

SIGNIFICANT RISK REGISTER

AS AT 29 JULY 2022

Overview:

This register covers the top or significant risks faced by South Wairarapa District Council. These risks evolve and change over time; some risk factors become more or less prevalent and/or our ability to mitigate shifts.

The identification of significant risks does not mean there are significant issues (although at times they do intersect) e.g. climate change being managed as a risk, when we have a significant issue with the landslide at Hinakura road.

Process:

The Risk Policy is under review and will outline roles and responsibilities and the process for risk identification, ranking, mitigations, and management.

In the interim, the developing process is outlined below:

STEP 1: Operational risks e.g. health and safety, project costs, reputational risks, etc are managed by the manager responsible for the delivery of the services. These are recorded on the risk register.

STEP 2: Risks are on the Executive Leadership fortnightly meeting – any shifts are recorded in the minutes and actions noted in the action register. The action register is reviewed each fortnight. New risks are recorded in the risk register.

STEP 3: (in the process of being established) Each risk owner completes a regular risk report to ELT.

STEP 4: ELT hold quarterly performance workshops that review progress against key deliverables including reviewing the top or significant risks.

STEP 5: Significant risks are reported quarterly to FAR based on ELT assessment.

STEP 6: Annual risk workshop facilitated between risk owners and FAR.

The current significant risk themes identified are (in no particular order):

- Climate change
- Crisis management and response
- IT system failure
- Fraud and corruption
- Legislative and regulative reform
- Social licence to operate and reputation
- Critical asset failure
- Economic shock
- Regulator failure
- Council decisions and processes do not fulfil our obligations under Te Tiriti o Waitangi, The Treaty of Waitangi, respectful of tikanga and iwi, hapū, te ao Māori, Māori world view.

RISK THEME:

Climate Change

RISK IMPACT & DESCRIPTION:

Failing to adapt to the impacts of climate change on our environment and failing to mitigate council's contributions to greenhouse gas emissions may result from the complexity of processes and dependencies that may not adequately consider climate impacts. There may be impacts on the environment, health and safety or wellbeing of staff and the community, reputation, operations and finance and strategic goals may not be delivered.

RISK DRIVERS:

Lack of or inadequate:

- Preparedness
- Coordination across services (planning, roading, finance, etc)
- Connection to emergency management
- Investment
- Training of staff (understanding of issues, roles, and responsibilities)
- Leadership
- Communication internally, with key stakeholders, or the public

ACCOUNTABLE: CE

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Almost certain (5)	Extreme (5)	Extreme

Responsible: Executive Leadership Team and Climate Change Advisor

Current Mitigations:

- Appointment to role of Climate Change Advisor to lead this work
- Climate Change Carbon Reduction Strategy and Action Plan
- Wellington Regional common climate change assumptions used to carry out a risk assessment
- Contingency built into LTP budgets
- Energy audits
- Community self-assessment kits
- Climate Change Resilience and Risk Strategy (further detailed mitigations)
- Council's updated procurement policy supports sustainability

Mitigations in Development:

- Advancing planning measures including coastal retreat into our District Plan

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Almost certain (5)	Major (4)	Extreme

RISK THEME:

Crisis Management and Response

RISK IMPACT & DESCRIPTION:

Risk relates to a natural or human-induced disaster event impacting the health and safety or wellbeing of staff and the community and service delivery and resulting in financial loss.

RISK DRIVERS:

Lack of or inadequate:

- Preparedness
- Investment
- Training of staff (understanding of issues, roles, and responsibilities)
- Leadership
- Communication internally, with key stakeholders, or the public

ACCOUNTABLE: CE

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Almost certain (5)	Major (4)	Extreme

Responsible: GM HR&CS and H&S Officer

Current Mitigations:

- Participation in Wellington Region Civil Defence Emergency Management Group
- Participation in the Wellington Regional Leaders Committee and developing the Regional Economic Response Plan
- Participation in the Wairarapa Emergency Operation Centre
- Some degree of response built into the 2021-31 LTP

Mitigations in Development:

- Engage the community to participate in the Community Emergency Hubs
- Inhouse crisis response teams to respond to local events
- Working with WREMO to strengthen the community's knowledge and response capacity
- Working with WREMO on coastal community tsunami response awareness
- Further develop CDEM related business continuity
- Improve reporting

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Almost certain (5)	Moderate (3)	Extreme

RISK THEME:

IT system failure

RISK IMPACT & DESCRIPTION:

Previous levels of investment in our IT architecture have not kept pace with the evolving needs of our organisation. Historically, there hasn't been the appetite for increasing our spend on our IT architecture and systems, instead adopting a patchwork approach. This has meant that our IT architecture is now not fit for purpose and presents an unnecessary risk to Council operations.

RISK DRIVERS:

Lack of or inadequate:

- Protection against external cyber-attack e.g. ransomware
- Investment
- Leadership
- Planning
- Understanding of the key issues
- Policies and processes to support good practice
- Training of staff (understanding of issues, roles, and responsibilities)
- System architecture and software
- Disaster recovery, business continuity and backups
- IT transition (migration)

ACCOUNTABLE: CE

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Almost certain (5)	Extreme	Extreme

Responsible: GM HR&CS and GM P&G

Current Mitigations:

- Ongoing training for staff and regular updates on how to identify and respond to threats
- Updated staff Code of Conduct issued
- Review of our IT infrastructure and security

Mitigations in Development:

- IT Strategy
- Architecture upgrades, fire walls, migration to the cloud
- IT and IM policy review

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Possible (3)	Moderate (3)	High

RISK THEME:

Fraud and corruption

RISK IMPACT & DESCRIPTION:

Risk of over-committing Council to work programmes, excess unbudgeted expenditure, fraud, inaccurate modelling, or financial shock. This may impact Council reputation, financial stability and sustainability, legal compliance, and ability to deliver strategic goals or meet service levels.

RISK DRIVERS:**Lack of or inadequate:**

- Financial policies and procedures
- Leadership
- Training of staff (understanding of issues, roles, and responsibilities)
- Code(s) of Conduct

ACCOUNTABLE: CE and GMF

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Possible (3)	Major (4)	High

Responsible: Executive Leadership Team

Current Mitigations:

- Financial policies and financial delegations
- Reporting to FAR
- Code(s) of Conduct reviewed and updated
- Staff training and elected member induction

Mitigations in Development:

- Further work being developed

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Possible (3)	Major (4)	High

RISK THEME:

Legislative and regulative reforms

RISK IMPACT & DESCRIPTION:

There are number of significant government reforms including changes to climate change, resource management, three waters reform and the future of local government review. These changes may impact council's strategic direction and community confidence and may raise challenges in terms of change preparedness. There may be misalignment between government and Council's strategic goals and failure to adapt to changes may affect community wellbeing.

RISK DRIVERS:**Lack of or inadequate:**

- Preparedness
- Investment
- Leadership
- Communication internally, with key stakeholders, or the public

ACCOUNTABLE: CE

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Almost certain (5)	Major (4)	Extreme

Responsible: Executive Leadership Team

Current Mitigations:

- Appointment to 3Waters role
- Appointment to Pou Māori role
- Participation by CE in external forums
- Agenda item on Executive Leadership fortnightly meetings
- Membership of LGNZ and Taituarā

Mitigations in Development:

- Transition planning
- Organisational change management plan
- Built into AP and LTP

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Almost certain (5)	Moderate (3)	Extreme

RISK THEME:

Social licence to operate and reputation

RISK IMPACT & DESCRIPTION:

This risk involves ongoing failure to effectively communicate or engage with the community on strategic, governance or operational matters, and includes risks associated with an ineffective media relationship. This may impact the ability to meet community outcomes and strategic goals, loss of trust and confidence, council reputation and operational delivery. Significant and ongoing failure may undermine Council's purpose and impact participation in, or effective conduct of, local democracy. This risk involves a failure to implement council's strategic direction; to monitor Council's performance against community outcomes; and to work effectively and cohesively at a governance level resulting in poor decision-making and failure to meet strategic goals. It also includes working effectively with Community Boards. This may impact Council reputation, trust and confidence and the ability to deliver strategic goals or meet service levels.

RISK DRIVERS:**Lack of or inadequate:**

- Stakeholder relationship management
- Investment
- Leadership
- Communication internally, with key stakeholders, or the public
- Communications & Engagement Strategy

ACCOUNTABLE: CE

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Likely (4)	Moderate (3)	High

Responsible: GM C&E and GM P&G

Current Mitigations:

- Timely, fact-based responses to media enquiries
- Proactive information sharing and media releases via website, social media, and print media
- Regular general communications on relevant topics using multiple channels
- Improved connection between service delivery teams and comms team
- Improved website content

Mitigations in Development:

- Development of Communications and Engagement Strategy
- Improvements to LGOIMA
- Improvements to engagement practices and processes

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Likely (4)	Minor (2)	High

RISK THEME:

Critical asset failure

RISK IMPACT & DESCRIPTION:

There is a risk of operational failure that has a material impact on service delivery, including failure of critical assets. This may impact health and safety or wellbeing of staff and the community, council reputation, loss of trust and confidence, not meeting service levels, strategic goals, regulatory or legal requirements and increased costs long term.

RISK DRIVERS:**Lack of or inadequate:**

- Investment
- Asset management programme
- Leadership

ACCOUNTABLE: CE

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Almost certain (5)	Major (4)	Extreme

Responsible: GM P&O

Current Mitigations:

- Revised Infrastructure Strategy for LTP
- Budget for asset planning, condition assessments and maintenance
- Wellington Water Delivery Manager
- Improved monitoring and control systems for early warning
- Improved supply contingency capabilities for water
- Improved communications with stakeholders

Mitigations in Development:

- Increase resourcing
- Develop business continuity plan and improve reporting

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Likely (4)	Major (4)	Extreme

RISK THEME:

Regulatory failure and liability from consenting and compliance activities.

RISK IMPACT & DESCRIPTION:

Risk relates to the failure to identify and address deficiencies in consents or the consenting process or ineffective compliance monitoring activities which may expose Council to liability claims. Risk may result from complexity of processes, lack of processes, training, and supervision. Impact may be on Council reputation and result in financial loss.

RISK DRIVERS:**Lack of or inadequate:**

- Monitoring and auditing processes and reporting
- Employment of suitably qualified staff
- Training
- Increasing compliance requirements

ACCOUNTABLE: CE

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Likely (4)	Major (4)	Extreme

Responsible: GM P&O and GM P&E

Current Mitigations:

- Recruitment processes
- Peer review
- Training

Mitigations in Development:

- Process improvements

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Possible (3)	Moderate (3)	High

RISK THEME:

Economic shock

RISK IMPACT & DESCRIPTION:

There is a shortage of resources including human and materials in the country and this impacts on potential development and infrastructure, particularly water and roading. We propose an ambitious capital works programme in the LTP and Audit NZ has identified the risk of non-delivery. The impacts would be on council reputation, loss of trust and confidence, not meeting service levels, strategic goals or regulatory requirements and increased costs long term.

RISK DRIVERS:**Lack of or inadequate:**

- Preparedness and understanding of economic climate
- Leadership and decision-making
- Policies and procedures

ACCOUNTABLE: CE

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Likely (4)	Moderate (3)	High

Responsible: GMF

Current Mitigations:

- Planning – annual plan, long-term plan, project planning
- Audit
- Membership of LGNZ and Taituara

Mitigations in Development:

- Develop contingency plans for constrained resources

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Likely (4)	Moderate (3)	High

RISK THEME:

Council decisions and processes do not fulfil our obligations under Te Tiriti o Waitangi, The Treaty of Waitangi, respectful of tikanga and iwi, hapū, te ao Māori, Māori world view.

RISK IMPACT & DESCRIPTION:

External or internal events may have a material impact on the quality of the relationship the SWDC has with iwi, hapū, Māori. The understanding of the SWDC role under Te Tiriti o Waitangi, The Treaty of Waitangi is developing and requires resourcing. If the SWDC does not respond adequately, it could result in decreasing trust, a claim under the Waitangi Tribunal, financial loss, and reputational damage.

RISK DRIVERS:**Lack of or inadequate:**

- Partnership Policy and outdated Māori Policy
- Staff and elected official cultural competence
- Sharing of relationship insights across council
- Sufficient resources

ACCOUNTABLE: CE

INHERANT LIKELIHOOD	INHERANT CONSEQUENCE	INHERANT RISK
Almost certain (5)	Moderate (3)	Extreme

Responsible: GM P&G and Pou Māori

Current Mitigations:

- Appointment to role of Pou Māori (Principal Advisor Māori)
- Maintenance of the Māori Standing Committee
- Relationships held between marae committees, the CE, and the Mayor
- Collaborations with other councils to align engagement with iwi on some projects (e.g. climate change)

Mitigations in Development:

- Cultural competence training for all staff and elected officials
- Te Ao Māori and Te Reo training for staff and elected officials
- Coordinated collaboration with other councils to align engagement with iwi
- Comprehensive induction for elected officials
- Representation review includes iwi, hapū, and marae from the outset towards a partnership approach
- Partnership policy developed

RESIDUAL LIKELIHOOD	RESIDUAL CONSEQUENCE	RESIDUAL RISK
Possible (3)	Minor (3)	Moderate

LIKELIHOOD

Almost certain **5** 90% or greater chance of occurring in next 12 months
Expected to occur in 9 of next 10 years
Certain to occur at least once in next 5 years
It would be unusual if this didn't happen

Likely **4** 60% to 90% chance of occurring in next 12 months
Expected to occur at least once in next 5 years
Will occur more often than not

Possible **3** 25% to 60% chance of occurring in next 12 months
Expected to occur in 4 or next 10 years
Likely will occur at least one in next five years (>80% chance)
Not likely, but don't be surprised

Unlikely **2** 2% to 25% chance of occurring in next 12 months
Expected to occur a maximum of once every 5 to 20 years
50% chance of occurring in next 5 years
A surprise, but not beyond the bounds of imagination

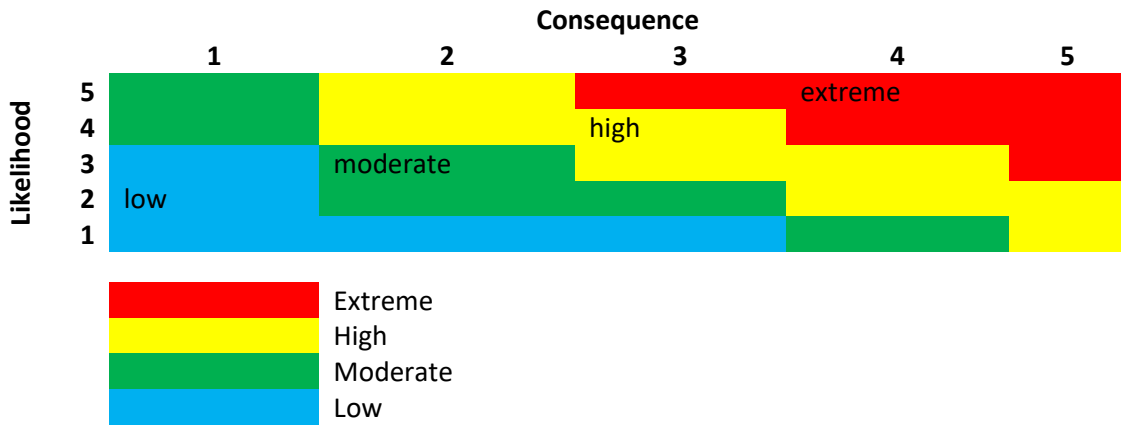
Rare **1** Up to 2% chance of occurring in next 12 months
Could occur once every 50 or more years
Less than 10-% chance of occurring in next 5 years
Will only occur in exceptional circumstances

CONSEQUENCE					
	1	2	3	4	5
	Less than minor	Minor	Moderate	Major	Extreme
Financial	Financial impact of less than \$30,000	Financial impact of between \$30,000 and \$250,000	Financial impact of between \$250,000 and \$1 million	Financial impact of between \$1 million and \$5 million	Financial impact of more than \$5 million
		Financial impact of between 1% and 2% of the Council's total opex	Financial impact of between 2% and 5% of the Council's total opex	Financial impact of between 5% and 10% of the Council's total opex	Financial impact of more than 10% of the Council's total opex
Achievement of the Vision and Community Outcomes	No impact on the Vision and Community Outcomes	Inconvenience or delay in achieving the Vision and Community Outcomes	Significant difficulty introduced to achievement of the Vision and Community Outcomes	Failure to achieve a specific Community Outcome	Failure to achieve multiple Community Outcomes
			Lost opportunity to contribute positively to one or more of the Vision and Community Outcomes	Lost opportunity to significantly advance a specific Community Outcome	Lost opportunity to significantly advance multiple Community Outcomes
Health and Safety	Minor injury, first aid not required	First aid or minor treatment	Medical treatment required	Serious harm, for example broken bones, hospitalisation	Loss of life; multiple serious harms; permanent severe disability
Service delivery to community	Short-term reduction in service delivery which is easily restored and does not compromise the community's	Reduced service delivery that does not compromise the community's health and wellbeing	Key service not available to some of the community for ten hours or more	Key service not available to a significant portion of the community for two days or more	Key service not available to a large proportion of the community for one week or more

	health and wellbeing				
			Continued service degradation for two days or more	Continued severe service degradation for one week or more	Continued severe service degradation for one month or more
Organisational capability and capacity	Temporary problem with organisational capability resulting in no impact on external service delivery	Loss of organisational capability in some areas resulting in sub-optimal support to external delivery activities	Organisation unable to function for less than 10 hours	Organisation unable to function for more than 10 hours	Organisation unable to function for more than two days
			Serious reduction in organisational capability for one week or more	Serious reduction in organisational capability for two weeks or more	Serious reduction in organisational capability for one month or more
Reputational	Negative feedback from individuals	Short-term loss of confidence among small sections of the community	Short-term and manageable loss of community confidence	Loss of community confidence requiring significant time to remedy	Insurmountable loss of community confidence
	Short-term 'letters to the editor' (or online equivalent) commentary	Regional adverse political or media comment for one or two days	Regional adverse political or media comment for more than two days	National adverse political or media comment for more than two days	National adverse political or media comment for more than one week
		Sustained 'letters to the editor' (or online equivalent) commentary in usual sources	Significant social media commentary or campaign from new sources	Regional adverse political or media comment for more than one week	Requirement for (televised) public apology or defence

				Requirement for (televised) public explanation	Adverse comments or questions in Parliament
Legislative / regulatory compliance	One-off minor regulatory or legislative non-compliance with no direct impact on the community's health or wellbeing	One-off minor regulatory or legislative non-compliance with potential impact on the community's health or wellbeing	Complaint to the Ombudsman, Auditor-General or other statutory office	Significant breach or non-compliance, or multiple breaches or non-compliances, resulting in regulatory action and/or restrictions on Council activities	Court proceeding or criminal action for breach or non-compliance; potential for imprisonment of elected member or staff
			Multiple related minor non-compliances due to an underlying systemic issue		Judicial review on a matter of rates or other funding, or on a matter with significant financial impact
			Significant breach or non-compliance resulting in regulatory scrutiny		

RISK MATRIX



Overall Risk Rating	Action	Reporting
Extreme	Urgent and active management required Risk treatment plan must be implemented immediately to reduce the risk of exposure to an acceptable level. Regular reporting required	Immediate notification to relevant ELT and CEO Advise P&GM and CFO. Take immediate action to reduce risk.
High	Management attention is required. Risk treatment plan required. Regular reporting required.	Notification to relevant ELT and CEO. Advise P&GM and CFO.
Moderate	Management responsibility to monitor. Focus on ensuring internal controls are effective and monitoring the ongoing risk.	P&GM and CFO to review risk regularly.
Low	Can be monitored using routine practices. Focus on ensuring internal controls are effective.	P&GM and CFO to review risk periodically.

DEFINITIONS

Inherent risk represents the amount of risk that exists in the absence of controls.

Residual risk is the amount of risk that remains after controls are accounted for.

ACCOUNTABLE: The individual who is ultimately accountable for ensuring the risk is managed appropriately.

RESPONSIBLE: The individual(s) who will deliver the work.

There may be multiple personnel who have direct responsibility for, or oversight of, activities to manage each identified risk, and who collaborate with the accountable risk owner in his/her risk management efforts.