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Audit, Finance & Risk Committee
15 October 2020

Report for Agenda Item | Rīpoata moto e Rāraki take 3

Department: Corporate Services

Title | Taitara Risk and 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 progress of the deployment of the new QLDC Risk Management Framework.

RECOMMENDATION | NGĀ TŪTOHUNGA

2   That the Audit, Finance & Risk Committee:

1.   **Note** the contents of this report.

Prepared by:

Reviewed and Authorised by:

Bill Nicoll
Organisation
Improvement Manager
30/09/2020

Michelle Morss
Strategy &
Development Manager
30/09/2020

Meghan Pagey
Acting General Manager,
Corporate Services
30/09/2020

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CONTEXT | HOROPAKI

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, new Techone Risk Module system 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 management 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:

- Changes to Organisation Risk Register
- Significant Changes to Council Risk Context (i.e. the risk environment in which the Council operates and seeks to achieve its objectives)
- Risk Culture Development
- Treatment progress for key organisation risks

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

Changes to Organisation Risk Register:

7   No new risks or changes to existing risks have been made to the QLDC Risk Register since the last Audit, Finance and Risk Committee on 2nd July 2020.

Significant changes to Council Risk Context:

8   The risk context for QLDC remains dominated by the following challenges:

- Supporting the response to and recovery from the COVID-19 pandemic
- The development of the Council's Ten Year Plan
- The response to the declared climate emergency

9   Each of these challenges represents a significant investment across all directorates of Council and involves a high degree of uncertainty and the balancing of competing

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constraints. The following sections provide an update of key changes in relation to the above challenges.

10 As previously shared with the Audit, Finance and Risk Committee, the COVID-19 pandemic triggered the activation of the following Council response functions.

- CDEM Emergency Operation Centre (EOC)
- QLDC Business Continuity Response Team (BCP)
- QLDC Recovery Team

11 Each of these Council COVID-19 functions has operated under its own activation timeline with the Business Continuity Response being the first to be activated (with the deployment of social distancing, enhanced cleaning and hygiene protocols) and the first to be stood-down with the de-escalation of the national COVID-19 alert levels.

12 The CDEM EOC Response structure has now also been fully stood-down with the responsibility for supporting ongoing community welfare being led by the following agencies:

- Foreign National support: Visitor Care Manaaki Manuhiri (VCMM) programme run in partnership by Department of Internal Affairs and Red Cross
- NZ National support: Ministry Social Development

13 The VCMM is a temporary assistance programme that was due to expire on 30th September. This programme has now been extended to the 30th November to provide continued support to foreign nationals in hardship. This development has helped to mitigate some of the short-term concerns relating to the provision of assistance to members of the local migrant population who are suffering financial hardship.

14 The QLDC Recovery team remains activated with the expectation that it will remain fully operational and resourced to the end of the financial year. The Recovery structure involves separate but inter-related workstreams focussed upon Economic Recovery and Community Recovery, with a broad array of stakeholders, taskforces and work programme initiatives in progress.

15 QLDC has declared a climate emergency in alignment with many other NZ and global local authorities. This declaration along with our Vision 2050 net carbon zero goal, embeds climate change into our current and future risk context and commits us to a path of mitigation and adaptation planning. The criticality of this risk is confirmed from a national perspective through legislative frameworks e.g. Climate Change Response (Zero Carbon) Amendment Act (2019) as well as the recently released National Climate Change Risk Assessment from the Ministry of Environment. This national risk assessment presents an overview of 43 high priority climate change induced risks that cover the natural environment, human, economy, built environment and governance.

16 The criticality of Climate Change to the risk context of QLDC has also been further emphasised by SOLGM and the Office of the Attorney General in their guidance to Local Government Authorities regard Ten Year Planning process. All Ten Year Plans, and

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particularly those for Councils that have declared a climate emergency, need to demonstrate effective and transparent planning consideration with regards to:

- Expected effects of climate change on our district
- Potential impacts of climate change on council activities
- Impacts of climate change on the community more broadly and what that might mean and how we manage our infrastructure.

17 These considerations as well as a significant number of other factors and constraints are being evaluated as part of the ten year plan process.

Risk Culture Development:

18 The development of a "QLDC risk culture" is a key objective and one that will be enabled through our focus on *resilience*.

19 Resilience relates to the "ability to absorb the effects of uncertainty and disruption, minimise adverse impacts, respond effectively, maintain or recover functionality, and adapt in a way that allows for learning and thriving."[1] The concept of resilience encourages us to seek out and address areas of vulnerability and to plan for potential disruption, so that we are better equipped to deal with the impact of shocks and stresses to the organisation and community that we serve.

20 The resilience of the QLDC organisation and the community it serves has been significantly tested by the COVID-19 pandemic and the economic and social fallout triggered in its aftermath. This disruptive event has been highly complex and has impacted our district disproportionately in terms of community transmission rates, economic hardship and community stress. This experience clearly demonstrates how disruptive events are unpredictable in scale and magnitude, so our best defence is to have agile and flexible response frameworks and high levels of adaptive capacity, which will allow us to swiftly adapt to any sudden changes we encounter.

21 QLDC has received highly positive feedback regarding the agility and adaptiveness demonstrated by its QLDC COVID-19 response activations. The EOC, Business Continuity Response and Recovery teams have all responded swiftly and effectively to meet the extreme challenges placed in front of them. This result provides reassurance that Council is making strong progress with developing its adaptive capacity and embedding a high resilience culture into the organisation (Figure 1).

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[1] National Disaster Resilience Strategy: Section 4.2

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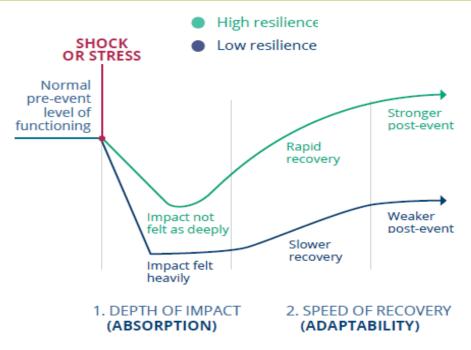
Figure 1: Resilience- Absorption & Adaptability[2]

Treatment progress for key organisation risks:

22 The following sections provide an update on the progress of key organisation risk treatment activity:

- COVID-19 Recovery Risk
- Emergency Management Risk
- Climate Change Risk

23 **COVID-19 Recovery Risk:** QLDC is playing a lead role in helping to mitigate the likelihood and the impact of significant economic hardship and community psychosocial fallout from the COVID-19 pandemic. The QLDC Recovery team was initiated in the week after the EOC activation and has been working with central government, business sector, health sector, NGO and Social Service agencies and the community to support the district's recovery. Underpinning the Recovery work programme is a strong focus on data and intelligence to help understand and track key recovery indicators.

24 Updates on the Recovery work programme are provided regularly to the Executive, Council, partners and stakeholders; a copy of the latest report is provided as Attachment A.

25 **Emergency Management Risk:** Initiatives to mitigate the risk of an ineffective response to a Civil Defence Emergency include, but are not limited to the following:

- A debrief review of the EOC operation has been conducted with staff who were activated during the CDEM response. This debrief has involved an anonymous online survey to capture candid and honest feedback as well as in-person workshops in Queenstown and Wānaka. The workshops allowed reflection over the experience to

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[2] National Disaster Resilience Strategy: Section 4.2

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be shared and group discussion over what worked well and where we could have performed better. The outputs from this debrief have been captured in a report that identifies key themes and areas for improvement.

- A review of the communication infrastructure for the EOC has also been completed with areas for investment being identified. Additional budget to support these upgrades has been submitted into the Ten Year Plan development process.

- Prior to COVID-19 a new cloud-based Incident Management Response system (D4H) had been implemented and tested. This system was extremely valuable for managing the highly complicated and dynamic emergency event under a virtual EOC mode of operation during Level 4. The system learnings from this will be embedded into the CDEM procedural framework and D4H system training to ensure that QLDC can leverage the full capability of this system during any future emergency event.

- QLDC's preparedness for future events has been improved by the Otago Group CDEM's increased resourcing investment of two new Emergency Management Officers (EMOs) who have been appointed to support the Queenstown Lakes District. This increase in staffing will support the deployment of a work programme to drive a heightened level of planning and community resilience development across the district.

- A United Nations 'Ten Essentials for Resilience' workshop to assess the state of disaster resilience of the district is being held on October 13th. This workshop will bring together a variety of stakeholders to help develop a holistic understanding of how to improve our disaster risk resilience – including infrastructure delivery, land use planning, socio-economic development, financial management and emergency management.

26 **Climate Change Risk:** In response to the declared climate and ecological emergency QLDC has developed a Climate Action Plan (CAP) which provides a detailed plan for driving both mitigation and adaptation response to climate change risk. Significant progress has been made since the last Audit, Finance and Risk Committee meeting to implement key CAP actions including the formation of the Climate Reference Group and the development of a draft Emissions Reduction Masterplan and Sequestration Plan for the district. A more detailed report on this progress will be provided separately as a standing item in the Audit Finance & Risk Committee Agenda.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> **SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA**

27 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

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28 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

29 This matters relates to the management of all Strategic and Operational risks that are documented within the QLDC Risk Register. The development of the Risk Management Policy and work of the Risk Management Group helps to support the development of a more engaged and capable risk culture across the Council, leading to more effective risk identification, evaluation and mitigation outcomes.

30 While being a risk treatment activity in itself, the development of the various Response policies and plans framework does carry some risk that they will be misaligned and poorly connected (RISK00038 Lack of Alignment- Strategy and Policies). The risk of this misalignment will be mitigated by ensuring that all policies align fully with best practice standards and recognised response models/systems such as:

- ISO: 31000 Risk Management Principles and Guidelines
- AS/NZS 5050:2010- Business Continuity-Managing Disruption
- CIMS4 Edition 3- Coordinated Incident Management System

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

31 There are no financial implications associated with this matter.

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

32 The following Council policies, strategies and bylaws were considered:

- QLDC Risk Management Policy

33 The recommended option is consistent with the principles set out in the above policy.

34 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 0 TE KĀWANATAKA Ā-KĀIKA

35 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by [explain how it will help];
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and

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- 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	QLDC Recovery Update 28 September 2020