

AUDIT AND RISK SUBCOMMITTEE AGENDA

Thursday 14 March 2019

1:00 pm Council Chamber
Level 2 Philip Laing House, 144 Rattray
Street, Dunedin

Membership

| | |
|-----------------------|--|
| Mr David Benham | <i>(Chairperson)</i> |
| Cr Stephen Woodhead | <i>(ORC Chairperson)</i> |
| Cr Gretchen Robertson | <i>(ORC Deputy Chairperson)</i> |
| Cr Doug Brown | <i>(Chair Finance and Corporate Committee)</i> |
| Cr Trevor Kempton | |
| Cr Michael Laws | |

Disclaimer

Please note that there is an embargo on agenda items until 48 hours prior to the meeting. Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.

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1. APOLOGIES

Cr Gretchen Robertson

2. LEAVE OF ABSENCE

3. ATTENDANCE

4. CONFIRMATION OF AGENDA

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

5. CONFLICT OF INTEREST

Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

6. PUBLIC FORUM

7. PRESENTATIONS

8. CONFIRMATION OF MINUTES

Recommendation

That the minutes of the (public portion of the) meeting held on 19 September 2018 be received and confirmed as a true and accurate record.

Attachments

1. Audit and Risk minutes 19 September 2018 [8.1.1]

9. ACTIONS (STATUS OF COMMITTEE RESOLUTIONS)

Status report on the resolutions of the Audit and Risk Subcommittee

Nil

10. MATTERS FOR NOTING

10.1. Treasury Report - December 2018

| | |
|----------------------|--|
| Prepared for: | Audit and Risk Sub-Committee |
| Activity: | Treasury Report |
| Author: | Stuart Lanham, Finance Manager |
| Authoriser: | Nick Donnelly, Director Corporate Services |
| Date: | 5 March 2019 |

PURPOSE

- [1] This report provides information on the management and performance of the Council's short-term deposits and the managed fund, for the six months ended 31 December 2018

EXECUTIVE SUMMARY

- [2] Short term investments held by the Council are in the form of term deposits held with banking institutions and managed on the Council's behalf by a separate investment arm of the BNZ under a multi-bank arrangement.
- [3] Council also has a Managed Fund portfolio. The portfolio has been managed externally by the Bank of New Zealand and is currently being transitioned to the management of JBWere.

STAFF RECOMMENDATION

That the Audit and Risk Sub-Committee:

- 1) *Receive this report.*

SHORT TERM INVESTMENTS

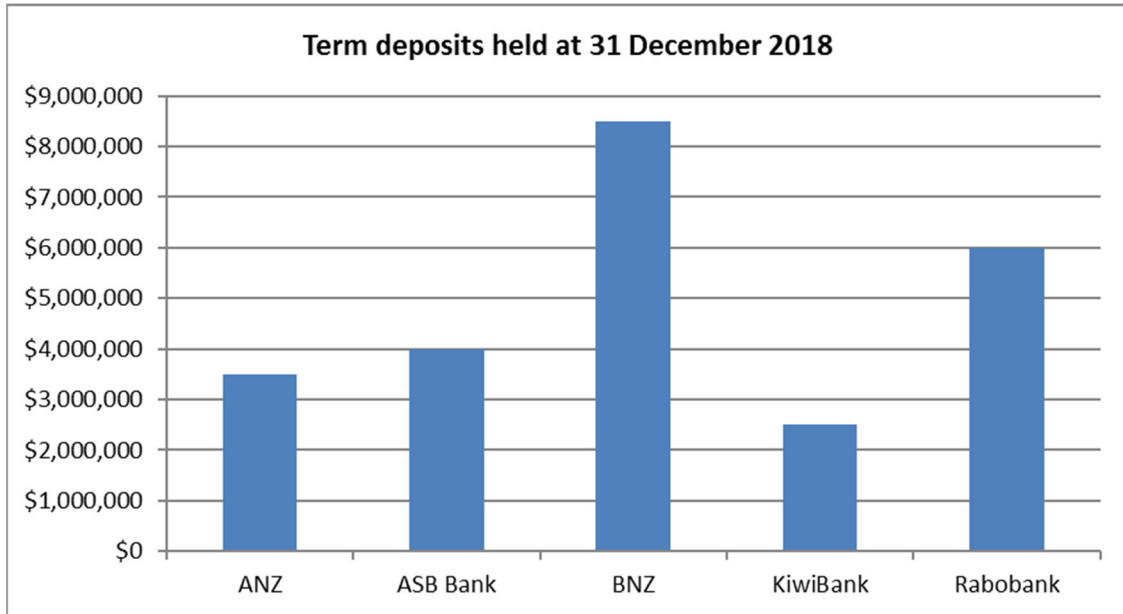
General Comments

- [4] The day-to-day working capital cash requirement of the Council, including forecasting cash movements in the short term based on forecast revenues and expenditure, is managed by finance staff.
- [5] Council's cash-flow in terms of receipts and payments fluctuates significantly during the year, particularly with significant revenue streams such as rates and dividends coming in at particular times, and large payments such as GST output tax collected on rates income, becoming payable at one time.
- [6] Funds surplus to immediate cash requirements are deposited into the term deposit portfolio. The BNZ seeks competitive quotes from participating banks for new deposits and places new funds accordingly, based on the quotes received and other factors to ensure the portfolio is maintained within agreed parameters.
- [7] BNZ provides monthly reports on the composition and performance of the term deposit portfolio.

Term Deposits - Portfolio Composition

[8] The amount held on term deposit at 31 December 2018 was \$24,500,000 comprising 18 individual deposits – ranging from \$500,000 to \$3,000,000 each.

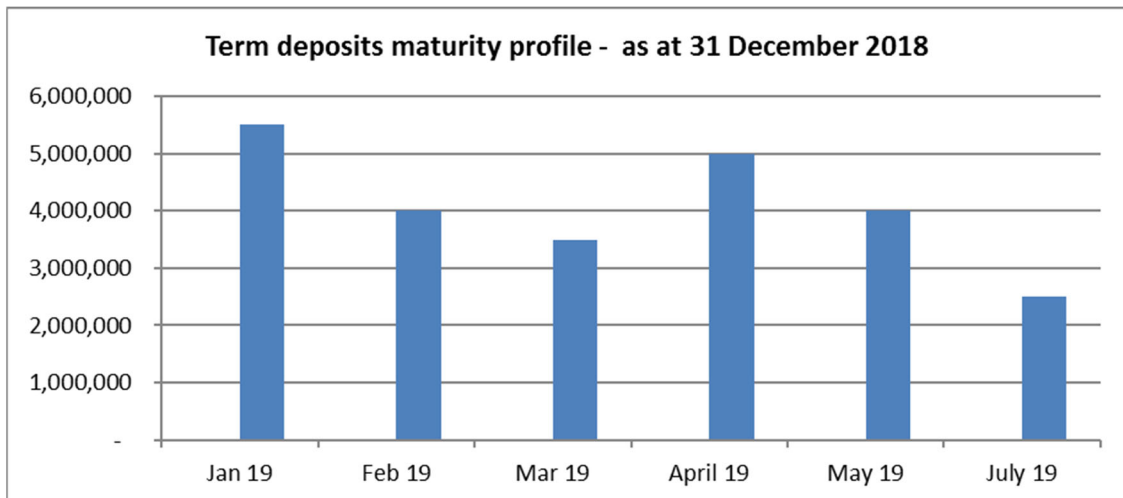
[9] The following chart shows the total amount held with each institution at 31 December 2018.



Term Deposits – Maturity Profile

[10] The maturity profile chart below shows the maturity dates of term deposits by the month of maturity.

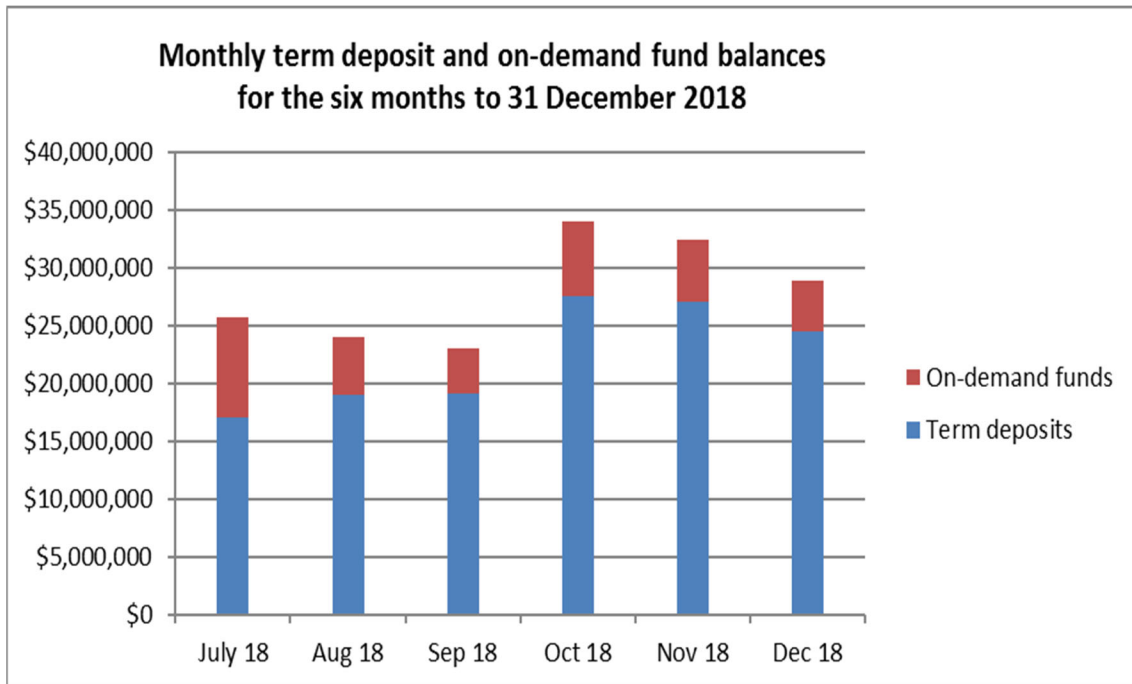
[11] The arrangement with the BNZ ensures that amounts maturing on a monthly basis, together with other cash movements, provide sufficient funds to meet ongoing operational requirements of the Council.



Term Deposits and On-Call Funds

[12] A sufficient amount of funds is held on-demand to meet the operational day-to-day requirements of the Council. The timing of term deposit transactions and significant cash transactions necessarily results in fluctuations in both the term deposit element of total funds held and the amount held on-demand.

[13] The chart below shows the amount held at the end of each month during the six months to 31 December 2018, identifying the term deposit amount and the amount held on-demand with the BNZ.

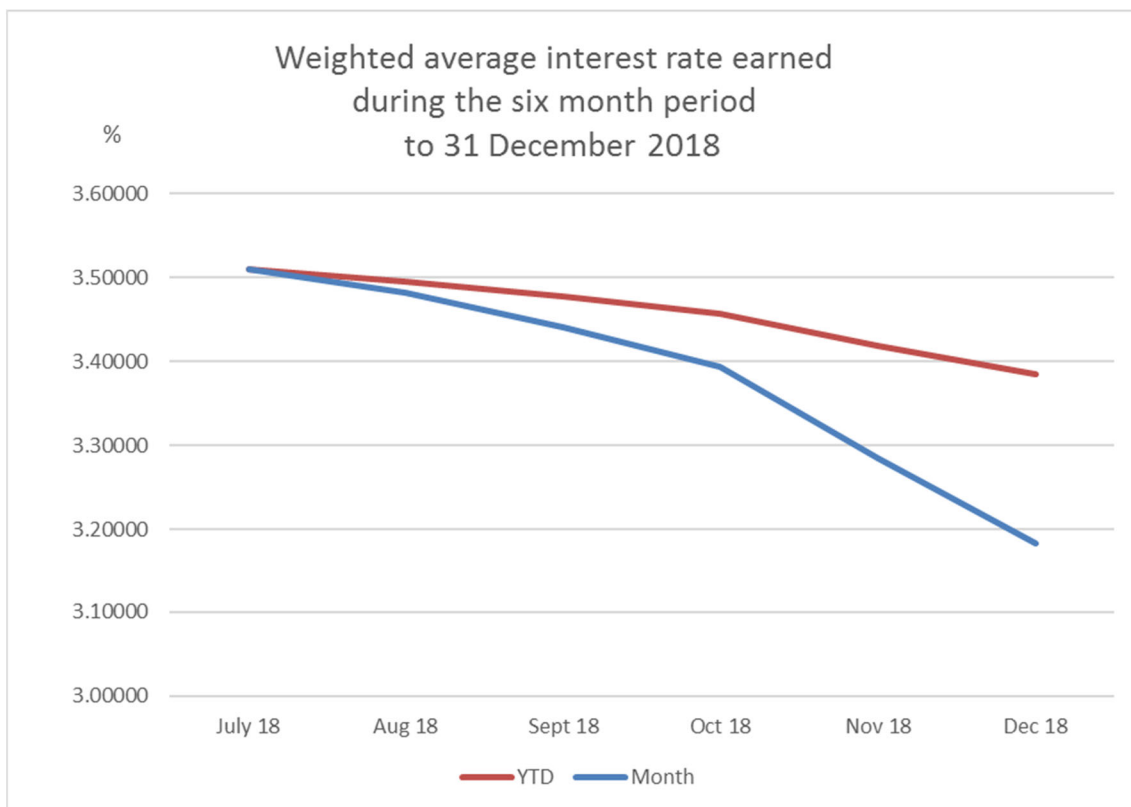


[14] During the six-month period, total funds held peaked at \$34,000,000 at 31 October 2018 due to a large amount of rate monies received leading up to the due date of 31 October.

INTEREST EARNED AND INTEREST RATES

[15] Interest earned on bank balances and term deposits during the six months to 31 December 2018 amounted to \$351,000.

[16] The following graph shows the monthly and year-to-date weighted average interest rates earned on term deposits during the six-month period.



- [17] The graph shows that the monthly rates steadily decreased from 3.51% in July 2018 to 3.18% in December 2018.
- [18] The monthly fluctuations are reflected in the year-to-date line which also reflects a declining average over the six-month period, from 3.51% in July to 3.38% for the six-months to 31 December 2018.
- [19] The Official Cash Rate set by the Reserve Bank began the year at 1.75% and remained at that level throughout the six-month period to 31 December 2018. The OCR rate has remained unchanged since it was reduced to 1.75% from 2.00% on 10 November 2016.

MANAGED FUND PORTFOLIO

- [20] The Council's managed fund comprises a portfolio of financial instruments managed externally by the Bank of New Zealand. The BNZ provides quarterly reports on the performance and composition of the fund.
- [21] The following information is summarised from the BNZ portfolio reviews for the quarters ended 30 September and 31 December 2018.

Portfolio Performance – six months to 31 December 2018

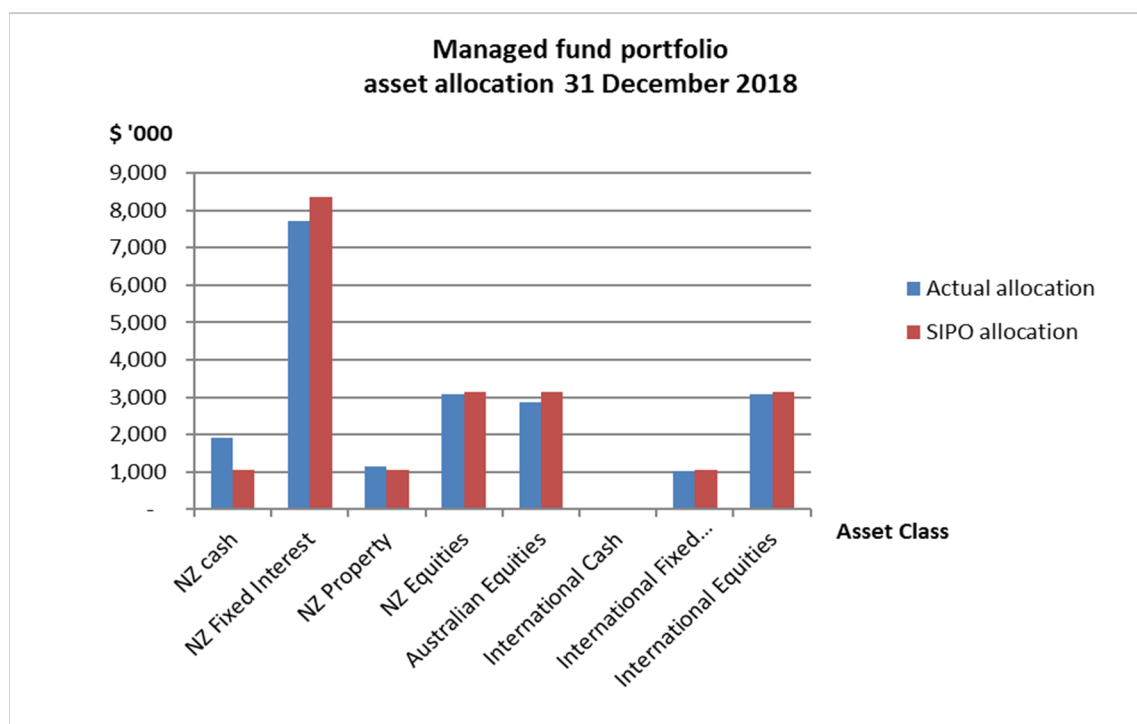
- [22] The BNZ quarterly portfolio reports for the six-month period refer to returns achieved net of portfolio management fees and amount to a net decrease in fair value of \$412,327 (1.93%) before tax, and a net decrease of \$440,610 (2.07%) after tax.
- [23] It is noted that in regular financial reporting to Council during the year, the net after tax increase/(decrease) in fair value is reported within the revenue section of reports, with the portfolio management fee being included within expenditure.

Portfolio Summary as at 31 December 2018

- [24] The following table, extracted from the BNZ report, shows the valuation of the fund by asset class as at 31 December 2018 and the percentage of each asset class held. The table compares the percentage of each asset class held with the asset allocation percentage specified in the Statement of Investment Policies and Objectives (SIPO).
- [25] The variance columns show the actual variances from the SIPO allocation – in terms of the percentage and the effect on the valuation.

| Managed Fund Portfolio Summary | | | | | | |
|---------------------------------------|--------------------------|---------------|------------------------|---------------|--------------------------------|----------|
| As at 31 December 2018 | | | | | | |
| Asset class | Actual Allocation | | SIPO Allocation | | Variance over / (under) | |
| | Amount \$ | % | Amount \$ | % | Amount \$ | % |
| NZ cash | 1,904,574 | 9.13 | 1,043,506 | 5.00 | 861,068 | 4.13 |
| NZ Fixed Interest | 7,720,011 | 36.99 | 8,348,049 | 40.00 | (628,038) | (3.01) |
| NZ Property | 1,149,120 | 5.50 | 1,043,506 | 5.00 | 105,614 | 0.50 |
| NZ Equities | 3,078,104 | 14.75 | 3,130,519 | 15.00 | (52,415) | (0.25) |
| Australian Equities | 2,866,895 | 13.74 | 3,130,519 | 15.00 | (263,624) | (1.26) |
| International Cash | 39,982 | 0.19 | - | 0.00 | 39,982 | 0.19 |
| International Fixed Interest | 1,019,857 | 4.89 | 1,043,506 | 5.00 | (23,649) | (0.11) |
| International Equities | 3,091,581 | 14.81 | 3,130,519 | 15.00 | (38,938) | (0.19) |
| | 20,870,124 | 100.00 | 20,870,124 | 100.00 | | |

- [26] The following chart graphically represents the actual asset allocation within the managed fund compared with the SIPO allocation.



Attachments - Nil

10.2. Risk Report - October 2018

Prepared for: Audit and Risk Sub-Committee
Activity: Governance Report
Prepared by: Nick Donnelly, Director Corporate Services
Endorsed by: Nick Donnelly, Director Corporate Services
Date: 5 March 2019

BACKGROUND

- [1] The Terms of Reference for the Audit and Risk Subcommittee include responsibility in relation to risk including:
- Ensuring that the risks facing ORC are identified and the potential impacts are assessed.
 - Ensuring that the identified risks are managed, and necessary controls are built into business processes.
- [2] A Risk Management Strategy was adopted by the Audit and Risk Subcommittee in September 2016. Based on that, a risk report has been developed and is required to be updated on a 4-monthly basis. The latest Risk Report, being the update as at October 2018, is attached to this report for consideration by the Audit and Risk Subcommittee.

STAFF RECOMMENDATION

- 1) *That this report and the attached Risk Report – October 2018 are received and noted.*

RISK UPDATE

- [3] The risk reporting process requires risks to be reviewed and updated on a 4-monthly cycle at the end of February, June, and October. The latest review is at the end of October 2018. The intention had been for this review to be undertaken collectively by the Executive Leadership Team (ELT) however due to changes with that team the risks were not amended, and the rankings have remained unchanged from June. Commentary therefore reflects the changes that were made at the June 2018 review. There were no new risks added, however some risk ratings for the existing risks were amended at that time.
- [4] Key changes to note were:
- The number of highest-ranking residual risks has increased from 12 at February 2018 to 14 at June 2018. These are risks that score a rating of 10 or greater on the 5x5 risk matrix.
 - Following discussion at the June 2018 Audit and Risk Subcommittee meeting the ratings for Risk 725 Port dividend and Risk 766 Flood protection failure were increased.
 - Risk 725 Port dividend increased from a likelihood of possible to likely and the rating score increased from 10 to 15.

- Risk 766 Flood protection failure increased from a likelihood of rare to possible and the rating score increased from 5 to 10.

[5] Other changes to the highest ranked risks were:

- Risk 688 Services not provided within budget increased from 3 to 12 as a result of the number and size of variances in the final 2017/18 financials. A considerable amount of work is being undertaken to ensure activity budgets are better managed going forward but there remains a higher residual risk until these changes are bedded in.
- Risk 704 Failure to meet environmental targets has increased 4 to 10 as a result of increased risk around the minimum flow and deemed permit activity.
- Risk 690 Political risk was decreased from 16 to 8 as there is less likelihood of this now the government is established, and central government policies are becoming clearer.

[6] The resulting draft risk report includes three sections:

- i. Heat map and risk level overview – this is shown for both inherent and residual risk.
- ii. Summary of the highest-ranking residual risks – this gives detail on the risks that have the highest residual risk ratings. Note the numerical score and movement from the previous reporting period have been added to this report.
- iii. Summary of all risks by risk category – reputational, financial, operational and knowledge/systems risk.

[7] The next risk report update is due as at the end of February 2019 and will be reported to the June 2019 meeting of the Audit and Risk Subcommittee. This review will be undertaken by ELT as was planned for the October update. Ultimately it is still intended to assign each risk to the wider management level responsible for those activities.

Attachments

1. Risk Report October 2018 **[10.2.1]**

10.3. Legislative Compliance

Prepared for: Audit and Risk Sub-Committee
Activity: Governance Report
Prepared by: Peter Kelliher, Legal Counsel
Endorsed by: Nick Donnelly, Director Corporate Services
Date: 27 February 2018

BACKGROUND

- [1] The Otago Regional Council (“Council”) is a creature of Statute and derives its functions, duties and responsibilities from a range of Acts, Regulations, Bylaws and other Government directives.
- [2] Council must ensure it is compliant with these instruments in all respects. In order to do so, it must periodically review its performance against these instruments to ensure ongoing compliance.

STAFF RECOMMENDATION

- A) *That the Audit and Risk Sub-Committee **note** this report.*

BUILDING ACT 2004

- [3] From 31 March 2009, only registered Building Consent Authorities (“BCA”s) have been permitted to perform building consenting and certifying functions in terms of the Building Act 2004.
- [4] The Council is registered as a BCA and is responsible for building control for dams and their associated structures in Otago, West Coast and Southland regions.
- [5] In April 2018, IANZ audited the Council BCA and confirmed (on 5 September 2018) that it continues to comply with Regulations 4 – 18 of the Building (Accreditation of Building Consent Authorities) Regulations 2006.

HYDROMETRIC, WATER QUALITY INFORMATION AND FLOOD WARNING NETWORK

- [6] In 2018, Telarc audited Council's hydrometric, water quality data collection and processing process and the flood warning network. The Council was successful in achieving ISO 9001:2015 accreditation for these operations.
- [7] The audit did identify minor matters which will be addressed by staff by the end of February 2019.

RESOURCE MANAGEMENT ACT 1991

- [8] In December 2018, Telarc audited Council’s resource consent processes under the Resource Management Act 1991 against ISO 9001:2015.

- [9] The audit did identify minor matters to be addressed by staff within the timeframe provided by Telarc, namely the end of February 2019.

MARITIME TRANSPORT ACT 1994

New Zealand Port and Harbour Marine Safety Code

- [10] Council has become a signatory to a Memorandum of Understanding with Maritime New Zealand in which all parties agree to adopt and implement the New Zealand Port and Harbour Marine Safety Code.
- [11] The New Zealand Port and Harbour Marine Safety Code provides national best practice guidance to port operators and Councils to manage the safety of marine activities in ports and harbours.
- [12] The objective of the Code is to ensure the safe management of ships navigating in New Zealand ports and harbours, including the prevention of injury to people, loss of life and damage to the marine environment.

Transfer of Responsibilities

- [13] In 2006, Council and Central Otago District Council entered into a Deed of Transfer, transferring Council's responsibilities, duties and powers for navigation matters for Lake Dunstan. The Deed of Transfer is unclear in terms of the boundary of the area subject to the transfer. Council has met with Central Otago District Council regarding the issue which is yet to be resolved.

HEALTH AND SAFETY

- [14] Council now employs a Health and Safety Business Partner who is working with managers to develop knowledge and understanding of, and compliance with, Health and Safety ("H&S") legislation.
- [15] Nominations and elections for H&S Reps, compliant with the Health and Safety at Work (Worker Engagement, Participation and Representation) Regulations have produced a group of 17 new H&S Reps. Education and training, including legal compliance, is being provided to them so that they can better fulfil their roles and roll out learnings throughout the Council.
- [16] A proposal that H&S compliance training be included in this year's leadership seminars has been made to Human Resources.
- [17] Policies for a H&S contractor approval process have been developed, and work to ensure Council meets its H&S legal responsibilities in relation to "consulting, cooperating and coordinating" with contractors is under way.
- [18] Training in the new Hazmat regulations is in hand.
- [19] Council risk identification, assessment and management processes are being developed.

LEGISLATIVE COMPLIANCE REGISTER

[20] The proposed legislative compliance register has not progressed since the last report. Further work is required to identify the best system to monitor legislative responsibilities.

Attachments

Nil

10.4. Audit and Risk Work Programme

| | |
|----------------------|--|
| Prepared for: | Audit and Risk Sub-Committee |
| Activity: | Governance Report |
| Prepared by: | Nick Donnelly, Director Corporate Services |
| Endorsed by: | Nick Donnelly, Director Corporate Services |
| Date: | 4 March 2018 |

BACKGROUND

- [1] The Audit and Risk Subcommittee is governed by its Terms of Reference which outlines the purpose and responsibilities of the Subcommittee. The Subcommittee holds meetings three times per year in March, June and September. This paper summarises the work programme to be covered at each meeting to ensure the responsibilities outlined in the Terms of Reference are fulfilled.

RECOMMENDATION

- a) *That this report is received, and the work programme for the Audit and Risk Subcommittee is endorsed.*

SUMMARY OF RESPONSIBILITIES

- [2] The responsibilities of the Subcommittee as outlined in the Terms of Reference are covered under the headings of:
- Audit and Reporting
 - Financial Risk Management
 - Investment
 - Strategic Council Performance Management
 - Insurance and Disaster Recovery
 - Project Management
 - Health and Safety
 - Legal Requirements
 - Other (the Subcommittee may review other matters they consider relevant).
- [3] The Subcommittee is accountable to the Finance and Corporate Committee. The Audit and Risk Subcommittee shall conduct an annual review of its work and report to the Finance and Corporate Committee at the end of each financial year.

WORK PROGRAMME

- [4] The proposed work programme for the Audit and Risk Subcommittee is:
[5]

| Terms of Reference | Responsibility | Comments | Sep | Mar | Jun |
|----------------------------------|--|---|-----|-----|-----|
| Audit and Reporting | a) Review the external auditor's management letter including ensuring that management's responses are adequate. | Management letter is provided as part of Audit sign-off in September – staff responses and follow-up to be reported in March. | | | |
| | b) Consider any matters referred to it by an internal audit function. | Don't have internal function but may undertake reviews as requested. | | | |
| | c) Consider any changes in accounting policies, standards or reporting requirements requiring Council approval. | Review prior to year-end. | | | |
| | d) Satisfy itself about the existence and quality of cost-effective internal control systems, and the proper application of procedures. | Review prior to year-end. | | | |
| | e) Review the draft financial statements and groups of activities prior to being furnished to Council for adoption as part of the annual report. | | | | |
| | f) Consider other matters referred to the Subcommittee by the Council. | As requested. | | | |
| Financial Risk Management | a) Maintain overview of contingent liabilities. | Review prior to year-end. | | | |
| | b) Consider matters relating to the strategy for the establishment of rates. | Review as part of budget process – financial strategy is reviewed as part of the LTP. | | | |
| | c) Maintain an overview of financial reserves. | Review as part of year end process. | | | |
| Investment | a) Review the performance of the investment portfolio, annually. | Quarterly performance reports provided to each meeting with June annual performance reviewed in September. | | | |
| | b) Receive and review reports on the performance of Council's commercial activities. | As requested. | | | |

| Terms of Reference | Responsibility | Comments | Sep | Mar | Jun |
|---|--|--|-----|-----|-----|
| Strategic Council Performance Management | a) Review the results of measurements undertaken during the year of progress towards the achievement of Annual Plan targets (such measures are subject to audit under the Local Government Act). | Statement of service performance is included with the financial statements in the Annual Report. | | | |
| | b) By request of Council, review the cost effectiveness of major programmes in delivering ORC's contribution to Annual Plan targets. | As requested. | | | |
| | c) Set criteria and review budgets, early in the budget cycle, to understand the reasons behind budget decisions to ensure that proposals going forward into the budget have been systematically and rigorously analysed, and to make recommendations. | | | | |
| | d) Review the integrity of data collection, processing and application. | As requested. | | | |
| Insurance and Disaster Recovery | a) Review insurance and disaster recovery matters. | Report on insurance renewal prior to year-end. | | | |
| Project Management | a) Review project management procedures. | As requested. | | | |
| Health and Safety | a) Review the Council's adherence to its Health and Safety Policy. | Standing agenda item at all meetings. | | | |
| Legal | a) Receive annually a report of the legislation the Council is required to operate under and/or enact. | Legislative compliance summary. | | | |
| | b) Review the Council's adherence to the legislation that affects Council. | Report as legislation changes occur. | | | |
| Key: | Meeting this item will be covered in | Item by request at any meeting. | | | |

Attachments

Nil

10.5. Health & Safety Report

| | |
|----------------------|--|
| Prepared for: | Audit and Risk Sub-Committee |
| Activity: | Governance Report |
| Author: | Victoria Donohue, Health and Safety Business Partner |
| Authoriser: | Sally Giddens, Director People and Safety |
| Date: | 14 March 2019 |

PRECIS

- [1] Health and Safety (H&S) risks may be categorised as harm to people; prosecutions or other action against ORC; and harm to ORC, such as unwanted staff churn. This report sets out some of the work underway to eliminate or minimise those risks; and gives information on reported incidents and near-misses (which inform risk management).

STAFF RECOMMENDATION

That the Audit and Risk Sub-Committee:

- 1) **Notes** this report.

BACKGROUND

- [2] ORC does not yet have a “joined up” H&S system – it has “pockets” of good work but no comprehensive over-sight. This means there are likely unknown risks, hence risk-management and reporting might be incomplete. Understanding and application of H&S legislation is inconsistent so there is some non-compliance.
- [3] This is being addressed by developing the H&S team, H&S systems and our organisational H&S knowledge and culture – so everyone shares the load – including:
- Encouraging reporting: incidents, near-misses and risk.
 - Encouraging reporters to contribute to solutions/risk management.
 - Developing our H&S representatives system per the Health & Safety at Work (Worker Engagement, Participation, and Representation) Regulations (Regs). This will form an important conduit to management and “platform” for workers. The nomination and election process in the regulations was followed. There was a Hui on 25 February 2019 – learning legal rights and responsibilities, and discussions as to representation, focus groups, risks for each work group, wellness/health.
 - Assessing job and task competencies and training requirements.
 - Scoping a Health & Safety Management System (HSMS): to implement this year. Apps will be developed such as site risk assessments and incident reporting. Aim is for all ORC workers to have access to the system and Apps – hence to information.
 - Implementation of a robust Contractor Management system is underway. This will contribute to keeping people safe and well, and to demonstrable legal compliance hence risk management.
 - Embedding H&S into practical work, capital projects and exercises. Examples:

- The Maritime Oil Spill exercise (12 February) – the thorough H&S audit and recommendations will form the basis of ORC’s event response processes.
- Capital projects: H&S involvement at the risk assessment/planning stages and “safety-in-design” such as understanding risks ORC might “inherit” at the end of projects. Examples: Ross Creek (working with DCC), the Bus Hub and Leith Stream works.
- Working with Unions on training and proposed law change (which would, if passed, allow Union access for H&S issues raised by non-Union members).
- Hands-on H&S accident investigations such as the February digger Notifiable Incident, at Taieri. This produced opportunities to learn and improve. A summary (which was sent to all field staff) is in **Appendix 1**.

[4] An H&S audit will be done at the end of the (calendar) year to see how we are going.

H&S ACTIVITY: UPDATES ON ITEMS REPORTED AT PREVIOUS AUDIT & RISK MEETING

- [5] **Pump station safety:** Tonkin & Taylor recommendations (following Mill Creek flooding) are being actioned. Seepage subsequently identified at the Silver Stream pump station is being remedied.
- [6] **Vehicles:** new vehicle procurement included worker consultation and safety-in-design (good H&S, and legal requirements). Training is being arranged for new gear (such as snorkels, bull bars, and winches).
- [7] **Security/reception areas:** costings are being obtained for suggested work such as raising counters and barriers. Front-line staff are booked into safety training (March).
- [8] **Driving:** training requirements are being assessed (risk based); will be rolled out this year.
- [9] **Wanaka site:** water is now connected to the site to enable one of the buildings to be leased.
- [10] **Wellness:** a health/wellness initiative is underway.
- [11] **Ergonomics:** support and assessments by an independent ergonomics consultant are readily available to anyone reporting issues with their work station/environment. Eight consultations have been done since last report. ORC provides recommended equipment and changes to layout wherever reasonably practicable.
- [12] **Asbestos Management Survey:** completed at Stafford Street (Precise Consultants): no friable asbestos was identified. There might potentially be some small, stable amounts in the boiler room and switchboard insulation materials. Other locations will be surveyed this half year, starting with Balclutha.

RISK: PROSECUTION/CONTRACTORS

- [13] The Earthworx incident (Appendix 1) is a useful case study of potential liability if ORC does not have a collaborative H&S relationship with its contractors. ORC could be prosecuted if a contractor has a significant H&S event.

- [14] Some of the work to minimise this risk includes developing ORC’s Contractor H&S approval system, an in-field risk assessment App, requiring evidence of contractors’ H&S planning such as SSSPs (commensurate with the job to be done).
- [15] For capital projects, H&S is now represented at site meetings.
- [16] A risk additional to harm is (clearly) that prosecution/other legal action could create negative perceptions of ORC.

RISK

- [17] Practical research is underway to properly assess these risks:

| ISSUE | RISK | ACTION/CONTROLS |
|---|---|---|
| Incidents and near-misses: under-reporting | Risk not identified. Risk not eliminated/-minimised. Injury/incident. Trends not identified. | Continue to encourage reporting: still some reluctance to do so. Develop reporting system – part of the HSMS. Training/embed in H&S culture. |
| Driver fatigue | Injury/death. Property damage. | Smart Trak information is now being used to inform H&S planning. Implement vehicle-use requirements – perhaps like the log book rule. |
| Pump station safety (pump maintenance and weed-raking). | Drowning, slips/trips, electrocution, manual handling injuries. | Risk assessments for each station are being prepared. Include risk assessments in regular maintenance checks – e.g. check for nesting rodents as can be fire risks, or chew through wiring. |
| Working alone | Injury, death: not being able to escape hazardous situation or get help. | ORC’s Working Alone requirements are not always adhered to, seemingly due to resource levels, and some perception that experienced people are safe. |
| Firearms | Injury/death | Research is underway (how used / training / stored / maintained). Current and proposed controls: Mandatory firearms licence for any user. Risk assess tasks and gear. Secure lock-ups for guns and ammo. Register of use (guns and ammo). Reviewing and updating H&S documents. |
| Security/reception areas | Aggression, assault, “mission-focussed” individuals: injury, psychological harm. | Training for front line staff: March. Recommendations being costed. Apply learnings to any new building. |
| Asbestos | Disease/death. | Asbestos Management Surveys. Training for field staff in areas of potential contamination. |
| Drug and alcohol use | Injury/disease/death. | Policy prepared: to be independently assessed by the NZDDA. Consider a testing regime. Information, education. |
| Inadequate training or competency for jobs / tasks. | Risk not identified. | Prepare gap analysis: focus on understanding required competencies. |

| ISSUE | RISK | ACTION/CONTROLS |
|--|--|---|
| | Risk not eliminated or minimised. Injury / incident | Implement a learning and development programme. Include competency requirements at recruitment and in JDs. |
| Worker health / wellbeing | Physical and psychological harm. | Policies being developed. EAP. Provide support and information on keeping well. Wellness initiative. |
| Worker facilities not provided. | Negative impact on worker well-being. | Office and field e.g. wallaby work – not being able to arrange accommodation at short notice. |
| Ergonomics: including lack of “safety-in-design” and worker engagement and participation. | Injury, psychological harm. | Ergonomic checks and support are available: focus should shift to design stage rather than “retro-fitting”. Was a shoulder injury due to heavy doors at PLH. Perhaps due to inadequate risk assessment at planning stage. |
| Vehicles | | |
| Vehicles unsafe/not fit-for-purpose. Workers not having appropriate licences and/or training. Unsafe stowage. Unsafe tyres. No four-wheel drive (where would reduce risk). | Injury/death. | Risk assess and manage for tasks, engage with end users, provide training / familiarisation on new gear. Engineering: safety devices installed: reverse cameras, stowage systems, tyres, winches, snorkels, bull bars. Assess vehicle type required: e.g. side-by-side not quad. Plan work: site assessment. Training: licences / endorsements / certificates / competencies. Recruit competent people. Reviewing and updating H&S documents. |
| Hazardous Substances / hazmat | Injury, ill-health. | Implement new Hazardous Substances Regulations (now under the HASW Act) and training. PPE provided. Site inspections. Signage. Correct storage, labelling, bunding. |
| Working around water | Drowning, serious harm (slips / trips), contamination. | Training has been booked (March 2019). Provide life jackets, beacons, buddy system. Plan work. Reviewing and updating H&S documents. |
| Poor air quality | Illness | Testing last year indicated high levels of CO2 in some areas. Look at ways to minimise as current switchboard cannot handle new air-con. An upgrade is being assessed. |
| Non-compliance with corporate or legal requirements. Risk must be identified and either eliminated or minimised. | Serious harm. Legal action. | Provide information on legal rights and responsibilities. Recruitment – competency, experience. Home offices – H&S assessments for those working from home. Inform Police of planned shooting in urban areas. Look at potentially excessive hours worked during floods. Reluctance to stand-down. Floods: keep farmers/stakeholders informed. |
| Manual handling/too heavy loads | Serious harm | Looking at mechanical lifting aids. Planning. |

| ISSUE | RISK | ACTION/CONTROLS |
|-------------|--------------|--|
| Power tools | Serious harm | Reviewing and updating usage, training, PPE and H&S processes. |
| Machinery | Serious harm | Need to assess risk e.g. carrot cutters not guarded. Does ORC need carrot cutters? |

HEALTH / WELLNESS

- [18] Since the last meeting, there have been 26 reports of ergonomic and environmental harm, stress or concern due to: poor air quality, uncomfortable temperatures, glare, inadequate space, noise, odour (Policy annex), and stress due to other’s behaviour (which itself may be caused by the work environment). Nine reports of poor work-station set-up were addressed by providing external assessment and implementing suggested improvements. Reasons for these reports may be external to work, of which we are unaware.
- [19] Not all instances are reported due to privacy concerns and stated requests not to “formalise” concerns: hence not all comments are recorded in statistics.
- [20] Not all the causal factors can be changed – such as office space and, to some extent, staff resources available, however risks are eliminated or minimised wherever reasonably practicable to do so, and a health/wellness initiative is underway.
- [21] The initiative will include health monitoring (a legal requirement), free hearing tests, making offices available when occupants are away, “lunch and learn”, flu vaccinations, Tikanga Maori, hepatitis testing, physical activities/challenges, meditation, yoga.

H&S INCIDENT REPORTING

- [22] Fifty-three incidents/near misses were formally reported. There were no ORC notifiable incidents, one first aid incident, and one incident (strained shoulder) requiring medical treatment. Reported symptoms (no treatment) included headaches and back pain.
- [23] Detailed reports are set out in **Appendix 2**. The graphs below show proportion of incident types, the number of incidents, and incidents by ORC work groups:

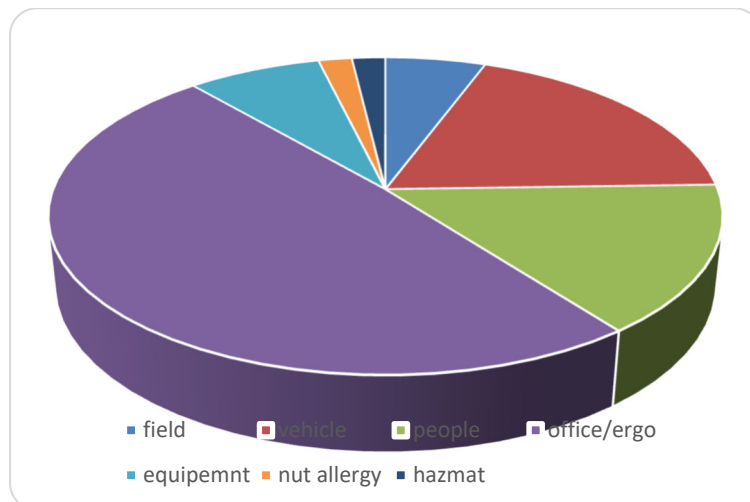


Figure 1 Incidents by proportion type

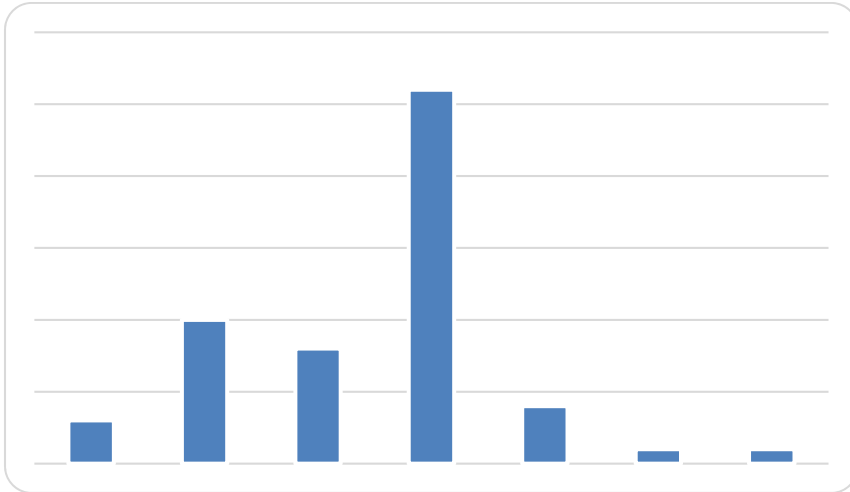


Figure 2 Incidents by type

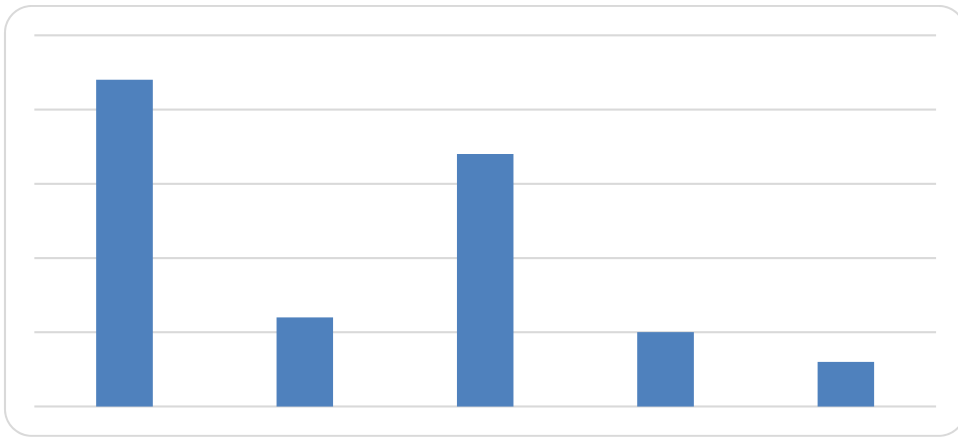


Figure 3 Incidents by Work Group

APPENDIX 1

Digger Incident: Electricity/medical incident: Berwick-Henley Road (in paddock), Friday 15 February 2019

Summary

An Earthworx worker (W) was using a digger to clear hay bales from a drainage channel. The digger bucket struck the electric fence along the channel. ORC had requested the fence be switched off, but this was not done. It seems this prompted a medical event in W, who has a pacemaker.

W was working alone. Fortuitously, Scott Dawson and Conrad Sinclair came upon him immediately after the event and Scott promptly contacted emergency services. An ambulance, a fire truck, five Police cars, and an ODT reporter showed up (so high visibility incident).

W was taken to hospital, and discharged the same day. He appears to have suffered no permanent harm.

Earthworx promptly notified the event to WorkSafe – which did not attend the scene. All parties acted promptly, focusing on Ken’s wellbeing. It was fortunate that Scott arrived on site, and that he acted as he did. Well done.

Earthworx advised it has not received contact/follow-up from WorkSafe, and W was back at work the following Monday.

The site



Fence voltage (earthed)



Learnings/Reminders


1. Ensure all electricity sources are turned off, wherever possible, before starting work.
2. Check with a voltage meter to make sure.
3. If working alone, ensure a buddy system.
4. If you have a medical condition, such as a pacemaker, make sure your manager / supervisor / workmate knows.
5. Plan your work: assess all sites for risk, both in advance and when on site.
6. Eliminate risk if possible.
7. If not possible, then minimise the risk.

8. When working with contractors they must be ORC H&S approved.
9. An exception is for urgent work: in these cases, an H&S plan must be provided.
10. Victoria and Jacalyn are available to help with H&S.



APPENDIX 2

Reported incidents and near misses. **Injuries/harm in red.**

| DATE | INCIDENT | RESPONSE/INFORMATION | TEAM | TYPE |
|-----------------|---|---|----------------------|---------|
| 07 Sep 2018 | Near miss: oncoming truck. | Had to swerve to avoid: no harm other than a bad fright. | Enviro& Ops | vehicle |
| 17 Sep 2018 | Agitated stakeholders during bus-change leaflet drop, Portobello dairy. | No harm. Suggestion is to provide resilience and assertion techniques to relevant staff in case they find themselves in potentially volatile situations. | Comms | people |
| 17 Sep 2018 | Sore back – reception. | Back supports provided. Have asked staff to report back on whether the supports help. | Comms | equip |
| 18 Sep 2018 | Unsafe computer server configuration (fire risk) Balclutha site. |  IT fixed this. | Corp Services | equip |
| 21 Sep 2018 | Exacerbation of shoulder injury (previous work injury). | Staff member had cortisone injections prescribed and an MRI scan week 01 October 2018. | Corp Services | strain |
| 21 Sep 2018 | Electrocution risk. | Earth removed at Henley Pump Station: electricians suggest was deliberately removed. Investigation done. | Enviro & Ops | equip |
| Several reports | Near miss with doors in Chamber: Due to can't see other side. | Large, heavy doors with no line-of-sight. Vision panels installed, 19 Sep. | Policy, Planning, RM | equip |
| | Two incidents re: inappropriate behaviour (swearing, throwing item). | Referred to HR. | Corp Services. | people |
| 26 Oct 2018 | Headaches/fatigue due to perceived poor air quality. | Discussed with Cat – look to test air in 2019. | Finance | Enviro |
| | Unsafe manual handling | Lifting heavy pipes from trailer – Clutha. Looking to install mechanical lifting device. | Enviro & Ops | Equip |

| DATE | INCIDENT | RESPONSE/INFORMATION | TEAM | TYPE |
|----------------------|--|---|-------------------|---------|
| 05, 20 & 22 Nov 2018 | Slippery stairs and walkways. | Has been sprayed to remove mould. | Various | Office |
| 05 Nov 2018 | Tap water too hot. | Contractor advised would not be safe to reduce temperature. Signage put in place (see 17 Jan follow-up incident). | Policy | Office |
| | Smell in Chambers – again. Six reports. | Project Manager appointed to arrange (another) clean: possibly due to rodent faeces and urine soaked into wood – which had been previously cleaned. | Policy | Enviro |
| 06 Nov 2018 | Concern regarding only one fire exit from Chambers. | Beca advise is safe and legally compliant (if fewer than 51 people in the building – per sign in reception). | Policy | Office |
| 17 Nov 2018 | Excessive heat in shared area (28 degrees). | Cat advises previously investigated and nothing can be done due to nature of the space and capacity of switchboard. Offered to supply a desk fan (declined as was felt it would be too disruptive). | Enviro & Ops | Enviro |
| 19 Nov 2018 | “In agony” working at desk. | Arrange work station assessment: recommend see doctor. Work station reconfigured. | Enviro & Ops | Office |
| 19 Nov 2018 | Uncomfortable working at desk – “shoulder pain”. | Arrange work station assessment. Work station reconfigured | Enviro & Ops | Office |
| | Agitated landowners. Five reports | Investigating conflict management training (has been requested). | Enviro & Ops | Field |
| 21 Nov 2018 | Sore back due to work station set-up. | Swiss ball provided, which helped. Staff member since left. | Corp Services | Office |
| 21 Nov 2018 | Nut allergy: near miss. | Had requested nut-free food – baked goods contained “hidden” peanuts. Reported to the caterers. | Finance | Office |
| 27 Nov 2018 | Road rage: directed at ORC worker coming into Balclutha. Had been tailgated for c10ks, then when slowed for bridge and oncoming trucks, following driver sounded horn, shouted and gesticulated. | Advice is to pull over wherever possible and allow abusive driver to pass. Clearly it is important to not allow a tail-gater to force you to increase your own speed. This will be included in driver training. | Comms | Vehicle |
| 29 Nov 2018 | Vehicle stopped in high country – telephone troubleshooting with mechanic didn’t work. After two-hours, driver got vehicle going again. Follow-up diagnostic did not indicate cause. | Satellite phone used to alert Cromwell site and Molyneux Motors. Vehicle serviced. | Hydro/ Enviro mon | Vehicle |
| 30 Nov 2018 | Cut hand, whilst cutting grass around rain gauge, on sharp edge. | First aid injury. Look at PPE and consider whether a SOP is required. | Hydro/ Enviro | Field |

| DATE | INCIDENT | RESPONSE/INFORMATION | TEAM | TYPE |
|-------------|--|--|---------------|--------------|
| 20 Dec 2018 | Bumped into corner of handrail - hurt right side. Bruising formed, then a lump appeared when the bruising subsided. Attended doctor. Lump now gone. | For future reference: rounded edges (furniture, balustrades) are common in new designs in some areas: consider with any new build perhaps. | Corp Services | Office |
| 08 Jan 2019 | Another complaint regarding noise in Comms area, leading to feeling unwell, difficulty concentrating and in completing tasks. | Worker provided with own office area. Extremely grateful. Note: report to ELT on wellness issues in the Comms area not yet fully addressed. | Comms | Office |
| 16 Jan 2019 | Tripped over own laptop bag due to it being incorrectly stowed under desk. | "Wake up call" – will correctly stow gear now. | Comms | Slips, trips |
| 16 Jan 2019 | Vehicle losing traction on corners. | Referred to Rachel Bird: vehicle serviced and repaired. | Ops | Vehicle |
| 17 Jan 2019 | Subsequent complaint regarding very high water temperature in Chambers' kitchen tap (had been previously reported). | Appears plumber's advice (that temperature should be left as it was) was different to Government guidelines so damper device installed. NB: guideline is for maximum 55 degrees at tap. | Policy | Office |
| 18 Jan 2019 | Wasp stings: contractor. Nest found: Cromwell site front garden area. | First aid to stings. Nest destroyed. | Contract | Field |
| 18 Jan 2019 | Lime scooter near miss: coming out of PLH garage vehicle was nearly struck by scooter. Driver had sounded horn and thankfully was driving very slowly and responded quickly. | Nothing to be done. Note: H&S recommendation is that ORC workers not be allowed to use mechanised scooters in work time due to high risk. | Finance | Vehicle |
| 21 Jan 2019 | Trailer came free from coupling whilst driving. Struck vehicle: minor damage to vehicle. | Investigation was inconclusive as to cause: could be due to worn coupling or human error. Repairs arranged and safety bulleting regarding couplings to be sent. Also, double-chaining all trailers to be considered. | Ops | Vehicle |
| 23 Jan 2019 | Garage door at PLH struck exiting vehicle. No injury, damage to rear canopy roof rack (second report of such incident). | Referred to PLH property management. Driver feels barrier timing is too fast, plus garage door fell despite vehicle in the way: check the electronic eye. Vehicle for repair. | Corp Services | Vehicle |
| Various | Some areas reported as "stuffy", and temperatures difficult to manage. The new H&S reps asked their teams about air quality and the feedback was forwarded Director Corporate Services for his information. | The switchboard cannot handle installation of air conditioning. New switchboard being assessed. Meantime, workers encouraged to self-manage as best possible – such as using fans, drinking water, and "layering" clothing. | Various | Vehicle |

| DATE | INCIDENT | RESPONSE/INFORMATION | TEAM | TYPE |
|---|---|--|---------------|--------------------|
| 12 Feb 2019 | Unrecorded Hazmat (Pindone) found when cleaning out a building at the Wanaka site. | Arrange for safe removal by contractors. Training in new Hazmat regulations will be arranged. Some draft materials have been promulgated for feedback from relevant staff. | Ops | Enviro |
| 12 Feb 2019 | Marine Oil Spill Exercise: unsafe practices reported, e.g. poor traffic/pedestrian control; not using life jackets; incorrect clothing; lack of sun protection; lack of first aid location; trip (over chain fence). | This was a practical learning exercise, so the high level of reporting and feedback is positive: better to learn in a controlled environment than “the real thing”. <i>Maritime NZ and Port Otago gave very good feedback/comment on our H&S planning, efforts and documentation.</i> | Ops | 2 Field 2 Equip |
| <p>Note: Observers, including the H&S Business Partner, were advised a life jacket was not required. However, a risk assessment was done on the day, and decision made that all observers are required to wear one for future exercises.</p> <p>Resulting actions: a detailed H&S report will inform future exercises; water training sessions are being rolled out: the first is 11/12 March; all life jackets have been checked and serviced; extra PPE is being ordered for the emergency response trailer; another exercise is planned for March/April.</p> | | | | |
| 13 Feb 2019 | Using mobile phone when driving ORC vehicle. | ORC expectations discussed with the driver. HR to review mobile phone policy. This is potentially both a safety and disciplinary issue so clear ORC position/guidance is required. | Enviro | Vehicle |
| 13 Feb 2019 | Uncomfortable work stations – due to glare, position of equipment, seating x 5. | Independent ergonomic checks are arranged. Recommended set-up changes are made, and equipment supplied. A partial solution is being worked on – to “free up” unused office space when occupants are away. This will make better use of the space available, and help people requiring quiet for tasks and meetings. | Corp Services | 5 Office |
| 14 Feb 2019 | Minor cut to hand due to door handle, Alex office, being too close to the jamb. | Signage in place to indicate door handle must be grasped on the right side (away from the jamb). | Enviro | Office |
| 15 Feb 2019 | Uncomfortable work condition due to crowding – chair is in a walkway so repeatedly moved. | Working with manager to identify a new location within the work area. | Comms | Office |
| 19 Feb 2019 | Neglected/forgot to remove tail gate when reversing: minor damage to tail gate. | Manager addressed the issue directly. | Ops | Vehicle |

| DATE | INCIDENT | RESPONSE/INFORMATION | TEAM | TYPE |
|--|--|----------------------|------|------|
| Contractor notifiable incident: see Appendix 1. | | | | |
| 15 Feb 2019 | <p>A contractor (Earthworx) digger was clearing hay bales from Taieri water course, near Henley. The bucket touched live wire fencing (ORC had asked for it to be turned off): driver suffered medical incident, probably due to physical shock of seeing a spark and perhaps a jolt, rather than the electricity itself which was tested at only 3.1kV. The operator was taken to hospital. WorkSafe notified: did not investigate.</p> <p>Earthworx, is ORC H&S approved.</p> <p>ORC investigation report and a precis/notification for promulgation was promptly provided to Peter Winder and Neva.</p> <p>Awaiting Earthworx's own investigation report, and ORC will follow -up with a visit to some Earthworx sites.</p> | | | |

11. RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely:

- A&R1852 Audit Management Letter Response
- A&R1853 Managed Fund Report – December 2018
- A&R1854 Investment Manager Transfer Update
- A&R1855 Director’s Report
- A&R1856 Legislative Compliance

The general subject of each matter to be considered while the public is excluded, the reason 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 for the passing of this resolution are as follows:

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|---|--|--|
| <i>Audit Management Letter</i> | To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or (ii) would be likely otherwise to damage the public interest; | Section 48(1)(a); Section 7(2)(c) |
| <i>Managed Fund Report – 12/18</i> <i>Investment Manager Transfer Update</i> | To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) | Sections 7(2)(b)(ii) and 7(2)(h) |

| | | |
|--------------------------------------|--|---|
| <i>Director's Report</i> | <p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—</p> <p>would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)</p> | <p>Sections 7(2)(c)(i), 7(2)(h) and 7(2)(i)</p> |
| <i>Legislative Compliance Report</i> | <p>To maintain legal professional privilege – Section 7(2)(g)</p> | <p>Section 7(2)(g)</p> |

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 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 are as follows:

Audit Management Letter Response

To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—

- (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or
- (ii) would be likely otherwise to damage the public interest;

*Managed Fund Report – December 2018; and
Investment Manager Transfer Update*

To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii)

To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)

Directors Report

To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—

would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i)

To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)

To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)

Legislative Compliance

To maintain legal professional privilege – Section 7(2)(g)

12. NOTICES OF MOTION

13. CLOSURE