



If calling, please ask for Democratic Services

Finance, Risk and Assurance Committee

Tuesday 2 May 2023, 9.30am

Taumata Kōrero, Council Chamber, Greater Wellington Regional Council,
100 Cuba Street, Te Aro, Wellington

Quorum: Three Members

Members

Martin Matthews (Chair)

Cr Bassett (Deputy Chair)

Cr Connelly

Cr Kirk-Burnnand

Cr Ropata

Cr Saw

Cr Woolf

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

Finance, Risk and Assurance Committee

1 Purpose

Oversee, review, and report on Greater Wellington's discharge of its responsibilities in the areas of financial management; risk management; statutory reporting; internal and external audit and assurance; and monitoring of compliance with laws and regulations (including health and safety).

2 Specific responsibilities

- 2.1 Apply Council's Te Tiriti o Waitangi principles when conducting the Committee's business and making decisions.
- 2.2 Review and monitor performance under Council's Financial Strategy (adopted under section 101A of the Local Government Act 2002).
- 2.3 Review the effectiveness of Greater Wellington's financial management and performance, including proposed changes, with a particular focus on the effectiveness of Greater Wellington's:
 - a Financial management policies and frameworks for, and the robustness of, the organisation's financial performance
 - b Accounting policies and principles.
- 2.4 Review the effectiveness of Greater Wellington's risk management process, including overseeing changes to the risk management policy and approach, with a particular focus on:
 - a Providing guidance to Council on the appetite for risk
 - b Whether Greater Wellington is taking effective action to mitigate significant risks, including cyber security and climate change.
- 2.5 Review Greater Wellington's systems to manage legislative compliance (including health and safety), significant projects, and work programmes.
- 2.6 Review and monitor Greater Wellington's compliance with regulatory requirements.
- 2.7 Review Greater Wellington's health, safety and wellbeing management system to obtain assurance that the organisation is identifying and managing risks in accordance with the Health and Safety at Work Act 2015.
- 2.8 Approve the internal assurance programme, review the results of internal assurance work, and review the effectiveness of actions to address audit recommendations from Greater Wellington's internal auditors.
- 2.9 Receive, at the start of each external audit, the terms of engagement with the external auditor, including the nature and scope of the audit, timetable and fees.
- 2.10 Review any external audit reports and Greater Wellington's actions on significant issues and audit recommendations raised in these reports.
- 2.11 Review annually the appropriateness of Council's insurance.

2.12 Recommend to Council changes to improve the effectiveness of Greater Wellington's policies and frameworks for financial management, assurance, and risk management.

2.13 Review:

- a The draft Annual Report to ensure it complies with statutory requirements and provides a sound basis for the public accountability of Council's and Greater Wellington's performance and position for each financial year
- b Any proposed formal announcements relating to Council's financial performance.

2.14 Recommend the Annual Report for adoption by Council.

3 Delegations

The Committee has the authority to approve:

- a The internal assurance programme; in particular, whether Greater Wellington's approach to maintaining an effective internal control framework is sound and effective
- b Submissions to external organisations on matters pertaining directly to the Committee's purpose.

4 Members and Chair

4.1 Six Councillors.

4.2 One external member, appointed by Council, who has the necessary independence, expertise, and knowledge of local government relevant to the Committee's purpose and responsibilities.

4.3 Where Council appoints the external member under section 4.2, Council shall also appoint that member as the Chair.

5 Quorum

Three Committee members.

Finance, Risk and Assurance Committee

Tuesday 2 May 2023, 9.30am

Taumata Kōrero, Council Chamber, Greater Wellington Regional Council,
100 Cuba Street, Te Aro, Wellington

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Please note these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 2 May 2023.

Report 23.42

Public minutes of the Finance, Risk and Assurance Committee meeting on 14 February 2023

Taumata Kōrero – Council Chamber, Greater Wellington Regional Council
100 Cuba Street, Te Aro, Wellington, at 9.34am

Members Present

Martin Matthews (Chair)
Councillor Bassett (Deputy Chair)
Councillor Connelly
Councillor Kirk-Burnnand
Councillor Ropata (remotely, via Microsoft Teams, from 9.37am)
Councillor Saw
Councillor Woolf

Public Business

1 Apologies

There were no apologies.

2 Declarations of conflicts of interest

There were no declarations of conflicts of interest.

3 Public participation

There was no public participation.

The Committee Chair welcomed members and acknowledged that this was the first meeting of the Committee for the triennium. The Committee discussed its purpose, role and work programme for the 2023 calendar year.

Councillor Ropata arrived at 9.37am, during the above discussion.

4 Harbour Management – Risk and compliance update – February 2023 – Report 23.22
[For Information]

Grant Nalder, Harbourmaster, spoke to the report.

5 Quarterly Finance update – Quarter two 2022/23 – Report 23.29 [For Information]

Darryl Joyce, Manager, Accounting Services, spoke to the report.

6 Health, Safety and Wellbeing update February 2023 – Report 23.28 [For Information]

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

The meeting adjourned at 10.53am, at the conclusion of the above item, and reconvened at 11.11am.

7 Risk Management update – February 2023 – Report 23.18 [For Information]

Jacob Boyes, Senior Manager, Corporate Risk and Assurance, spoke to the report.

Noted: The Committee requested that officers arrange a workshop on risk appetite and Greater Wellington's risk framework, and that the invite be extended to all Councillors.

8 Assurance update – February 2023 – Report 23.17 [For Information]

Jacob Boyes, Senior Manager, Corporate Risk and Assurance, spoke to the report.

Noted: The Committee requested that officers work with the Executive Leadership Team to identify potential topics for future assurance reviews and workshop identified topics with the Committee in order to shape up the assurance work programme.

The meeting closed at 11.39am.

Martin Matthews

Chair

Date:

Finance, Risk and Assurance Committee
2 May 2023
Report 23.148



For Decision

PROPOSED ARRANGEMENTS FOR FINANCE, RISK AND ASSURANCE COMMITTEE REPORTING TO COUNCIL

Te take mō te pūrongo

Purpose

1. To provide to the Finance, Risk and Audit Committee (the Committee) the proposed arrangements for reporting to Council.

He tūtohu

Recommendation

That the Committee:

- 1 **Agrees** that the Chair of the Finance, Risk and Assurance Committee reports twice a year to Council with an update on the work of the Committee.

Te tāhū kōrero

Background

2. The Committee has a Terms of Reference which includes the action to “Recommend to Council changes to improve the effectiveness of Greater Wellington’s policies and frameworks for financial management, assurance and risk management.”
3. This report is to agree the method and frequency for reporting to Council on the Committee’s work.

Te tātaritanga

Analysis

4. Given the crucial role of the Committee in overseeing performance and improvement in the areas of financial management, assurance and risk management, and because the Committee is chaired by an independent person who does not attend Council meetings, consideration has been given to how reporting on the work of the Committee is best communicated to the full Council.
5. In agreement with the Committee Chair it is proposed the Chair reports twice a year to Council with an update on the work of the Committee.

Ngā hua ahumoni
Financial implications

6. There are no financial implications arising from this report.

Ngā Take e hāngai ana te iwi Māori
Implications for Māori

7. There are no known implications for Māori arising from this report.

Ngā tūāoma e whai ake nei
Next steps

8. The first report by the Committee Chair has been scheduled in the forward work programme for the 18 May 2023 Council meeting. The Committee Chair will attend the Council meeting to speak to his report.

Ngā kaiwaitohu
Signatories

Writer	Alison Trustrum-Rainey, Chief Financial Officer
Approver	Sue McLean, General Manager, Corporate Services

He whakarāpopoto i ngā huritaonga Summary of considerations
<i>Fit with Council's roles or Committee's terms of reference</i> The Committee has a Terms of Reference which includes the action to "Recommend to Council changes to improve the effectiveness of Greater Wellington's policies and frameworks for financial management, assurance and risk management."
<i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i> The Committee's reporting to Council provides assurance on the policies and frameworks for financial management, assurance and risk management that support the planning, budgeting and financial reporting.
<i>Internal consultation</i> The Chair requested this report. There was no further consultation.
<i>Risks and impacts: legal / health and safety etc.</i> The Council's management of relevant risks is addressed in the report.

Finance, Risk and Assurance Committee
 2 May 2023
 Report 23.102



For Decision

FAIR VALUE ASSESSMENT OF PROPERTY PLANT AND EQUIPMENT

Te take mō te pūrongo

Purpose

1. To outline Greater Wellington Regional Council’s (Greater Wellington) approach to determining materiality to be used in the fair value assessment of property, plant and equipment to the Finance, Risk and Audit Committee (the Committee).

He tūtohu

Recommendations

That the Committee **endorses** the process for setting materiality for the fair value assessment of property, plant and equipment outlined in this report, including a materiality threshold of ten percent (10%).

Te tāhū kōrero

Background

2. In accordance with accounting standards, Greater Wellington revalues its classes of property, plant and equipment on a rolling three to five years cycle to ensure that their carrying values do not materially differ from their fair values. Revaluations are staggered over the said period to spread the cost and workload involved. The current asset revaluation cycle is summarised below:

Asset class	Previous Valuation	Next Valuation
Flood Protection	June 2020	June 2023 – June 2025
Parks and Forests	June 2022	June 2025 – June 2027
Public Transport	June 2019	June 2023 in progress
Regional Water Supply	June 2022	June 2025 – June 2027
Navigation Aids	June 2019	June 2022 – June 2024

3. For those assets that are not due to be revalued, accounting standards require Greater Wellington to perform a comprehensive analysis at each reporting date to determine whether there is a significant difference between the fair value and the carrying value that would trigger the need for a revaluation.
4. Audit NZ recommend management must consider assessing fair value of property, plant and equipment against most recent actual or quoted costs as opposed to solely relying on Statistics New Zealand index data.

5. Audit NZ also recommend management table internally set materiality thresholds for approval by the Committee which will determine the timing of the next full valuation of the asset classes stated above on an annual basis.
6. Management had conducted a similar assessment last year which was well received and validated by Audit NZ.

Te tātaritanga Analysis

7. The methodology for setting materiality applied by Greater Wellington is derived from PBE IPSAS Standards and industry practice. The main consideration in the assessment are materiality of estimated movements and the presence of objective evidence.
8. IPSAS standards require the accounting treatment and disclosures of events and transactions to be guided by the principle of materiality as set out in IPSAS 1: *Presentation of Financial Statements*. Elements of the financial statements and transactions are deemed to be material when their omission or misstatement “*could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements or service performance information*” (Par. 7). Materiality can be viewed as a quantitative and or qualitative concept and should be assessed individually and collectively. In assessing whether the fair value movements are material to the financial statements, Greater Wellington management will conduct both qualitative and quantitative analysis.
9. Accounting standards do not specify thresholds for determining materiality, rather this area remains subject to management’s judgement based on the knowledge of the environment in which the entity operates. The judgments applied in this assessment have been developed from a combination of management’s knowledge of the assets, its operating environment and external factors.
10. Management has considered a quantitative threshold of 10%, which is an industry standard, for the overall movement on the respective asset classes subject to a fair value assessment for the year ending 30 June 2023.
11. Consequently our assessment is based on the assumption that where the movement in the selected market indicators is more than 10%, this will be taken to be an indicator that the carrying value of that asset class may be materially different from the fair value. This result will trigger a full revaluation assessment in the subsequent financial year. Inversely where the indicative movement is less than 10%, no further work will be performed.
12. Further, management will take all factors into account in determining any updates to the carrying value of the asset classes for the current financial year.
13. *PBE IPSAS 17 Property, Plant & Equipment* (Par. IG3) states that in assessing whether there is any indication that a revalued asset’s carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date, an entity considers, as a minimum, the following external indications:
 - a. Significant changes affecting the entity have taken place during the period, or will take place in the near future, in the technological, market, economic, or legal

- environment in which the entity operates or in the market to which the asset is dedicated.
- b. Where a market exists for the assets of the entity, market values are different from the carrying amounts.
 - c. During the period, a price index relevant to the asset has undergone a material change.
14. Internal indications that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date, an entity considers, as a minimum:
- a. Evidence is available of obsolescence or physical damage of an asset.
 - b. Significant changes affecting the entity have taken place during the period, or are expected to take place in the near future, that might impact the extent to which, or manner in which, an asset is used or is expected to be used. Adverse changes include the asset becoming idle, or plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite. Favourable changes include capital expenditure incurred during the period to improve or enhance an asset in excess of its standard of performance assessed immediately before the expenditure is made; and
 - c. Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse or better than expected.
15. Management will further consider actual costs or unit rates to ascertain the asset values. However, since very few assets are constructed over the course of a year the use of actual costs is expected to be limited.
16. In the instances of limited actual costs information being available internally, Management will also consider getting the appropriate information from external asset valuers for performing the fair value assessment.

Ngā hua ahumoni

Financial implications

17. There are no financial implications arising from this report.
18. Using this methodology there is risk that unbudgeted professional valuations may be required. This will be brought to Council for approval either as part of Annual Plan process or as an out of cycle request.
19. For noting, Greater Wellington funds all capital projects with debt. The valuation increase and subsequent impact on depreciation has no impact on rates, unlike other Councils that do fund depreciation from rates.

Ngā tikanga whakatau

Decision-making process

20. The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

**Te hiranga
Significance**

21. Officers have considered the significance of the matters, taking into account the Council's significance and engagement policy and decision making guidelines. Officers consider that the matters to be considered have low significance, due to their administrative nature.

**Te whakatūtakitaki
Engagement**

22. Due to the low significance of the matters for decision, no engagement was considered necessary.

**Ngā Take e hāngai ana te iwi Māori
Implications for Māori**

23. There are no known impacts for Maori.

**Ngā tūāoma e whai ake nei
Next steps**

24. Officers will share the fair value assessment with Audit NZ and keep the Committee updated on the progress.

**Ngā kaiwaitohu
Signatories**

Writer	Ashwin Pai – Financial Controller
Approvers	Alison Trustrum-Rainey - Chief Financial Officer Sue Mclean - General Manager, Corporate Services

He whakarāpopoto i ngā huritaonga Summary of considerations
<i>Fit with Council's roles or Committee's terms of reference</i> The Committee's specific responsibilities include to review management's fair value assessment of property, plant and equipment.
<i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i> The fair value assessment will enable efficient delivery of the Annual Report.
<i>Internal consultation</i> The Finance and relevant people involved with the asset management across the Council were consulted.
<i>Risks and impacts: legal / health and safety etc.</i> The Council's management of relevant risks is addressed in the report.

Finance, Risk and Assurance Committee
2 May 2023
Report 23.101



For Information

AUDIT NEW ZEALAND MANAGEMENT REPORT

Te take mō te pūrongo

Purpose

1. To provide to the Finance, Risk and Audit Committee (the Committee) the June 2022 management report action items from Audit New Zealand (Audit NZ), the Council's external auditors.

Te tāhū kōrero

Background

2. Audit NZ completes annual audit reviews as part of the 30 June financial year-end audit of Greater Wellington Regional Council (Greater Wellington).
3. **Attachment 1** - Audit NZ management report to the Council – 30 June 2022, sets out the audit findings, draws attention to areas where Greater Wellington is performing well and recommends areas for improvement.

Te tātaritanga

Analysis

4. Greater Wellington management comments on the audit findings are included in the report as **Attachment 1**.
5. An action plan and progress in implementing the recommendations and associated actions will be reported back to the Committee on a quarterly basis.

Ngā Take e hāngai ana te iwi Māori

Implications for Māori

6. Improving outcomes for mana whenua and Māori is one of the overarching strategic priorities in the Greater Wellington's 2021-31 Long Term Plan, and therefore reported against in our 2021/22 Pūrongo ā Tau | 2021/22 Annual Report. Feedback from mana whenua was incorporated into the 2021/22 Pūrongo ā Tau | 2021/22 Annual Report in the section titled Ko te whakarahi ake i ngā hua mō te mana whenua me te Māori | Improving Outcomes for Mana Whenua and Māori.

Ngā tūāoma e whai ake nei

Next steps

7. Officers will report to the Committee on progress in implementing the actions to address Audit NZ recommendations at its next meeting in August 2023.

Ngā āpitihanga

Attachments

Number	Title
1	Audit NZ management report to the Council – 30 June 2022

Ngā kaiwaitohu

Signatories

Writer	Ashwin Pai – Financial Controller
Approvers	Alison Trustrum-Rainey - Chief Financial Officer Sue Mclean - General Manager, Corporate Services

He whakarāpopoto i ngā huritaonga Summary of considerations
<i>Fit with Council's roles or Committee's terms of reference</i> The Committee's specific responsibilities include to "review the Council's responses to any reports from the external auditors."
<i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i> External audit provides assurance that the policies, controls, processes and systems in place at the Council will enable efficient delivery of the Long Term Plan and Annual Report.
<i>Internal consultation</i> The Finance, Strategy and Information & Communication Technology departments were consulted.
<i>Risks and impacts: legal / health and safety etc.</i> The Council's management of relevant risks is addressed in the report.

Report to the Council on the audit of

Greater Wellington Regional
Council

For the year ended 30 June 2022

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Key messages

We have completed the audit for the year ended 30 June 2022. This report sets out our findings from the audit and draws attention to areas where the Greater Wellington Regional Council (Regional Council) is doing well and where we have made recommendations for improvement.

Audit opinion

We have issued a non-standard audit report.

We qualified our audit opinion on the Regional Council's service performance information. The Regional Council reported on its group level Greenhouse Gas (GHG) emissions and its public transport operations emissions as performance measures.

The reported results included a significant amount of scope 3 GHG emissions which are inherently difficult to obtain reasonable assurance over due to the emission sources sitting outside of the Regional Council's control.

Without further modifying our audit opinion, we also included an emphasis of matter paragraph in our report drawing attention to disclosures relating to the Government's three water reform programme.

Apart from the above-mentioned matters, we were satisfied that the financial statements and performance information are free from material misstatement.

Matters identified during the audit

Greenhouse Gas (GHG) Emissions

As noted above, the Regional Council included specific performance measures in respect of GHG emissions as part of its service performance information.

We considered the CO₂ reduction measures (Group and Metlink) to be material performance measures from an audit perspective as they directly report on the Regional Council's progress towards becoming carbon neutral.

We were unable to express an opinion on these measures as the Regional Council is still developing the systems and controls needed to produce reliable evidence to support the data inputs and estimations used in the measurement of CO₂ emissions which resulted in a qualification of the reported results.

Refer to section 2.1 for further comments

Valuation of property, plant and equipment (subject to revaluation) – water infrastructure assets

The Regional Council revalued its water infrastructure assets in the current year. The prevailing economic conditions in the 2021/22 financial year saw significant increases in costs relating to infrastructure projects and management assessed that there was sufficient indications of a material

movement in the fair value of these assets and therefore decided to bring forward the revaluation of this asset class.

Based on our audit work performed we obtained reasonable assurance that the revalued water infrastructure assets disclosed in the annual report is materially correct.

Refer to section 3 for further comments

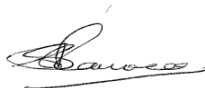
Fair value assessment of property, plant and equipment (non-revaluation year)

PBE IPSAS 17 *Property, Plant and Equipment*, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. For asset classes not subject to a formal valuation for the year ended 30 June 2022, management assessed the appropriateness of fair values using an indexation valuation method. Our audit procedures confirmed that the carrying value of property, plant and equipment did not differ materially from fair value.

Refer to section 3 for further comments and recommendations.

Thank you

We would like to thank the Regional Council, management and staff for their positive engagement and assistance during the audit. The audit was finished ahead of the original schedule and in a timelier manner than prior year, this is attributable to the open and collaborative way management and staff worked with us to address audit queries and findings.



Clint Ramoo
Appointed Auditor
16 March 2023

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of the Regional Council. We use the following priority ratings for our recommendations.

Priority	Explanation
Urgent	<p>Needs to be addressed <i>urgently</i></p> <p>These recommendations relate to a significant deficiency that exposes the Regional Council to significant risk or for any other reason need to be addressed without delay.</p>
Necessary	<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</p>
Beneficial	<p>Address, <i>generally within six to 12 months</i></p> <p>These recommendations relate to areas where the Regional Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<p>Improper Fixed Asset Capitalisation – We recommend management review the processes within Ngatahi - TechOne for creating fixed assets to ensure fixed asset records are not created in error. We also recommend management perform a retrospective review of asset capitalisations within Ngatahi – TechOne to ensure no further improper capitalisations have occurred.</p>	4.1	Necessary
<p>Shared Administrator account use for privileged network access - We recommend that the generic Administrator network login account be locked away and only used in extreme emergencies.</p>	4.2	Necessary

Recommendation	Reference	Priority
Sensitive Expenditure – Approval of the Chairs and CE sensitive expenditure - We recommend that Council and management formalise the process for approving the Chair and CE’s sensitive expenditure to ensure proper documentation of approval is maintained.	4.3	Necessary
Compliance with section 67 (4) of the Local Government Act 2022 – We recommend that the Regional Council put in place processes to ensure the timely publication of council-controlled organisations annual reports on its website.	4.4	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous years’ recommendations. Appendix 2 sets out the status of previous year’s recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	2	-	2
Implemented or closed	-	2	-	2
Total	-	4	-	4

2 Our audit report

2.1 We issued a non-standard audit report



We issued non-standard audit report which included a qualified opinion on the Regional Council's service performance information relating to greenhouse gas emissions and an emphasis of matter paragraph drawing attention to disclosures relating to the Government's three water reforms. We issued our report on 1 December 2022.

This means we were satisfied that the financial statements and statement of service performance (excluding the two performance measures relating to greenhouse gas emissions) present fairly the Regional Council's activities for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters:

Measurement of greenhouse gas emissions

The Regional Council included two measures on greenhouse gas (GHG) emissions as part of its performance information. We considered these measures to be material because of the Regional Council's declared climate emergency and because of the public interest in climate change related information. The two measures were:

- Reduction in tonnes of CO₂ equivalent (tCO₂e) emissions
- Tonnes of CO₂ emitted per year on Metlink Public Transport Services

The reported results measures emissions generated directly by the Regional Council Group, emissions from the services that the Council is responsible for (such as public transport) and emissions from the use of the Council's assets (such as grazing in regional parks).

The Regional Council is still developing systems and controls needed to produce reliable evidence to support the data inputs and estimations used in the measurement of GHG emissions. This includes the measurement of material emissions from public transport and grazing activities which rely on data from third parties. Therefore, we were unable to obtain sufficient appropriate evidence to conclude whether the reported performance is materially correct.

Governments Three Waters Reform

Due to its importance and future impact on the Regional Council, our report also included an emphasis of matter paragraph drawing the reader's attention to the Government's three waters reform programme.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial.

2.3 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the Regional Council and Group. This includes the draft annual report with supporting working papers. We provided a listing of information we required to management via the AuditDashboard. This included the dates we required the information to be provided to us. We were satisfied that the delivery of audit requests was done in a timely manner, however we recommend that management consider how it could improve the timeliness of the delivery of the full financial statements to allow for a more efficient audit.

We received the full parent and group financial statements on the 20th October, this being the Thursday of the fourth week we were on site for the final audit. A significant amount of audit work is involved in checking the disclosures associated with transactions and balances which cannot be completed until we receive the first draft of the financial statements. The late delivery of the financial statements did cause inefficiencies in the completion of our audit work.

Though the delivery of the full financial statement is ultimately the responsibility of management, we suggest that management prioritise preparing a first draft of financial statements for the Council (parent) excluding group accounts and that this be made available to the audit team prior to the site visit commencing. We could then plan to complete the audit of the group financial statements at a later point the audit as and when the subsidiary audits are completed and cleared.

Management Comment
Officer work to have a collaborative relationship with Audit NZ. Both sides have had resourcing issues in past two years of audit. Officers are committed to prepare and send the first draft of the parent financial statements prior to the commencement of the final audit visit.

3 Matters raised in the Audit Plan



In our Audit Plan, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; • reviewing performance measures where judgement is applied in determining the reported result; and • evaluating any unusual or one-off transactions, including those with related parties. <p>There are no matters which we need to bring to your attention.</p>

Valuation of property, plant and equipment (subject to revaluation) – water infrastructure assets	
<p>The Regional Council revalue its infrastructure assets on a five year rolling cycle. The last revaluation was performed in 2019/20 for water infrastructure assets. With the current environment having a significant impact on costs – for example, supply chain disruptions and labour cost escalations, and the fact that valuers were struggling to access the water assets during the Covid-19 lockdown periods, the Regional Council’s existing revaluation policy has been reviewed and it was assessed that the five year cycle was insufficient in this instance. There were strong indications there maybe potential material changes to the fair value of this asset class. The Regional Council decided to bring forward its water supply infrastructural asset revaluation to 2021/22.</p>	<p>For water infrastructure assets we have:</p> <ul style="list-style-type: none"> • assessed the valuation process, including the competence and experience of the person completing the valuation; • reviewed the valuation report to assess whether the requirements of PBE IPAS 17 <i>Property, Plant and Equipment</i> (including the appropriateness of the valuation basis) have been met; • reviewed the method of valuing the infrastructure assets and assessed if the applicable method used is in line with the financial reporting framework, including the reasonableness of the data and key assumptions used; • ensured changes to useful lives have been appropriately taken up, and values and depreciation charges have been appropriately accounted for; • ensured the information on the condition of assets for the infrastructure assets have been taken into consideration; • assessed the presentation and disclosure of information related to the valuation in the financial statements. <p>As part of the process, we have:</p> <ul style="list-style-type: none"> • enquired into the processes employed by the Regional Council to ensure that the items revalued are complete. • reviewed how the Regional Council satisfied itself that the revaluation is appropriate; • discussed the results with, and obtained an assurance letter from the valuers; and • obtained an understanding of how the Regional Council is tracking with its planned capital programme taking into consideration the uncertainty over the delivery of the programme due to a number of factors, including the significant constraints in the construction market. <p>We are satisfied that the water infrastructure assets are fairly stated in the financial statements.</p>

Fair value assessment of property, plant and equipment (non-revaluation year)	
<p>For those assets that are not due to be revalued, accounting standards require the Regional Council to perform a comprehensive analysis to determine whether there is a significant difference between the fair value and the carrying value that would trigger the need for the Regional Council to revalue (a fair value assessment).</p> <p>Accounting standards also require the Regional Council to complete an assessment of whether there are potentially any indications of impairment (an impairment assessment), and whether an adjustment is needed to the value of any assets as a result of this.</p> <p>Management should performed a fair value assessment as at 30 June 2022 by reviewing recent contract prices and applying relevant cost indices taking into account the cost pressures and significant constraints that exist within New Zealand and the Greater Wellington construction industry and the limited availability of resources in the sector (including various trades and project managers).</p>	<p>We have reviewed the robustness of the Regional Council’s assessment of whether the non-revalued asset classes’ fair value has significantly moved compared with its carrying value. This included considering the appropriateness of the Regional Council’s methodology and key assumptions.</p> <p>To strengthen the 2022 fair value assessments, management implemented the following:</p> <ul style="list-style-type: none"> • factored in its own cost information into the fair value assessment. The Regional Council used information available from ongoing construction projects for this purpose; and • consulted with the valuers who performed the previous valuations - they had construction cost data available which further improved the Regional Council’s assessment. <p>We reviewed the assessments performed by management and assessed this against our knowledge of the Regional Council’s operations and changes that may have impacted on the useful life of the assets or its future service potential.</p> <p>We also compared the results the underlying assumptions and judgements for sector wide information where available and concluded that the for the non-revalued assets, the fair value was not materially different from the carrying value.</p>

Impact of the November 2016 earthquake – tax treatment of insurance proceeds	
<p>The November 2016 earthquakes caused damage to several Regional Council owned property and assets, particularly buildings and investment properties owned by the CentrePort Limited Group (CentrePort). A key area of focus was judgements made in the allocation of proceeds from CentrePort’s insurance claim for tax purposes.</p> <p>In December 2021, the Group received formal communication from Inland Revenue in respect of the tax treatment of the November 2016 Kaikōura earthquake insurance proceeds received by CentrePort. In the Regional Council’s Group financial statements an additional income tax expense of \$23.5 million was recognised based on earlier discussions with Inland Revenue. The clarified position meant that, subject to conditions, the additional income tax expense was not required. Under PBE IPSAS 14 <i>Events after the reporting date</i> this was considered an adjusting event and the Group financial statements should have been adjusted to reflect the clarified taxation position. The Regional Council did not make the required adjustments and the Group tax expense and deferred tax liability were therefore materially overstated, leading to a qualified audit opinion.</p>	<p>We reviewed:</p> <ul style="list-style-type: none"> • the journal entries to adjust the comparatives for the prior period error and • the disclosures to determine whether the correction of the prior period error is appropriately disclosed as per the requirements of PBE IPSAS 3. <p>We are satisfied that the prior period error has been correctly adjusted for and the disclosure requirements have been met.</p>
Procurement and contract management	
<p>We have previously recommended that the Regional Council reviews its procurement and contract management processes to ensure there is sufficient central oversight over individual business unit practices; and that it ensures its organisational procurement policy and guidelines are finalised.</p>	<p>We have closed this matter as the Regional Council has provided evidence that PwC has reviewed its procurement and contract management processes and has finalised its procurement policy and guidelines.</p> <p>We will however maintain a watching brief of the Regional Council’s responses to the findings in the PwC review.</p> <p>See further commentary in Appendix 1 - Procurement and Contract Management.</p>

Climate change (climate emergency declared)	
<p>The Regional Council is committed to being a Carbon Positive organisation by 2035. A number of initiatives and projects have been identified to make this goal a reality.</p> <p>From an accountability perspective it is important that the Regional Council enhances its reporting back to stakeholders as to the progress it is making towards achieving its 2035 target.</p> <p>While the Regional Council is not categorised as a Climate Reporting entity in terms of recently passed legislation, there is nothing that prevents the Regional Council from reporting on its progress.</p>	<p>We considered the CO₂ reduction measures (Group and Metlink) to be material performance measures from an audit perspective as they directly measure the Regional Council’s progress towards becoming carbon neutral.</p> <p>We engaged our internal carbon reporting team to assess the systems and controls of the two material performance measures for CO₂ emissions. We engaged them also to determine if it was possible to obtain sufficient appropriate audit evidence to be able to conclude if these performance measure results were materially correct.</p> <p>As discussed in section 2.1 above, we were unable to express an opinion on the reported results as the Regional Council is still developing systems and controls needed to produce reliable evidence to support the data inputs and estimations used in the measurement of CO₂ emissions.</p>

4 Matters raised during the audit



4.1 Improper Fixed Asset Capitalisation

We recommend management review the processes within Ngatahi - TechOne for creating fixed assets to ensure fixed asset records are not created in error. We also recommend management perform a retrospective review of asset capitalisations within Ngatahi – TechOne to ensure no further improper capitalisations have occurred.

Background

As part of the audit of fixed asset additions, we noted one instance of an asset been capitalised and included in the fixed asset register in error. The matter was investigated by the Regional Council's fixed asset team who determined the asset had been created in error due to the functionality within Ngatahi – TechOne. We note that the estimated error was immaterial but does create a risk for assets being created in the fixed asset register without supporting information.

Management Comment
Taking on board the audit finding, the Ngātahi system has been updated to ensure that there are controls in place before a financial asset can be created in the fixed asset register.

4.2 Shared Administrator account use for privileged network access

We recommend that the generic Administrator network login account be locked away and only used in extreme emergencies.

Background

During our audit of IT general controls, we noted that the generic Administrator network login account is used by several staff. This account has privileges to make any changes across the Regional Council's network. The use of this shared account raises the risk that changes to the Regional Councils' networks are carried out without being able to be monitored or tracked back to an individual. People who have left the Regional Council may still know the password to this account.

Management Comment

It is against our policy and acceptable use rules for anyone to log into any system with generic or shared accounts.

All access, administrative or otherwise must be done via a named account. Account activity is logged within the network. All privileged accounts are issued only the minimum permissions needed by that specific person to fulfil the requirements of their role. Built-in or default accounts, including administrator accounts are disabled and/or used with the passwords changed to a length and complexity that make long-term brute force attacks difficult. They are for extreme use only ("break glass") and are not available for routine use.

As with all policies and rules there are situations that require an exception to be made. A new and specific shared use account may be created. These exceptions are actively managed and reviewed. The requirement for exception, specific risks and mitigations encountered by not following policy are weighed and appropriate mitigations are put in place. The exceptions to policy/rules are periodically reviewed to ensure the outcomes, mitigations and risk are still relevant. Passwords are periodically reviewed and changed based on the specific circumstances of that account. Built-in or default accounts are not typically eligible for exception, and are not made available for routine use.

Greater Wellington is investigating moving from a logging model to a proactive alerting model for user account activity, and privileged activity.

A work programme is in progress to improve identity management, and AD account management. AD, AAD and identity management is subject to continuous improvement, to ensure that it is always fit for purpose and meeting our identity and security requirements

4.3 Sensitive Expenditure – Approval of the Chair and Chief Executive sensitive expenditure

We recommend that Council and management formalise the process for approving the Chair and Chief Executive's sensitive expenditure to ensure proper documentation of approval is maintained.

Background

From our testing of sensitive expenditure, we noted instances whereby evidence of compliance with the Regional Council's internal policies for approving the Chair and Chief Executive's sensitive expenditure could not be provided to audit, specifically that the 1-Up principle had been followed.

Chair

We noted three instances of expenditure incurred by the Council Chair and approved by the Chief Executive, the policy for approval being the Deputy Chair or the Finance, Risk and Assurance Committee Chair. Evidence of their retrospective approval could not be provided.

Chief Executive

We noted two instances of expenditure that were incurred by the Chief Executive (the current and former) and approved by the GM of Corporate Services, the policy requires approval by the Council Chair. Evidence of the Chairs retrospective approval could not be provided.

We note that it is not practical for members of governance to be set up with financial delegations in the Ngatahi – TechOne system to approve expenditure, however documentation of their retrospective review of this expenditure should be maintained due to the sensitivity of this type of expenditure.

Management Comment

Finance policies are currently being updated. The Chief Executive's expenditure will be approved by the Council Chair, while the Council Chair's expenditure will be approved by the FRAC Chair.

4.4 Compliance with the Local Government Act 2002

We recommend that the Regional Council put in place processes to ensure the timely publication of council-controlled organisations annual reports on its website.

Background

As part of our legislative compliance testing, we checked to see if the Regional Council had complied with section 67(4) of the Local Government Act 2002, that requires the publication of council-controlled organisations' annual reports on an internet site maintained by or on behalf of Regional Council within 1 month of receiving it.

We found no evidence of the 2020/21 annual reports for council-controlled organisations being published on the Regional Council's website.

In addition to the above, section 67(4) also requires the retention of these reports for at least 7 years.

Management Comment

The above issue has been resolved and Officers have put in appropriate processes to ensure that going forward there is full compliance with the Local Government Act 2002.
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Public sector audit



The Regional Council and Group is accountable to ratepayers and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and, in the way, the Regional Council and Group said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the Regional Council and Group has fairly reflected the results of its activities in its Financial Statements and Performance information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the Regional Council and Group carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by Regional Council and Group;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the Regional Council and Group or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the Regional Council and Group or by one or more of its members, office holders, or employees.

There were no matters to bring to your attention.

5 Group audit



The group comprises:

- WRC Holdings Limited
- Greater Wellington Rail Limited; and
- CentrePort Group

We have not identified any of the following during our audit for the year ended 30 June 2022:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

6 Useful publications



Based on our knowledge of the Regional Council and Group, we have included some publications that the Council and management may find useful.

Description	Where to find it
Performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)
Local government risk management practices	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices
Public accountability	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders

Description	Where to find it
Setting and administering fees and levies for cost recovery	
<p>This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Setting and administering fees and levies for cost recovery: Good practice guide</p>
Managing conflicts of interest involving council employees	
<p>This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Getting it right: Managing conflicts of interest involving council employees</p>
Model financial statements	
<p>Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</p> <ul style="list-style-type: none"> • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 	<p>Link: Model Financial Statements</p>
Tax matters	
<p>As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.</p>	<p>On our website under good practice</p> <p>Link: Tax Matters</p>

Description	Where to find it
Severance payments	
<p>Because severance payments are discretionary and sometimes large, they are likely to come under scrutiny. The Auditor-General has released updated good practice guidance on severance payments. The guide is intended to help public sector employers when considering making a severance payment to a departing employee. It encourages public organisations to take a principled and practical approach to these situations. The update to the 2012 good practice guidance reflects recent case law and changes in accounting standards.</p>	<p>On the OAG's website under 2019 publications.</p> <p>Link: Severance payments</p>
The Auditor-General's report on the results of recent audits	
<p>The OAG publishes a report on the results of the local government each cycle of annual audits for the sector.</p>	<p>On the OAG's website under publications.</p> <p>Links: Insights into local government: 2021 (oag.parliament.nz)</p>
Good practice	
<p>The OAG's website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	<p>On the OAG's website under good practice.</p> <p>Link: Good practice</p>
Procurement	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	<p>On the OAG's website under publications.</p> <p>Links: Strategic suppliers: Understanding and managing the risks of service disruption</p> <p>Getting the best from panels of suppliers</p> <p>Local government procurement</p>

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
<p>Risk and Assurance</p> <p>We recommended that the Regional Council revisit the effectiveness of the risk and assurance function as a fundamental process to support business decision making by:</p> <ul style="list-style-type: none"> performing a fraud risk assessment; developing and formalising the assurance function in addressing the key risks facing the Regional Council; enhancing the Regional Council's risk management approach by implementing an integrated entity-wide approach which incorporates strategic, operational and programme/project risks; and updating its risk management policy/framework so it aligns with an entity-wide risk approach. 	2019	<p>In progress</p> <p><i>Management update final audit 2022:</i></p> <p>A Fraud risk assessment is currently being undertaken with PwC support and is expected to be completed by May 2023 with a presentation of the findings to FRAC.</p> <p>The new risk approach was endorsed by the Executive Leadership Team in August 2022. The approach is currently being rolled out at a Greater Wellington wide enterprise level. The new risk approach has also been reflected in regular risk reporting to the Finance, Risk & Audit Committee.</p> <p>We are currently integrating the new risk approach into operational areas such as project & programme, health & safety and asset management.</p> <p>An updated risk management policy has been drafted. We will look to have the new policy approved by the Chief Executive by February 2023.</p>
<p>Redundant user accounts on the network need review and removal</p> <p>During our IS audit last year we noted that there are a high number of older user accounts on the network that are redundant.</p> <p>Some of these accounts are generic network logins that are no longer required by the business.</p> <p>Redundant user accounts on the network raises the risk that these accounts may be used inappropriately.</p>	Final 2021	<p>In progress</p> <p><i>Audit NZ update:</i></p> <p>Improvements to procedures for adding and removing users have started.</p> <p>ICT are performing reviews of user accounts to follow up on accounts that have not been deactivated when staff and contractors leave.</p> <p>We noted that not all user accounts are being removed promptly from the network and Ngatahi - TechOne</p>

Recommendation	First raised	Status
<p>We recommended that a full review of network users accounts be done and redundant accounts deleted</p> <p>Procedures should be established for regular reviews to ensure that user access to councils network and systems remains appropriate</p>		<p>system when staff and contractors leave.</p> <p>Management Comment</p> <p><i>A full review was completed as requested. ICT Offboarding Procedures are in place. There is also an initiative underway with Project Optimus to automate the user add/change/remove processes between HR system Ngātahi and ICT Active Directory. We also have consulting engagement underway around identity management which will make recommendations around managing the lifecycle of various types of accounts (users, guests, shared mailboxes, vendors, contractors not in Ngātahi, etc) with suitable controls & governance. In the meantime we have a (semi-automated) weekly sync with Ngātahi which ensures we catch any leavers dropped from Ngātahi where an offboarding form wasn't submitted. We also have a semi-automated, approx. quarterly process to remove inactive guest accounts.</i></p>

Implemented or closed recommendations

Recommendation	First raised	Status
<p>Procurement and Contract Management</p> <p>We recommended that the Regional Council:</p> <ul style="list-style-type: none"> reviews its procurement and contract management processes to ensure there is sufficient central oversight over individual business unit practices; and 	<p>Interim 2019 and 2017</p>	<p>Closed</p> <p>PwC has reported on Procurement and Contract management, dated 13 July 2022; this has provided options to the Council for initiatives to address the issues of a lack of central oversight over individual business unit practices.</p> <p>We will discuss with management how the findings in the PwC report</p>

Recommendation	First raised	Status
<ul style="list-style-type: none"> ensures that its organisational procurement policy and guidelines are finalised. 		<p>are being addressed as part of our 2022/23 audit.</p> <p>Closed</p> <p>GWRC provided a copy of the latest finalised policy. This is next due for review before 30 July 2024.</p>
<p>Ensure user testing and sign-off is recorded for all changes to systems before they are approved to go live</p> <p>During our testing of the councils ICT Change Management controls, we were unable to consistently see evidence of user testing and sign-off to application changes before the changes were made live.</p> <p>Lack of user testing and acceptance prior to changes going live raises the risk that software may not perform as expected after the update.</p> <p>With council moving to Technology One Software as a Service, procedures for managing changes and updates, including user testing and signoff are yet to be operationalised.</p> <p>A project to implement new software for managing problems, incidents and change requests is underway.</p> <p>We recommend that a review be performed of ICT Change Management processes for council, including ensuring all ongoing software changes and updates go through formalised and documented testing and user acceptance sign off before approval to go live</p>	<p>Final 2021</p>	<p>Closed</p> <p>To confirm that recommended improvements to change management have been made, we sighted a sample of changes in the new Halo ITSM system and the supporting documentation and emails and noted that approvers are checking that correct change processes are followed, and risks minimised.</p> <p>We sighted that user acceptance testing has been performed pre go live for the Ngatahi - TechOne system.</p>

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Regional Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the Regional Council's debenture trust deed. This engagement is compatible with those independence requirements.</p> <p>Other than this engagement, we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.</p>
Fees	<p>The audit fee for the year is \$270,762 as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$5,000 for the limited assurance engagement relating to the Regional Council's debenture trust deed.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Regional Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Regional Council or its subsidiaries during or since the end of the financial year.</p>

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Finance Risk and Assurance Committee
2 May 2023
Report 23.159



For Information

QUARTERLY FINANCE UPDATE – QUARTER 3

Te take mō te pūrongo

Purpose

1. To provide the Finance, Risk and Assurance Committee (the Committee) with Greater Wellington Regional Council's (Greater Wellington) financial reports for the 9 months to 31 March 2023.

Te tāhū kōrero

Background

2. This report provides a summary of the financial performance of Greater Wellington's activities for the 9 months to 31 March 2023.
3. The result to March 2023 is a \$9.6 million operating surplus. Greater Wellington had budgeted for an operating deficit of (\$5.6 million). This favourable variance to budget of \$15.2 million is explained in the Analysis section.

Te tātaritanga

Analysis

Key results

4. Total Revenue was (\$10.5 million) lower than budget. Materially driven by two offsetting items.
 - a Reduced fare revenue post covid \$21 million, due to lower patronage levels from reduced services and an increase in working from home practices and \$27.3 million due to half price fares.
 - b This has been offset by higher grants and subsidies in Public Transport of \$30.8 million from Waka Kotahi to help bridge the Covid-19 revenue gap and half price fares support.
5. Total Expenditure was \$17.3 million lower than budget. Driven by:
 - a Lower expenditure across multiple business groups (Public Transport, Strategy, Catchment Management and Environment Management) mainly from delays with operational projects \$20.3 million being partially offset by higher net financing costs of \$3.9 million.

- b A further permanent saving of \$4 million has been made in Public Transport with the reduction in payments to bus operators due to reduced services.
- 6. These impacts have resulted in a small operational surplus before extraordinary items of \$1.2 million, which is \$6.8 million favourable to budget.
- 7. However, an extraordinary item, Fair Value Movements (FVM) on swap contracts has added \$8.4 million to the surplus. Due to market fluctuations the FVM has reduced by \$3.5 million since the last quarterly Finance, Risk and Assurance Committee update in December 2022.
- 8. Capital Expenditure for the nine months to 31 March 2023 was \$49.4 million or 36% below budget, with \$87.1 million spent to date.
- 9. Achieving the full Capital Projects (CAPEX) budget has been challenging in 22/23 due to a number of factors, from construction delays due to poor weather, procurement and contractor availability to delays in the National Ticketing Solution delaying the Greater Wellington ticketing project.
- 10. Greater Wellington’s response to address these delays has been to engage PWC as part of the business assurance programme and have completed a zero-based budgeting exercise for the 23/24 annual plan capital budgets, with a focus on deliverability, affordability, staff wellbeing and high impact on the Region.

Other items

- 11. 23/24 Annual Planning – at the time of writing this paper Greater Wellington is out for public engagement with a proposed 17.8% rates increase.

Ngā tūāoma e whai ake nei

Next steps

- 12. This is second presentation of the new formatted reporting to the Committee and feedback from the Committee is welcomed.
- 13. A full Council Financial Report of two pages is also under development and will be brought to Council for the first time in May 2023. This report will present the financial performance and issues and key points of note.

Ngā āpitihanga

Attachment

Number	Title
1	Financial Report – 31 March 23

Ngā kaiwaitohu

Signatories

Writers	Darryl Joyce – Manager Accounting Services Ali Trustrum-Rainey – Chief Financial Officer
Approver	Sue McLean – General Manager Corporate Services

He whakarāpopoto i ngā huritaonga Summary of considerations
<p><i>Fit with Council's roles or with Committee's terms of reference</i></p> <p>The Committee's specific responsibilities include to "review the robustness of the organisation's financial performance".</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></p> <p>The report reviews performance against the financial statements in Council's 22/23 Annual Plan.</p>
<p><i>Internal consultation</i></p> <p>All business groups contribute to Greater Wellington's financial performance.</p>
<p><i>Risks and impacts - legal / health and safety etc.</i></p> <p>There are no risks arising from this report.</p>

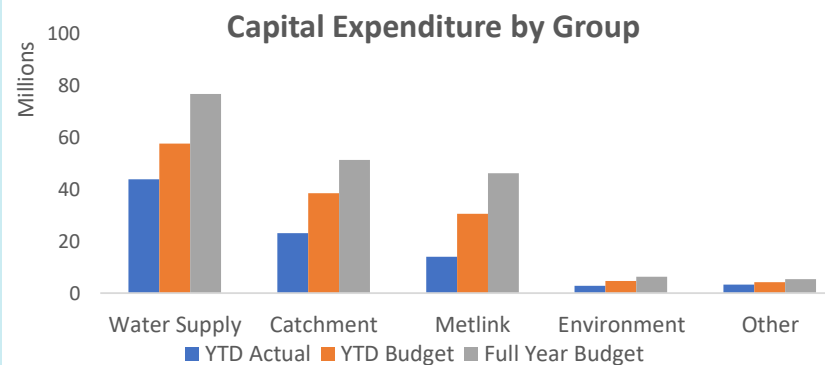
Financial Report – 31 March 2023

Council Financial Summary – 31 March 2023

The result to March 23 is a \$9.6m surplus, GWRC had budgeted for a \$5.6m deficit. The favourable variance to budget of \$15.0m is primarily due to the below items.

- Farebox revenue has been a challenge in the first three quarters of 22/23, currently down by \$48.3m, of which \$21m is due to changed patronage patterns and \$27.3m from the half price fare central government policy. Noting, network patronage for the month of March has shown signs of growth.
- Waka Kotahi provides additional subsidies of \$27.3m for the loss of farebox on half price fares so the net impact to revenue is nil. Half price fares and these related additional subsidies are scheduled to end on the 30 June 2023.
- Metlink payments to bus operators were reduced by \$4m YTD due to reduced services.
- Let's Get Wellington Moving is currently underspent by \$8.4m with this trend not expected to reverse in the last quarter of 22/23.
- Unrealised revenue on the fair value movement on interest rate swaps (FVM) is currently \$8.4m which is down \$3.5m on the previous quarter.
- Higher interest rates have added an additional \$8.6m to Finance Costs line in Operating Expenditure. This is partially offset by additional investment revenue of \$4.7m. budget, with \$87.1m spent to date.
- Achieving the full Capital Projects (CAPEX) budget has been challenging in 22/23 due to a number of factors, from construction delays due to poor weather, procurement and contractor availability to delays in the National Ticketing Solution delaying the Greater Wellington ticketing project.
- Wellington Water is currently driving the CAPEX spend, having achieved \$43.9m compared with their YTD budget of \$57.5m. If Wellington Water is excluded from the total capital budget, then the other business groups are down 47% on their CAPEX budget. Spending \$43.3m against a YTD budget of \$77.7m.

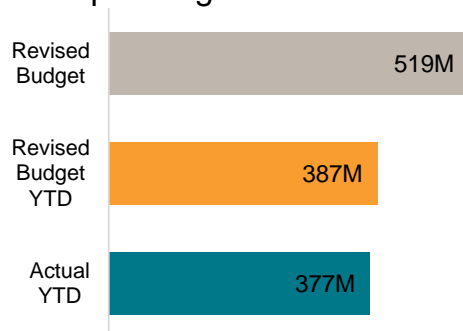
	Year to date			Variance
	Actual YTD	Revised Budget YTD		
	\$000s	\$000s	\$000s	
Operating Revenue				
Rates and Levies	167,225	168,553	(1,328)	-1%
Grants and Subsidies	151,771	117,466	34,305	29%
Other Revenue	57,648	101,161	(43,513)	-43%
Total Operating Revenue	376,645	387,180	(10,535)	-3%
Operating Expenditure				
Personnel	54,488	56,521	(2,033)	-4%
Grants and Subsidies	182,338	188,141	(5,803)	-3%
Consultants, Contractors and Suppliers	88,187	108,448	(20,261)	-19%
Finance Costs	25,636	17,065	8,571	50%
Depreciation	24,796	22,582	2,214	10%
Total Operating Expenditure	375,444	392,757	(17,313)	-4%
Operating Surplus/(Deficit) before other items	1,201	(5,577)	6,777	-122%
Fair Value Movements	8,399	-	8,399	0%
Operating Surplus/(Deficit)	9,599	(5,577)	15,176	-272%
Capital Expenditure	87,147	136,518	(49,371)	-36%



Financial Report – 31 March 2023

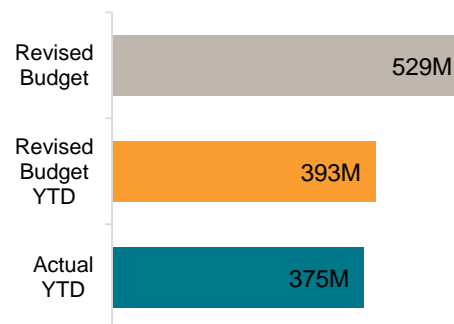
Key Variance Commentary

Operating Revenue



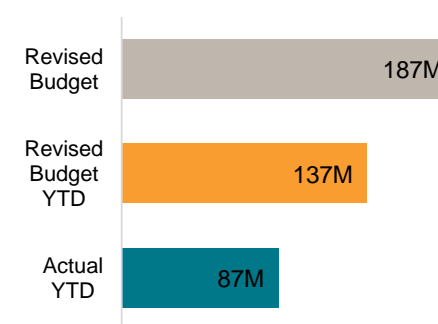
Metlink PT – Unfavourable in fare revenue due to lower patronage levels from reduced services and an increase in working from home practices and half price fares. This is partially offset by additional support from Waka Kotahi primarily for half price fares. \$21.0m
Catchment – Favourable Ruamahanga & Climate resilience grant funding as the project is ahead of schedule. Rental income from Riverlink properties have been higher than anticipated. \$3.1m

Operating Expenditure



Metlink PT – Favourable due to a reduced level of services from bus operators. \$4.0m
Catchment – Favourable due to delays in the Pinehaven Flood Management Plan. \$2.9M
Strategy – Favourable due to delays in Let’s Get Wellington Moving. \$8.4M
Finance Costs – Unfavourable due to rising interest rates since the budget was set. \$8.6m. This is partially offset by additional investment revenue of \$4.7m. Net impact \$3.9M

Capital Expenditure



Metlink PT – The National Ticketing Solution has been delayed and inclement weather has meant delays to civil works. \$16.5M
Catchment – Delays in the following projects: Riverlink, Kapiti Flood Management Plan and Wairarapa Flood Management Plan. \$15.5M
Water - Kaitoke flume bridge delay due to poor weather conditions and Te Marua capacity upgrade tracking behind the plan due to procurement delays and contractor availability. \$13.6M

Financial Report – 31 March 2023

Detailed Business Groups Reports as at 31 March YTD

Catchment

March 2023

	Year to Date				Full Year Budget
	Actual	Budget	Variance	% Variance	
Operational Revenue					
Rates	28,850,181	28,871,441	(21,260)	0%	38,513,458
Grants & Subs	8,804,141	6,724,243	2,079,898	31%	8,957,165
Fees Charges & Other	12,300,883	11,269,056	1,031,827	9%	14,796,332
Total Operating Revenue	49,955,205	46,864,739	3,090,466	7%	62,266,954
Operational Expenditure					
Personnel	10,911,863	11,622,282	(710,419)	-6%	15,475,672
Materials, Supplies & Services	3,645,924	4,648,515	(1,002,591)	-22%	6,192,051
Contractor & Consultants	10,249,467	13,174,235	(2,924,767)	-22%	17,293,668
Grants & Subsidies Expenditure	210,289	80,803	129,486	160%	107,738
Other	3,391,663	2,882,769	508,895	18%	3,837,587
Interest	3,653,134	2,742,684	910,450	33%	3,848,755
Total Operating Expenditure	32,062,341	35,151,288	(3,088,947)	0%	46,755,470
Overheads	8,401,767	8,173,550	228,218	3%	11,046,836
Operational Surplus/(Deficit)	9,491,097	3,539,902	5,951,195	168%	4,464,647
Net Capital Expenditure	23,102,929	38,584,910	(15,481,982)	-40%	51,371,339

Top Capex Projects by Direct Expenditure for Catchment
March 2023

Project Name	Year to Date			Full Year Budget
	Actual	Budget	Variance %	
RiverLink Property Purchase	10,490,256	14,337,187	-26.83%	19,116,250
Kanoa Climate Resilience Programme	7,949,114	6,593,558	20.56%	8,791,413
RiverLink Design & Implementation	2,959,519	4,103,035	-27.87%	5,470,713
RiverLink Implementation	771,308	3,750,000	-79.43%	5,000,000
Otaki River	138,942	3,664,628	-96.21%	4,886,168

Favourable:



Caution:



Unfavourable:



Operating Revenue is **favourable \$3.1m**

- Grants & Subs **\$2.1m** favourable. Kanoa climate resilience programme, part of shovel ready, ahead of schedule.
- Fees Charges and Other **\$1.0m** favourable. Unbudgeted Riparian and 1BT programme revenue, offset by additional expenditure. Akura Nursery revenue is above budget.



Operating Expenditure is **favourable \$3.1m**

- Personnel **\$0.7m** favourable due to vacancies in Biosecurity and Land Management.
- Materials **\$1.0m** favourable due to savings in Predator Free Operations offset by reduced revenue.
- Contractor and Consultants **\$2.9m** favourable - Pinehaven Flood Management Plan (FMP) project **\$3.6m** behind budget due to planning and consent delays.
- Interest **\$0.9m** unfavourable – higher interest rates and debt opening balance



Capital Expenditure is **underspent \$15.5m** due to:

- RiverLink property purchases (\$3.8m) behind budget (market driven).
- Slower than anticipated work on RiverLink (\$4.1m), Kapiti Floodplain Management Plan implementation (\$4.3m), and Wairarapa Floodplain Management Plan's (\$3.2m)
- Kanoa Climate Resilience Programme has been extended.



Financial Report – 31 March 2023

Environment

March 2023

	Year to Date				Full Year Budget
	Actual	Budget	Variance	% Variance	
Operational Revenue					
Rates	24,342,413	24,347,956	(5,542)	0%	32,463,941
Grants & Subs	628,800	-	628,800	0%	-
Fees Charges & Other	5,327,053	5,410,525	(83,472)	-2%	7,214,034
Total Operating Revenue	30,298,267	29,758,481	539,786	2%	39,677,975
Operational Expenditure					
Personnel	11,384,867	12,240,447	(855,580)	-7%	16,288,654
Materials, Supplies & Services	1,652,180	2,414,329	(762,149)	-32%	3,261,997
Contractor & Consultants	6,271,882	7,357,565	(1,085,684)	-15%	9,861,270
Grants & Subsidies Expenditure	6,000	-	6,000	0%	-
Other	414,767	310,936	103,831	33%	414,582
Interest	445,366	387,151	58,215	15%	543,576
Total Operating Expenditure	20,175,061	22,710,428	(2,535,366)	0%	30,370,079
Overheads	8,686,590	8,504,232	182,358	2%	11,353,673
Operational Surplus/(Deficit)	1,436,616	(1,456,179)	2,892,795	-199%	(2,045,777)
Net Capital Expenditure	2,903,317	4,711,336	(1,808,019)	-38%	6,281,784

Top Capex Projects by Direct Expenditure for Environment

March 2023

Project Name	Year to Date			Full Year Budget	Project Type
	Actual	Budget	Variance %		
ES Network Capex	497,136	1,634,642	-69.59%	2,179,523	Capital - New
ES Whaitua Capex	397,341	759,320	-47.67%	1,012,426	Capital - New
Belmont Asset Management Capex	427,329	581,250	-26.48%	775,000	Capital - New
Akatarawa Asset Management Capex	236,107	322,500	-26.79%	430,000	Capital - New
East Harbour Asset Management Capex	356,258	311,250	14.46%	415,000	Capital - New

Favourable:  Caution:  Unfavourable: 

Operating Revenue is **favourable \$0.5m**

- Unbudgeted Grants & Subs revenue received for Ruamahanga Aerial Electromagnetic Survey project (\$0.6m)



Operating Expenditure is **favourable \$2.5m** due to:

- Personnel savings are \$0.8m below budget because of vacancies in Policy and Regulation. The Group personnel variance will reduce as new senior roles for New Environment Group are employed during the 4th quarter.
- Contractor & Consultants is \$1.1m below budget due to timing of Natural Resources Plan (NRP), Regional Policy Statement (RPS) and several Science monitoring programmes.
- Materials & Supplies is below budget due to \$0.6m savings on Park's Repair & Maintenance, likely to be a permanent saving.



Capital Expenditure is **underspent \$1.8m** due to:

- Science network capex replacement tracking below budget. FY underspend of \$1.3m identified and re-budgeted in 23/24 annual plan.
- Parks track and swing bridge upgrades to progress in the 4th quarter.



Financial Report – 31 March 2023

Metlink

March 2023

	Year to Date				Full Year Budget
	Actual	Budget	Variance	% Variance	
Operational Revenue					
Rates	67,887,280	68,005,511	-118,231	-0.17%	90,673,685
Grants & Subs	139,567,771	108,742,272	30,825,499	28.35%	148,641,823
Fees Charges & Other	31,050,829	79,306,255	-48,255,426	-60.85%	105,741,674
Total Operating Revenue	238,505,879	256,054,038	-17,548,159	-6.85%	345,057,182
Operational Expenditure					
Personnel	8,185,804	7,536,485	649,318	8.62%	10,035,832
Materials, Supplies & Services	7,565,903	8,073,053	-507,150	-6.28%	10,870,144
Contractor & Consultants	12,063,507	12,780,475	-716,968	-5.61%	17,158,631
Grants & Subsidies Expenditure	177,503,351	183,601,924	-6,098,573	-3.32%	246,036,043
Other	329,912	19,369	310,544	1603.34%	24,928
Interest	7,015,500	6,723,179	292,321	4.35%	9,068,639
Total Operating Expenditure	212,663,977	218,734,485	-6,070,508	0.00%	293,194,216
Overheads	12,115,661	11,792,539	323,122	2.74%	16,137,567
Operational Surplus/(Deficit)	13,726,241	25,527,014	-11,800,773	-46.23%	35,725,399
Net Capital Expenditure	14,003,205	30,478,176	-16,474,972	-54.05%	46,204,531
Investment in Greater Wellington Rail	14,097,904	16,598,166	-2,500,262	-15.06%	21,606,541

Top Capex Projects by Direct Expenditure for Metlink

March 2023

Project Name	Year to Date			Full Year Budget	Project Type
	Actual	Budget	Variance %		
GWRC Transition & National Ticketing Solution	7,898,988	16,274,723	-51.46%	25,562,117	Capital - New
Real Time Info (RTI) 2.0 Capex	1,438,949	7,180,693	-79.96%	9,973,778	Capital - New
AI - Fixed Asset Maintenance CAPEX	4,324,135	5,472,013	-20.98%	8,600,974	Capital - New
Online Channels	209,138	204,184	2.43%	272,246	Capital - New
NC - Customer Experience	-	1,345,313	-100.00%	1,793,750	Capital - New

Favourable:



Caution:



Unfavourable:



Operating Revenue **unfavourable \$17.5m** due to:

- Fees and Charges are below budget due to reduced fare revenue post covid \$21.0m due to an increase in working from home practices and \$27.6m due to half price fares.
- Noting Patronage continues to improve due to more demand on the network.
- The movement partially off-set by additional support from Waka Kotahi.



Operating Expenditure is **favourable \$6.0m** due to:

- Grants and Subsidies expenditure being under budget due to cancelled services on bus operator contracts.
- Materials & supplies is below budget driven by delays in GWRC ticketing and Bus Shelter/stop projects.



Capital Expenditure is **underspent \$19.0m** due to:

- GWRC Transition/National Ticketing solution (NTS) has been re-schedule. Snapper on Rails is the transitional solution and is OPEX in nature as there is no GW asset.
- Real Time Info (RTI) 2.0 delayed initiation. Expected completion FY24/25.
- Remaining underspend due to inclement weather; resource and material supply constraints causing delays in delivery.



Financial Report – 31 March 2023

Water Supply

March 2023

	Year to Date				Full Year Budget
	Actual	Budget	Variance	% Variance	
Operational Revenue					
Rates	31,551,580	31,564,894	(13,314)	0%	42,086,525
Fees Charges & Other	1,607,146	420,609	1,186,537	282%	573,731
Total Operating Revenue	33,158,726	31,985,503	1,173,223	4%	42,660,256
Operational Expenditure					
Materials, Supplies & Services	5,189,468	6,020,717	(831,249)	-14%	8,307,272
Contractor & Consultants	14,528,121	14,517,928	10,193	0%	19,332,758
Grants & Subsidies Expenditure	-	-	-	0%	-
Other	(328)	1,155	(1,483)	-128%	1,540
Interest	3,901,649	4,087,782	(186,133)	-5%	5,748,171
Total Operating Expenditure	23,618,910	24,627,582	(1,008,672)	0%	33,389,742
Overheads	1,894,773	1,848,648	46,124	2%	2,526,363
Operational Surplus/(Deficit)	7,645,044	5,509,272	2,135,771	39%	6,744,151
Net Capital Expenditure	43,857,084	57,459,807	(13,602,723)	-24%	76,594,331

Top Capex Projects by Direct Expenditure for Water Supply

March 2023

Project Name	Year to Date			Full Year Budget
	Actual	Budget	Variance %	
Relocate Kaitoke Main on SS Bridge	14,203,000	18,557,000	-23%	25,357,465
Kaitoke Flume Bridge	10,699,000	13,784,000	-22%	17,165,000
TM WTP Capacity Optimisation	5,587,000	10,762,000	-48%	17,340,000
Regional Fluoride Dosing System	2,861,000	1,935,000	48%	1,935,000
Kingsley Main Replacement	3,001,000	1,201,000	150%	1,201,000

Favourable:  Caution:  Unfavourable: 

Operating Revenue is **favourable** by **\$1.2m** due to:

- Fees Charges and other **\$1.2m** favourable due to higher interest on investment.



Operating Expenditure is **favourable** by **\$1.0m** due to:

- Materials **\$0.8m** favourable due to savings on property rates and power in quarter two from utilisation of hydro self-generation system during suitable river conditions.
- Interest **\$0.19m** favourable due to lower starting debt on prior year (capital underspend)



Capital Expenditure is **underspent** **\$13.6m** due to:

- Kaitoke flume bridge delay resulting from poor weather & additional extensive slope clearance (\$3.1m)
- Te Marua capacity upgrade project delay on equipment delivery (\$5.2m)
- Relocate Main on Silver Stream Bridge project delay with steel delivery (\$4.4m)
- Various small projects (\$0.9m)



Financial Report – 31 March 2023

Strategy

March 2023

	Year to Date				Full Year Budget
	Actual	Budget	Variance	% Variance	
Operational Revenue					
Rates	10,004,311	9,834,206	170,105	2%	13,112,274
Grants & Subs	2,035,621	1,999,403	36,218	2%	2,642,905
Fees Charges & Other	2,772,673	2,825,553	(52,880)	-2%	3,188,043
Total Operating Revenue	14,812,604	14,659,161	153,443	1%	18,943,222
Operational Expenditure					
Personnel	4,435,842	4,977,465	(541,624)	-11%	6,628,194
Materials, Supplies & Services	1,342,909	2,792,693	(1,449,784)	-52%	4,505,864
Contractor & Consultants	4,881,532	13,311,011	(8,429,479)	-63%	21,390,408
Grants & Subsidies Expenditure	3,118,506	3,310,876	(192,369)	-6%	4,414,501
Other	1,081,986	1,111,355	(29,369)	-3%	1,481,807
Interest	174,076	647,051	(472,975)	-73%	951,819
Total Operating Expenditure	15,034,852	26,150,451	(11,115,599)	0%	39,372,592
Overheads	(63,255)	43,466	(106,721)	-246%	(102,947)
Operational Surplus/(Deficit)	(158,993)	(11,534,757)	11,375,763	-99%	(20,326,423)
Net Capital Expenditure	354,231	679,750	(325,519)	-48%	679,750

Capex Project Direct Expenditure for Strategy
March 2023

Project Name	Year to Date			Full Year Budget
	Actual	Budget	Variance %	
Transport Model	354,231	662,750	-46.55%	662,750

Favourable:  Caution:  Unfavourable: 

Operating Revenue **favourable \$0.2m**



Operating Expenditure is **favourable \$11.1m** due to:

- Materials, Supplies & Services are favourable due to Delays in expenditure with Low Carbon Acceleration Fund as well as underspend in smaller projects in Regional Transport Planning.
- Contractor & Consultants is underspent by \$8.4m driven by Let's Get Wellington Moving.



Capital Expenditure: The **Transport Model** is Strategy's only capital project, and this is currently below budget.



Financial Report – 31 March 2023

People & Customer

March 2023

	Year to Date				Full Year Budget
	Actual	Budget	Variance	% Variance	
Operational Revenue					
Rates	-	-	-	0%	-
Fees Charges & Other	112,796	141,640	(28,844)	-20%	188,853
Total Operating Revenue	112,796	141,640	(28,844)	-20%	188,853
Operational Expenditure					
Personnel	7,208,994	7,429,135	(220,141)	-3%	9,882,284
Materials, Supplies & Services	1,371,191	1,494,230	(123,039)	-8%	1,978,040
Contractor & Consultants	984,892	260,660	724,232	278%	347,550
Other	967,262	748,788	218,474	29%	998,384
Interest	1,863	3,238	(1,375)	-42%	4,293
Total Operating Expenditure	10,534,202	9,936,051	598,151	0%	13,210,551
Overheads	(10,728,830)	(10,542,723)	(186,107)	2%	(13,812,508)
Operational Surplus/(Deficit)	307,425	748,312	(440,888)	-59%	790,810
Net Capital Expenditure	1,564,371	1,742,331	(177,959)	-10%	1,490,999

Capex Projects by Direct Expenditure for People & Customer

March 2023

Project Name	Year to Date			Full Year Budget
	Actual	Budget	Variance %	
Website Development	-	40,108	-100.00%	53,477
Vehicle Purchases	1,564,371	1,702,223	-8.81%	1,438,148

Favourable:  Caution:  Unfavourable: 

Operating Revenue is on budget

Operating Expenditure is **unfavourable**
\$0.6m:

- Approved contractors partially offset by lower materials and personnel costs.
- The “Other” line is \$200k unfavourable due to higher vehicle running costs than budgeted. This is recovered by higher vehicle resourcing costs in “Overheads”.



Capital Expenditure:

- The **\$0.2m** YTD variance arises from delays in vehicle purchases.

Financial Report – 31 March 2023

Corporate Services

March 2023

	Year to Date				Full Year Budget
	Actual	Budget	Variance	% Variance	
Operational Revenue					
Rates	2,103,296	1,951,576	151,721	8%	2,602,101
Grants & Subs	-	-	-	0%	-
Fees Charges & Other	1,191,369	1,068,295	123,074	12%	1,424,394
Total Operating Revenue	3,294,666	3,019,871	274,795	9%	4,026,494
Operational Expenditure					
Personnel	7,656,463	7,621,053	35,410	0%	10,147,170
Materials, Supplies & Services	8,936,006	9,511,736	(575,730)	-6%	12,682,314
Contractor & Consultants	6,100,343	4,307,177	1,793,166	42%	5,796,458
Other	22,277	22,234	42	0%	29,646
Interest	717,728	863,798	(146,070)	-17%	1,170,490
Total Operating Expenditure	23,432,817	22,325,998	1,106,819	0%	29,826,078
Overheads	(20,639,582)	(20,129,789)	(509,793)	3%	(27,531,534)
Operational Surplus/(Deficit)	501,430	823,662	(322,231)	-39%	1,731,950
Net Capital Expenditure	1,361,767	3,126,164	(1,764,397)	-56%	4,356,130

Capex Projects by Direct Expenditure for Corporate Services March 2023

Project Name	Year to Date			Full Year Budget
	Actual	Budget	Variance %	
ICT Business Capex	1,053,516	2,601,668	-59.51%	3,569,378
Masterton New Office	184,529	524,496	-64.82%	786,752
Upper Hutt Depot	51,458	-	100.00%	-
Cuba St Fitout and Design	72,264	-	100.00%	-

Favourable:  Caution:  Unfavourable: 

Operating Revenue **favourable \$0.3m** due to:

- Higher rates penalty than budgeted as well as Better Off funding from central government. The additional Better Off funding has offsetting OPEX costs.



Operating Expenditure is **\$1.1m unfavourable** with:

- Materials, Supplies & Services is \$0.6m favourable, driven by Warm Greater Wellington due to the scheme being suspended, and forecasted annual expenses revised down.
- Contractors and Consultants higher than budgeted, driven by IT delivery projects budgeted as CAPEX but classified as OPEX, due to the change in accounting policy. These projects are debt funded due to intergenerational/long term benefit. Some of that expenditure is offset by Better Off revenue.



Capital Expenditure is **\$1.8m underspent**

- With the increase in use of Software as a Service (SaaS), historical ICT CAPEX Software and related projects are classified as OPEX not CAPEX. Hence the underspend in IT delivery projects in Capex and a corresponding overspend in OPEX as mentioned above.
- CAPEX for the Masterton Office expense below budget.



Financial Report – 31 March 2023

Te Hunga Whiriwhiri

March 2023

	Year to Date				Full Year Budget
	Actual	Budget	Variance	% Variance	
Operational Revenue					
Rates	3,606,288	3,579,513	26,775	1%	4,772,684
Grants & Subs	632,000	-	632,000	0%	-
Total Operating Revenue	4,238,288	3,579,513	658,775	18%	4,772,684
Operational Expenditure					
Personnel	1,226,368	1,660,707	(434,339)	-26%	2,211,452
Materials, Supplies & Services	68,283	10,059	58,223	579%	13,413
Contractor & Consultants	1,794,422	1,668,747	125,675	8%	1,816,997
Other	5,494	8,082	(2,588)	-32%	10,776
Total Operating Expenditure	3,094,566	3,347,596	(253,030)	0%	4,052,637
Overheads	636,234	615,830	20,404	3%	848,312
Operational Surplus/(Deficit)	507,488	(383,913)	891,401	-232%	(128,265)

Favourable:  Caution:  Unfavourable: 

Operating Revenue is **\$0.7m favourable** due to a contribution from the crown to the Wairarapa Moana board.



Operating Expenditure is **favourable \$0.3m** due to:

- Several FTE vacancies throughout the financial year

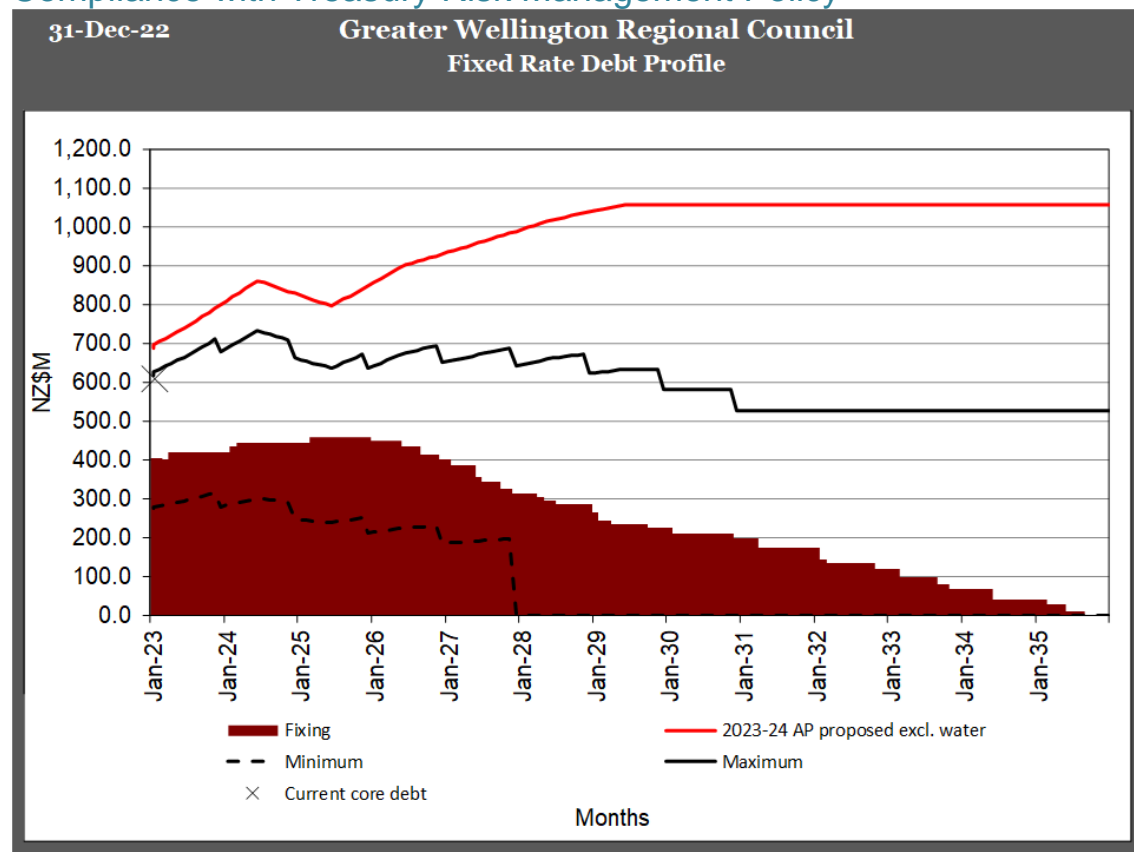


Capital Expenditure:

Note - There is no budgeted capital expenditure.

Financial Report – 31 March 2023

Compliance with Treasury Risk Management Policy



		Compliant		actual %
		Yes	No	
Counterparty credit exposure with New Zealand registered banks which have a credit rating of at least A-, long term, and A2 short term		✓		
Other counterparty exposure within policy limits		✓		
Maximum counterparty exposure with a NZ registered bank is within \$132 million limit		✓		
The repricing of liquid financial investments are to occur within the following timebands				
0 - 1 year	70% - 100%	✓		100%
1 - 5 years	0% - 30%	✓		0%
Core Council External Borrowing Limits - Ratios				
Net Debt / Total Revenue < 300%		✓		115.3%
Net interest / Total Revenue < 20%		✓		4.8%
Net interest / Annual rates and levies < 30%		✓		16.6%
Liquidity > 110%		✓		122%

Total Council Limit Compliance Analysis 31 March 2023			Compliant		actual %
			Yes	No	
Debt Interest Rate Policy Parameters - based on 2021-51 LTP less 35% haircut					
Current	40% - 90%		✓		65%
year 1	40% - 90%		✓		60%
year 2	35% - 85%		✓		63%
year 3	30% - 80%		✓		57%
year 4	25% - 75%		✓		46%
year 5	20% - 70%		✓		36%
year 6	0% - 65%		✓		26%
year 7	0% - 60%		✓		21%
year 8	0% - 55%		✓		19%
year 9	0% - 50%		✓		13%
year 10	0% - 50%		✓		9%
year 11	0% - 50%		✓		7%
year 12	0% - 50%		✓		3%
year 13	0% - 50%		✓		0%
year 14	0% - 50%		✓		0%
year 15	0% - 50%		✓		0%
The maturity of total external debt to fall within the following timebands					
0 - 3 years	15% - 60%		✓		42%
3 - 7 years	25% - 85%		✓		36%
> 7 years	10% - 60%		✓		22%

Finance, Risk and Assurance Committee

2 May 2023
Report 23.137



For Information

HARBOUR MANAGEMENT – RISK AND COMPLIANCE UPDATE – MAY 2023

Te take mō te pūrongo

Purpose

1. To update the Finance, Risk and Assurance Committee (the Committee) on any significant compliance issues or emerging or changing risks affecting Greater Wellington Regional Council's (Greater Wellington) Harbours function.

Te tātaritanga

Analysis

Shelly Bay wharves

2. Timber has continued to come loose in bad weather.
3. Taranaki Whanui, in collaboration with The Wellington Company and supported by Greater Wellington officers, have signed a contract to remove the derelict wharves at Shelly Bay.
4. This work should be completed in June 2023. A verbal update will be provided to the Committee at the 15 August meeting.

Channel Risk Assessment

5. In 2020, CentrePort and Greater Wellington commissioned South Maritime Solutions to review navigation safety in the Wellington Harbour entrance channel and approaches. The review considered the infrastructure, current practice, best practices and possible future changes. The final report was received in October 2020.
6. A harbour users meeting was held in March 2023, where there was positive progress simplifying the outward track, and better route separation between inward and outward tracks and possible adjustments to how vessels approach the harbour entrance.

Sunken/Derelict vessels

7. We continue to assist the Porirua and Wellington City Councils with removal/disposal of damaged or abandoned vessels as well as similar vessels on moorings. These vessels are generally around 10 metres or less in length and relatively easily dealt with. Where possible we recover any associated costs for these activities.
8. The residents of Lowry Bay have raised concerns about remaining debris from a vessel that broke up on the beach last year. We are working with a harbour clean-up group to carry out underwater inspection/clean up in this area. This is very weather dependent.

Mana bridge launching area

9. We have received few complaints or safety incident reports from this area over summer, despite no active monitoring or regular presence in this area. Staff were present from time to time carrying out boat checks and safety patrols and encountered no safety issues. The marker poles separating swimmers from launching are still in place and seem to be useful in reducing conflict.

Wave measuring buoys

10. One of the two wave rider buoys at Baring Head was giving unusual readings in rough weather. The National Institute of Water and Atmospheric Research (NIWA) has replaced that buoy in April 2023 with a spare. This highlighted the benefits of having the two buoys in the same location to compare readings.

Navigation issues

Cook Strait ferries

11. The past few months have seen a number of generally unrelated operational issues on several of the Cook Strait ferries. A flow-on impact is the pressure on available berths for the ships that are not operating, including one ship which berthed at Picton for prolonged maintenance.
12. At the time of writing this report, all ships are operating.
13. At the end of March 2023, a Harbourmaster’s Direction, was made under the Maritime Transport Act 1994. It was issued to both ferry companies instructing their ships to remain at least a specified distance off the south coast in certain weather conditions.
14. The intention of the Direction is to provide more leeway or drifting time if there is an issue to help reduce the risk of ship grounding before the issue can be resolved. Ships often take a more southerly route in response to higher swells anyway, although this Direction covers situations where there is more wind but not a large swell.
15. Centreport instigated a meeting with the ferry companies to look at options for emergency towing. This was primarily about the options for connecting a tug and ship during an emergency. This work is on-going.

Other vessels

16. On Saturday April 16 a 294-metre container ship the *Shiling* lost power while outward bound.
17. The ship drifted out of the shipping channel near to the falcon Shoal beacon and came to rest at anchor. The two harbour tugs stood by her while the crew tried to restore power. They were partly successful and were able to get enough power to raise the anchors. The two tugs towed the ship back to a berth at Aotea Quay. The vessel has subsequently been detained by Maritime NZ. This is the third engine problem with this ship since July 2022.
18. A verbal update will be given at the meeting.

Out of port towage

- 19. This work is on-going and includes discussion with operators and Maritime New Zealand. This issue is not isolated to Cook Strait and the Navigation Safety Group (Harbourmasters) are also following up on this issue.

Cruise ship visits

- 20. The cruise ship season has ended with a cancellation due to forecast wind. Centreport have been looking carefully at the mooring arrangements for cruise ships as they are often high windage (the area above the water) ships. The mooring arrangements are carefully planned, and they take a prudent approach to cancellations if the forecast is outside agreed limits.
- 21. This season there were 101 cruise ship booking and 89 actual visits, down due to weather cancellations – although Wellington did receive a couple of unexpected visits at short notice.
- 22. There were two visits where the ships wished to anchor and bring passengers ashore in smaller vessels. These did not happen due to berths not being available or the ship making alternative plans. In future, cruise ships will not be booked into Wellington if there is not a berth available.

Port and Harbour Marine Safety Code

- 23. Centreport and Greater Wellington are working through the recommendations from the peer review. At the same time, we will be undertaking the annual self-assessment in May 2023 and will report back to the Committee.

Ngā hua ahumoni

Financial implications

- 24. The disposal of derelict or uninsured vessels will present unplanned expenditure from the operating budget.
- 25. Recommendations arising from the channel risk assessment may have a variety of financial implications for both CentrePort and Greater Wellington. Options for mitigating any financial impacts will be investigated.

Ngā kaiwaitohu

Signatories

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

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council’s roles or with Committee’s terms of reference</i> This report allows the Committee to “review... Greater Wellington’s identification and management of risks faced by Council and the organisation... [including]... whether Greater Wellington is taking effective action to mitigate significant risks.”</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i> This report does not contribute directly to Council’s or Greater Wellington’s key strategies, plans, or policies.</p>
<p><i>Internal consultation</i> Environmental Regulation were consulted relating to wharves.</p>
<p><i>Risks and impacts - legal / health and safety etc.</i> Specific risks and related mitigations are discussed in the Analysis section of this report.</p>

Finance, Risk and Assurance Committee
2 May 2023
Report 23.160



For Information

RISK & ASSURANCE UPDATE

Te take mō te pūrongo

Purpose

1. To provide the Finance, Risk and Assurance Committee (the Committee) with an update on:
 - a developments with respect to risk management.
 - b the three-year assurance plan.

Te tāhū kōrero

Background

Risk Management

2. The latest Executive Leadership Team (ELT) risk dashboard and the results of workshops undertaken to unpack one page uncertainty statements are included in **Attachment 1**.
3. Since the previous update, we have:
 - a Developed further one page uncertainty statements.
 - b ELT approved risk owners and risk leads for each uncertainty, and risk champions for each group.
 - c ELT endorsement for the new risk management policy. The policy will be approved once the new risk appetite statements have been developed.
 - d Begun planning for the risk appetite workshops in which we currently have the first workshop scheduled with the Committee on the 22 June 2023.

Business Assurance action points

4. Updates against the current assurance plan are included in **Attachment 2**.
5. Since the previous update to the Committee (Assurance Update – February 2023 – Report 23.17) the change management, capital works and asset management reviews are underway, and we expect to have finalised audit reports available for the Committee meeting in August.

Te tātaritanga Analysis

6. A further four one-page statements have been developed for the uncertainties:
 - a Continuity of service
 - b Ability to deliver the capital programme
 - c Fitness for purpose of assets
 - d Reputation and public profile
7. The attached paper (**Attachment 1**) provides the Committee with the:
 - a Current ELT risk dashboard, heat-mapped to reflect the perspective of the ELT.
 - b Results of workshops undertaken to unpack the one-page statements listed above.

Updated risk management policy

8. ELT endorsed the updated risk management policy at their hui on 27 February 2023. Endorsement was conditional on completing work with the Committee on the risk appetite statements.
9. Once we have approved risk appetite statements, we will seek approval of the policy from the Chief Executive.

Updated risk appetite statement

10. We currently have the first workshop scheduled with the Committee on 22 June 2023.
11. We are working internally with staff from the Democratic Services team and the Corporate Collaboration Group to help develop the workshop's agenda. We are also seeking advice from ELT on how to frame these workshops to ensure we balance input from governance, while ensuring we can operationalise the risk appetite statements.

Business Assurance arrangements

12. The assurance plan, through to 2024, is set out as a 'plan on a page' in **Attachment 2**. We have provided a progress update on the plan. **Attachment 2** also outlines any changes, delays, and items to note for each of the assurance reviews included in the plan.
13. The draft change management report is with management for comment, and fieldwork has been completed for the capital works and asset management reviews. We have closed one recommendation since the last Committee meeting. Further details on open actions can be found in **Attachment 2**.

Greater Wellington held Resource Consents

14. Resource consents issued by Greater Wellington are tracked through our Ozone system. However, resource consents issued to Greater Wellington are not currently being tracked in a centralised register. These consents are not just issued by Greater Wellington but may also be issued by our local authority partners such as Wellington City Council. We are looking at potential solutions to capture the issued Resource Consents which will be maintained by our staff on a regular basis.

Ngā āpitihanga
Attachments

Number	Title
1	Risk Management Update
2	Assurance Update

Ngā kaiwaitohu
Signatories

Writer	Jacob Boyes – Senior Manager, Corporate Risk & Assurance
Approver	Sue McLean - Kaiwhakahaere Matua Ratonga Rangapū General Manager, Corporate Services

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council's roles or with Committee's terms of reference</i></p> <p>The Committee has specific responsibilities to review the effectiveness of Greater Wellington's identification and management of risks faced by Council and the organisation; and to approve an internal audit plan.</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></p> <p>Greater Wellington makes decisions every day in order to deliver on what it has committed to through the Long Term Plan.</p> <p>Risk management is essentially enabling good decisions to be made that reflects a good understanding of uncertainty within the environment and tradeoffs between competing choices.</p> <p>Internal audit / assurance reviews the effectiveness of Greater Wellington's internal controls framework and processes such that the Council can deliver effectively on its objectives, including safeguarding assets as set out in its Long-Term Plan and Annual Plans.</p> <p>Internal audit also supports the risk management framework.</p>
<p><i>Internal consultation</i></p> <p>Consultation and input was provided by the General Manager, Corporate Services and the Executive Leadership Team</p>
<p><i>Risks and impacts - legal / health and safety etc.</i></p> <p>Several areas of risk have emerged from this work. These are described in the body of this paper.</p> <p>Internal audit acts to reduce risk by ensuring controls are operating as Greater Wellington has developed through its policies and procedures.</p>

Attachment 1

Risk Update

Finance, Risk and Assurance Committee
02 May 2023

Status of in progress reviews

Attachment 1 to Report 23.160

The attachment includes:

- The current risk dashboard heat-mapped to reflect the perspective of the ELT.
- The results of workshops undertaken to unpack one page uncertainty statements.

ELT Dashboard

Last updated: 17 April 2023

Understanding & meeting community needs

DH/AR	Ability to implement change	LT/AF	Demographic change & clarity of community need
LT/KM	Impact of reform	MF/BC	Extent to which Te Tiriti obligations are met
MO/D/DD	Reputation and public profile	LT/MB	Impact of climate change
MO/D/G	Quality of stakeholder relationships and partnerships		

- Aligning with Government direction
- Adapting and responding to the impacts of Covid-19
- Responding to the climate emergency
- Improving outcomes for mana whenua and Māori

Public trust and confidence in Greater Wellington and license to operate

- Connected communities
- Thriving environment
- Resilient future

Through delivering on our commitments and achieving the vision of an extraordinary region, thriving environment, connected communities, resilient future

Delivering core services

- Providing a clean and safe water supply
- Leveraging regional partnerships to enable spatial planning and economic development
- Protecting and restoring our environment and flood protection
- Delivering an efficient, accessible and low carbon public transport network

ATR/LB	Ability to deliver the capital programme	SG/MA	Reliance on actions of third parties
LB/JM	Impact on the environment	SM/BK	Fitness for purpose of assets
		NC/DH	Appropriateness of services & delivery models
		LT/KE	Continuity of service

What is new

Based on our workshop to unpack the uncertainty “Disruption to service” we have updated the name of this uncertainty to “Continuity of services.”

We have setup a new Risk & Assurance SharePoint page.

[Risk and Assurance - Home \(sharepoint.com\)](#)

The purpose of this page is to provide guidance to GW staff on not just the new risk approach but also assurance and insurance. The page is currently in draft, but we will be fleshing out the page by providing access to the likes of the dashboard and one page uncertainty statements, over the next few months.

Management Comment

The sentiment survey was run in the first week of April. We note that there is moderate-high alignment between all ELT responses. While this is positive, turnout was low for the April survey, which potentially contributed to this result. Hopefully, ELT continues this trend towards having high alignment in their responses for future surveys.

We have completed a analysis of March survey responses between ELT and departmental managers. This analysis will be completed quarterly and provided to ELT. There were four areas where ELT and departmental managers were not aligned, with departmental managers seeing heightened risk in the following areas:

- Impact of reform
- Reputation and public profile
- Reliance on actions of third parties
- Fitness for purpose of assets

We are progressing towards having all one-page uncertainty statements in place by June 2023 with 15 of the 22 uncertainties either having a completed uncertainty statement or a workshop to unpack the uncertainty statement booked.

Other commentary:

- We have completed the initial workshop for “Continuity of Service” which has been attached for ELT review.

KEY

Sentiment Alignment: High [H M L M] Minimal

Uncertainty: [RO/RL] [What success looks like (from the LTP)]

Confidence / concern rating: [G Y A R]

Ultimate objective: [Icon]

Foundation to Success

- Transforming technology
- Building stronger partnerships and engagement
- Striving for organisational excellence
- Developing people and leaders

LT/ZM	Effectiveness of planning	SM/RL	Effectiveness of technology	ATR/AP	Integrity of people, fraud, bribery or corruption
ATR/MZ	Ability to fund delivery	DH/IB	Health, safety and wellbeing of people	SM/RL	Adequacy, integrity and privacy of information
SM/DKH	Capability and capacity of external suppliers and partners	DH/VR	Capability and capacity of people	SM/DKH	Compliance with legislative and regulatory requirements

Workshop One Pager

Attachment 1 to Report 23.160

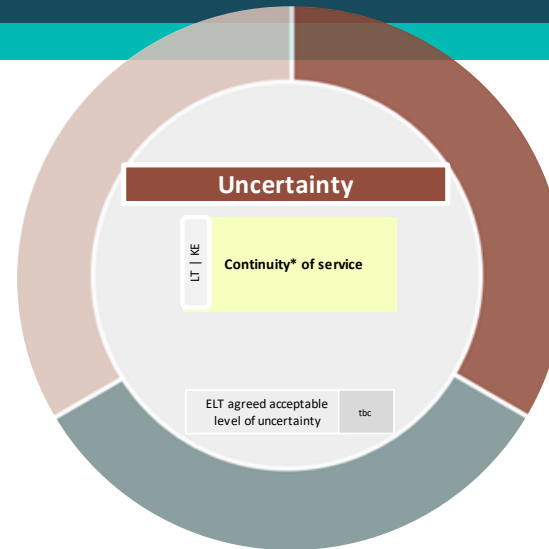
Last updated: 17 April 2023

Sub Uncertainties

Actions & Controls

How are we managing this?

1. Business continuity management process
2. Business continuity plans which includes minimum staff to perform critical functions
3. Long term planning process
4. Business continuity policy
5. WREMO service level agreement
6. Crisis Management Team established and trained
7. Creating a culture that business continuity is a natural part of business planning.
8. Continual horizon scanning for threats and risks to continuance of service
9. Communicating internally and externally about business continuity and the ability of GW to sustain an impact



Opportunities

Assurance

How do we know that this is managed effectively?

1. There is no negative feedback from the community or council
2. Services are continued without interruption
3. A survey is done to establish the maturity of business continuity within GW
4. Leaders in GW accept that continuance of service is an essential part of business
5. Leaders are champions for business continuity

Alignment with Risk Appetite Statement

Risk category	Stance	A
Loss, failure or damage to assets	Balanced	
Services being severely curtailed	Balanced	
Health & safety to staff and contractors	Averse	
Physical harm to the general public	Adverse	
Financial, macroeconomic risk	Balance	
Subsidiary companies and Trusts	Balanced	
Legislative and regulatory	Adverse	X
Political and reputation	Balanced	
Projects	Balanced	
Environmental damage	Adverse	
Human Resources	Balanced	

Measure

Measure	Trend
Public trust in GW	
Maturity surveys show continuous growth	
Following an event, little disruption is noticed by the community and council	
Following an event or exercise, corrective action plans are minimal	
No negative feedback from council following an event or disruption	
The culture of GW demonstrates greater awareness of the importance of continuity of service	

Response

Action	Date
GW impact analysis	
Understanding of critical roles and functions and minimum staff for each team	
BCP database to ensure better analysis data in plan	
BCPs for non-critical functions	
Emergency management plans	
Put in place regular maturity survey	

Workshop One Pager

Attachment 1 to Report 23.160

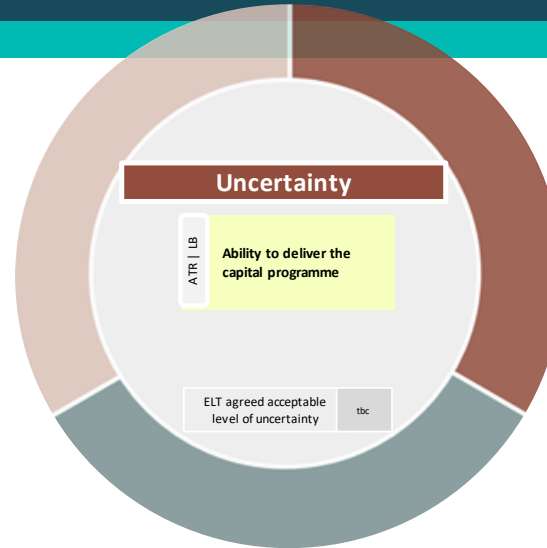
Last updated: 2 March 2023

Sub Uncertainties

Actions & Controls

How are we managing this?

1. Reporting on delivery which includes quarterly & major project reporting and rebudgeting where required
2. Project Management process including lessons learned
3. Project governance groups
4. Programme prioritization process
5. Project business cases



Opportunities

Assurance

How do we know that this is managed effectively?

1. PWC review currently being completed on project delivery

Alignment with Risk Appetite Statement

Risk category	Stance	A
Loss, failure or damage to assets	Balanced	
Services being severely curtailed	Balanced	
Health & safety to staff and contractors	Averse	
Physical harm to the general public	Adverse	
Financial, macroeconomic risk	Balance	
Subsidiary companies and Trusts	Balanced	
Legislative and regulatory	Adverse	X
Political and reputation	Balanced	
Projects	Balanced	
Environmental damage	Adverse	
Human Resources	Balanced	

Measure

Measure	Trend
Forecast capital spend	
Programme delivery	
Asset capitalisation	

Response

Action	Date
Business case improvements in terms of better cost estimates, benefits assessment and scheduling (time to deliver)	
Organisation-wide forward works programme that consider prioritization, internal and external capacity	

Workshop One Pager

Attachment 1 to Report 23.160

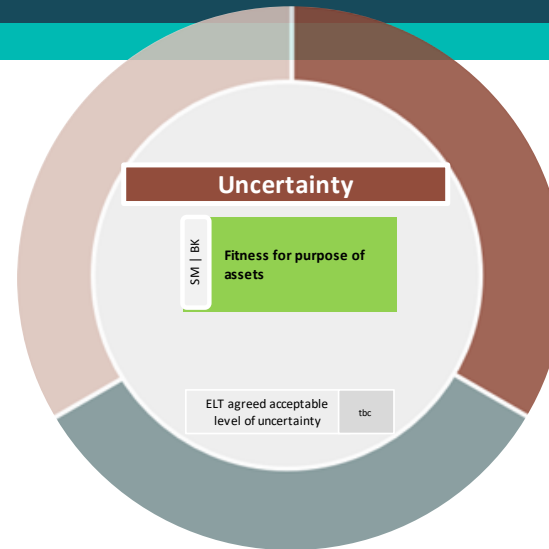
Last updated: 14 March 2023

Sub Uncertainties

Actions & Controls

How are we managing this?

1. Asset management policy and compliance
2. Asset management plans, associated strategies and documents
3. Long term plan and the infrastructure strategy
4. Third party relationship management
5. Third party contracts
6. Protecting assets through statutory documents like regional policy statements
7. Asset information system within Ngatahi



Assurance

How do we know that this is managed effectively?

1. Asset management maturity review currently being undertaken by PWC

Alignment with Risk Appetite Statement

Risk category	Stance	A
Loss, failure or damage to assets	Balanced	
Services being severely curtailed	Balanced	
Health & safety to staff and contractors	Averse	
Physical harm to the general public	Adverse	
Financial, macroeconomic risk	Balanced	
Subsidiary companies and Trusts	Balanced	
Legislative and regulatory	Adverse	X
Political and reputation	Balanced	
Projects	Balanced	
Environmental damage	Adverse	
Human Resources	Balanced	

Measure

Measure	Trend
Assets in service rate	
Asset replacement deferral (Capex)	
Reduction in asset defects indicating asset failure (cf previous period)	
Proportion of preventative vs reactive maintenance actual \$ FY cumulative AMPs Improvement Plans achievement on target (cf previous period)	
Reduction in the number of critical assets rated in poor condition	
Maintenance spend vs target level	
Level of service targets met (outcome measure)	

Response

Action	Date
Ngatahi data validation and reporting	Ongoing
Asset management plans updated and reflect identified uncertainties	July 2023
Succession planning for asset management in niche asset bases - Graduate programme - Polytech	Dec 2023
Review major projects for opportunities to achieve broader outcomes like industry capability	June 2024
Identify and remove single points of failure from the supply chain for critical infrastructure	July 2023

UNCERTAINTY

Attachment 1 to Report 23.160
Reputation and public profile

Last updated: 02 February 2023

Sub Uncertainties

Performance of service delivery (incl. assets & projects)
The extent to which commitments made in the LTP are delivered on

Stakeholder management
The extent to which stakeholder perception align with Greater Wellington delivery

Actions & Controls

Actions/initiatives

How are we managing this?

1. Stakeholder mapping and engagement
2. Greater Wellington and Metlink annual research (brand awareness)
3. Automated media monitoring & quarterly media analyst
4. Community insights through surveys and research
5. Public consultation
6. Code of conduct for staff
7. Weekly reputational reports and quarterly reporting
8. Marketing and communications strategy plans and campaigns
9. Public facing website with clear and consistent information on role and activities – align to web standards
10. Audience segmentation to report messages to the right people
11. Media spokesperson

Assurance

Assurance

How do we know that this is managed effectively?

1. PWC – Project delivery audit



Alignment with Risk Appetite Statement [Source FRAC]

Risk category	Stance	A
Loss, failure or damage to assets	Balanced	
Services being severely curtailed	Balanced	
Health & safety to staff and contractors	Averse	
Physical harm to the general public	Adverse	
Financial, macroeconomic risk	Balance	
Subsidiary companies and Trusts	Balanced	
Legislative and regulatory	Adverse	
Political and reputation	Balanced	
Projects	Balanced	
Environmental damage	Adverse	X
Human Resources	Balanced	

Measure

Measure	Trend
Media sentiment/volume	↑
Reputation index	↓
Brand awareness score	↓
Media mentions	↑
Call Centre volumes	→
Social media volume	
LGOIMA requests	
Campaign PIRs	
Consultation sentiment/volume	
Public participation in council/committee meetings	

Response

Action	Date
Social listening to expand media monitoring	2023/24 BP
Expanded annual research to include 'Priority, importance and performance of community outcomes'	2022/23
Stakeholder management work – Kathryn	ND
Refresh of environmental audience segmentation	2023/24

Attachment 2

Assurance Update

Finance, Risk and Assurance Committee

02 May 2023

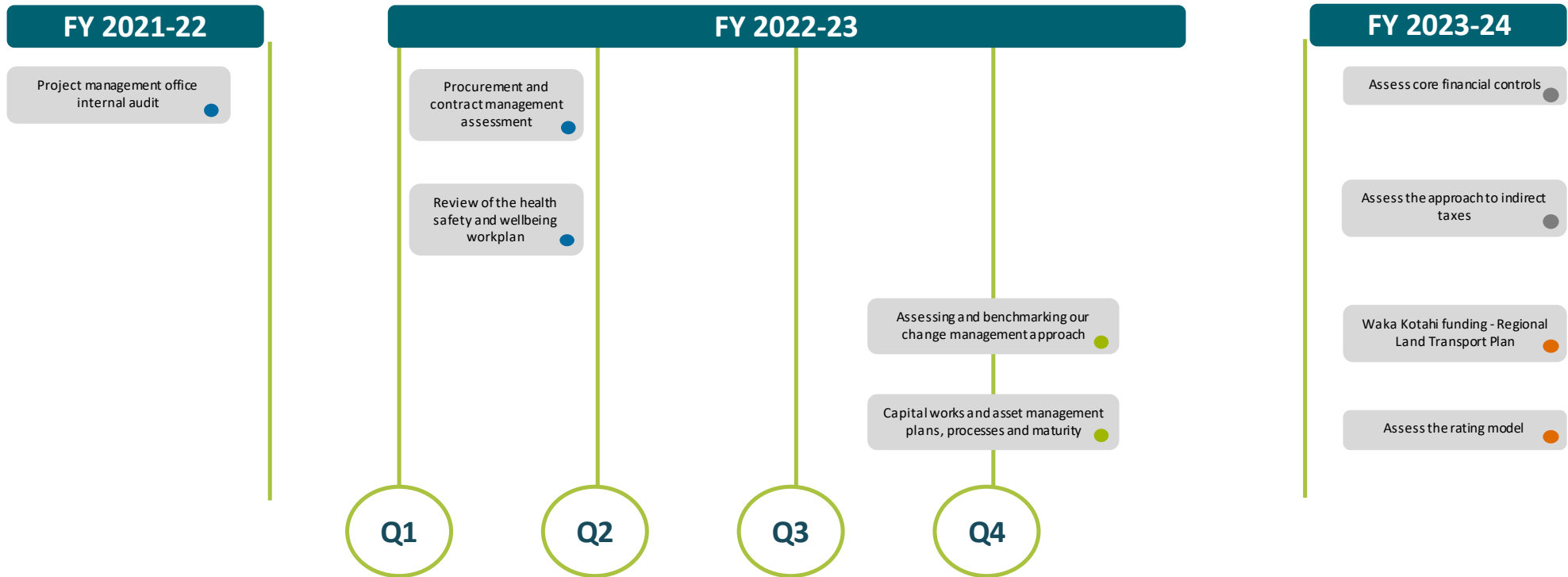
Progress on the 2021-24 Assurance Plan

Progress on the 2021- 2024 Assurance Plan

In summary: Since the last update, the draft change management report is with management for comment, and fieldwork has been completed for the capital works and asset management plan, processes and maturity review.

PwC status:



- Completed
- In progress/on track
- Delays or changes expected
- Not yet started



Status of in progress reviews

Attachment 2 to Report 23.160

The table below provides an update on in progress assurance reviews.

Review	Objective	Scoping	Terms of Reference	Fieldwork	Draft	Management Comments	Final Deliverable	Comments	
Change Management Sponsor: Donna Hickey	Assess and understand the Council’s current change management practices and provide ongoing improvement recommendations to ensure that new business initiatives are implemented successfully.								Draft report with Management for comment.
Capital works and Asset management plan, processes and maturity Sponsor: Alison Trustrum-Rainey	Assess the processes and practices for effective asset management across GW, while determining the root cause of recurring capital expenditure underspend, identifying opportunities for improvement and remediation.								Fieldwork completed with draft report expected by the end of April.

Update on outstanding recommendations

Follow up of Open Actions

The below table provides an update on current open and completed Business Assurance actions

Business Assurance review	Closed Actions #	Open Actions #	Management commentary
Project management office internal audit	1	1 (1 in progress)	ELT have endorsed the direction of the delegation policy proposal. Audit NZ is being consulted to obtain their feedback on the policy. Once the policy has been refined it will be presented to ELT for their approval.
Health, Safety & Wellbeing	7	12 (10 in progress)	Work is currently underway on reviewing the critical risk and control registers. Once the new Environment group is stood up, focus will be on setting competency measures, for team leaders, and developing an upwards feedback mechanism to capture how leaders are enabling health & Safety.
Procurement and Contract Management	2 (1 new closed)	5 (3 in progress)	Resourcing recommendation has been closed. Four additional staff have been hired. Procurement will be looking to put forward a proposal for one more member of staff in the 2024-27 LTP. Once the new Environment group has been stood up, we will look to have a hui to progress contract management roles & responsibilities.

Finance Risk and Assurance Committee
2 May 2023
23.149



For Information

HEALTH, SAFETY AND WELLBEING UPDATE

Te take mō te pūrongo

Purpose

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

Te tāhū kōrero

Background

2. The HSW performance scorecard is outlined in **Attachment 1**.

Te tātaritanga

Analysis

HSW Fatal and Severe Risk (FSR) review project

3. FSR's, in order for review are:
 - a Abusive and aggressive behaviour (complete)
 - b Lone and remote working (nearing completion)
 - c Third party contractor HSW management (in discovery)
 - d Physical works (includes working at height, confined space, moving and other powered machinery and equipment, tree works) (not yet started)
 - e Hazardous substances (not yet started)
 - f Transportation (not yet started)
 - g Working on or near water (not yet started)
4. This programme has been paused temporarily to allow us to focus on having the right and consistent HSW resources in place ahead of Environment Group stand up in May 2023, in addition to resourcing constraints and increasing Business as usual demands.

Third party contractor risk

5. An external HSW audit of the four main Metlink bus operators (Tranzurban, NZ Bus, Mana and Uzabus) identified significant HSW failings and non-conformance with the Public Transport Operating Model (PTOM).

6. Common failings include:
 - a Lack of appropriate HSW plans and procedures that are relevant/accurate, updated at the required intervals, and sent to Greater Wellington
 - b Lack of training for drivers in NZQA Unit Standards, or (in some cases) evidence of individual training against a standard or covering individual vehicles
 - c Poor quality risk registers that don't reflect hazards to bus drivers or critical risks
 - d Poor quality investigations of events, particularly poor for minor events that could still have significant HSW impact
 - e Lack of evidence of contractor management processes - including induction, selection, and monitoring
7. An action plan to address issues individually and collectively with operators is being implemented.
8. A notifiable event involving a Greater Wellington third-party contractor occurred in April 2023, the second since January 2023.
9. In this case a Greater Wellington Flood Protection employee suffered multiple fractures to the lower right leg requiring surgery, after being hit by a tree being lifted by a contractor's operator using an excavator.
10. WorkSafe are taking higher level of interest in this case than those we have reported previously, and reflective of their stated focus how organisations are discharging their overlapping (shared) duties and obligations.
11. After discussion WorkSafe are allowing us to conduct our own investigation into this incident through the Duty Holder Review (DHR) process, rather than conducting their own investigation.
12. The DHR process is a regulatory response to a notifiable event that provides WorkSafe with assurance that the duty holder takes the incident seriously, has learned from it and made improvement.
13. The process is robust and will allow us to examine all relevant factors surrounding the incident, giving WorkSafe the opportunity to review and provide feedback.
14. We have also sought external legal advice from Dentons Kensington Swan who will be providing support throughout this process.

HSW legal compliance review

15. The annual HSW legal compliance review was completed in April 2023.
16. This found Greater Wellington is compliant in all aspects, except for emergency response which is partially compliant mainly due to the lack of an overarching emergency response plan covering a range of emergencies that has been implemented and tested.
17. A corrective action plan is in place and will be completed by end of June 2023.

Wellbeing

- 18. Wrap around wellbeing support continues for teams affected by the new Environment Group change programme. There has been an increasing trend in Employee Assistance Programmes (EAP) use for work related stress in the lead up to this. We continue to monitor the wellbeing of this group as the new structure is stood up.
- 19. Online bookings are open for the annual flu injections onsite in May 2023 with an extremely positive response to date.
- 20. The annual field worker health monitoring programme is underway with 110 of 254 eligible staff completing this so far. Three have been referred for ongoing management related to pre-existing conditions. Four have declined to participate for personal reasons.

HSW policy and framework update

- 21. The updated HSW policy (Attachment 2) and HSW framework (Attachment 3), our operating model for HSW at Greater Wellington was approved by ELT in April 2023, after extensive consultation, including HSW representatives. Feedback was overwhelmingly positive with both the policy and framework seen as providing the right values-based direction to support HSW good practice at Greater Wellington.
- 22. Two key supporting guidelines ‘Recovery at Work’ and ‘Health Monitoring’ were also approved by the General Manager of People and Customer in April 2023.
- 23. The draft updated HSW risk guidelines and supporting resources are now out for consultation. These are aligned to the new enterprise Risk Policy and approach and shifts the conversation to focus on confidence and assurance the right controls are in place to do work successfully and safely rather than negative conversations around as risk as a threat.

Ngā āpitihanga

Attachments

Number	Title
1	HSW Performance Scorecard to Jan – March 2023
2	HSW Policy Statement
3	HSW Framework

Ngā kaiwaitohu

Signatory/Signatories

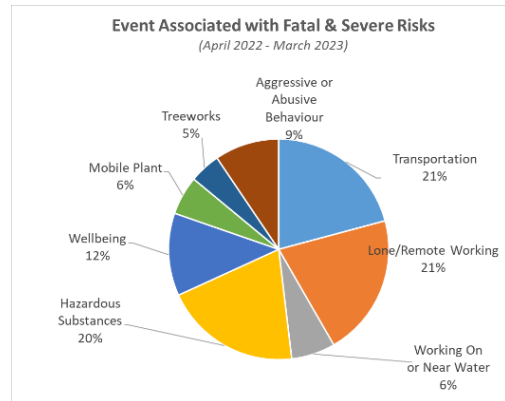
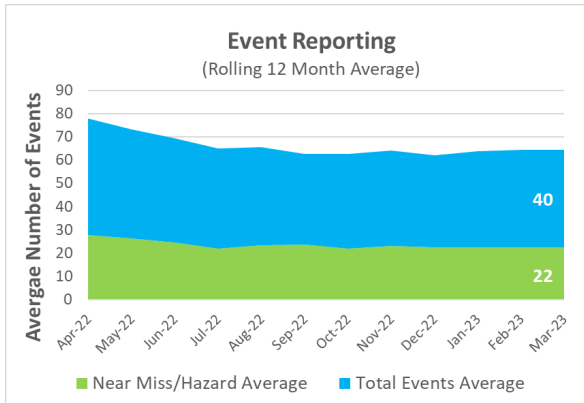
Writer	Julie Barber – Manager Health Safety and Wellbeing
Approvers	Donna Hickey – GM People and Customer Sue McLean – GM Corporate Services

He whakarāpopoto i ngā huritaonga Summary of considerations
<i>Fit with Council's roles or with Committee's terms of reference</i> This report assures the Committee that Greater Wellington's legal obligations under the Health and Safety at Work Act 2015 are maintained and met.
<i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i> The HSW Policy and Wellbeing Strategy are included in Greater Wellington's Annual Plan 2020/21.
<i>Internal consultation</i> No internal consultation was required
<i>Risks and impacts - legal / health and safety etc.</i> The HSW risks and treatment are outlined in paragraphs 3 to 17 inclusive.

Attachment 1 to Report 23.149

Health, Safety and Wellbeing Performance Scorecard Jan – March 2023

Event reporting



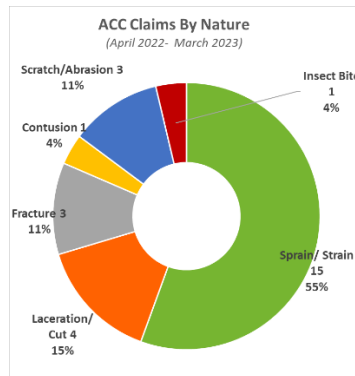
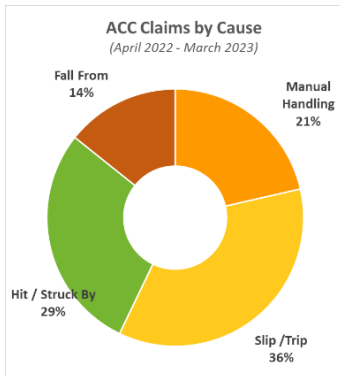
*Haz substances relate mainly to minor predator free bait

spills

New / emerging trends

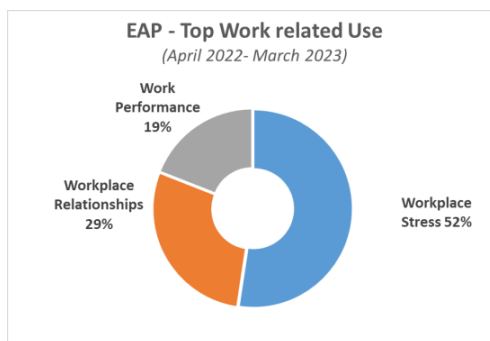
- Significant decrease in days lost due to work related injury
- Significant events involving 3rd party operators

ACC work injury claims



Work injury claims last 12 months	
Total claims	24
Lost time claims	7
Total days lost	118
The significant decrease in days lost this quarter (compared to 438 last) is due to a number of longer-term rehab claims returning to work along with a reduction in lost time claims	

Wellbeing



Wellbeing Insights Jan – March 2023

42 mental health first responder supported conversations

33 Staff received rehabilitation support (work related injury, non-work injury and medical)

*EAP – Employee Assistance Programme



Attachment 1 to Report 23.149

Health, Safety and Wellbeing Performance Scorecard Jan – March 2023

Dept	Event type	Event description	Follow up action
Metlink / Transdev	Serious near miss	An 'On demand' vehicle operated by Mana bus services stopped on railways lines as a train approached, due to road works on the other side of the crossing side causing congestion. The locomotive engineer applied emergency brake in time to avoid collision.	Police report made. Mana is working closely with Transdev and Waka Kotahi to investigate the incident
Environmental policy	Serious near miss/ property damage	The loop suspended below the helicopter conducting aquifer mapping in the Rumahunga valley struck a tree, causing slight damage, after the pilot took urgent action due to the proximity of a nearby glider. The glider pilot has failed to communicate with the helicopter pilot	The mapping flight was aborted and landed in a safe and controlled manner. Issue addressed with gliding club, and agreement to better communicate with heli pilot reached. Damaged scanner repaired and project completed without further incident
Flood protection	Serious injury/ notifiable event	GW worker hit by a tree being lifted by a contractor's operator using an excavator, resulting in multiple fractures to the right lower limb. Initial reports suggest the contractor's worker may not have been trained for the task	Scene preserved, initial information gathering and incident reported to WorkSafe Injured worker transported to hospital via ambulance Interim suspension of work with contractor involved, pending investigation Progressing to voluntary Duty Holder Review





At Greater Wellington we're all about treasuring our rohe and growing our future. It reminds us of the difference we make in working together for the greater environmental good every day.

Our strong commitment to health safety and wellbeing (HSW) plays an important part in our success. Making sure everyone goes home safe and well everyday – not just our GW whānau but others we work with and the public who enjoy our services, facilities and what our incredible rohe has to offer. A big ask for sure, but one we take seriously.

It's not just about meeting our legal obligations but relentlessly looking for ways to improve health safety and wellbeing. We recognise we can always do better by focussing on what makes our work successful and doing more of it to keep our workplaces healthy and safe for everyone.

It's understanding we all have a part to play in owning and leading HSW at Greater Wellington. That our whānau know the risks they work with better than anyone, and are key to the HSW solutions that work for them.

We consult with workers on HSW decisions that affect them, ask and understand what makes work challenging, then provide what they need to work successfully without harm every day.

We build and strengthen capacity and capability to manage HSW by providing the right levels of training, supervision and accessible HSW resources that enable safe and healthy work.

It's about knowing the risks we face every day - what could cause the most harm then making sure the right measures are in place to keep everyone safe and well, anticipating what could go wrong and fixing it before it does.

And if things do go wrong, we create open conversations and opportunities for learning and sharing to improve health safety and wellbeing outcomes.

It's knowing others we work with and alongside share our vision and commitment to safe and healthy work and working collaboratively with our partners to support and make sure it happens.

It's recognising when our whānau thrive Greater Wellington thrives. We support healthy lives through our wellbeing programmes, and opportunities for whānau to recover at work from illness or injury regardless of the cause.

That's our commitment

*Nigel Corry, CEO
April 2023*





Health, Safety and Wellbeing Management Framework

1. Context:

At Greater Wellington (GW) we're all about treasuring our rohe and growing our future. It reminds us of the difference we make in working together for the greater environmental good every day.

We work across a diverse and dynamic range of tasks, geographical locations, and environments, and with multiple partners, creating unique Health Safety and Wellbeing (HSW) risks and opportunities.

Our strong commitment to HSW plays important part in our success. Making sure everyone goes home safe and well everyday – not just our GW employees but others we work with and the public who enjoy our services, facilities and what our incredible rohe has to offer.

2. Our HSW vision and behaviours:

Our vision for HSW 'Everyone, everyday – home safe and well' / Ngā tāngata katoa, mo ngā rā katoa, ka hoki ora ai ki te kainga, is underpinned by four HSW behaviors.



I will pause and think –
and act if safe to do so



I will speak up
about safety



I will prioritise my own
health, safety & wellbeing –
because I matter



I will look out
for my mates – because
YOU matter

3. HSW Management Framework structure:

Our HSW framework provides the context and structure for the management of HSW at GW to reflect a systematic, strategic, and integrated approach to health, safety, and wellbeing. It aligns to best practice HSW continual improvement principles outlined in ISO 45001 Occupational Health and Safety Management Systems and demonstrates how we deliver on our policy intent and HSW vision 'everyone, everyday home safe and well' by:

- Focusing on what makes work successful and do more of it
- Integrating HSW in how we do business every day, planning for and resourcing HSW effectively
- Involving our workers in solutions that work for them to build and strengthen HSW capacity in everyday HSW decision making
- Focusing on risk (fatal and severe risk in particular) and control measures that matter most by understanding what happens in normal work
- Responding, learning from it, and sharing opportunities to improve if it does go wrong
- Working together with contractors who share our vision and commitment to safe



EVERY ONE, EVERY DAY - HOME SAFE AND WELL
Ngā tāngata katoa, mo ngā rā katoa, ka hoki ora ai ki te kainga

- and healthy work
- Promoting and supporting workers physical and mental health and wellbeing
 - Meeting not just legal but ethical HSW obligations, and relentlessly looking for ways to improve our HSW practice and performance

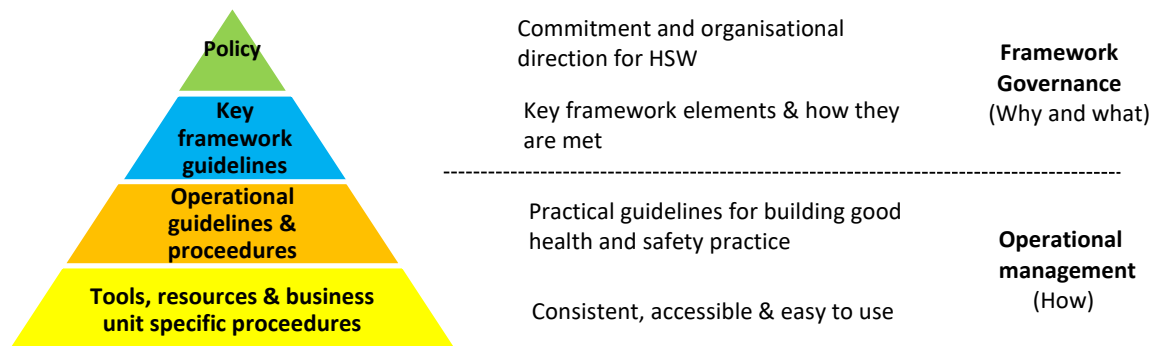
It applies to all GW workers (employees, contractors, subcontractors, and volunteers), workplaces and activities, and others in our workplaces where we have control and influence.

Greater Wellington HSW framework and continual improvement principles applied



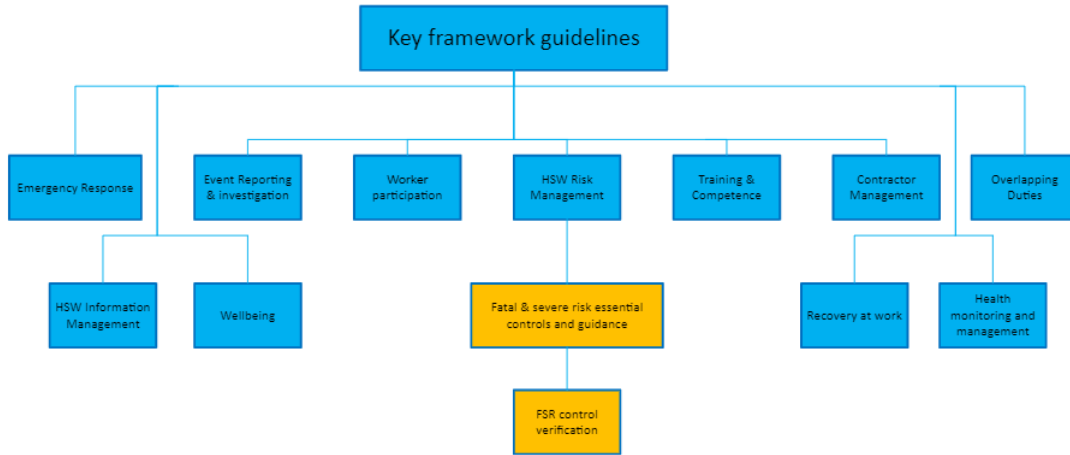
4. HSW Framework Documents:

A range of accessible and easy to follow HSW documents, procedures and resources support how the framework is applied, so it's clear what everyone needs to know and do to carry out safe and healthy work. This is done in conjunction with workers doing the work to reflect the way work is carried out and how HSW risks are managed in specific operational environments.



Framework guidelines outline in detail how the requirements of each key element are implemented and met.

These are:



5. Legal obligations

GW has the primary duty of care under the Health and Safety at Work Act 2015 (the Act) and Regulations to ensure the health and safety of our workers, those we work with and other persons in our workplaces or affected by our activities.

Regulations relevant to GW are:

- Health and Safety at Work (General Risk and Workplace Management) Regulations 2016
- Health and Safety at Work (Worker Engagement, Participation, and Representation) Regulations 2016
- Health and Safety at Work (Asbestos) Regulations 2016
- Health and Safety at Work (Hazardous Substances) Regulations 2016

These obligations are reviewed annually to make sure we remain compliant, along with regular monitoring and oversight of any other requirements in areas that GW operates.

6. Responsibilities and accountability:

The success of this framework relies on everyone understanding and acting on their HSW accountabilities, responsibilities and our HSW behaviours

How we respond and behave influences the way others view and work in a safe and healthy way, and no matter what the role, everyone at GW has a part to play.

Senior and people leaders have additional responsibilities to make sure framework requirements are in place and followed to manage HSW risk on a day-to-day basis.

Clear HSW responsibilities and accountabilities depending on the type and level of role are, outlined in in all position descriptions and appendix 1.

7. Leadership and governance

Authentic and visible leadership commitment and HSW governance is also critical to our framework's success. This requires our senior leaders to lead by example through an active and inquisitive approach to HSW, making sure the framework is implemented, the right resources are in place to make it successful, and promoting and supporting a just HSW culture shared by everyone.

Elected Council members, independent chairs of Council bodies and our Chief Executive have discreet and personal HSW obligations as Officers under the Act. This requires them to demonstrate due diligence and good governance in HSW to ensure this framework is implemented, fit for purpose, HSW is resourced, and risks are managed.

This reasonably extends to GW ELT (Executive Leadership Team) members because of their level of control and influence over business decisions.

9. Planning

Systematic planning across our range of business activities makes sure the right resources are in place to manage our and HSW risk is managed effectively. This includes:

- The 5-year HSW strategy and roadmap linked to corporate strategy, reviewed annually to make sure it's still fit for purpose
- The 5-year wellbeing plan and annual workplan
- Annual HSW plans linked to business unit, corporate and the 10-year plan
- HSW considerations in departmental plans
- HSW planning in everyday work through annual / site safety plans and job safety reviews
- Workplace inspections
- Programmed audits and review

10. Monitoring, reporting and assurance

Active monitoring and regular reporting of HSW activity to ELT, FRAC (Finance Risk and Assurance Committee), Metlink SLT, Environment Group SLT and Council is designed to promote awareness, discussion, and timely action (including resource allocation) amongst senior leadership on HSW matters to make sure our framework stays fit for purpose.

This based on practical measures to critically evaluate performance which includes:

- HSW trends and insight reporting with a focus on lead indicators and the management of fatal and severe risk
- progress against approved business and strategic plans
- performance against progress of key HSW projects and initiatives
- tracking against HSW targets and objectives, and improvement plans
- emerging trends, risk, and opportunities

Scheduled assurance and verification activities focus on how our framework performs and HSW risk is managed over time, to identify and report what's working well, opportunities for improvement and any further action we need to take.

11. Management Review

This framework and key elements are reviewed and updated on a three yearly basis, or earlier as required to consider

- Changes to legislation
- Organisational changes within GW
- New planned activities
- Opportunities identified through event learning review and assurance activities
- Feedback from workers

Document control

Document owner	Head of Health Safety & Wellbeing
Approved by	Chief executive / ELT
Date approved	5 April 2023
Next review	April 2026

Appendix 1

Health Safety and Wellbeing Roles and Responsibilities

Role	Responsibilities
Officers - Elected council members, FRAC (finance, risk and assurance committee) & CEO	<p>Collectively and individually</p> <ul style="list-style-type: none"> • Demonstrate strong visible and authentic leadership and an inquisitive and questioning approach to HSW • Endorse the HSW policy and framework, ensure they remain fit for purpose and resourced to achieve goals and objectives • Endorse and monitor the strategic direction and performance requirements for HSW • Ensure fatal and severe risks are managed and risk appetite and tolerances met • Require, review, and discuss regular HSW performance reports and direct action as appropriate • Undertake training and meet personal due diligence obligations
ELT (executive leadership team)	<p>Collectively</p> <ul style="list-style-type: none"> • Demonstrate strong visible and authentic leadership and an inquisitive and questioning approach to HSW • Agree and approve the HSW policy, framework, and strategic direction for HSW • Ensure the right resourcing is in place to implement the policy, framework, and strategy and manage HSW effectively • Monitor policy and framework implementation and ongoing fitness for purpose • Ensure HSW risks are identified and managed with a primary focus on the management of fatal and severe (critical risk) Determine and monitor HSW risk appetite and tolerance, • Require, review, and discuss regular HSW performance reports and act where appropriate • Integrate HSW into wider organisational planning and decision making <p>Individually as GMs in business units and functional areas</p> <ul style="list-style-type: none"> • Champion HSW and lead by example • Clearly communicate HSW responsibilities and promote HSW behaviours • Lead implementation of the policy, framework, supporting resources and safe work practices and ensure the right resources are in place • Integrate HSW in business planning and business as usual • Ensure HSW risks are identified, managed and reviewed regularly and act where required • Lead, support and promote active worker participation and engagement in HSW
Departmental managers	<ul style="list-style-type: none"> • Champion HSW and lead by example

Attachment 3 to Report 23.149

	<ul style="list-style-type: none"> • Support operational implementation, management, and monitoring of HSW framework requirements and safe work practices at departmental level • Integrate HSW in business planning and business as usual • Clearly communicate HSW responsibilities and promote HSW behaviours • Ensure and monitor HSW risks are managed and monitored, with a focus on fatal and severe (critical) risk and workers involved in identification and management of HSW risk • Ensure and monitor teams have the resources and equipment necessary to carry out safe and healthy work • Ensure incidents are reported, investigated and act as required • Ensure opportunities for workers to be consulted and participate in HSW and formal worker representation (HSW reps) is in place • Ensure opportunities to support ill or injured workers to recover at work are in place • Participate in HSW training to discharge duties effectively
<p>People and team leaders, line managers</p>	<ul style="list-style-type: none"> • Champion HSW and lead by example • Implement and embed HSW guidelines and safe work practices within teams • Integrate HSW in everyday work planning and BAU activities • Clearly communicate HSW responsibilities to staff • Maintain open lines of communication and empower employees to approach on HSW matters • Respond promptly to any HSW issues brought to their attention • Be actively involved in return to work for injured and ill employees • Actively promote and ensure the timely reporting of new hazards, incidents and near misses. • Lead incidents reviews, make sure improvement plans are in place or escalate as required • Identify HSW training opportunities and ensure workers are trained and competent for the work they do • Provide opportunities for workers to participate in formal worker participation processes, and support HSRs (Health and Safety Representative) in their roles • Ensure and monitor contractors and volunteers have the capacity to carryout work in a safe and healthy manner • Escalate resourcing issues impacting HSW to Department Managers • Ensure Emergency Response Procedures are regularly tested and remain effective. • Participate in HSW training to discharge duties effectively
<p>All workers</p>	<ul style="list-style-type: none"> • Demonstrate HSW behaviours and take reasonable care of their own and other’s HSW • Adhere to HSW framework requirements and safe work practices • Actively participate in HSW activities and decisions affecting their HSW • Undertake HSW training and competence for role requirements

Attachment 3 to Report 23.149

	<ul style="list-style-type: none"> • Report incidents in KESAW in a timely way • Raise HSW concerns to HSW representatives and/ or managers for action
HSW team	<ul style="list-style-type: none"> • Principal HSW advisory to ELT, FRAC and elected members • Ensure HSW legal compliance and governance is met • Develop and maintain the HSW policy, framework, and strategy (including fit for purpose procedures, guidance, and other resources) in conjunction with managers and workers • Partner with business units and functional areas to implement framework requirements, safe work practices and provide BAU advisory and technical support • Rehabilitation support for ill and injured workers to return to or stay at work while recovering • Promote and support effective worker engagement practices • Leadership reporting and trend analysis to GW leadership and council bodies • Develop and deliver wellbeing initiatives and programmes • Audit and assurance that framework and strategy is effective and fit for purpose
Elected HSW representatives	<p>Includes, but not limited to:</p> <ul style="list-style-type: none"> • Represent and advocate for workers on HSW matters • Identify and communicate health and safety concerns to management • Promote healthy and safe work practices • Assist with the induction of new staff • Actively participate in HSW training • Exercise health and safety functions and powers as specified in the Health and Safety at Work Act

Appendix 2

HSW terms and definitions

Term	Definition
The Act	The Health and Safety at Work Act 2015, New Zealand's Health and Safety law
Regulations	Health and Safety at Work Regulations 2016 – which prescribe matters relating to various elements of the Act, e.g., workplace risk, worker participation, asbestos
Approved codes of practice	Practical guidance to assist duty holders to achieve the standards of HSW required by the Act, and effective ways to manage HSW risks.
Duty holder	A person who has a duty under the Act, includes PCBU's, officers, workers and other persons at the workplace
WorkSafe	Government agency who is the key regulator for health and safety
Persons Conducting Business or Undertaking (PCBU)	The organisation and primary duty holder, in our case GW
Officer	Directors, CEO's and any other person who exercises considerable influence or control over the management of a PCBU. Officers have specific due diligence duties in law to make sure the PCBU meets its health and safety obligations
Worker	An individual who carries out work in any capacity for the PCBU in including employees, volunteers and contractors. Workers have a duty to take reasonable care to keep themselves and others safe when carrying out work
Volunteer Worker	A volunteer who carries out any work, with a PCBU's knowledge and consent, on a regular an ongoing basis and is an integral part of business operations
Others in the workplace	Others e.g., members of the public, clients and customers who may be affected by a PCBU's activities. Also have a duty to take reasonable care to keep themselves and others safe when in GW workplaces
Workplace	Where a worker goes or is likely to be while at work or where work is being carried out or is usually carried out, including vehicles
Overlapping duties	The requirement to consult, cooperate, and coordinate with other PCBU's on HSW matters to the extent that can be controlled or influenced on the matter
HSW policy statement	A statement by a PCBU about its commitment and intent to manage and improve work HSW.
HSW framework	A management system used to develop and implement an HSW policy and manage HSW risks.
Worker participation practices	What the PCBU puts in place for worker engagement and representation to allow workers to share information, raise issues and contribute to decision making to improve HSW.
HSW committee (HSC)	Consultative forums made up of health, safety and wellbeing representatives, workers and management to promote discussion, agreement and action on the management of workplace HSW.
Trained HSW representative	A worker who has undertaken the type of approved externally certificated training described in the Act, and which accords specific powers under the Act.
Hazard	Anything that does or has the potential to cause harm, physical or mental fatigue, drugs, alcohol, traumatic shock or another temporary condition that affects a person's behaviour.
Risk	Combination of the likelihood of a hazardous event or exposure(s) and the severity of harm that can be caused
Control measure	A way of eliminating or minimising risks to health safety and wellbeing

Attachment 3 to Report 23.149

Essential control	A control which has a significant impact on the likelihood of a hazardous event occurring. The absence or failure of a critical control significantly raises the risk of hazardous event occurring.
Reasonably practicable	That or was at a particular time, reasonably able to be done to ensure health safety and wellbeing, considering and weighing up all matters including <ul style="list-style-type: none"> • the likelihood of the hazard or risk occurring • the degree of harm that might result • what is known or should reasonably be known about the hazard, risk, and possible harm • the availability and suitability of ways to eliminate or minimise the risk, and reviewing if the cost is grossly disproportionate
Hazardous substance	Any product or chemical that has explosive, flammable, oxidising, corrosive or eco toxic properties that must be controlled
Safety data sheet (SDS)	Describes the properties and use of a hazardous substance. Identifies chemical and physical properties, health hazard, precautions for use and safe handling and emergency response information
Personal Protective Equipment (PPE)	Anything used or worn to minimise risk to a person's HSW e.g. protective boots, gloves, hearing protection, masks etc
Notifiable event	Death, type of injury, illness or event that creates a serious risk to health and safety that must be notified to the regulator Worksafe. https://www.worksafe.govt.nz/notify-worksafe/
Health / wellbeing	A state of complete physical, mental and social wellbeing.
KESAW	GW's online and app-based incident, hazard reporting and contractor audit tool

Finance, Risk and Assurance Committee
2 May 2023
Report 23.165



For Decision

RESOLUTION TO EXCLUDE THE PUBLIC

That the Finance, Risk and Assurance Committee excludes the public from the following parts of the proceedings of the meeting, namely:

PWC Fraud Risk Assessment Report – Report PE 23.136

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

PWC Fraud Risk Assessment Report – Report PE 23.136	
<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under section 48(1) for the passing of this resolution</i>
<p>The report contains sensitive information about Greater Wellington’s fraud risks status. Release of this information exposes Greater Wellington to fraud attacks by making it easier for the public to know Greater Wellington’s fraud risk status and utilise the information for improper gain or improper advantage. Consideration of this report in Public Excluded business is necessary to prevent the disclosure or use of official information for improper gain or improper advantage (section 7(2)(j)).</p> <p>Greater Wellington has not been able to identify a public interest favouring disclosure of this information in the public proceedings of the meeting that would override this prejudice.</p>	<p>The public conduct of this part of the meeting is excluded as per section 7(2)(j) of the Act, on the basis that release of this information would enable the information to be utilised for improper gain or improper advantage.</p>

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