

Audit, Finance & Risk Committee
29 September 2022

Report for Agenda Item | Rīpoata mot e Rāraki take [2]

Department: Strategy & Policy

Title | Taitara Risk & Resilience Update

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to provide a governance update regarding the status of the QLDC risk context, the progress of the resilience culture development and treatment updates on key organisational risks.

RECOMMENDATION | NGĀ TŪTOHUNGA

- 2 That the Audit, Finance & Risk Committee:
 1. **Note** the contents of this report.

Prepared by:



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8/09/2022

Reviewed and Authorised by:



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Reviewed and Authorised by:

CONTEXT | HORPOAKI

- 3 In early 2019 a new Risk Management Framework was developed and deployed for QLDC. This framework consisted of a new [QLDC Risk Management Policy](#) and a new [QLDC Risk Register](#).
- 4 The following objectives were associated with the deployment of the Risk Management framework:
 - Establish a risk appetite model that allows the Risk Management framework to be tailored to the QLDC context;
 - Develop a clear, streamlined governance reporting process;
 - Simplify the process of risk management with clear objectives, roles and responsibilities, principles and process guidelines; and
 - Build a healthy risk and resilience culture across all management and governance tiers.
- 5 The Risk Management Policy requires regular reporting to both the Executive Leadership Team and the Audit, Finance and Risk Committee to ensure that good risk governance practices are maintained and that progress towards the above objectives remains on track.
- 6 This report seeks to support the governance role of the Audit, Finance and Risk Committee by providing updates on the following topics:
 - A. Changes to Organisation Risk Register
 - B. Significant Changes to Council Risk Context
 - C. Risk and Resilience Culture Development
 - D. Treatment progress for key organisation risks

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

A. Changes to Organisation Risk Register:

- 7 No new risks have been added to the [QLDC Risk Register](#) since the last update to Audit & Risk Committee on 14th June 2022.

B. Significant Changes to Council Risk Context:

- 8 Although no new risks have been added to the QLDC Risk Register within the last reporting cycle, the following risks are noted as being of significance to Council at the present time. These relate to the impending local body elections, the central government reform work programme and the risks associated with having sufficient workforce capacity and capability to meet the future needs of the organisation:

- **RISK00042-** Ineffective electoral process
- **RISK00042-** Ineffective induction training of Elected Members
- **RISK00061-** Ineffective response to legislative reforms and changes
- **RISK00047-** Inadequate workforce capacity and/or capability to meet organisational needs

9 An overview of the treatment response for the mitigation of these risks is provided within section D of this report.

C. Resilience Culture Development

- 10 Council is committed to a wide range of programmes and targeted initiatives that will strengthen the resilience of the organisation, and its adaptive capacity to respond to future change.
- 11 This focus on resilience is equally as important as a focus on risk management capability. While risk management seeks to identify known areas of uncertainty, resilience building reflects an acceptance that unknowns will still occur, that the future will be disruptive and that the organisation needs to be prepared to absorb shocks and stresses and be adaptative to new strategic priorities and changes. This is particularly critical given the level of volatility and changes that local government faces.
- 12 For Council, the focus on resilience needs to be applied at the district, organisation and individual level:
- **District level-** the commitment to district level resilience is clearly embedded in the Vision 2050 outcome of “Disaster-Defying Resilience”. It is also a strategic driver of our Spatial Plan, 30 Year Infrastructure Strategy and the 2022-2025 Climate & Biodiversity Plan. It also underpins the frameworks for Business Continuity, Civil Defence Emergency Management response and recovery planning.
 - **Organisation Level-** there is a commitment for Council to be an organisation that is responsive, adaptive and agile to change. This requires a focus on well-designed organisational structures, effective processes, transparent information systems, and embedded workplace norms that prioritise the value of collaboration, transparent information sharing, responsiveness, and continuous improvement.
 - **Individual Level-** Council is strongly committed to enabling a resilient workforce who are well supported to manage their own wellbeing and to provide support to the friends, colleagues and whanau. A broad programme of initiatives, training programmes and self-development workshops to assist staff to manage their own wellbeing and identify and provide support to those who show signs of distress have been deployed. A number of internal teams (e.g. The Family, GoodYarn, Health & Safety Committee, Social Club) help drive and embed improved levels of social connection, fun, empathy and mental health literacy into the organisation.

13 The embedding of a resilience within both Council and across the district is not a simple task, but good progress has been made in recent years through investment in staffing, processes and system development, relationship building and community engagement. A major investment to accelerate this progress has been occurring over the past 18 months, through a workforce review of the QLDC organisation structure. This workforce review contains a number of key organisational changes that will significantly influence the future of risk management and resilience building at a district, organisation and individual level. A summary of key elements of this workforce review is provided in the next section.

D. Key Risk Treatment Progress:

> **RISK00047**- Inadequate workforce capacity and/or capability to meet organisational needs

14 The workforce review is an important treatment response to RISK00047. The purpose of the workforce review has been to evaluate potential changes to the organisation structure, resourcing levels and ways of working to ensure that the organisation is resilient, flexible, adaptable and ready for future changes. After a period of evaluation, a Proposal for Change was developed and a consultation period for feedback from staff was undertaken which provided opportunity for refinement of the organisation design. The commencement date for the new design was on 5th September and it includes a number of key organisational changes that will provide a strong foundation for supporting the future needs of the organisation. These changes include:

- A new Strategy & Policy Directorate and General Manager position
- A new Risk and Compliance Team
- A new Organisation Performance Team
- A new Resilience and Climate Action Manager role
- A new Organisation Development Team

15 Of the above proposed changes, the establishment of a new Risk and Compliance team is of particular importance to the Audit, Finance and Risk Committee. This team will be responsible for leading the ongoing development of risk and compliance frameworks, provision of risk and compliance advice, management of the organisation risk register, periodic strategic risk reviews and the future reporting on risk to the Audit, Finance and Risk committee. The Risk and Compliance Manager will be a key contact for the committee and will be responsible for all future reporting on Risk Updates.

16 The new Resilience and Climate Action Manager role will be responsible for the development and delivery of strategy and action plans that will influence the management of climate risk and resilience building at a district level. The role will work with key partners and stakeholders, including central government, iwi and community groups to deliver a broad range of actions relating to emissions mitigation, biodiversity restoration, climate adaptation as well as resilience planning. These work programmes

will play a key role in helping to mitigate climate change risk and enhance the resilience of the district to manage the challenges of future severe weather events and long-term climate stressors.

- 17 The new Organisation Performance Team will be responsible for leading business planning, business performance management and business process improvement. This includes leading the development of frameworks for the co-ordination of statutory planning processes, business planning processes, and continuous improvement programmes. The team will play a vital role in enhancing the resilience of Council through ensuring that there are robust process frameworks, systems and performance indicators for delivering key statutory commitments and improving Council business processes.
 - 18 The new Organisation Development team will be responsible for driving the cultural development of the organisation, to help embed new ways of working and ensure that staff are fully supported with their professional development and wellbeing. The team will include a new Wellbeing Officer who will help coordinate programmes that are aimed at supporting staff wellbeing and building resilience at an individual staffing level to help manage the demand placed upon them through working for Council.
- > **RISK00042- Ineffective electoral process**
- 19 The challenges associated with local government elections are considerable however Council has well established processes and systems in place to ensure effective coordination, promotion, collation and verification of results.
 - 20 A dedicated [elections webpage](#) has been established that contains a wide range of information and resources to support candidates and the general public. This includes candidates handbooks, voting enrolment information and upcoming candidate events.
 - 21 The Chief Executive is primarily responsible for encouraging participation for both candidates in the election and for voting turnout. Therefore, two extensive campaigns have been rolled out to address both. The first to encourage standing for election ran between 2 March to 12 August (closing date for nominations) and the second to encourage voter participation commenced in early September and will run until 8 October (closing date for voting). Both campaigns visually target traditionally low-voter turnout demographics and diverse backgrounds. They have included a multi-channel approach including media releases, opinion pieces, radio interviews, social media, web site, posters, billboards, Scuttlebutt, and direct emails to community and stakeholder groups.
 - 22 The governance / electoral team has maintained a vigilant and rigorous regimen of monitoring for candidate non-compliance to mitigate any risk of challenge to the electoral process. This has included monitoring of social media and signage (such as size, locations, content), providing advice to all candidates about expense limits and returns, responding to complaints about poor candidate conduct, managing conflicts of interest, and issues such as treating (encouraging voter behaviour through activities such as providing free / subsidised food, drink etc at events). Where necessary external advice

has been sought from entities such as the Office of the Auditor-General and the Electoral Commission.

> **RISK00042- Ineffective induction training of Elected Members**

- 23 The upcoming Local Government elections are a critical period for Council with the prospect of a significant number of new elected members being sworn in as Councillors. The demands and expectations placed upon elected members are significant, so an effective induction and onboard process is essential to help ensure that both new and existing community representatives feel fully prepared for their governance roles.
- 24 A comprehensive induction programme for Elected members is being developed by the Council Governance team as a treatment for this risk. This programme will involve a broad range of workshops, hui's, meetings and training sessions to equip elected members with the requisite information, resources, equipment and relationship introductions to support them as they commence their governance roles.
- 25 The induction programme includes external expertise including sessions on decision-making, LGA framework, responsibilities, conflicts, standing orders, meeting procedures and reporting requirements from Simpson Grierson. There is also an elected member induction run by LGNZ and a two-day hui in Wellington for all Mayors (also by LGNZ).
- 26 The induction programme includes opportunities for elected members throughout to highlight knowledge gaps so the programme can adapt to meet these needs.

> **"RISK00061- Ineffective Response to Legislative Reforms and Changes"**

- 27 This risk reflects the uncertainty that Council faces with the significant programme of legislative reforms that is being driven from central government. Within the next three years several major reforms will be enacted which will place a substantial level of stress on all Councils across the country. When viewed collectively, they represent a transformational shift for the entire local government sector.
- 28 Attachment A- Central Government Reform Work Programme plan provides a visual representation of the reform work programme along with the expected engagement levels required from local government. Council is within the period when the level of engagement is "significant" and the period from October onwards is likely to place high demands and stress upon a broad range of Council staff.
- 29 To mitigate the risk and ensure that Council can effectively monitor, advocate, prepare and respond to these reforms, a Reform Working Group of relevant senior managers has been established. This group provides regular updates on the progress of the key reform programmes, and their most recent August 2022 update is provided in Attachment B.
- 30 An additional mitigation to this risk is the recommendation for a new Reform Programme Manager role as part of the workforce review. This role will provide further capacity and capability to help the organisation successfully navigate the reform programme.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 31 This matter is of **low** significance, as determined by reference to the **Council's Significance and Engagement Policy** because it will:
- Not significantly impact on the environment, culture and people of the District
 - Not significantly effect individuals, organisations, groups and sectors in the community
 - Not be inconsistent with existing policy and strategy
 - Will not significantly impact the objectives set out in the Financial Strategy, Ten Year Plan and Annual Plan
- 32 As the significance of this matter is low and only for noting, no consultation with the community or local iwi is required.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 33 This matters relates to the management of all Strategic and Operational risks that are documented within the [QLDC Risk Register](#). The QLDC Risk Management Framework and risk management maturity work programme helps to support the development of a more engaged and capable resilience culture across the Council, leading to more effective risk identification, evaluation and mitigation outcomes.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 34 There are no financial implications associated with this matter.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 35 The following Council policies, strategies and bylaws were considered:
- QLDC Risk Management Policy
 - Climate Action Plan
 - Vision 2050
 - QLDC Ten Year Plan
 - QLDC Spatial Plan
 - 30 Year Infrastructure Strategy
- 36 The recommended option is consistent with the principles set out in the above policy.
- 37 This matter supports the Ten Year Plan/Annual Plan through ensuring that effective mitigations are in place that support risks that could impact plan objectives.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

38 The recommended option:

- Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This item supports this purpose through ensuring that Council maintains an effective management of risk. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Central Government Reform Work Programme plan
B	August 2022 Central Government Reform Update

Central government work programmes impacting on local government

Date: 28 July 2022

2022						2023						2024									
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-Mar	Apr-June	Jul-Sep	Oct-Dec

Anticipated level of local government engagement significant engagement

Local Government COVID-19 response

LG statutory planning, reporting and other requirements
 Annual Report preparation Due
 Annual Plan preparation Due
 Annual Report preparation Due
 Local election preparations Elections Induct new council
 Long term Plan preparation Due

Work programme

Future for Local Government Review Draft report Final report

Three Waters Service Delivery Reform WSE Bill passed TBC Additional WSE legislation passed TBC Water Service Entities in place

RMA existing RMA (Enabling Housing Supply + other matters) LG notify RMA National Direction
 The policy intent of existing National Direction will be transitioned to the National Planning Framework

RM Reforms Natural and Built Environments Act (NBA) and Spatial Planning Act (SPA) NBA/SPA Bills expected to be introduced Bill passed TBC
 Climate Adaptation Act (CAA) CAA Bill introduced

Climate Change Reform Emissions Reduction Plan (ERP) Implementation of the First Emissions Reduction Plan and Emissions Budget Second ERP published (December)
 National Adaptation Plan (NAP) NAP due

Emergency Management (EM) EM Bill TBC Bill introduced TBC Bill passed National Emergency Management Plan Plan finalised

Waste Minimisation Waste Minimisation Strategy Strategy complete Waste Minimisation Act Bill passed

New Zealand Infrastructure Strategy Government response

Health and Disability reforms Bill passed, Health NZ est.

Regional system leadership framework Strengthening a regional public sector leadership framework, Regional Public Service Commissioners working with communities and regional leaders, including iwi/Māori and local government

Other work programmes underway impacting on local government
 Building reforms (Building Act Reforms, Review of building consents system); Government Policy Statement on Housing and Urban Development (2021); Transport Reforms (Land Transport Revenue Review, The Congestion Question); Review of the Sale and Supply of Alcohol (Fees) Regulation; Amendment to the Environmental Reporting Act; Freedom camping reforms; Māori Electoral Options; Gambling (Harm Prevention and Minimisation) Regulations 2004; Changes to Land Information Memorandum (LIM) system; Education reform; Local Government (Pecuniary Interests Register) Amendment Bill; Review of the Cemeteries and Cremations Act 1964; Flood Reinsurance Scheme; Biosecurity Act review; Conservation law reform; National action plan against racism; Transforming Recycling Review; Local Government (Rating of Whenua Māori) Amendment Act 2021; Independent Review of Parliamentary Electoral Law; Proposed national policy statement for indigenous biodiversity; National policy statement for highly productive land.

Actions required from local government

- Consultation & engagement directly with the LG sector
- Policy development & legislation (may still include consultation and submissions)
- Transition & Implementation
- Reform/Review is live

Prepared by: Department of Internal Affairs/Te Tari Taiwhenua - Local Government Branch/Ue te Hinātoke

Central government reforms

Update from PCG | August 2022

1 PURPOSE OF UPDATE

The purpose of these updates are to keep ELT and Council informed on the central government reforms impacting on QLDC. It is recommended that ELT/Council note the content of these updates. Any information requiring a decision from ELT or Council will be provided under a separate meeting report heading.

2 OVERALL KEY POINTS

Activity in the Three Waters space dominated July with a significant amount of time understanding the implications of the Water Services Entities Bill on Council, in order to provide a submission to the Finance and Expenditure Select Committee.

The timing Central Government reforms impacting local government has been updated and is shown in at Attachment 1. There are new updates on the timing for resource management reform as well as the Future for Local Government panel's report and consultation period.

3 FUTURE FOR LOCAL GOVERNMENT REVIEW

Feedback to the interim report

Council provided high-level feedback to the Future for Local Government interim report in June. This was preliminary feedback to the interim report and not a formal submission.

More time for consultation on the final report

The Minister of Local Government confirmed a revised due date for the final report from the Future for Local Government panel, which is now due 19 June 2023. This is an extension from the previous date of 30 April 2023.

The Minister agreed to the extension in response to a request from Local Government New Zealand who raised concerns about the sector's ability to engage with the draft report during post-election and induction periods for councils.

To increase the time available to the local government sector to meaningfully engage with the draft report, **the updated consultation period will run from mid-October 2022 until 28 February 2023.**

4 THREE WATERS REFORM

Water Services Entities Bill

The Water Services Entities Bill (the Bill) was introduced to Parliament on 2 June 2022. The Bill is now before the Select Committee to gather information and prepare a report on the Bill for the House, including recommending changes to the Bill.

Councillors held a workshop with officers July 6 to discuss the Bill. A submission on the Bill was approved by Council at an extraordinary meeting on 2 August 2022, confirming that Council would also like to speak to its submission orally to the Select Committee. This will occur mid to late August.

Proposed Three Waters Staff Transition Guidelines released

The Three Waters National Transition Unit released the Proposed Staff Transition Guidelines for feedback, due 22 August. The Proposed Guidelines explain how the Transition Unit and the Water Services Entities will transfer and recruit Three Waters staff into the entities before 1 July 2024. The intent of the Proposed Guidelines is to offer potentially affected three waters staff secure jobs in their water services entity.

QLDC has 64 officers who are potentially affected by the transition, 26 of whom spend less than 30% of their time on Three Waters activities. Due to the operational nature of the Proposed Guidelines, feedback from Council will be led by Human Resources officers and approved at a GM level. Potentially affected staff have also been invited to provide individual feedback. Further information is available here: <https://www.surveymonkey.com/r/Proposed-Guidelines>.

5 RESOURCE MANAGEMENT REFORMS

The proposed model for resource management

The diagrams at Attachment 2 to this update illustrate the proposed changes to resource management, in comparison to the new system. The main components of the new structure are:

- It is proposed that the **National Planning Framework** (NPF) will provide mandatory direction and consolidate 23 existing national direction documents that are prepared by central government (ie/ NPS Urban Development).
- The NPF will provide guidance for **Regional Spatial Strategies** (RSSs). RSSs for each region will provide a 30 year outlook and will integrate land use and transport planning. Boundaries for RSSs will be based on regional and unitary boundaries, with opportunities to address cross-boundary issues.
- The NPF and RSSs will provide direction for **NBA Plans**, that will cover resource allocation and land use for a region. It is proposed that there will be 14 NBA Plans, down from the current 100 regional policy statements and regional and district plans across Aotearoa.

Timing for introduction of the Natural and Built Environments Bill and the Strategic Planning Bill to Parliament

In the June update, the Ministry of the Environment (MfE) gave indicative timing of September 2022 introducing these Bills to Parliament in September 2022. The latest update from the MfE says that it is “aiming for September but possibly October.” The Select Committee process for these Bills is expected to occur in late 2022 and early 2023, and passed into law in 2023.

Transition timelines

The Ministry for the Environment are proposing a staged implementation process which will see a 7-10 year transition for the whole country to be operating in the new system. This means for many councils there will be a continuation of current RMA processes for a significant period of time.

6 RELEVANT COUNCIL REPORTS AND MEDIA RELEASES

- WSE Bill report to Council and draft submission: <https://www.qldc.govt.nz/your-council/council-documents/agendas-minutes/full-council#2022-agendas>

7 IN THE MEDIA

- Release of National Adaptation Plan: <https://environment.govt.nz/publications/aotearoa-new-zealands-first-national-adaptation-plan/> (3 August 2022).
- 3 Waters: Mayor lauds Council over approach to submission <https://www.odt.co.nz/regions/queenstown/3-waters-mayor-lauds-council-over-approach-submission> (3 August 2022)
- Water concerns reiterated: [Water concerns reiterated | Otago Daily Times Online News \(odt.co.nz\)](#) (30 July 2022).
- Three Waters: Government to give councils \$44m to help set up Three Waters reforms [Three Waters: Government to give councils \\$44m to help set up Three Waters reforms - NZ Herald](#) (19 July 2022).
- Three Waters: if not four entities, then what? [Three waters: If not four entities, then what? | RNZ News](#) (22 June 2022).
- Three Waters Reform expert responds to criticism [Three Waters reform expert responds to criticisms \(1news.co.nz\)](#) (19 June 2022).

8 SUBMISSIONS

- Submission to the WSE Bill: <https://www.qldc.govt.nz/your-council/council-documents/submissions-from-qldc>
- Feedback to FFLG interim report: <https://www.qldc.govt.nz/your-council/council-documents/submissions-from-qldc>