G14   Risk Management

Contents

1.   INTRODUCTION

Building control for dams is a relatively new function for ORC. The nature of the work and the processes that support the functions mean that there is real potential for a process failure to occur, and also high potential consequences. This is compounded by the multiple and complex relationships between parties.

ORC has incorporated risk considerations into process design and designed processes that minimize risk to ORC (and ultimately dam owners and the community). It is not a requirement of the Building (Accreditation of Building Consent Authorities) Regulations 2006 that a risk assessment is undertaken, and the regulations are silent on issues of risk management, however the Dunedin office of Opus International Consultants Ltd worked with ORC to establish a risk management system for ORC's functions and powers under the Building Act, based on AS/NZS 4360:2004. This was based on a facilitated workshop held in September 2007 (i.e. prior to ORC commencing operations as a BCA) with participation by Spire Consulting Ltd and the ORC staff involved in process design and implementation.

The risks and their treatment are recorded in the BCA Risk Register. This Register is reviewed and updated on an ongoing basis. It is one of the means by which ORC ensures that it implements effectively the policies, procedures and systems required by the regulations, and therefore helps fulfil the requirements of Regulation 6(a). The Risk Management process is also a means of assuring the quality of its building control and dam safety management functions. It forms part of the annual strategic management review (Regulation 17(2)(n)) and hence part of the procedure for ensuring compliance with Regulation 17(1).

2.   RISK CONTEXT

The risk assessment has been undertaken in the context of the risk to the ORC, and in particular the impact on the outcomes sought by ORC in relation to its Building Act functions for dams. These "desired outcomes" are listed in the first column of the table below. These were developed by asking the questions "if ORC was doing a good job then how would things be?" and "Are we achieving our policy on quality" (Regulation 17(2)(b)).

The desired outcomes set the context for the risk assessment because the purpose of the assessment is to identify those things that might impact on the ORC's ability (either favourably or unfavourably) to achieve them. The second column in the table shows how each of the desired outcomes is linked to one or more of the Consequence Categories in the BCA Risk Register.

It was International Accreditation New Zealand (IANZ) that determined whether ORC could initially be accredited. The risk assessment therefore deals exclusively with maintaining that accreditation i.e. the post-accreditation phase. The risk assessment deals with all building control and safety management matters (e.g. PICs, DSAP, etc), not just those building control matters that must be undertaken by a BCA.

Desired Outcomes	Consequence Categories
1. Promote and support the culture of dam safety in Otago and nationally.	Service Delivery – Customer Impact Social/Cultural – Community/Public Safety Social/Cultural – Statutory Compliance
2. Fulfil the intent of the dam safety legislation regarding alignment of building control, dam safety management and the management of environmental effects.	Social/Cultural – Community/Public Safety
3. Make good decisions in a timely and efficient manner.	Service Delivery – Customer Impact Social/Cultural – Community/Public Safety Social/Cultural – Statutory Compliance Economic – Unrecoverable Cost
4. Maintain accreditation as a Building Consent Authority (BCA).	Service Delivery – Customer Impact Social/Cultural – Statutory Compliance
5. Conform with the adopted Business Principles of Transfer and the Business Principles of Contracted Services and the terms and conditions of transfer and contract agreements.	Service Delivery – Transfer and Contract Agreements Service Delivery – Council Policy
6. Comply with all relevant Acts, regulations and Council policies.	Social/Cultural – Statutory Compliance Service Delivery – Council Policy
7. Recover costs in accordance with Council policy on funding and fees and charges.	Economic – Unrecoverable Cost

3.   BCA RISK REGISTER

The output of the risk assessment is formed into the BCA Risk Register. Responsibility for maintaining the Register and overseeing the risk management process lies with the Manager Consents.

The risk assessment has been helpful in better understanding the marginal risk arising from the transfer arrangements with other regional councils and in identifying a number of policy and process matters that are critical to success or require further development.

Each row of the BCA Risk Register (i.e. each threat) is split to show the inherent (without treatment) and residual (with treatment) risk. Presenting the information in this way shows the significance of the treatment measure in terms of its ability to mitigate the risk (by affecting the likelihood and/or the consequence and reducing the score - the gap in the score being the measure of the effectiveness of the treatment measure). Where treatment measures have been identified, these are listed next to each threat

(in the second to last column) so that there is a clear connection between action (the treatment) and consequence.

The risk consequences are listed in the Table above. Cost is expressed as "unrecoverable cost" e.g. the portion the ORC would not recover through insurance. Matters such as processing a consent application within the 20 day time period are part of "breach of Act" under Statutory Compliance. Because ORC is a regulator, "making good decisions" falls in the Community category rather than Service Delivery – a good decision may be a decision to refuse a consent application, or to ask for more information from the applicant and put the application on hold, which may not be acceptable to the applicant but is nonetheless still the right thing to do.