

Risk and Health & Safety Working Party
Tuesday 11 September 2018 at 9.00am

AGENDA

Risk and Health & Safety Working Party Agenda

Meeting to be held in the Whale Bay Room
on Tuesday 11 September 2018, commencing at 9.00am

Please note: working parties and working groups carry NO formal decision-making delegations from council.

The purpose of the working party/group is to carry out preparatory work and discussions prior to taking matters to the full council for formal consideration and decision-making. Working party/group meetings are open to the public to attend (unless there are specific grounds under LGOIMA for the public to be excluded).

MEMBERSHIP OF THE WORKING PARTY

Cr Paul Dimery (Chair) Cr Bill Shepherd
Cr Rick Stolwerk Cr Joce Yeoman

Item	Page
1.0 APOLOGIES	
Cr Joce Yeoman	
2.0 DECLARATIONS OF CONFLICTS OF INTEREST	
3.0 PRESENTATIONS	
3.1 Update on Awanui Flood Scheme	
Joseph Camuso - River & Natural Hazards Manager	
4.0 REPORTS	
4.1 Review of Risk Register - Top 5 Risks	3
Dave Tams - Group Manager, Corporate Excellence	
4.2 AON Presentation to Council	5
<i>(Copy of the AON presentation delivered to Council in June 2018)</i>	
5.0 BUSINESS WITH THE PUBLIC EXCLUDED	25

Risk Register (A823361)

ID	Risk Description	Risk Owner	Interested Parties	Communication method with interested parties	Organisational Original Risk	Inherent Risk			Mitigation Strategies or Controls	Control Effectiveness	Residual Risk			Trend	Agreed actions to bring the risk to a stable position	Additional Comments (if any)	Staff Responsible	Review Date
						Unlikelihood (Refer to Table 1)	Consequence	Risk - Refer to Table 1	Likelihood and Consequence		Unlikelihood	Consequence	Risk - Refer to Table 1					
Level One - Governance																		
1	Inability to collect rates	Deve Tams	Councillors, CEO and GMs, Finance Department	Memo, emails, face-to-face, meetings	Operational, political, strategic	3	5	15	Contracts in place with TA's for rates collection. Legal strategy in place to mitigate the impact of the Rogan case which would require NRC to collect its own rates.	Moderate	2	5	10	↘		Court of Appeal found in NRC's favour. Prior rates were validated under s5 of the Judicure Amendment Act. Rogan has applied to the Supreme Court to appeal the decision. Legal advice is that this is deemed to be low risk of a successful appeal. 08/05/18 WP Minutes A1064343 - legal advice is that only approx 30% of applications to the Supreme Court progress to a hearing. 09/08 - Emailed Deve to provide updated assessment given Supreme Court decision.	Deve Tams	Discussed by staff 28/03/2018 & 08/05/18
2	Climate risk - floods - lead agency role and effective leadership	Bruce Howse	River committees, Tas, NZTA,		Operational, political, strategic	3	5	15	Flood and coastal hazard risk assessments have been undertaken along with revised RPS, and additional work is proposed. Need regional leadership to determine long term planning of risk and management response.	Moderate	3	4	12	↔	N/A	Coastal hazard maps released and over 10,000 property owners written to. We are planning for better resilience for Kaitea area and other communities. 19/07/18 Consultation & engagement process commenced with TAs.	Joseph Camuso	Discussed by staff 28/03/2018
3	Governance risk, including: • Instability risk at council level • Lack of expertise on investments, management and risk	Jonathan Gibbard	Councillors, CEO, GMs, Finance Department, Deloitte, Jonathan Ericson	Meetings, workshops, email, memo, advise notes	Political strategic, operational	3	4	12	1. Mitigated by continuity of senior staff. Long Term Planning which traverses the election cycle and a number of long standing councillors. New councillor induction will also seek to mitigate this risk. 2. Mitigated by external consultant advice as and when required e.g. Deloitte (Risk) and Jonathan Ericson (Investment). Ensure staff don't cut corners around receiving legal advice - obtain expert advice where appropriate. Comprehensive induction process carried out.	Moderate	2	2	4	↘	Ongoing upskilling of council. Ongoing use of external advisors	LTP adopted 06/2018. Now halfway through triennium.	Kyle Carlier	
4	High dependence on non-rating income	Deve Tams	Councillors, CEO and GMs, Finance Department	Memo, emails, face-to-face, meetings	Operational, strategic	3	4	12	Mitigate by management, via monthly management account reviews, and investment reviews with CEO and adjusting expenditure levels if need be. In addition, adjustments to general rates and expenditure items can be made during the annual planning process if we become aware of lower than anticipated income streams (e.g. Meriden Maritime Holdings Ltd dividends). All financial results are seen by the Full Council. Councils Investment performance is also seen by the Investment Subcommittee and any internal audit reports and the annual external audit report is also reviewed by the Audit Working Party.	Good	3	3	9	↔		09/08 - Emailed Deve and Simon enquiring as to whether this risk has been reported to council in line with our policy	Simon Grabb	
5	Inability to deliver on councillor expectations	Jonathan Gibbard	Councillors, CEO, GMs	Meetings, workshops, agenda	Political	3	4	12	Mitigated through regular and ongoing liaison between senior staff and councillors to ensure staff have a clear understanding of councillor expectations and are able to provide effective and timely advice to assist, support and guide councillor decision making. LTP and AP processes are robust and established to ensure that staff and councillors have a clear understanding of deliverables and that associated budgets are provided.	Good	2	2	4	↘	Continued liaison with Council, comprehensive recording of outcomes, solid LTP process	No mitigation measure will ever completely mitigate this challenge. However, LTP signed off indicating councillor expectations in terms of strategic direction have been met.	Kyle Carlier	
6	Treaty settlement risk - taking on costs, this includes Kaipara Moana and the Te Onono-a-Toke Beach Board	Jonathan Gibbard	Councillors, Staff, Iwi/Hapu	Implemented settlements, TOR, Statutory Committee, Working Party - Kaipara Moana (Council). Appropriate training on inclusion of settlement mechanism (staff). Verbal and written.	Operational, political, strategic	5	4	20	Mitigated through proactive council involvement in treaty settlement processes - the next being for Kaipara harbour. Council will be strongly advocating to the crown that any future settlement provides for the ongoing financial implications. Participation in cross-council initiative to better inform central Government about true and actual cost of treaty settlement implementations. Active meetings with settlement groups - co-govt.	Moderate	5	3	15	↑		While we will put councils views forward at the end of the day it's the crown's decision which council will need to implement. The reality is that there will inevitably have additional costs for council - it's a matter of degrees. Following the first meeting of Beach Board, the actual risk profile has increased. 14/12/17 WP comments "Following treaty discussions with Mana Waiwhakapono there could be increased risk." 28/05/18 WP Meeting A1064343 - biggest risk is NRC has no control over external process. 09/08/2018 - Emailed Rachel asking if and when this risk was reported to council.	Rachel Rapiha	Discussed at 08 May 2018 meeting (A1064343)
7	Unlimited liability for major maritime disaster - caused by NRC fault	Tony Phipps	Council and Council's insurer	Direct emails, written.	Operational, political, strategic	1	5	5	Mitigated by approved safety management systems, quality systems, and qualified personnel.	Good	1	5	5	↔	Campaign to limit RC liability in Parliament via LG.	Tried to amend during MTA update with limited success. 14/12/17 CEO advised written to Minister regarding this issue. 08/05/18 WP meeting see Minutes A1064343. Further report back from AON required following outcome of the Navigator Working Group. AON to update ELT.	Jim Lyle	Discussed at 08 May 2018 meeting (A1064343)
8	Non compliance with Health and Safety at Work Act 2015	Deve Tams	CEO and GMs	Memo, emails, face-to-face, annual due diligence report, H&S Committee Meeting Minutes	Operational and political	2	5	10	Ensure effective and robust processes and procedures in place to prevent harm. Staff are resourced with training and are competent. Task Safety Plans are completed identifying and documenting risk with applicable mitigations to control. Briefings are being undertaken on the changes to the legislation. A volunteer coordinator has been appointed to assist in this area. Significant additional work has been completed and continues to develop a robust safety management system.	Moderate	1	5	5	↔	Continue to work and develop sound process and procedures.	ACC accreditation for tertiary status achieved July 2016.	Tracey Waitboys	
9	Maritime operation risk - ships grounding/collision, major shipping incident and failure of new systems	Tony Phipps	Council, Northport, Refining NZ, North Tugs, DOC, DHB, Maritime NZ. For full list see Tier 2 continuation above.	• Meetings • Email • Face to face	Operational, political	2	5	10	Mitigated by approved safety management systems, Quality systems, and qualified personnel.	Good	1	5	5	↔	Continued management of safety systems. Improved disaster response systems.	National level SMS developments and monitoring ongoing.	Jim Lyle	Due next Risk & HS WP
10	Building fire - NRC building	Deve Tams	CEO, GMs, Staff, Public, Contractors	Induction both verbal and electronic, signage, memos, intranet, instructions at public meetings	Reputational, Financial, Operational	1	5	5	Evacuation plans need to be robust, staff trained and drills occur for all regions (twice yearly). Opua and Waipapa NRC is a leaseholder and the obligation rests with the landlord. However, NRC still provides instructions in the event of an evacuation. Regions hold current evacuation plans and have the necessary resources i.e. trained evacuation wardens, means of raising alarm, appropriate sprinklers, fire hoses, and smoke alarms in place.	Good	1	5	5	↔		Need to commence work on a BCP in the event of a fire or other disaster impacting the operational capability of NRC building. On ELT agenda Apr 2018	Tracey Waitboys for H&S legislative requirements. BCP - Kim Abbott?	
11	Contract management risk	Bruce Howse	CEO, GMs, Staff, Contractors	face-to-face, emails, written, manuals	Operational, strategic, political	3	3	9	Contract Management Project charter and plan in place. IRIS is being setup to be used as the Contract Management system and we have policies and procedures in place. New system will enable much better tracking, reporting and management of contracts.	Moderate	3	2	6	↑		With the loss of specialist knowledge in July 2018 (Kym Ace) and upcoming works programme, the inherent & residual risks are elevated. IRIS system developed and ready to go live. 23/07/18/ - Emailed Simon to obtain update on who is taking responsibility for this risk now that Kym has left and, what are the next steps. Deve advised he will handle this.	Deve Tams	
12	Risk of insufficient long-term planning: Long Term Plan and Asset Management Plans	Jonathan Gibbard	Councillors, CEO, GMs	Meetings, workshops, ELT meetings, memos, email, project plan	Operational, strategic, political	2	3	6	Councils long term planning is undertaken through the development of LGA Long Term Plans, activity management plans and other relevant departments strategies and policies. It is recognised, however, that in many cases we are only planning for a 3 year planning horizon, with the exception of AMP's which have a longer timeframe.	Moderate	2	1	2	↘	ELT has commenced work on longer-term planning on key work areas and this will be used as part of the work to drive improved long term planning.		Kyle Carlier	
13	Risk of assuming liability unknowingly through documentation & therefore negating ability to claim on insurance	Deve Tams	Councillors, ELT, public		Operational, strategic, political			0	ELT briefed by insurers, Aon, and a legal opinion shared. Aon advise low risk due to LGA, but obtaining another opinion.				0			28/03/18 - staff to seek advice on this issue & report back to WP 28/03. Mathew Wilson (Associate Director) Aon engaged and will present to WP. 08/05/18 WP meeting AON presented refer to (A1064343) for summary of discussion. 19/07/18 - Meeting to be arranged between Chair of Risk & H&S WP, Deve and Jules for further background discussions occur before risk is assessed.	Deve Tams	Discussed at 08 May 2018 meeting (A1064343)

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Matthew Wilson & Deanna Macdonald
June 2018



Agenda

- Market - Weather/Natural Disasters/Losses
- Valuations
- Loss Modelling
- Civil Defence Emergency
- Building Defects – Potential Liability
- Group Life
- Fire Service Levies – Domestic Properties
- Halls
- Northland LASS Motor Claim Statistics
- Renewal Timeframe

Why – Changing Market – Global

Global Market Conditions - Historic

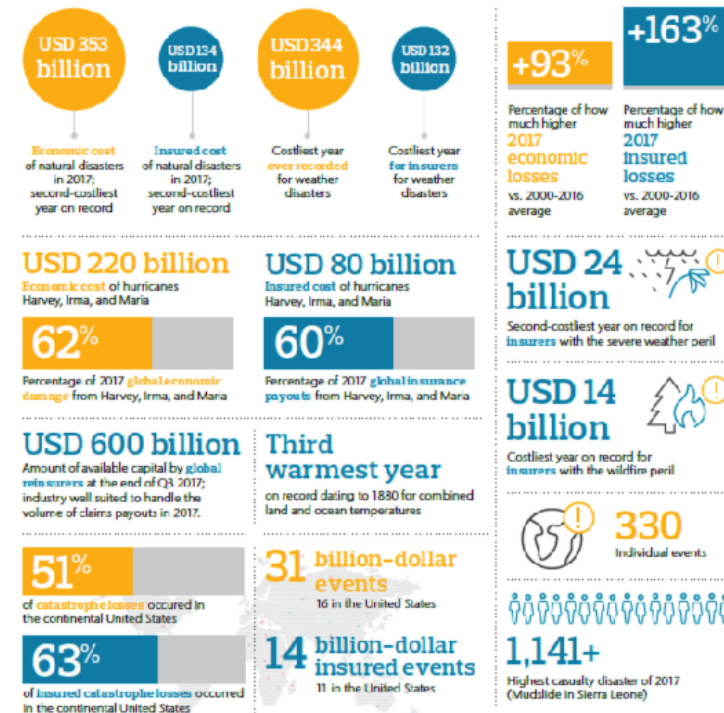
- Readily available Capital
- Surplus of Capacity Re- Insurance Markets
- Relatively benign period for Insured Losses
- Rating Reductions

Natural Disaster/ Weather events

- 2017 Worst year on Record

2017: Costliest year on record for weather disasters

Insurance Industry in position to handle high volume of claims payouts



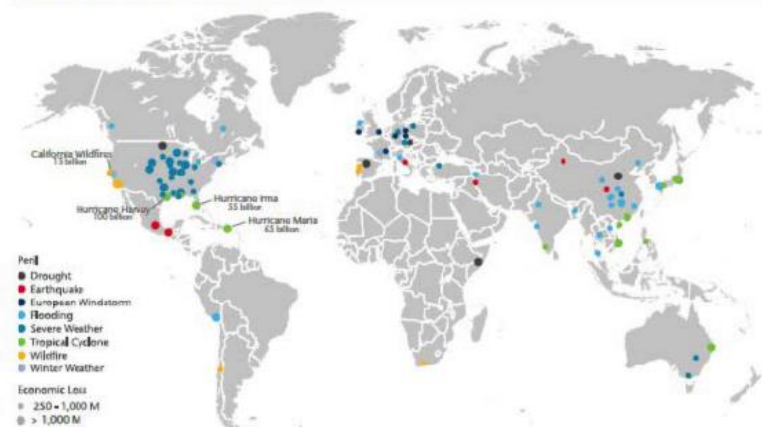
Along with this report, we continue to welcome users to access current and historical natural catastrophe data and event analysis on Impact Forecasting's Catastrophe Insight website: www.aonbentley.com/catastropheinsight

Overview of Insurance Market and Trends

Cost of Natural Disasters - Globally

- 330 natural disasters in 2017, including wildfires, earthquakes and other perils
- In the Americas alone, Hurricanes Harvey, Maria and Irma had a total economic cost of \$220 billion.
- In the Asia-Pacific region, catastrophic summer floods caused more than \$12 billion in damage across China.
- In Southern Europe, an extended drought caused \$6.6 billion in damage across parts of Spain, Italy and Portugal.
- In Japan, four typhoons and a tropical storm left \$1.1 billion in economic losses.
- 2017 natural catastrophe losses were 93% higher versus the 2000-2016 average

Exhibit 2: Significant 2017 Economic Loss Events¹



¹Subject to change as loss estimates are further developed.
²Includes losses sustained by private insurers and government sponsored programs.
³Based on events that incurred economic loss greater than US\$100 million. Position of an event is determined by the most affected administrative unit (region).

Overview of Insurance Market and Trends



Cost of Natural Disasters – New Zealand

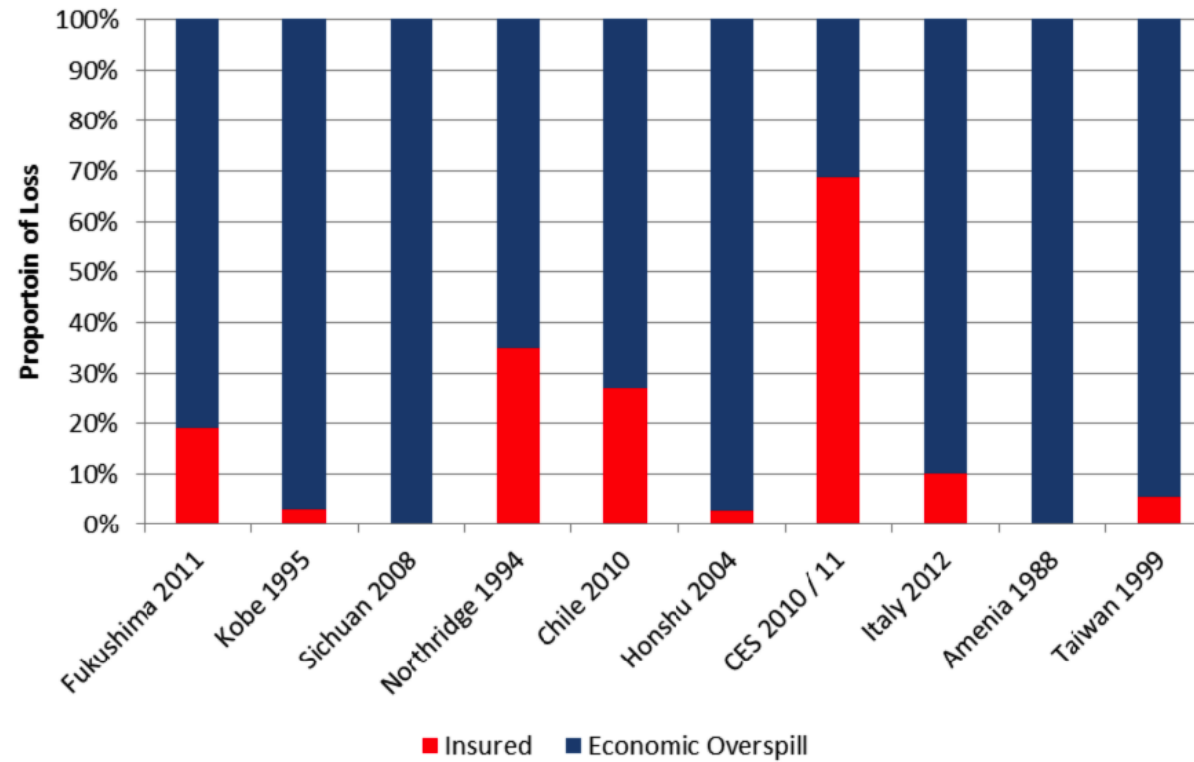
- Kaikoura Estimated Losses in excess of \$5b
- Recent Cyclones – \$1.19b??
- Domestic losses ~\$240M

Impacts on Local Market

- Insurers are removing Capacity in EQ prone areas
- Rating Increases for Earthquake/Natural Disaster risks
- Increasing Cost of Re-insurance
- Overall rating increases
- Wellington risks seen 100% plus rating increases

Leading NZ Insurance company has suggested that if NZ suffers one more major earthquake loss the ability to purchase full EQ loss cover could be impacted

10 Most Costly Earthquakes



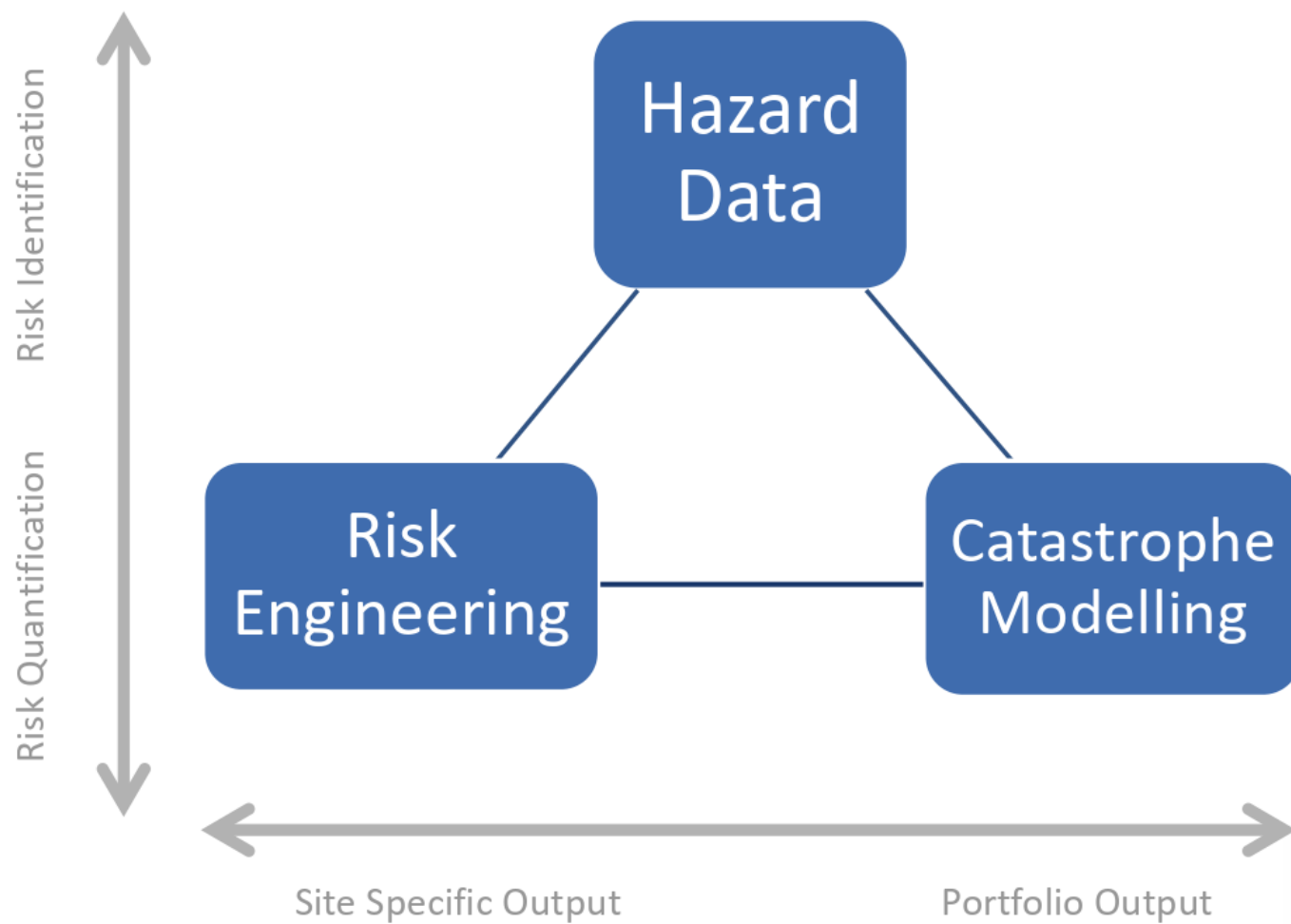
Natural Hazard Vs. Climate Change

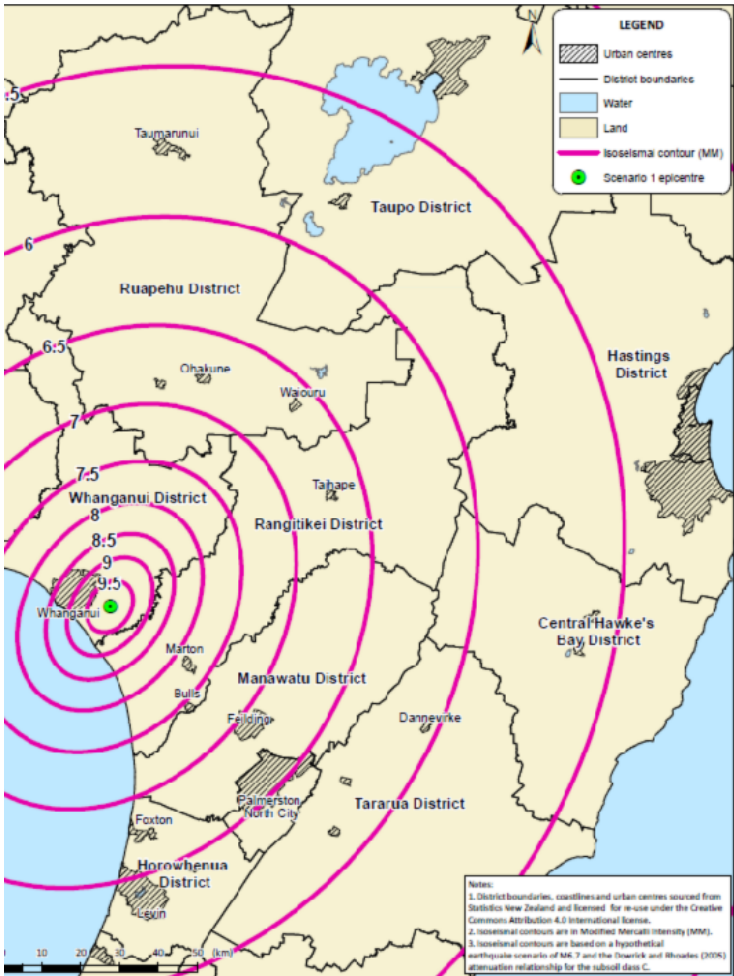
- \$19 billion of assets said to be at risk from SL (sea level) rise in next 50 years. Annualised natural hazard losses have been estimated at \$5 billion
- Land use planning is at the centre of creation of new risk – applied to natural hazard and weather events alike
- In New Zealand we are surrounded by risk which cannot be reduced to zero

Ref Kelvin Berryman, GNS Presentation 2018, "A Perspective on the Current State of Hazard Risk Management in New Zealand"



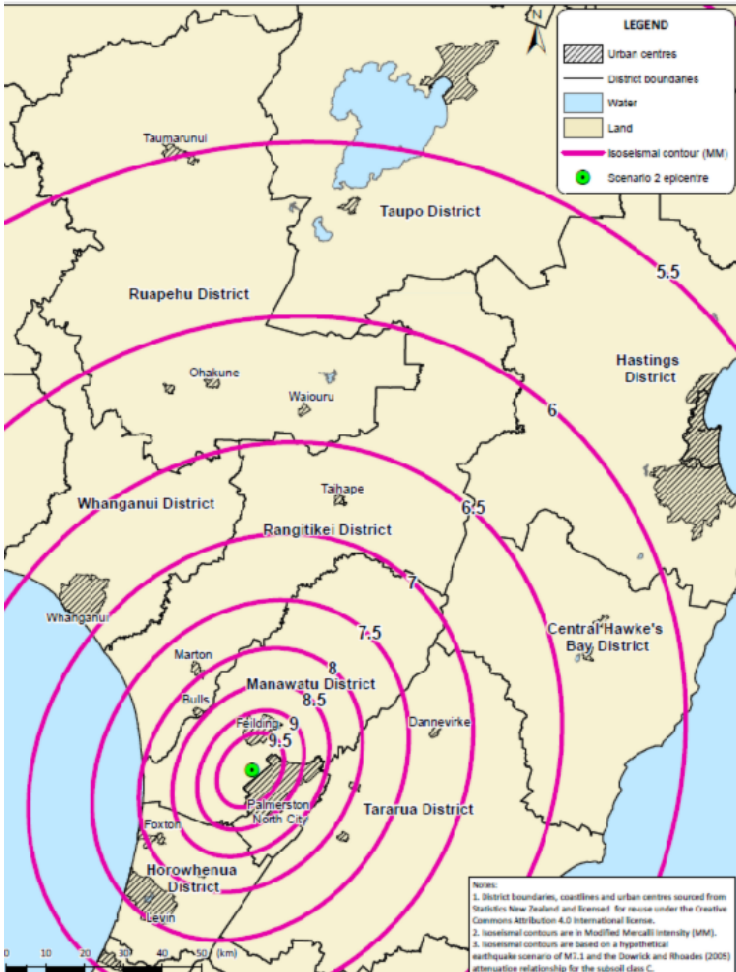
Aon Catastrophe Assessment





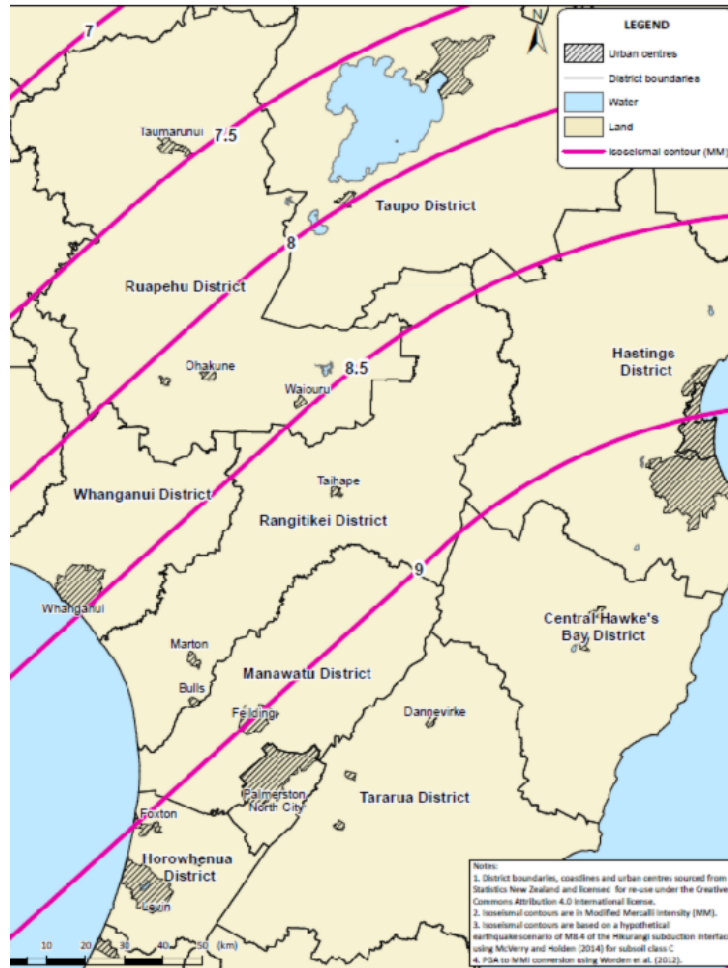
Earthquake Scenario 1





Earthquake Scenario 2





Earthquake Scenario 3

Aon Valuations



Councils can experience significant levels of 'volatility' when completing financial reporting and insurance valuations. In some cases, fluctuations have been driven by construction costs, found assets and confusion over the methodology to use for insurance valuations.

It's vital that assets are insured for the correct amount. Should you need to make a claim, one of the first things you will be asked is how the sum insured value has been formulated and from what starting base.

Aon Valuation Services provides expert valuation advice to local government including tailored valuation, advisory and consultancy services. Our team provide independent and objective valuations of community assets, operational land and buildings, parks and reserves, investment assets, artwork and roading.

Our capability also allows us to combine both your insurance valuations and financial reporting valuations as part of one exercise. Combining your valuation needs leads to a cost saving, consistency in valuation methodology, asset identification and reporting while minimizing interference with fewer site visits.

Aon Valuation Services offers a three year Valuation Program involving an on-site inspection in Year 1, followed by annual on-desk reviews in each of the following two years which account for asset changes in the previous twelve months such as new buildings, capital expenditure and disposal or acquisition of assets. This process maintains the accuracy of insured values and the integrity of the valuation process. Valuations also support annual insurance renewal negotiations and provide the necessary documentation for faster settlement in the event of a claim.

Aon valuers are members of the appropriate professional bodies, including the Property Institute of New Zealand (PINZ), the New Zealand Institute of Valuers (NZIV), the American Society of Appraisers (ASA), the Royal Institute of Chartered Surveyors (RICS) and the Australian Property Institute (API).

Financial Reporting valuations are completed in accordance with:

- Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant and Equipment (PBE IPSAS 17)
- Financial valuation services compliant with the New Zealand equivalent to International Accounting Standard 16-Property, Plant and Equipment NZ IAS 16.
- Property Institute of New Zealand Professional Practice Standards

- The International Infrastructure Management and New Zealand Asset Management Support Manuals.

Proven Track Record

Local Government clients that trust Aon Valuation Services includes:

- Auckland Council
- Hamilton City Council
- Hutt City Council
- Kapiti Coast District Council
- Northland Regional Council
- Otago District Council
- Porirua District Council
- Queenstown Lakes District Council
- Taranaki District Council
- Tauranga District Council
- Whakatane District Council

About Aon

Aon is the leading provider of insurance broking, risk management and associated services, and is the only insurance broker in New Zealand with in-house risk engineering, risk consulting, business interruption and claims consulting services, fire protection and sprinkler services, and valuation services.

Our highly qualified and experienced team deliver a range of integrated solutions to help clients understand and improve their risk management and mitigation, protect their interests and increase their business profitability and organisational resilience.

Our priority is to understand your business and your people so we can add distinctive, long-term value through the work we do. We promise to be outstanding partners, offer expertise, design innovative solutions, deliver with excellence, and produce results. And you can hold us to that.

Contact

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Market Summary

- Cost of Insurance Increasing
- Cover available may be limited in future
- Greater focus on understanding risks and emerging risks
- Managing exposure to risks
 - Coastal erosion
 - Controlled retreat
 - Land Use Planning
 - Flood protection plans
- Better Understanding of risk allows insurance to be used as a Risk Transfer Mechanism



Civil Defence Emergency Management

- Are you as a Council prepared? Do you know who you can contact in a Civil Defence?
- Is Aon able to help you better prepare for these events?
 - ✓ Financial Loss Modelling
 - ✓ Infrastructure Loss Modelling
 - ✓ Business Continuity Plans
 - ✓ Relationship Management



Building Defects – Potential Liability

- Misrepresentation of certification from source through to counterfeit products, causing a growing unease in the market. Regardless of manufacturing origin, products should meet New Zealand standards and the Building Code.
- Codes of Compliance need stricter enforcement by Councils in accordance with the Building Code, especially with counterfeit products on the market.
- MBIE introduced written mandatory Contract Works for builds over \$30,000. Should Council's be asking for these?
- "Leaky Homes" effect – further investigation finds other underlying issues.



Group Life Schemes



Council's Collective Group Insurance Plan

In response to a number of enquiries from NZ Local Councils to insure their staff, Aon Life Health & Benefits is pleased to present a Collective Group Insurance facility available to all Local Councils. Aon has leveraged the buying power of the Local Councils to establish the following Group Insurance Package at preferential terms insured by Asteron Life – *exclusive to the Councils.*

Benefits

Group Life Insurance

- Death benefit lump sum of \$100,000 per member
- No medical questions asked
- World-wide 24/7 cover*
- Death by all causes
- Benefit paid to member's deceased estate.

*Excludes extreme or high risk areas as determined by the NZ Government website: www.safetravel.govt.nz

Terminal Illness cover

Acceleration of the death benefit is paid if insured member is diagnosed with a condition where life expectancy is not greater than 12 months.

Funeral Advancement

\$10,000 advance payment on notification of death.

Personal Accident & Major Burns

A benefit is payable if a member suffers major burns, or an injury which directly results in a loss of physical function of a hand, foot, finger or sight.

Personal accident or major burn benefit will not pay if:

- Injury is result of deliberate act of self-harm
- Direct result of participating in criminal act
- Loss does not occur within 180 days of injury
- If the loss/injury occurred before the cover commenced.

Maximum Benefits per Physical Loss

Defined Physical Function	Maximum Benefit
Major burns (at least 20% of the body)	\$50,000
Both hands	\$50,000
Both feet	\$50,000
Entire sight of both eyes	\$50,000
One hand and one foot	\$50,000
One foot & entire sight of one eye	\$50,000
One hand	\$25,000
One foot	\$25,000
Entire sight of one eye	\$16,250
Thumb & index finger of either hand	\$12,500

Continuation Option

- Available up to age 70
- 60 days from exit date to apply for this option
- No medical questions
- Remain covered free of charge during the 60 days option period.

Cover Cease Age

The insurance cover ceases on attainment of age 70.

Eligibility

Permanent Employees

All Full Time & Part Time employees who work a minimum of 15 hours per week and are under age 70.

Fixed Term Employees

Minimum of 3 months contract, work a minimum of 15 hours per week, and are under age 70.

Casual Staff

Minimum 6 months service and work an average of at least 10 hours per week for the past 6 months, and are under age 70.

Note

Members must be "Actively At Work" on their commencement of service date to qualify for automatic Insurance i.e. not away due to illness or injury.

Contact Details

nz.eb.enquiries@aon.com

Lawrence Lucas
09 362 9862

Matthew Wilson
07 837 7112

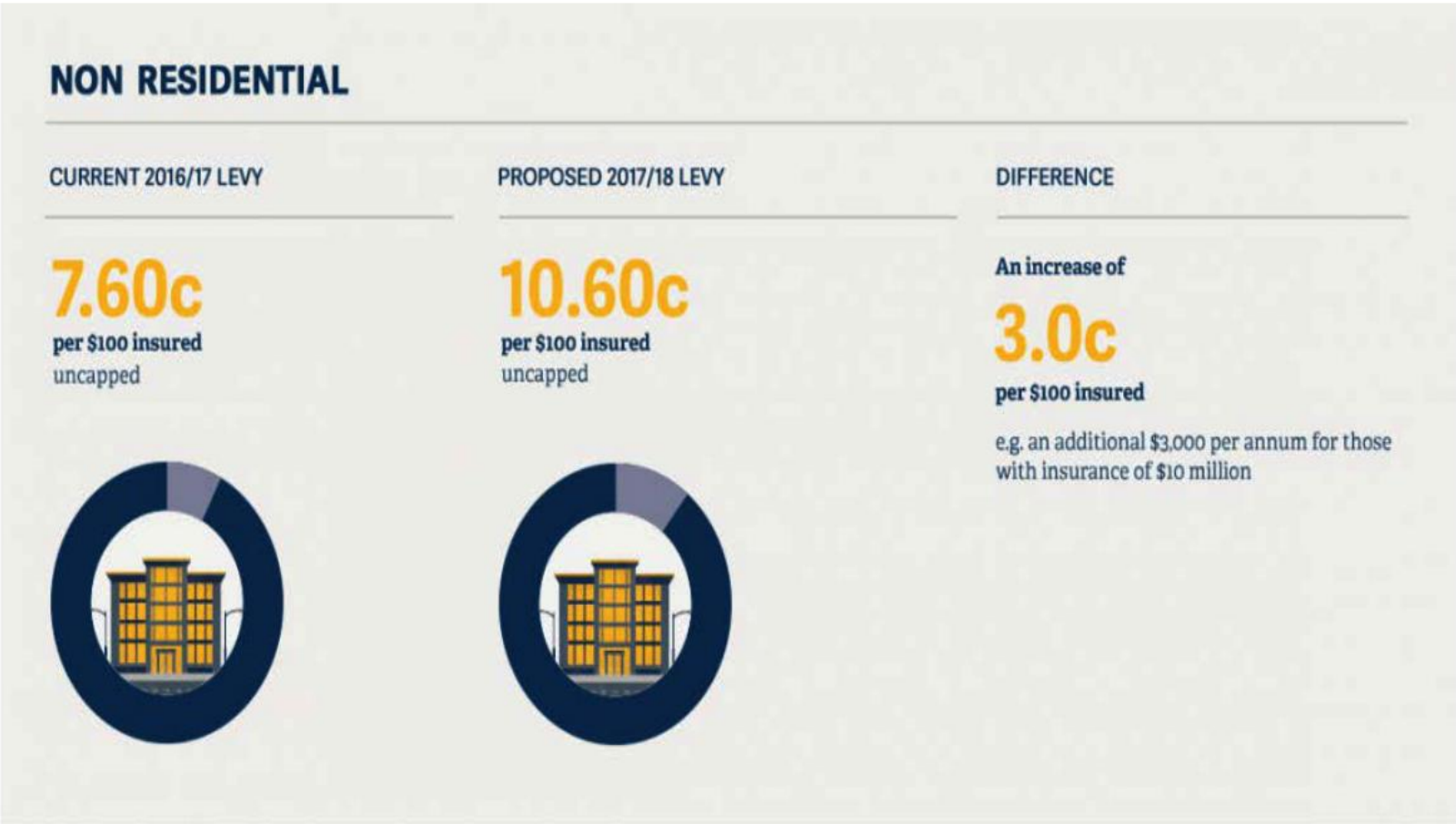


Drones

- Increasing use of Drones
- Specific Aviation policy required
- Liability not covered under existing PL programme



Fire Service Levies



NorthlandLASS Motor Claim Statistics

Council	Number of Claims	Average Claim Value	Total MV Claims
Far North DC	32	\$1,194	\$38,211
Northland RC	26	\$1,309	\$34,067
Whangarei DC	19	\$875	\$16,621



Renewal Timeframe 2018/ Process Information

- Started mid July last year
- Hardening Market
- More detailed property schedules
- Contents needs to be shown separately
- Accurate Values – RV Demo IV
- EQ Condition (where known)
- Claims notifications for Liability incidents - very important
- Longer lead in time for insurers
- What can we do to help?



TITLE: Business with the Public Excluded

Executive Summary

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

Recommendations

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
5.1	Briefing to Working Party	The public conduct of the proceedings would be likely to result in disclosure of information, the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial s6(a) and the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).

Considerations

1. Options

Not applicable. This is an administrative procedure.

2. Significance and Engagement

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

3. Policy and Legislative Compliance

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

4. Other Considerations

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.