Government Act 2002.
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Weathertight homes

Assumption	The Council will continue to spread the cost incurred by settling weathertight homes claims by funding claims from borrowings and spreading the rates funded repayment across a number of years. This 10-year plan assumes that the Council's weathertight homes liability will be fully settled and the associated borrowing repaid over the 26-year period. <i>(Please note: this will need to be updated)</i>		
Data	N/A		
Level of certainty	High		
Key risks	Risk That the level of the claims and settlements is higher than provided for within the 10-year plan.	Effect of risk The weathertight homes liability is an actuarial calculation based on the best information currently available. The liability provided for within the Council's financial statements is \$39 million, a 1 percent change in this figure would equate to \$0.4 million.	Mitigation N/A.

General rates differential

Assumption	It is assumed that the general rates differential will be set at 3.25:1 Commercial: Base/Residential as part of the LTP and remain at this ratio over the 10-year period of this plan. <i>(Please note: that the differential figure will be updated based on decision making following decision making on the Rates Review currently out for consultation)</i>
Data	N/A
Level of certainty	High

Key risks	Risk That the Council makes the decision to change the general rates differential from forecast.	Effect of risk Any changes to the general rates differential will impact the relative rates payable by commercial and residential ratepayers. A decrease in the differential would mean a higher rates burden is paid by residential ratepayers and vice versa.	Mitigation Council’s Annual Planning process provides a process whereby rates differential can be reconfirmed regularly.
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Growth in ratepayer base

Assumption	Ratepayer base growth is based on current property information from Council valuation service provider (Quotable Value Ltd), forward looking consenting, historic trends and expected population growth assumptions.		
Data	Ratepayer base growth is based on current property information from Council valuation service provider (Quotable Value Ltd), forward looking consenting, historic trends and expected population growth assumptions provided by Informed Decisions Ltd.		
Level of certainty	Low		
Key risks	Risk The growth in the ratepayer base is higher or lower than projected.	Effect of risk If growth is higher than forecasted, average rates funding increase will be reduced by an equivalent amount as there is a greater number of ratepayers across which the rates funding requirement will be allocated. If growth is lower than forecasted, the average rates increase for the ratepayer will be higher.	Mitigation We will measure and report on growth in the rating base and review the projections and underlying strategy on a regular basis. Ratepayer growth assumptions are reconfirmed through each Annual Planning exercise and provide the opportunity to adjustment plans based upon updated growth projections.

Earthquake risk

Assumption	The assumed risks of a significant earthquake are in line with Wellington lifelines planning and relate to likelihood of earthquakes at different scales on the Modified Mercalli intensity (MMI) scale. Likelihood captured in the table below.	
	MMI level	Average return period
	MMI7	~30 years
	MMI8	~120 years

	MMI 9	~400 years	
	MMI 10	~1350 years	
Data	Sourced from Wellington Lifelines report 2019.		
Level of certainty	Low		
Key risks	Risk That a significant event occurs during the period of the Long-Term Plan	Effect of risk The city is unable to recover sufficiently or quickly enough in order to prevent long-term adverse effects on the population or local economy	Mitigation In order to recover from a significant event the Council has insurance and debt provision to provide some flexibility to respond financially to adverse events. The Council is further prepared to respond to large events, as some response plans are in place and staff members are regularly trained. However, work is needed to ensure that learnings from any activation are captured and contribute to the ongoing improvement of the city's preparedness. A key focus for this LTP will be improving the city's resilience. There will be a number of earthquake strengthening and resilience projects aimed at helping us mitigate the adverse impact of a significant event and manage our event insurance costs.

Legislative and Regulatory

Assumption	<p>Resource Management System – assume it will be phased in over the next 10 years. Will be the main piece of environment legislation until certain legal steps have been taken.</p> <p>Local Government Review –timeline for any legislation to be produced- assumption unclear</p> <p>Building Amendment Bill (introducing energy ratings for buildings and waste minimisation plans) - Assumptions unclear.</p> <p>Climate Adaptation Bill - legal framework for managed retreat - Assumptions unclear.</p>
Data	N/A

Level of certainty	Medium		
Key risks	<p>Risk Local Government Review – outcomes maybe that we will become a super region which may mean a diluted local voice and a challenge to effective advocate for our City. Unknown cost and legal implications on how we do our business .</p> <p>Climate Change Adaptation – if the bill is delayed there is a lack of national clarity around adaptation and retreat for Councils and who pays. We have a lot of assets that will need to be disestablished and/or relocated over the next 30 years.</p>	<p>Effect of risk Uncertainty around how we are funded and will operate over the long term.</p> <p>Ad hoc response to climate change adaptation and not budget.</p>	<p>Mitigation Ensure we keep involved and resourced enough in the Future Development Strategy Space which is a regional growth plan. We require more ELT/SLT advocacy in this space along with more staff in this space. Ensure the appropriate ELT members are involved in the local government reform space.</p> <p>Continue to advocate for this bill through appropriate leadership channels and ensure we keep developing our own climate change adaptation plan with a clear investment plan to support this. District and regional plan changes may also be tools to support this which prohibits development in high risk areas.</p>

2024-34 LONG-TERM PLAN PROGRAMME UPDATE

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides the Audit and Risk Committee a progress update on the 2024-34 Long-term Plan programme, focusing on the risk environment for the programme and the effectiveness of programme assurance mechanisms.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Relevant Previous decisions

Financial considerations

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

2. Nil

Risk

- Low Medium High Extreme

3. Risks related to capacity and complexity persist, particularly as the programme nears the decision-making phase in late 2023. Notable changes include a clearer understanding of the financial challenge and continued uncertainty surrounding three waters reform. We will mitigate this through ensuring that all the moving parts are well co-ordinated with consistent messaging across the business.

Authors	Joy Volkerling, Senior Advisor, Planning & Reporting Geoffrey Coe, Principal Advisor Corporate Planning
Authoriser	Baz Kaufman, Manager Strategy and Research Stephen McArthur, Chief Strategy & Governance Officer Andrea Reeves, Chief Financial 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. This programme update highlights the significant progress made over the last several months in managing the Long-term Plan (LTP). The programme has remained on track, despite some adjustments
5. The Infrastructure and Financial Strategies are being developed through workshops and external expert engagement. These strategies are pivotal in aligning infrastructure investment and financial management with community outcomes. Asset management planning has significantly improved, providing a clearer understanding of the council's financial position.
6. A review of Key Performance Indicators (KPIs) has been undertaken, identifying improvements that will enhance transparency and accountability in Council performance reporting.
7. Risks related to capacity and complexity persist, particularly as the programme nears the decision-making phase in late 2023. Notable changes include a clearer understanding of the financial challenge and continued uncertainty surrounding three waters reform. We will mitigate this through ensuring that all the moving parts are well co-ordinated with consistent messaging across the business.
8. The October general election is a critical milestone for reviewing planning assumptions. Close collaboration with Wellington Water and the Department of Internal Affairs (DIA) is ongoing to ensure visibility of asset planning investment needs.
9. Overall, while the programme continues to progress within its planned approach and timeline, careful management and adaptability are essential to address evolving risks and challenges.

Takenga mai | Background

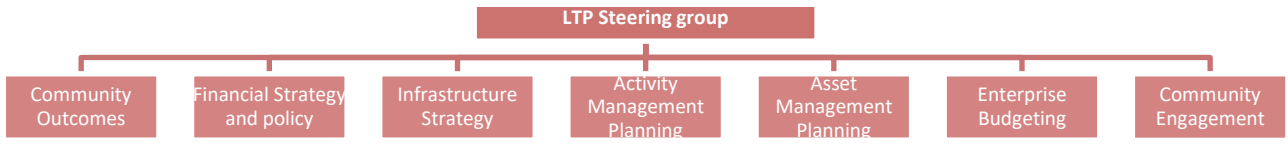
10. While the Long-term Plan, Annual Plan and Performance committee has primary responsibility of oversight and decision making for the development of the 2024-34 Long-term Plan (LTP), the Audit and Risk Committee has key responsibilities in respect to:
 - a. Seeking assurance that the Council has an appropriate plan to meet its statutory obligations in preparing and adopting its LTP;
 - b. Oversee how the risks to the LTP preparation and the audit of the LTP are being managed.
11. The Committee received a report on 28 February 2023 on the plan for the 2024-34 LTP programme, focused on an outline of the programme structure and approach and the risks and assurance practices shaping the programme. It was noted that the primary objective of the programme of work is:

- the production of a legally compliant (e.g. meets all content and legislative requirements) LTP for 2024-34 on time, that is balanced, strategically aligned, and can be used as a meaningful strategic management tool for the Council and the community after adoption.
12. The secondary objective of the programme (which are critical to ensuring the quality of the LTP) are:
 - Improving the quality of long-term planning practices across the Council's services and assets; and
 - Continuing to improve the quality and level of engagement of Mayor, Councillors, Pou Iwi and the public with key strategic challenges facing the city.
 13. The committee heard on the 28 February that the LTP programme has been redesigned to give a more strategically focused development process. A key focus for the redesigned process is to enable elected members to tackle the strategic components (e.g. Outcomes, priorities, financial and infrastructure planning aspects) first. This provides a stronger foundation for the more detailed budgeting and final community consultation.
 14. The aim of this approach is to deliver a more strategically focused LTP by reducing overlapping processes that focus on detail rather than strategic direction. While the approach for this LTP is consistent with best practice, the key challenge is making this work effective in a constrained budgeting environment which will challenge the Council's overall financial and infrastructure strategy settings.
 15. Overall, the aim is to operate a long term planning process that better steps Elected Members and the Community through the strategic settings, choices and eventual approval of budgets, projects and rates in a way that is both understandable, engaging and practical. We expect some of the choices in delivering an affordable and prudent LTP that attracts community buy-in to be challenging. Activities such as the Citizens Assembly are therefore a key input to the LTP development programme.
 16. In addition to the process changes a lift in the quality of Asset Management Planning is a key outcome from the 2024-34 LTP. This area has had increased resourcing to support this improvement as previous assessments of the Council's capability in this area indicated that there is considerable scope for improvement.

Programme Structure

17. The programme charter sets out the structure and key process for managing the delivery of the LTP development programme. The LTP programme team (on behalf of the LTP Steering Group) also maintains an intranet site with details on the timeline, recent LTP programme news, roles and responsibilities. The work programme is

Figure 1: LTP programme structure



structure (Figure 1) has clear roles and responsibilities allocated to the various work-streams who report to the LTP Steering Group¹. Membership of this group consists of senior and executive managers from Strategy and Governance, Finance and Business, Corporate Planning and Reporting team, and Infrastructure team.

18. The LTP Steering Group is chaired by the Chief Strategy and Governance Officer and includes key ELT members with the necessary delegated authority to make key decisions that will impact the process and accountability of:
 - c. monitoring the strategic direction of the programme and ensure ongoing alignment with council priorities;
 - d. understanding and supporting the programme objectives, process and deliverables; and
 - e. checking that all significant project risks have been identified and are being actively managed.
19. The Executive Leadership Team, the Mayor and the relevant Council Committee Chair receive regular briefings on the LTP content as it is developed.
20. Key dates for the programme are as follows:

Phase	Meeting/Milestone	Date
Setting our vision	LTP F&P Committee: Strategic settings agreed with Council	8 March 2023
	Engagement on outcomes and priorities	March - May 2023
	Councillor Workshop: Rates Review	10 May 2023
	Councillor Workshop: Rates Review/Financial Strategy	1 August 2023
	LTP F&P Committee: Outcomes and priorities agreed	17 August 2023
Building the Plan	Draft Asset and Activity Management Plans Developed	July 2023
	Councillor Workshop: Level of Service Challenges and options	October 2023
	Financial and Infrastructure Strategies	October 2023
	Financial Policies	November 2023
Facing Trade-offs	Consultation options, impacts and costs are identified	December 2023
	Consultation deliberations	Feb-March 2024
	Consultation	April-May 2024
Adopting our Plan	Adoption of Long-term Plan	June 2024

¹ During programme planning it was agreed that there was a need to also consider corporate wide base assumptions early in the programme and set out an approach for assumptions to be identified, agreed, and updated. This is effectively an eighth workstream.

Risks

21. Initial programme risk planning identified three high risks:
 - f. **Capability and capacity limitations**, which could result in programme deadlines not being met or not being met to the quality required.
 - g. The **availability of reliable information about Let's Get Wellington Moving** (LGWM) for inclusion in the LTP. Not having reliable information could compromise the quality of the underlying information on which the LTP is based and the overall purpose of the LTP (e.g. the LTP does not provide integrated decision-making and co-ordination of the resources of the Council).
 - h. **Uncertainties in respect of three waters reform** arising because of political uncertainty, legislative change still progressing, and funding agreements yet to be negotiated. The lack of this information could compromise the quality of the underlying information on which the LTP is based and the overall purpose of the LTP (e.g. the LTP does not provide integrated decision-making and co-ordination of the resources of the Council).
22. The key controls both for these risks and the overall programme management are detailed in Appendix A.

Kōrerorero | Discussion

23. Programme update Over the last seven months, Officers have continued application of programme management through steering group and workstream management in line with planned workstream structure.
24. Key programme highlights include the in-principle agreement to Community Outcomes and priorities to guide the development of the remainder of the LTP. Early decision making on the strategic direction of the LTP is a critical success factor for the programme and so agreement of direction and priorities is key.
25. Some workstream timings have shifted over the course of the programme. Internal staffing changes have for example seen the Infrastructure Strategy work needing to progress later than planned; the Steering Group also shifted the delivery of the Development Contribution review out once it was identified that initial timing expectations need to be adjusted. Overall workstreams remain on track to input into the core LTP programme of work.
26. Changes to the scope of the rates review project, to push fundamental choices about the rating base (land versus capital value) have also freed up internal resource for the core LTP programme and removed significant complexity that would arise from the need for coordination of rating changes and LTP development.

Financial and Infrastructure Strategies

27. The Infrastructure and Financial Strategies are key planning documents that set the direction for how we will deliver on the Community Outcomes through our infrastructure investment and management of finances. The two strategies are closely linked. A series of workshops with Elected Members have been held, which to date has included the purpose and background for these strategies and the proposed financial parameters (rates and debt limits). Review of draft strategy content will happen through October and November. We have contracted external experts to help with the development of these strategies and have scheduled in independent peer review to provide assurance of meeting technical requirements and also to assess coherence between the strategies and across other LTP components.

Asset Management Planning

28. Initial Asset Management Planning activities have been completed and the output of that planning is now informing consideration of service levels and leading into draft budget construction over the coming months. The quality of asset planning for the 2024-34 LTP has improved significantly with a common AM framework for WCC infrastructure, and the inclusion of new AM policy, and strategic asset management plan. Additionally, the business is taking an evidence based approach to renewals, which is subsequent to a full condition assessment of WCC's vertical infrastructure providing a significant step change in data maturity and our ability to forecast renewals with greater certainty. The improved understanding of our assets and their performance issues is part of the reason for the significantly clearer understanding of Council's financial position in this LTP. A briefing on Asset Management Plans is scheduled with Elected Members in November 2023.
29. We have engaged former senior auditor to provide a maturity assessment, and quality assurance to our suite of documents. This will be done after levels of service have been determined and the detail budgeting process is concluded pre consultation. Specific attention will be to address shortfalls identified in the 2021 WCC Asset Management maturity assessment and particular focus to strategic alignment of financial and service statements. The Strategic Asset Management Plan, Asset Management Policy and Activity Management Plans are included in this review.

Water assets

30. The 2021 LTP received a qualified audit due to a lack of water asset planning information to inform decision-making. For the 2024/34 LTP, Wellington City Council produced a Minimum Viable Product requirement (MVP), for all Wellington Water's client councils to use as a common approach towards an audit compliant LTP product.
31. Audit New Zealand has reviewed the MVP document and have confirmed the minimum information required to complete the current LTP audit methodology with respect to asset management and underlying asset information. This information has been shared with Wellington Water.
32. Within the context of water reform, Wellington Water is required to support councils by setting out strategic investment priorities and funding options for years 1-2 of the LTP. The MVP is for years 1-3 of the LTP in detail, with forecasting out to year 10. This approach ensures that strategic investment priorities are locked in for the new Water Service Entities and provides planning surety. The LTP is an 'intended decision' that must be notified to the DIA under their oversight and monitoring provisions. This is because DIA want confidence that the planned level of water services continues under the LTP.
33. The DIA has offered to help councils through their 10-year LTP by providing an addendum to the Entity Asset Management Plan (AMP). This addendum is designed to cover the councils' years 1 and 2 programme and replaces the need for the councils to complete their own AMPs. The DIA is also working with the OAG to confirm that their approach meets audit requirements.

Review of Key Performance Indicators (KPIs)

34. The review of the suite of KPIs included in the Long-term Plan has also progressed with workshops with all business units having been completed to assess the balance and mix of KPIs reported through the LTP. A number of improvements to the set of KPIs have been identified and will be presented through to Long-term Plan, Finance, and Performance Committee for review and approval in the coming months. KPIs form an essential aspect of the accountability of Council planning and as such improvements to our suite of KPIs represent an important improvement in the transparency and accountability of Council performance.

Budgeting

35. The budgeting phase of LTP is inherently complex as it applies key planning parameters from a number of workstreams – in particular the Finance and Infrastructure strategies (e.g, rates and debt limits, forecasting assumptions, asset renewals, levels of service). Developing a draft 10 yr budget that balances these parameters within the constraints, risks and opportunities in the current and forecast operating environment will be a key focus for both the Steering Group and ELT through to the end of 2023.

Risks

36. The initial key risks are still present. Capacity risks continue to require close management, particularly as the programme approaches the key decision-making phase through the latter part of 2023. As indicated above, for the balance of 2023 there is a large amount of complex work coming together at the same time and while resourced, will ultimately fall on small group of staff over short time-spans. Ensuring that all the moving parts are well co-ordinated with consistent messaging across the business will remain a key focus for programme management

What has changed?

37. While overall the programme is progressing within the planned management approach and timeline, notable changes influencing the programme, and affecting the risk and control environment are:
- i. the scale of financial challenge facing decision makers has come into clearer relief and is significant
 - j. a continued level of uncertainty around three waters reform heightening risk as we get are closer to the deadline of preparing the LTP.
38. The first does not affect overall programme management, but will create a more difficult decision making environment for Elected Members through the LTP. This increases the risk around the ability to make decisions in the expected timeframes. There are a range of controls for this:
- k. **Greater community voice** to support Elected Member decision making – the Community Assembly is a key new piece of input into the LTP process and is aimed at supporting Elected Members navigate difficult choices through the development of the draft budget and consultation document
 - l. **Lifting the level of decision making** to strategic service and infrastructure choices rather than project or asset level decision making (fitting LTP decisions in the context of longer-term investment decision making during the life of the LTP) – to enable strategic or in principle decisions to be made and planning move forward rather than overload decision makers
 - m. **Proactive development of officer advice** on level of service options to enable faster turn around on Elected Member direction – to enable a more responsive

process to Elected member questions or ideas through workshops and deliberation

39. Continued uncertainty on three waters creates programme risks in terms of the potential need for substantial and late changes to the proposed LTP and budget. The LTP programme has clear base assumptions to enable continued planning given the uncertainties, however the risk of change to assumptions, and impacts to the delivery of an LTP continues.
40. The October general election will be a key point in reviewing planning assumptions for these key influences on Council planning. Officers continue to manage the risk through close working with Wellington Water and DIA for full visibility of asset planning investment needs.

Ngā mahinga e whai ake nei | Next actions

41. Continued delivery of the 2024 Long-term Plan programme of work.
Key controls and sign-offs

Area	Key controls and sign-offs
a) Programme management and governance	<ul style="list-style-type: none"> Clear roles and responsibilities have been allocated to various work-streams who report to the LTP steering group. The workstream leads and LTP steering group will meet regularly to track progress and respond to issues. Risks and issues will be recorded in the internal LTP risk and issues register and mitigating actions will be coordinated through LTP governance and programme management. The LTP steering group monitors LTP alignment with council priorities and ensures that significant risks are being actively managed. Councillors will be engaged throughout the LTP process so late surprises or risks to adoption are minimised.
b) Asset management plans (AMPs)	<ul style="list-style-type: none"> Template developed for consistent and quality delivery of asset management plans. Improvement plans – third party review of maturity of improvement planning. SAMP produced to ensure consistent approach and response to general assumptions. External peer review of land transport asset management plan
c) Infrastructure Investment	<ul style="list-style-type: none"> Mitigate risks of uncoordinated planning by areas working together in one workstream on an integrated programme of infrastructure provision. Engagement with community and stakeholders on scenario trade-offs and decisions.

Area	Key controls and sign-offs
d) Levels of service and performance measures/ performance targets	<ul style="list-style-type: none"> • Validate existing measure set for relevancy, meaningful targets and robust reporting methodology. • Following approval of budgets, performance targets will be realigned and signed-off by activity managers to ensure that the planned services are consistent with available funding.
e) Key alignment and linkages	<ul style="list-style-type: none"> • Key steps will be taken to ensure that financial and non-financial information included in the LTP is consistent with council's strategies, policies and assumptions. Steps include: <ul style="list-style-type: none"> ○ review and sign-off by activity managers that key plans and policies are adequately applied ○ review of consistency of assumptions with key plans and policies in the development of the underlying information ○ review and sign-off whether information on capital expenditure included in the funding impact statements is consistent with underlying asset information ○ review to ensure linkages between community outcomes, LTP measures and AMP performance information. • Appropriate managers from Council will review and sign-off whether information included for each group of activities has been incorporated into the underlying information.
f) Assumptions	<ul style="list-style-type: none"> • Ensure assumptions are complete, reasonable and supportable, including <ul style="list-style-type: none"> ○ review assumptions against Local Government Act 2002 and Taituarā guidance to identify mandatory and recommended assumptions. ○ identify council specific assumptions based on a documented risk assessment, e.g. central government funding for transport. ○ support assumptions by way of reference to external supporting documentation where practical. • Sign-off of budget submissions by business financial managers to confirm consistent application of assumptions. • Have someone review the LTP and ensure that assumptions are consistently applied across LTP.
g) Accounting standards	<ul style="list-style-type: none"> • Document review against accounting standard FRS-42 Prospective financial statements as well as Taituarā guidance. • Peer review of financials by Financial Control team to ensure compliance with accounting standards and the accounting policies are consistent with those in the last audited annual report and those expected to be used for subsequent reporting.
h) Financial model and data	<ul style="list-style-type: none"> • Monitor built-in checks in model of treasury ratios, prudential benchmarks and the balanced budget requirement.

Area	Key controls and sign-offs
	<ul style="list-style-type: none"> • Complete a data integrity review to ensure that the financial model agrees to underlying information. • Review the financial model against significant commitments, policies and strategies e.g. LGWM, Financial Strategy, Infrastructure Strategy.
i) Legal Review	<ul style="list-style-type: none"> • Sign off by the General Counsel on compliance with the requirements for an LTP in relevant legislation. • Legal support and guidance will be obtained as required during the LTP preparation and consultation process.
j) Prudent financial management	<ul style="list-style-type: none"> • Financial scenarios presented to elected members will illustrate the impact of different scenarios on rates and debt levels in the short and long term. • Final published documents will include assessment of council's borrowing against its prescribed limits and of its operating budget through a prescribed Balanced Budget Benchmark.

Attachments
Nil

STATUS OF INTERNAL AND THIRD PARTY AUDIT RECOMMENDATIONS

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides Unaunahi Māhirahira | Audit and Risk Committee with: An update on progress to address recommendations from Internal Audits and other assurance sources.

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 with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

Relevant Previous decisions

Financial considerations

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

Risk

- Low Medium High Extreme

2. Risks were identified as part of audit and assurance work completed and these have been communicated to relevant officers. Risks are managed in line with the Council's Enterprise Risk Management Framework.

Author	Jon Daley, TL Assurance and Business Integrity
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers’ Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the update on management’s progress to address recommendations from internal audit and other independent sources of assurance.

Whakarāpopoto | Executive Summary

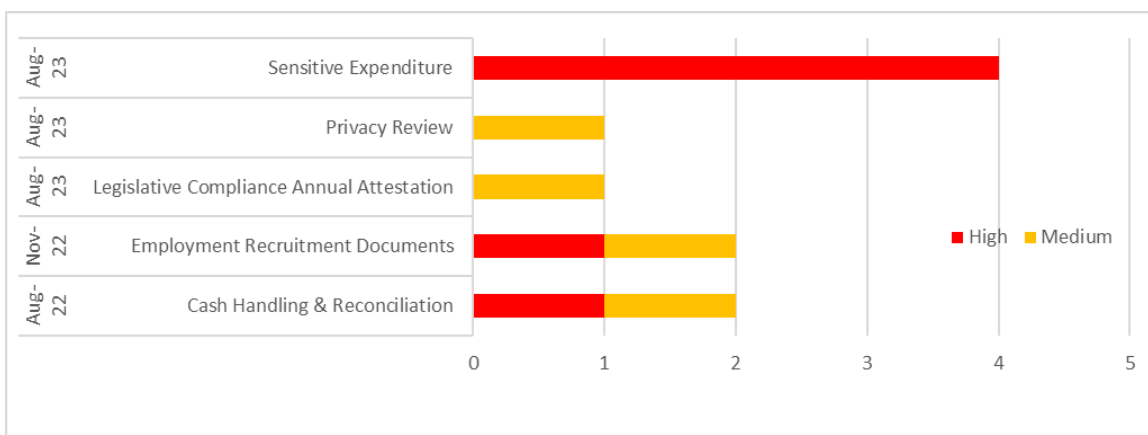
3. Management is making progress to address recommendations from internal audit and other independent assurance sources.
4. One recommendation relating to financial reconciliations has not progressed since August 2022. This has been due to staff turnover and resource constraints.

Takenga mai | Background

5. Not applicable.

Kōrerorero | Discussion

6. Assurance & Business Integrity monitors and reports on management’s progress to address assurance recommendations from completed internal audit reviews, as well as from other independent sources of assurance.
7. There are 20 open internal audit recommendations in total. 10 of these are rated high or medium risk. Five actions had their due dates extended. These were reviewed and agreed in line with the complexity of the management action proposed. One recommendation relating to providing guidance on cash reconciliations to operational teams has remained open since July 2022 with no progress. This has been due to staff turnover.
8. The following shows the number of open high and medium risk findings currently in progress:



9. Three of the eleven open recommendations in last year’s Audit New Zealand’s management letter have been closed. Progress has been made to address other



recommendations. The possible impact of future water reform may alter or delay some actions.

10. Further details of management's progress to address open assurance recommendations from internal audit and other independent assurance are tabled in Attachment One.

Ngā mahinga e whai ake nei | Next actions

11. Assurance and Business Integrity will continue to follow-up on open actions.

Attachments

Attachment 1.	Follow Up on Open Assurance Actions October 2023 ↓ 	Page 118
Attachment 2.	Status of Open External Audit Recommendations October 2023 ↓ 	Page 121

Status of Open Assurance Recommendations February 2023

The following report includes information on management's progress to address open overdue assurance recommendations from internal audit and other independent assurance sources.

Assurance Sources	Description	Summary Status of Recommendations
Internal audit reviews	The Assurance & Business Integrity team completes internal audit reviews as part of its annual workplan approved by the Audit and Risk Subcommittee.	Refer to Section 1 for details of high and medium risk items.
Annual Legislative Compliance Attestation for the period ending 30 June 2022	The Assurance & Business Integrity team facilitated the annual legislative compliance attestation for the period ending 30 June 2023. The attestation process took place during July 2023 and the final report was issued in August 2023.	Two Acts that were prioritised for follow up and reporting back to the Audit & Risk Subcommittee. Refer to Section 2 of this report.
Audit New Zealand report to management	Audit New Zealand completed the audit for the year ended 30 June 2023. Their report sets out recommendations for improvements.	Refer to Attachment 2

Attachment 1 – Status of open assurance recommendations

1. Internal Audit Reviews

There are four medium-rated and six high-rated internal audit recommendations in progress.

Review Name & Date Issued	Findings and Recommendations	Progress as at February 2023
Employment Recruitment Documents November 2022	Process & Policy Improvements Update the Recruitment Policy Documenting the process Investigate software solutions to improve efficiency	Process steps have been documented and introduced, including MOJ checks and overseas criminality checks. Update of Recruitment Policy is work in progress. Implementation of IT solution pending final decision. Due date for completion extended to November 2023
Sensitive Expenditure September 2023	Refresh and relaunch the P Card Process Review and update the P Card Policy and procedures Communicate to P-Card holders that alcohol purchases are not permitted. Remind Staff of processes around travel Report breaches of policy.	A working group has been established to revise the process. These have been reviewed by Management and are being revised. Internal communications are planned for when the policies and processes are updated and authorised. Quarterly assurance work has been scheduled for when the new processes have taken effect.
Cash-handling and reconciliation August 2022	Lack of guidance on how to perform reconciliations. Varying systems and controls between sites. Financial Controller to develop guidance on reconciliations for all staff.	There has been no progress on providing guidance to staff on performing reconciliations. This is due to resource constraints in Finance. One further recommendation remains on provision of further cameras. This is waiting on provision of further advice from Safe City Team.
Privacy Review August 2022	Revise Privacy Policy Review policy alignment with Tu Piki Ora Māori Strategy.	Actions in progress to address other recommendations have been superseded by the CASS Data Breach report. Alignment with Tu Piki Ora Māori Strategy is planned for Q4.

2. Legislative Compliance Attestation for the period ending 30 June 2023

The following is a progress report on the Acts that were identified as a priority for follow up and reporting to the Subcommittee.

#	Acts	Description non or partial non-compliance	Status as at October 2023
1.	Resource Management Act	Delays in receiving advisor comments on applications and subdivision certifications is the main reason for the non-compliance.	Work is underway with WWL at ELT level to improve responsiveness.
2.	Building Act 2004	Delays in making decisions on applications within the 20-day statutory deadline.	Engagement with ELT and Tier 3 Managers within Planning and Environment and Infrastructure and Transport has completed. Options are being reviewed. These include a policy decision to adopt a KPI below 100%.
3.	Food Act 2014	Verifications have not been completed in line with required timescales.	Work is in progress to resource the team to deliver verifications. The original plan to clear the Covid backlog has been revised due to loss of resource, and this is now planned for February 2024.
4.	Hazardous Substances and New Organisms Act 1996	The team does not actively promote or monitor awareness of hazardous substances	A new member of staff has been warranted under the act and an additional resource is being trained. A HSNO working group has been established.
5.	Local Government Acts 2002	The council does not periodically review cost effectiveness of its services	A Manager needs to be identified with responsibility for Section 17A requirements.
6.	Public Records Act 2005	Self-Assessment identified issues related to monitoring and reporting on organisational record keeping	The team is reviewing the Archives NZ Self-Assessment from 2023-24 and is identifying gaps and areas for improvement.

- We continue to engage with management on their actions to strengthen legislative compliance, including for Acts where roles and responsibilities may need further clarification and for ongoing actions to improve processes and maintain compliance levels. This includes understanding how business units can demonstrate and confidently attest to the specific provisions for Māori outcomes. We are satisfied that appropriate actions are being considered.
- The impacts of reported non-compliances and partial non-compliances as **minor to moderate**. These non-compliances are within the Council's risk appetite.
- The next legislative compliance attestation is scheduled for July 2024 for the period ending 30 June 2024. This will be reported to the Subcommittee in September 2024.

Attachment 1 – Status of open assurance recommendations

Attachment Two: Status of open external audit recommendations - October 2023

Recommendations raised in Audit NZ's report to the Council for the year ended 30 June 2022

Audit NZ's report was included on the [Agenda of Unaunahi Māhirahira | Audit and Risk Committee - Wednesday, 10 May 2023 \(wellington.govt.nz\)](#).

Review Name & Date Issued	Recommendation	Progress at October 2023
4.1 Three Waters performance measures	We recommend that the City Council continue discussions with Wellington Water to understand the plans in place to address these performance reporting issues and any possible impacts on the City Council's 2022/23 annual report. The City Council should also ensure it is able to reconcile its records to Wellington Water's records.	October 2023: We continue to work with Wellington Water to reconcile the total number of complaints. We will consider the impact of water reform on measures.
4.2 WCC Group GHG emissions performance measure	We recommend that the City Council ensures that there are reliable systems in place to capture the data on GHG emissions to address these performance reporting issues and any possible impacts on the City Council's 2022/23 annual report.	<p>The Council has an ongoing data improvement process for this measure, which includes communication with key Capital Goods suppliers to obtain more direct data to better reflect actual emissions. From FY23, Council will use updated emissions factors for spend-based Scope 3 data, using the 2018 ThinkStep report, and will recalculate the FY21 and FY22 years using these emissions factors, to ensure consistency in reporting.</p> <p>October 2023: Thinkstep spend data will not be available until November 2023. As an alternative we have used updated MOTU emission factor data as we have already completed our WCC carbon inventory work for FY23. We are working with Audit NZ on results.</p>
4.16 Procurement – conflict of interest management plans	<p>We recommend that declared issues be reviewed by management, and any resulting conflict management plans (where these are judged to be required) reviewed and approved by management.</p> <p>We expect documentation supporting all procurement activity to be stored electronically and be easily accessible.</p>	<p>As part of our refresh of procurement resources the COI management plan forms will be revisited to ensure these are signed off by the senior/management roles within the Commercial Partnerships team.</p> <p>October 2023: WCC has updated the COI template, added to suite of templates available on Pokapu and added a Probity Guide to support wider probity/code of conduct/COI practice. This point should be closed.</p> <p>Sound record keeping continues to be a focus for the team, navigating a new records management system and the establishment of consistent records management process.</p> <p>Templates have improved consistency of records and record keeping.</p>
5.1.1 Reconciliation of Rating Information Database	We recommend the City Council put in place a process to ensure the monthly reconciliations are reviewed and signed off by an independent person. Any reconciling items should be investigated and resolved in a timely manner.	Review and sign-off is a standard monthly process. The reports are sent to Finance monthly. We do need to capture the signed-off reports in Sharepoint and send them along with the reports. We will be upgrading our reconciliation processes over the next 18 months to provide better visibility

		October2023: Signed off reports are now stored in Sharepoint and provided along with reconciliations. Upgrade to reconciliation process remains on track and work in progress
5.1.2 RID access and control over changes	We recommend the City Council identify all the masterfile changes that can be made in the RID and develop appropriate monitoring reports for detection of anomalies. These reports should be automatically generated by the system and independently reviewed by a senior member of the team on a regular basis.	<p>A risk assessment of controls over the RID was performed in April 2022. As part of that process, we identified existing controls and additional controls that were needed. The existing controls in place over the RID included:</p> <ul style="list-style-type: none"> • Local government code rec (done fortnightly). • RID to DVR rec (done monthly). • LIT report validation/ review (done daily). <p>These were performed and reviewed frequently, based on the cadence set for each.</p> <p>As a result of that assessment, audit trails for direct debit changes were set up in April 2022, previously this was not in place. This was put in place for learning and development purposes and provides the ability to trace changes to specific individuals were previously not possible.</p> <p>The compensating control which was in place and performed daily is the Direct Debit Extraction process as well as the review of Dishonour payments received from financial institutions for invalid or inaccurate direct debit instructions. Any errors on direct debits or unauthorised payments are also picked up during those process.</p> <p>October 2023: Completed. Monitoring of Masterfile changes in the RID is now in place.</p>
5.2.2 ICT Policies need to be reviewed, updated and re-issued	We recommend that information system and digital policies should be reviewed, updated and all users advised of changes.	<p>Smart Council is in the process of updating all this information, including an end user policy – which includes cyber security and working remotely etc. It is documenting our updated ICT policy with all the various components included in this umbrella policy. The update is taking longer than anticipated and we may only be finished towards end of June 2023.</p> <p>Update Oct 2023: Cyber Security Policy published August 2023. Policy is designed to ensure that cybersecurity risks are identified, understood, quantified, and managed.</p> <p>The second umbrella policy, the end-user compute policy aimed at user behaviour, will be published in Q2.</p>
5.2.4 Improve password network minimum settings	We recommend the City Council conduct a review of standards for password controls. Settings should match its approved information system security policies and where these do not match NZISM standards, the risk should be reviewed and accepted by management.	<p>The City Council has been migrating users to Cloud login (AAD), and the previous (AD) password login settings are no longer being used. Further improvements to strengthen password controls are being proposed.</p> <p>Update October 2023: Completed</p>
5.3 Purchase card expenditure	We recommend that the City Council: <ul style="list-style-type: none"> • put in place a process for all leaving staffs' P-cards to be 	We continue to document and strengthen procedures around P-cards.

	<p>returned to Finance for timely cancellation. This can be achieved from timely receipt of leavers' information from People and Capability, payroll and IT;</p> <ul style="list-style-type: none"> strengthen monitoring controls for P-card claims including following up on supporting documentation for expenses incurred; 	<p>Update October 2023: Sensitive expenditure guidance is being reviewed for consistency with OAG guidelines. Supporting Purchase-Card guidelines also being updated for consistency and include cardholder requirement to surrender P cards when ceasing employment.</p> <p>Assurance will recommence continuous monitoring of P-card expenditure in Q2, following launch of updated sensitive expenditure guidance.</p>
Recommendations from previous audits		
2021: Fair value assessment of infrastructure assets	The City Council should take into consideration asset condition information when preparing a fair value assessment for assets.	<p>The City Council performed a full valuation of infrastructure assets for the year ended 30 June 2022. However, as the asset condition information for non-critical assets was not available at the time of performing the valuation, this issue remains open.</p> <p>Update October 2023: Open There has been a significant amount of work completed across Council and Wellington Water Limited to collect asset condition information on our assets, particularly our critical assets. We expect this to continue be an area of focus.</p> <p>For 30 June 2023 the Fair value assessment of infrastructure assets was completed by WSP. The asset condition information for non-critical assets was not available at the time of performing the fair value assessment.</p> <p>For the very high criticality water pipe assets, there was an \$11.6m impairment recognised in 2022/23 due to the condition assessment on these assets.</p>
2020: Timely preparation and review of reconciliations	The City Council reconcile the general ledger with the underlying systems and these reconciliations are prepared and independently reviewed monthly.	<p>The preparation and the review of some of the City Council's reconciliations were not performed and/ or independently reviewed in a timely manner. They were bank, payroll, fixed assets and suspense accounts.</p> <p>Update October 2023: Closed: Bank and fixed asset reconciliations have been completed and reviewed in a timely manner.</p> <p>Payroll and suspense accounts reconciliations were prepared in a timely manner, however due to changes in finance personnel changes and vacancies during the year there were some temporary time delays in reviewing these.</p> <p>With new personnel on board, the reconciliations are being refreshed to ensure all relevant information is captured in a consistent and easy to read format. The team are committed to preparing and reviewing these in a timely manner.</p>

<p>2018: Holidays Act compliance</p>	<p>We recommend that City Council should resolve the Holidays Act 2003 compliance issue.</p>	<p>Phase One (Rectification) is 99% complete – the project team is considering options for external support to rectify an issue with TechOne.</p> <p>The project team is proceeding with Phase Two (Remediation). This includes calculating any leave under- and over-payments for the approximately 8,600 staff who have been on Wellington City Council payroll since 2013. This includes Zealandia, Wellington Water and Wellington Venues. Phase 2 scoping and planning has commenced.</p> <p>Update October 2023: Phase One: The Parallel testing is back on track and Acceptance Testing is continuing.</p> <p>Phase Two: The Project Team has engaged a third Party to produce a “Portal” for ex-employees to register a claim – this is in build stage and is expected to be completed by end of October 2023.</p>
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1. ACTIONS TRACKING

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides an update on the past actions agreed by the Unaunahi Māhirahira | Audit and Risk Committee.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
 - People friendly, compact, safe and accessible capital city
 - Innovative, inclusive and creative city
 - Dynamic and sustainable economy
- Strategic alignment with priority objective areas from Long-term Plan 2021–2031**
- Functioning, resilient and reliable three waters infrastructure
 - Affordable, resilient and safe place to live
 - Safe, resilient and reliable core transport infrastructure network
 - Fit-for-purpose community, creative and cultural spaces
 - Accelerating zero-carbon and waste-free transition
 - Strong partnerships with mana whenua

Relevant Previous decisions

Not applicable.

Financial considerations

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

Risk

- Low Medium High Extreme

Author	Marcella Freeman,
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Whakarāpopoto | Executive Summary

2. This report lists the dates of previous committee meetings and the items discussed at those meetings.
3. Each clause within the resolution has been considered separately and the following statuses have been assigned:
 - In progress: Resolutions with this status are currently being implemented.
 - Complete: Clauses which have been completed, either by officers subsequent to the meeting, or by the meeting itself (i.e. by receiving or noting information).
4. All actions will be included in the subsequent monthly updates but completed actions will only appear once.


Takenga mai | Background

5. At the 13 Haratua May 2021 Council meeting, the recommendations of the Wellington City Council Governance Review (the Review Report) were endorsed and agreed to be implemented.
6. The purpose of this report is to ensure that all resolutions are being actioned over time. It does not take the place of performance monitoring or full updates. The committee could resolve to receive a full update report on an item if it wishes.
7. On 25 Whiringa-ā-nuku October 2022 through memorandum, the 2022-2025 committee structure chosen by Mayor Tory Whanau was advised. This included establishment of the Unaunahi Māhirahira | Audit and Risk Committee.
8. The Audit and Risk Subcommittee for the 2022-2025 triennium fulfils the functions of Unaunahi Māhirahira | Audit and Risk Committee of the 2019-2022 triennium.
9. The last meeting of the equivalent committees in the 2019-2022 triennium were held on 14 Mahuru September 2022.
10. The purpose of this report is to ensure that all resolutions are being actioned over time. It does not take the place of performance monitoring or full updates. The committee could resolve to receive a full update report on an item if it wishes.

Kōrerorero | Discussion

11. Of the 10 resolutions of the Unaunahi Māhirahira | Audit and Risk Committee in Here-turi-kōkā August 2023:
 - 2 are in progress.
 - 8 complete.
12. 7 actions carried forward from previous actions tracking reports:
 - 4 are in progress.
 - 3 are complete.

Attachments

Attachment 1. Action Tracking - October [↓](#) 

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Date	ID	Title	Clause number	Clause	Status	Comment
Wednesday, 14 September 2022	1071	2.5 Insurance Maturity Roadmap report	3	Agree that Council officers will report back to the committee on a regular basis as a standing item on the Kāwai Māhirahira Audit and Risk Subcommittee on progress against the workplan	In progress	The next update regarding the Insurance Roadmap will be presented to the Audit and Risk Committee in October 2023.
Wednesday, 14 September 2022	1072	2.5 Insurance Maturity Roadmap report	4	Receive periodic updates against the project plan and risk assessments over the life of the roadmap project.	In progress	The next update regarding the Insurance Roadmap will be presented to the Audit and Risk Committee in October 2023.
Tuesday, 28 February 2023	1330	2.2 2023 Audit New Zealand Audit Plan	5	Delegate the authority to finalise the audit fee for the year ended 30 June 2023 to the Chief Financial Officer, Chair of the Unaunahi Māhirahira Audit and Risk Committee and Mayor.	Completed	Audit fee proposal signed by the Mayor on 23rd August 2023.
Tuesday, 28 February 2023	1334	2.4 Introduction to the WCC Strategic Risks Framework and Str 2		Agree to the proposed changes to the Strategic Risk Register. Changes include the merging of some risk profiles and development of new risk profiles to reflect WCC's risk management priorities.	In progress	One new risk profile will be presented at October UMARC and one at the November meeting
Wednesday, 10 May 2023	1525	2.2 Strategic Risks update, Risk Appetite Statements developm	4	Agree to support future work on expanding the range of Risk Appetite statements at an appropriate time, including after supporting LTP level of service work has been completed (likely Q2 2023-24). No further updates still planned to build off LTP work.	In progress	LTP levels of service work is ongoing and will underpin further risk appetite statements.
Wednesday, 10 May 2023	1529	2.4 Audit New Zealand Governing Body Report 2021/22	2	Note the content of Audit New Zealand's Report to Council for the year ended 30 June 2022.	Completed	This can be closed. We will report back on the status of Audit NZ's recommendations through the regular Assurance and Business Integrity Updates to the Committee (next on in October 2023)
Wednesday, 10 May 2023	1530	2.5 Wellington City Council and Group 30 June 2023 Year-end R 1		Receive the information in this year-end reporting and audit considerations update.	Completed	
Wednesday, 16 August 2023	2003	2.1 Te Aho Marutau Internal Audit Report for the year ended 1		Receive the update on Protected Disclosures and investigations.	Completed	report received, no action required.
Wednesday, 16 August 2023	2004	2.1 Te Aho Marutau Internal Audit Report for the year ended 2		Receive information about the Council's internal control environment and summary of internal audit work completed for the period 2022-23.	In progress	ID 2006 relates to the required action and discussion of committee.
Wednesday, 16 August 2023	2005	2.1 Te Aho Marutau Internal Audit Report for the year ended 3		Receive information about the legislative compliance system.	Completed	Completed. No action required. Officer to follow up with non compliance, as per normal BAU.
Wednesday, 16 August 2023	2006	2.1 Te Aho Marutau Internal Audit Report for the year ended 4		Request that management reports back to the Committee within 6 months on a internal control systems and process maturity uplift plan.	In progress	
Wednesday, 16 August 2023	2008	2.2 Strategic Risks Update August 2023	1	Receive the information.	Completed	
Wednesday, 16 August 2023	2009	2.4 Speed Management Privacy Breach Response	1	Receive the information.	Completed	No action. Committee to receive the independent privacy breach report at next meeting.
Wednesday, 16 August 2023	2010	2.5 Health and Safety Performance Report	1	Receive the information.	Completed	
Wednesday, 16 August 2023	2011	2.5 Health and Safety Performance Report	2	Recommend that Te Kaunihera o Pōneke Council:	Completed	
Wednesday, 16 August 2023	2012	2.6 Actions Tracking	1	a. Receive the information.	Completed	
Wednesday, 16 August 2023	2013	2.7 Forward Programme and Workplan Update	1	Receive the information.	Completed	AT

FORWARD PROGRAMME AND WORKPLAN UPDATE

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides the Forward Programme and the Proposed Workplan for the Unaunahi Māhirahira | Audit and Risk Committee.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

Relevant Previous decisions

Financial considerations

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

Risk

- Low Medium High Extreme

Author	Alisi Folaumoetu'i, Senior Democracy Advisor
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Whakarāpopoto | Executive Summary

2. The Forward Programme sets out the reports planned for Unaunahi Māhirahira | Audit and Risk Committee meetings in the next meeting that require committee consideration.
3. The Forward Programme is a working document and is subject to change on a regular basis.
4. The Proposed Workplan sets out the reports coming to the Unaunahi Māhirahira | Audit & Risk Committee for the remainder of this triennium until September 2025.

Kōrerorero | Discussion

5. Next meeting agenda 29 November 2023:

- Committee self-assessment of performance and effectiveness
- Assurance & Business Integrity - Work plan update
- Audit NZ year-end management letter
- Audit NZ LTP assurance plan
- CCO Annual reports impacting on Council group risk
- Insurance Roadmap Update
- Strategic Risk Management - profile update and risk maturity
- Health and Safety Quarterly Performance Report

Public excluded:

- Te Kainga programme
- Litigation matters update

Attachments

Attachment 1. [Proposed Workplan 11 October 2023](#)  

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Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan

	11 Oct 2023	29 Nov 2023	21 Feb 2024	8 May 2024	14 Aug 2024	2 Oct 2024	20 Nov 2024	5 Feb 2025	30 Apr 2025	10 Sep 2025
Committee Governance										
○ Forward programme and workplan update	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
○ ARC self-assessment of performance and effectiveness		◆							◆	
○ Elected member gifts & hospitality and pecuniary interests				◆					◆	
Assurance and Business Integrity (Internal Audit)										
○ 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					◆					
○ Committee briefing with no mgmt present (+ as req'd)				◆					◆	
○ Review Internal Audit Charter					◆					
External Audit and Statutory Reporting										
○ 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	◆				◆	◆				◆
○ Interim/Pre-final year-end management letter	◆					◆				
○ Year-end management letter		◆			◆		◆			◆
○ Committee briefing with no mgmt present (+ as req'd)	◆					◆				
Risk Management										
○ Strategic Risk Management Framework - profile update			◆		◆	◆		◆		◆
○ Annual refresh of strategic risks				◆					◆	
○ Approval of annual Risk work plan				◆					◆	
○ Risk Maturity update		◆			◆		◆			◆
○ Group Risk Management – Chief Officer updates										
• Chief Executive (as required)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
• Chief Planning									◆	
• Chief People and Culture										◆

Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan

	11 Oct 2023	29 Nov 2023	21 Feb 2024	8 May 2024	14 Aug 2024	2 Oct 2024	20 Nov 2024	5 Feb 2025	30 Apr 2025	10 Sep 2025
<ul style="list-style-type: none"> Chief Customer and Community Chief Māori Chief Infrastructure Chief Financial Chief Strategy & Governance Chief Digital 		◆	◆	◆	◆	◆	◆	◆		
Council Controlled Organisations										
○ CCO annual reports on risk impacting Council's group risk		◆			◆		◆			◆
Finance										
○ Insurance roadmap update		◆	◆					◆		
Health and Safety										
○ Performance report		◆	◆	◆	◆		◆	◆	◆	◆
Legal Risk										
○ Litigation matters update (Public excluded)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
Long Term Plan										
○ 2024 LTP Development Programme – project plan	◆									
○ LTP forecasting assumptions	◆									
○ Asset Management Planning – assurance										
○ Audit New Zealand LTP assurance plan	◆	◆								
○ Audit NZ LTP Management letter					◆					
Focus Topics										
○ Asset management maturity										
○ Programme Management Office P3M3 maturity										

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 2022/23 Annual Report	7(2)(c)(ii) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.	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.
3.2 Legal and Risk Updates	7(2)(g) The withholding of the information is necessary to maintain legal professional privilege. 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).	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.

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2. Direct officers to consider the release of the publicly excluded information in report 3.1 by 25 October 2024.