



Report 11.640
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Committee Audit, Risk and Assurance Committee
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Summary Risk Report

1. Purpose

To update the committee on changes to the risk register and to comment on risks highlighted in the quarterly reporting process.

2. The decision-making process and significance

No decision is being sought in this report.

3. Background

Each quarter the risks are reviewed in terms of their scoring and currency. Any changes are reported to the committee for discussion. The risks are also reviewed by the Chief Executive in conjunction with the General Managers at the quarterly review.

4. Comment

The quarterly risk reporting format has been simplified and a greater focus now has been placed on the actions/changes made to the risks since the last quarterly reporting in September. The intention is to focus discussion on the most important and topical risks facing GW at any given point in time.

Changes to the risk register during this quarter

The following new risks have been added during the last quarter (refer **Attachment 1**):

1. Deterioration of the global financial position increases financial pressure on Greater Wellington impacting service delivery.

This risk was added in response to the problems globally which could turn adverse, indirectly leading to fiscal pressures. Current local media comment around Local Government is a compounding factor in relation to this risk. Ultimately this risk will increase the pressure on councils to limit spending.

Clearly all spending needs to be evaluated carefully, however, the current financial pressure could lead to critical services being reduced.

GW has responded to this risk by keeping the proposed 2012/2013 rates increase on business as usual activities to only 1.33% Other proposed increases for the year are for already consulted and approved proposals and a limited number of new proposals.

2. Inability to raise funds to fund the capital expenditure programme due to severe financial market disruption

The problems in Europe have the potential to affect funding around the globe if there is a financial collapse. This could severely limit New Zealand's ability to raise funds overseas and impact on GW and the LGFA's ability to raise funds locally, especially term funding. Given the debt profile required to fund the LTP programme, careful consideration needs to be given to this risk.

GW has taken precautionary measures by prefunding and retaining a high level of readily available cash should such an event occur. Our high credit rating of AA and the Local Government Funding Agency's of AA+ should shield us to some extent from this. Management believes the current measures in place are sufficient to mitigate the risk.

3. Harm to staff or damage to Council property while 1080 pest control operations are in progress (Mangaroa/Kaitoke area)

This risk was added this quarter, and will most likely be withdrawn next quarter once the pest control operations are completed.

The 1080 drop will take place over the next 3 months and affects some 20,000 hectares of land. This is a very controversial issue for environmentalists and hunters, warranting including it as a risk.

Mitigating actions have already been taken including reviewing policies and procedures for dealing with disaffected parties.

Currently topical risks

While all risks are part of business as usual assessments, the following risks are topical and action or changes have occurred to them that management considers warrant reporting (refer **Attachment 2**).

1. Environment - Oil spill in the Harbour

The scoring of this risk remains unchanged as a medium risk before our controls and reverts to low risk after the controls.

With the recent events of the Rena, focus on oil spill has been heightened.

A debrief of the Rena incident was undertaken looking at the preparedness and response to this type of incident in the Wellington region

A regular marine oil response exercise was conducted at the Evans Bay Marina in early December.

The 2012/13 Oil Spill Response Preparedness Budget proposal was submitted to Maritime New Zealand.

2. Water – Failure of water supply infrastructure

The scoring of this risk remains unchanged as a high risk before our controls and reverts to medium risk after the controls.

The recent upgrade work on the Stuart Macaskill lakes, with the addition of liners to the lakes, will strengthen their ability to withstand earthquakes and is consequently a risk control measure.

3. Pringle House's performance during an earthquake will not allow staff to exit the building without casualty.

The scoring of this risk remains low risk before and after controls. The reason for it being low risk is the likelihood of occurrence being very low.

We have received an engineer's reports on the building, while technical in nature they are indicating no immediate issues with the building structure that would require us to evacuate.

We are still waiting for options from the engineers to see how we might mitigate damage to the building and its occupants in the event of an earthquake.

A group is currently championing the rollout of abseiling equipment to GWRC staff, which will assist with building evacuation. This treatment will become a control next reporting period once it is implemented, as will any works carried out in response to recommendations from the engineers.

5. Recommendations

That the Committee:

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

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Bruce Simpson
Chief Financial Officer

Attachment 1 – New risks added since last reporting

Attachment 2 – Risks that are currently topical