CENTRAL HAWKE'S BAY
DISTRICT COUNCIL

Risk and Assurance Committee Meeting Agenda

Tuesday, 21 July 2020
9:00am
Council Chamber
28-32 Ruataniwha Street Waipawa

Together we Thrive! E ora ngātahi ana!

Order Of Business

MEETING OPEN - KARAKIA

1   APOLOGIES

2   DECLARATIONS OF CONFLICTS OF INTEREST

3   STANDING ORDERS

> **RECOMMENDATION**
>
> THAT the following standing orders are suspended for the duration of the meeting:
>
> - 20.2 Time limits on speakers
> - 20.5 Members may speak only once
> - 20.6 Limits on number of speakers
>
> And that Option C under section 21 General procedures for speaking and moving motions be used for the meeting.
>
> Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

4   CONFIRMATION OF MINUTES

Risk and Assurance Committee Meeting - 14 May 2020

> **RECOMMENDATION**
>
> That the minutes of the Risk and Assurance Committee Meeting held 14 May 2020 and as circulated be confirmed as true and correct.

**MINUTES OF CENTRAL HAWKES BAY DISTRICT COUNCIL
RISK AND ASSURANCE COMMITTEE MEETING
HELD VIA AUDIOVISUAL LINK VIA ZOOM.
ON THURSDAY, 14 MAY 2020 AT 9:00AM**

PRESENT: Mr Neil Bain (Chair)
Mayor Alex Walker
Cr Tim Aitken
Cr Gerard Minehan
Cr Brent Muggeridge
Cr Jerry Greer

IN ATTENDANCE: Monique Davidson (Chief Executive)
Joshua Lloyd (Group Manager, Community Infrastructure and Development)
Doug Tate (Group Manager, Customer and Community Partnerships)
Darren De Klerk (3 Waters Programme Manager)
Bridget Gibson (Governance Support Officer)

1   APOLOGIES

Nil.

2   DECLARATIONS OF CONFLICTS OF INTEREST

Mr Bain declared that he is employed by the Local Government Funding Agency and confirmed no conflict of interest exists.

3   STANDING ORDERS

COMMITTEE RESOLUTION

Moved: Cr Jerry Greer
Seconded: Mayor Alex Walker

THAT the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 22 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

CARRIED

4   CONFIRMATION OF MINUTES

As this is the inaugural meeting of the Risk and Assurance Committee there are no minutes requiring confirmation.

5   REPORT SECTION

5.1   RISK STATUS UPDATE

PURPOSE

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Councils risk landscape, risk management work in progress and to continue a discussion with the Committee about risk.

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan
Seconded: Cr Jerry Greer

That, having considered all matters raised in the report, the report be noted.

CARRIED

The progression of digitisation of records was discussed. Mr Lloyd confirmed that a work programme is underway to digitise records.

The Chair queried how mitigation of cyber risk fits into the overall risk framework. Mr Lloyd confirmed that he is confident that security measures are in place and an audit is currently underway.

The Chair asked for a an update on cyber security be tabled at Committee at a future point.

The Chair requested that the framework be presented to Committee on a regular basis and that an annual review of the framework take place.

Councillors discussed risk status regarding transition to Level 2 and collaboration with contractors regarding risk management.

Risk register, the Covid-19 pandemic impact and the drought impact will be worked into the risk framework. At the next meeting of the Committee officers will report on and highlight specific risks from a strategic perspective and mitigation of those risks.

5.2   HEALTH AND SAFETY STATUS REPORT

PURPOSE

To provide the committee with health, safety and wellbeing information and insight to April 2020 and to update the committee on Council performance in relation to Health and Safety and to outline key health and safety risks and initiatives.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker
Seconded: Cr Tim Aitken

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mr De Klerk presented the report.

It was noted that a health and safety review is under way.

The Chair requested that an overarching summary of contractors' health and safety performance indicators, and management and monitoring of trends in health and safety be presented at a future date.

5.3   INTERNAL AUDIT: PROCUREMENT AND PURCHASING FINDINGS

PURPOSE

The purpose of this report is to bring to the Risk and Assurance Committee the findings of the recent Procurement and Purchasing Internal Audit.

COMMITTEE RESOLUTION

Moved: Cr Brent Muggeridge
Seconded: Mayor Alex Walker
 	
That, having considered all matters raised in the report:
 	
   a) That the report be noted.
 	
   b) That a further update on the internal audit procurement and purchasing findings be reported to the committee.
 CARRIED

The Chair acknowledged the progress made to date taking into account that a lot of progress has been made in a short period of time, and that learnings from the audit recommendations and commentary will further enhance the Council's procurement approach. Further context of the overall spend and number of procurement activities currently would be useful in a future update to Committee.

The mix between the centralised and decentralised process should be further assessed.

The Chair requested that management provide an update on policy review, including what changes have been made subsequent to the audit, and any actions from audit recommendations.

Noted that all internal policies that have a financial component including procurement, credit card policy, and delegated authorities component come to the Risk and Assurance Committee for consideration and feedback.

The Chair requested that a further update on the internal audit: procurement and purchasing findings work be reported to Committee at a future meeting.

5.4 FINANCIAL IMPACTS OF COVID-19 AT THIS TIME - REPORT

PURPOSE

The purpose of this report to provide Councillors a forecast of what Officers think the impact of Covid-19 will be on Council's year end position.

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan
Seconded: Cr Tim Aitken

That, having considered all matters raised in the report

a) the report be noted and received.

b) that management come back to the Committee with a further update on the financial impacts for 2020/2021 of the Covid-19 pandemic including any mitigation and relief packages available to rate payers.   **CARRIED**

An update of any support packages that may be available to ratepayers would be appreciated by the Committee, including assumptions around the impact on fees and charges in the next financial year.

Management will continue to monitor the impact of the drought and Covid-19 on the agricultural sector in CHB including the impact on rates income in the next 12 months.

5.5 ANNUAL PLAN 2020/2021 UPDATE

PURPOSE

This report provides an update on the Annual Plan following Council's resolution on the 9th April 2020 *"That in light of COVID-19 and Drought, Council request that Officers amend the current Draft Annual Plan 2020/2021 budget, to achieve no more than a 3.8% rates increase."*

RECOMMENDATION

That, having considered all matters raised in the report:

a) That the report be noted.

b) That management present a similar report at the next meeting of Committee outlining the expected impacts from Covid-19 and the drought on 2020/2021 year on the Annual Plan.

Meeting adjourned for break at 10:42am.

Meeting recommenced at 10.52am.

5.6   REPORT FROM RISK AND ASSURANCE COMMITTEE CHAIR

PURPOSE

The attached paper presents, Chair Neil Bain's thoughts for developing a structured agenda and Committee work plan for future RAC meetings, for wider discussion.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker
Seconded: Cr Brent Muggeridge

That having considered all matters raised in the report the report be received.

CARRIED

That collaboration between the Committee and management continues, developing further Committee and council priorities.

The Committee will subsequent to the meeting discuss with management the development of the initial work plan and agenda for health and safety, and risk management, taking on board managements requests.

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION

Moved: Cr Jerry Greer
Seconded: Mayor Alex Walker

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 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 for the passing of this resolution
6.1 - External Audit 2019/2020 Engagement Letter and Approach	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

6   DATE OF NEXT MEETING

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan
Seconded: Mayor Alex Walker

THAT the next meeting of the Risk and Assurance Committee be held on 21 July 2020 .

CARRIED

7   TIME OF CLOSURE

The Meeting closed at 11:43am.

The minutes of this meeting were confirmed at the Risk and Assurance Committee Meeting held on 21 July 2020 .

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CHAIRPERSON

5   REPORT SECTION

5.1   RESOLUTION MONITORING REPORT

File Number: **COU1-1408**

Author: **Monique Davidson, Chief Executive**

Authoriser: **Monique Davidson, Chief Executive**

Attachments: **1.   Risk and Assurance Resolution Monitoring Report 21 July 2020** ⇩

PURPOSE

The purpose of this report is to present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions from the Committee.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

DISCUSSION

The monitoring report is **attached.**

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made 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;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

An updated Resolution Monitoring Report will be presented at the next Committee meeting on 3 September 2020.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

Risk and Assurance Committee Resolution Monitoring Report July 2020

Key	
Completed	
On Track	
Off Track	

Item Number	Item	Council Resolution	Resolution Date	Responsible Officer	Progress Report
5.3	Internal Audit: Procurement and Purchasing Findings	b) That a further update on the internal audit procurement and purchasing findings be reported to the committee.	14/05/2020	Brent Chamberlain	Completed. A procurement update is presented in the Risk and Assurance Committee Meeting Agenda for meeting 21 July 2020.
5.4	Financial Impacts of Covid-19 at this Time - Report	b) That management come back to the Committee with a further update on the financial impacts for 2020/2021 of the Covid-19 pandemic including any mitigation and relief packages available to rate payers.	14/05/2020	Brent Chamberlain	Completed. Covid-19 forecast impact on 2020/21 provided in the Risk and Assurance Committee Meeting Agenda for meeting 21 July 2020.
5.5	Annual Plan 2020/2021 Update	b) That management present a similar report at the next meeting of Committee outlining the expected impacts from Covid-19 and the drought on 2020/2021 year on the Annual Plan.	14/05/2020	Brent Chamberlain	Completed. Covid-19 forecast impact on 2020/21 provided in the Risk and Assurance Committee Meeting Agenda for meeting 21 July 2020.
5.60	External Audit 2019/2020	b) That the committee notes and approves the audit plan for the coming year. c) That the letter of engagement be accepted.	14/05/2020	Brent Chamberlain	Completed. Letter of Engagement signed and returned to auditors. Interim Audit now complete, and final audit due to commence on 24th August 2020.

5.2 RISK STATUS REPORT

File Number:	**COU1-1408**
Author:	**Josh Lloyd, Group Manager - Community Infrastructure and Development**
Authoriser:	**Monique Davidson, Chief Executive**
Attachments:	**Nil**

PURPOSE

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Councils risk landscape, risk management work in progress and to continue a discussion with the Committee about risk.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

This is the second risk status report to come to the Committee and is part of regular and routine reporting designed to provide governance with oversite and input into the way that identified risks are being managed with Council.

Further to the obvious benefits of 'reporting up' risk, Officers consider that these reports should be the basis of discussion that covers and adds value to all elements of the risk management spectrum (Identify, Analyse, Evaluate, Treat, Monitor/Report). That is, Officers hope that these report facilitate discussion that identifies new risk as well as simply focussing on existing listed and managed risks.
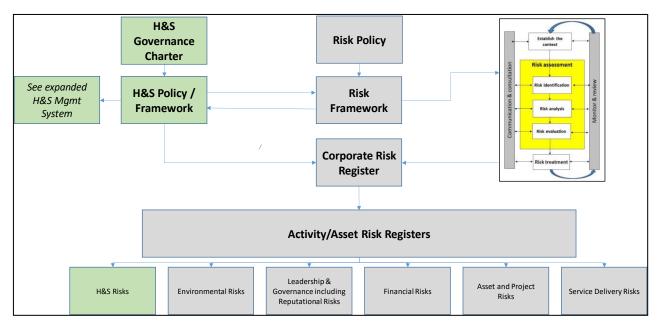
Feedback from the previous Committee meeting has shaped the structure and content of this report.

DISCUSSION

Risk Context and Management Approach

Council's approach to managing risk is maturing and evolving alongside other equally important parts of the organisation. Especially important are the linkages between Council's approach to managing risk and Council's approach to managing health, safety and wellbeing. The two areas are inextricably linked so much so that it can sometimes be difficult to see where one approach finishes and the other begins. Rather than invest effort beyond what is necessary to separate and differentiate the two activities, Council has taken an approach of ensuring that the two activities are complementary of one another and that while in some cases there may be overlap, that in no cases are there gaps or holes in either approach.

The diagram below illustrates how risk and health, safety and wellbeing integrate and overlap.

The management approach for both risk and health, safety and wellbeing are guided by strategic frameworks and policy and are influenced by National best-practice guidance material (specifically ISO-31000 and ISO-45000 series of standards).

Cyber Risk

Cyber risk and cyber security are emerging risks on Council's risk radar and a more thorough description of Councils approach to managing these risks will be provided in future Committee's. By way of introduction, a broad overview of tactical cyber security measures is provided below. Council are seeking to mature the approach to cyber risk management by incorporating the approach into an over-arching Information Services Strategic Framework and Action Pan. In simple terms:

- Entry points to our network/s are protected through the Firewall-as-a-Service provisioned on Palo Alto firewalls and provided by NOW Networks.
- Endpoint protection is provided through a combination of Microsoft Security applications, and a suite of products from Sophos.
- User security is continually checked through solutions such as 'Phriendly Phishing' which distributes 'safe' emails to check users do not try to access dangerous links or attachments.
- We also have controls and checks in place to reduce as far as possible the potential for access to dangerous websites and internet-based solutions.
- This is continually under review to ensure we use the best and most appropriate solutions available to us.
-

Corporate Risk Status Updates

The following section provides an update on the listed corporate strategic risks and the actions in progress to manage consequence or likelihood of occurrence. Officers in the organisation are currently preparing written Asset Management and Activity Management Plans to meet disclosure requirements and feed into the Long Term Plan and risk at an activity level is covered in detail in these plans. It is intended that upon completion of the activity-level work on risk, that this is fed up into the corporate strategic register to ensure alignment.

Risk No	Risk Description	Inherent Risk	Current Risk	Risk Treatments	Actions / Progress (July 2020)
1	**Fresh Water** Failure of water treatment, pumping and network infrastructure or lack of network capacity means the community does not receive an adequate supply of fresh potable water	**Extreme**	**Moderate amber**	Adherence to the regulated Water Safety Plan framework	Water safety plans exist for all treatment plants and are regularly approved and audited by DWAs. Recent audits were completed in Waipukurau and Waipawa. Year-end compliance results are being provided to DWAs for review now. A Water Safety Plan audit for Waipukurau and Waipawa is schedule for early July.
				Effective provision of operations, maintenance and renewal works by suitably qualified contractor/s and staff	Focus during Covid-19 lockdown period has allowed operational staff to catch up on a number of outstanding operational and maintenance activities including leak repairs. New repair equipment is enabling faster repair and restoration time on many small-medium jobs. Budget management for operational activities is a strong focus for the management team.
				Provision of effective monitoring system on treatment assets (SCADA)	SCADA system was reviewed in 2019 with significant changes being programmed through 2020 at key sites. Recent changes include install of more online chlorine analysers. Additional turbidity analyser being installed at Pukeora.
				Routine monitoring and reporting of water quality against Drinking Water Standards	Methodology for reporting on drinking water compliance to DHB has been overhauled and is now more automated and robust. Management are currently seeking clarification from DWAs about assessment criteria for the recently ended compliance year.

Risk	Risk Description			Risk Treatments	Actions / Progress (July 2020)
2	**Failure of Critical Assets** Incorrect maintenance and investment\replacement results in unexpected failure of critical assets and loss of levels of service	**Extreme**	**Moderate amber**	Effective Asset Management Planning processes including asset criticality assessment	Asset Management Plans are currently being reviewed and re-written for input into the 2021 LTP. There is managed risk in the development of these plans for both timeliness and quality. This is being escalated internally with executive leadership team oversight and influence
				Effective condition assessment programmes	As part of the AMP review process, condition assessment programmes are being reviewed with an expectation that these are formalised more in the first half of 2020/21 FY.
				Effective provision of operations, maintenance and renewal works by suitably qualified contractor/s and staff	Contracts for land transport operations recently awarded and commenced officially at July 1. Contract Mgmt. Plans and Contract Structures being developed now collaboratively with contractors and Council.
				Provision of effective monitoring system on treatment assets (SCADA)	SCADA system was reviewed in 2019 with significant changes being programmed through 2020 at key sites. Recent changes include install of more online chlorine analysers
				Effective delivery of asset renewal and upgrade (capital) programmes	Capital work and renewal programmes are routinely reported against.
3	**Wastewater Treatment System Failure** System failing resulting in environmental impact and\or prosecution before a new solution is	**High Red**	**Moderate amber**	Adherence to Resource Consent monitoring and reporting requirements	Project to replace 3 major failing plants (Waipukurau, Waipawa, Otane) is progressing well as per agreed timelines with community, Council and the regulator. Discharge filtration options being investigated for Otane, Waipukurau and Waipawa as medium-term solutions to suspended solids and phosphorous.

Risk	Risk Description			Risk Treatments	Actions / Progress (July 2020)
	constructed and operational.	**Extreme**	**Moderate amber**	Effective condition assessment programmes	Maintenance and condition assessment/ inspections have been increased at all plants. Review of operational processes and creation of new Operations and Maintenance manual in progress for Waipawa, Takapau and Waipukurau.
				Effective provision of operations, maintenance and renewal works by suitably qualified contractor/s and staff	Staff are routinely trained and tested. Changes in contracting staff structure being implemented to provide greater strategic oversight and direction to wastewater treatment and operations. This will see the inclusion of Veolia staff from across NZ and internationally providing expert advice and support without increasing total costs to contract.
				Provision of effective monitoring system on treatment assets (SCADA)	SCADA system was reviewed in 2019 with significant changes being programmed through 2020 at key sites.
4	**Health & Safety - Community** Failure to create and maintain safe council facilities and a safe environment for the community leading to death or serious injury.	**Extreme**	**Moderate amber**	A clear and effective document management system	Creation of a governance level charter, then executive policy statement which will be delivered through a framework/structure document to guide subsequent strategies, action plans, procedures, etc. CHBDC is investigating a document management system across the organisation to manage tracking renewals, reviews and introduction of new documents.
				A clear and concise Health, Safety and Wellbeing Strategy	Creating a clear Health Safety and Wellbeing Strategy with an action plan to drive the culture and maturity forward

Risk	Risk Description			Risk Treatments	Actions / Progress (July 2020)
		Extreme	Moderate amber	A robust risk management approach to ensure safety to the public around our assets/ sites	Development of critical risks, including understand each risk and identifying current controls and gaps to be filled -12 critical risks identified incl. Public Infrastructure, Lone working, Driving, Public Interactions – expected to be completed by August 2020
				A robust prequalification process for contractors working for CHBDC	Ensure all contractors are pre-qualified for work on the network through Site Wise or the Council pre-qualification process. Including regular tracking system to manage renewal of prequalification. This is in progress.
				A disciplined contractor management framework	Implementing a contractor management framework, rolled out through workshops, and training sessions and creation of tools to support staff. This is expected to be in place by September 2020
5	**Health & Safety - Workers**Failure to create and maintain a safe environment for staff leading to death or serious injury.	Extreme	Moderate amber	A clear and effective document management system	Creation of a governance level charter, then executive policy statement which will be delivered through a framework/structure document to guide subsequent strategies, action plans, procedures, etc.
				A clear and concise Health, Safety and Wellbeing Strategy	Creating a clear Health Safety and Wellbeing Strategy with an action plan to drive the culture and maturity forward
				A regular internal/ external analysis, and review process	Gap analysis undertaken in Sep-Nov 2019 - currently implementing recommendations – CHB to consider a SafePlus type review later in 2020.

Risk	Risk Description			Risk Treatments	Actions / Progress (July 2020)
				An effective job / task specific risk assessment and review process	Implementing JSEAs for tasks, or Standard operating procedures, where we have gaps, we will be developing and implementing new JSEAs, and reviewing use and effectiveness,
				A robust prequalification process for contractors working for CHBDC	Ensure all contractors are pre-qualified for work on the network through Site Wise or the Council pre-qualification process - Review Regularly
				A mature and disciplined approach to engaging with staff on H&S matters	Develop and implement staff engagement mechanism within H&S system – new safety system to enable and the critical risk implementation to bring together engagement on H&S activities. Developing and embedding a reporting culture through the new enabling system including reporting, visibility, recognition and regular feedback. Safety and Wellbeing committee developed and H&S reps/committee members appointed – regular meetings and focus on adding valu.,
6	**Inadequate Civil Defence Response** Failure to respond adequately during a civil defence emergency results in undue harm to members of the community and delays in restoring the district to an operational	Extreme	Moderate amber	Effective organisational and staff structures assigned to Civil Defence	EOC regional training exercise completed in 2019.
				Regular and relevant training and exercises for the organisation	Key IMT staff trained (primary Controller recently completed advanced training)
				Regular and effective interaction with Group Regional and National Civil Defence teams and leads to ensure alignment of Council practice with	IMT activated currently for Covid-19 and Drought response with demonstrated effectiveness

Risk	Risk Description			Risk Treatments	Actions / Progress (July 2020)
	basis.	**Significant Amber**	**Moderate amber**	others	
7	**Not able to retain or secure key staff** Shortage of skilled staff impacts on ability to deliver services to the community.	**Significant Amber**	**Moderate green**	Regularly ensure consistency of Council remuneration and non-rem policies with industry	Remuneration policy created in 2019 and recent benchmarking completed with industry.
				Implement and maintain performance and development framework for all staff	PDPs developed annually including training specific to role as well as stretch development opportunities
				Include non-rem benefits as key focus for organisation	Non-rem benefits included in P&C Group business plan Employee benefits including: * recognising our people guideline * community service leave policy * sick leave bank policy
				Include employee wellbeing & H&S as key focus for organisation	Employee wellbeing included as focus in P&C Group Business Plan Safety and wellbeing committee given mandate to promote and implement employee wellbeing
8	**Business Interruption** Business interruption caused by some unexpected event impacting on service delivery.	**High Red**	**Moderate amber**	Ensure the development and implementation of effective Business Continuity Plans	On the work programme but has not started yet. This is planned for completion in the first half of 2020
				Reduce reliance on paper records	Project to digitise property records underway

Risk	Risk Description			Risk Treatments	Actions / Progress (July 2020)
9	**Failure to effectively deliver services and projects** Failure to deliver Council strategic objectives, projects or normal business as usual service levels resulting in community dissatisfaction.	**Significant Red**	**Moderate amber**	Ensure effective Programme Management structures in place for significant works	Council has recently created an internal Project Management Office (PMO) structure to facilitate the delivery of large and high risk projects. This new structure will see added rigor in project/programme delivery, improved reporting and ensure consistency in approach across activities. A strong and competent Director has been appointed to lead the function and supporting staff are being recruited at present.
				Utilise best-practice project management methods to deliver projects	
				Build and develop relationships with key suppliers and contractors	
10	**Adverse Environmental Change or events** Severe weather events and climate change effects impacting community wellbeing and property values	**Extreme**	**Moderate amber**	Build resilience planning and consideration of HILP events into Asset Management Planning processes	AMPs currently in development and will ensure focus on resilience, restoring supply/service and management of HILP events.
				Design network infrastructure to be resilient - build redundancy into critical systems	Waipukurau Second Supply project being progressed as key Big Water Story project. Roading upgrades on Porangahau Road in progress to improve resilience. AMP process is underway targeting resilience and reliability of assets through effective condition and demand management.
				Maintain up to date and robust growth modelling and forecast assumptions for demand across critical activities	Spatial Planning work includes a core component on growth assumptions that will feed into AMPs for key asset classes. Low, medium and high growth forecasts have been developed for the three main urban centres

Risk	Risk Description			Risk Treatments	Actions / Progress (July 2020)
		Extreme	Moderate amber		and are being refined currently before adoption and use in asset management planning and financial forecasting.
				Ensure capacity modelling is robust for critical asset classes	Stormwater identified as primary risk for capacity constraints and modelling works underway. Waipukurau is being prioritised.
11	**Financial Strategy Failure** Implementation of council's Financial Strategy is not effective in guiding appropriate decision making to meet the financial pressures associated with maintaining the assets in a manner that is affordable to the CHB community.	Extreme	Moderate amber	Continuous Development of the Internal Financial Reporting to enable robust decision making	Treasury reporting has been added to routine financial reporting going to Council/Committee. Interim external audit completed on year-end financials and financial processes.
				Work with HB region on Matariki Economic Development Project	This body of work is underway, with Council taking an active role in the Strategy's refresh. This will be ongoing.
				Development of external funding framework	Framework adopted and being implemented

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Following presentation and discussion on this report, Officers will continue to pursue operational risk management activities and will take appropriate guidance from the Committee.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

5.3   FORECAST OF THE IMPACT OF COVID ON THE 2020/21 FINANCIAL YEAR

File Number: **COU1-1408**

Author: **Brent Chamberlain, Chief Financial Officer**

Authoriser: **Monique Davidson, Chief Executive**

Attachments: **Nil**

PURPOSE

The purpose of this report is to provide Councillors with a forecast of the expected impact of Covid-19 and Drought on the 2020/21 financial year.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

New Zealand is one of the few countries in the world where Covid-19 has been eliminated (apart of the odd case imported from overseas and contained at the border). While New Zealand was effectively in lock down from 23rd March 2020 to 8th June 2020, at level one things are pretty much back to normal except for border restrictions now.

"The Covid-19 pandemic is expected to leave a lasting scar on the world's economies but New Zealand is likely to fare better than most, according to a credit ratings agency.

A review by S&P Global said the recession would be uneven across the Asia Pacific region and New Zealand would be among the countries to escape with less permanent damage, the agency said.

New Zealand was in a small group of countries with well-targeted economic stimulus and management of the pandemic, including China, Korea, Taiwan, Australia, Japan and Singapore.

The long-term cost to New Zealand's real GDP would be an estimated 2.7 per cent, on par with Japan and Australia, and far lower than the cost of the Global Financial Crisis.

New Zealand's economy was expected to shrink 5 per cent this year, but bounce back with 6 per cent growth in 2021, followed by 3.4 per cent growth in 2022 and 3 per cent the following year."

    Source Radio New Zealand 29/06/2020

Economists are now talking about a V-shaped recovery. That is the impact of covid-19 was a sharp fall in economic data, followed by an expected fast recovery as businesses reopen and return to normal (or close to it).

"The UK economy is still on track for a quick or so-called V-shaped recovery, according to Bank of England economist Andy Haldane.

In a speech on Tuesday, he said the recovery in the UK and globally had come "sooner and faster" than expected.

However, he sounded a note of caution on jobs in the wake of the pandemic."

    Source BBC 30/06/2020

In June's Westpac McDermott Miller quarterly economic survey found that Hawkes Bay was one of the few regions in New Zealand with a positive economic outlook. This is because Hawkes Bay isn't a key tourism destination, and its economy is largely built on the back of food production which has been largely unaffected by Covid-19.

However the Central Hawkes Bay District has been impacted by drought with many farmers having to destock and/or buy in stock food which will impact their future cash flows.

REINZ's House Price Index Report for June 2020 shows that Hawkes Bay towns are one of the few New Zealand regions that are showing positive house price movements for month post lockdown.

SUMMARY OF MOVEMENTS

House Price Index	Index Level	1 Month	3 Months	1 Year	5 Years*
New Zealand	2962	-0.5%	-1.6%	7.9%	7.1%
NZ excl. Auckland	2956	-0.2%	-1.1%	8.8%	9.7%
Auckland	2970	-0.8%	-2.1%	6.8%	4.3%
Rodney District	2882	-3.5%	-1.4%	2.0%	5.3%
North Shore City	3017	-2.3%	-2.2%	7.0%	3.4%
Waitakere City	3108	-0.1%	-3.1%	6.2%	3.9%
Auckland City	2830	-0.6%	-3.3%	7.4%	4.2%
Manukau City	3154	0.4%	0.3%	7.5%	5.2%
Papakura District	3209	-0.4%	0.4%	7.6%	5.5%
Franklin District	3187	3.1%	-1.5%	3.7%	5.3%
Other North Island					
Whangarei District	3108	1.4%	1.1%	6.3%	12.0%
Hamilton City	3231	2.9%	0.7%	9.2%	9.9%
Tauranga City	2846	-1.8%	0.7%	7.4%	10.4%
Rotorua District	3692	3.0%	1.3%	15.8%	17.0%
Hastings District	3168	1.6%	-0.4%	16.5%	14.2%
Napier City	2878	2.7%	-1.3%	12.6%	13.5%
New Plymouth District	3153	4.9%	-0.4%	11.7%	6.9%
Palmerston North City	3092	0.0%	-1.0%	14.9%	11.9%
Wellington	2971	-1.4%	-1.7%	10.5%	11.9%
Porirua City	3080	6.6%	2.6%	12.5%	12.4%
Upper Hutt City	3394	0.4%	1.3%	13.7%	13.0%
Lower Hutt City	3325	-3.7%	0.2%	13.9%	13.7%
Wellington City	2661	-3.1%	-4.1%	7.6%	10.6%
South Island					
Nelson City	2437	-3.2%	-2.4%	5.4%	10.3%
Christchurch City	2426	-0.8%	-2.1%	3.4%	1.7%
Queenstown-Lakes District	2572	-6.1%	-7.2%	-4.2%	10.9%
Dunedin City	3649	-1.5%	-3.5%	16.6%	13.4%
Invercargill City	3379	-1.3%	1.7%	18.8%	12.7%

Source: REINZ   * = Compound Growth Rate

DISCUSSION

At the last Risk and Assurance Committee meeting, the committee requested that Officers report back with a high level assessment of post Covid-19 impacts on the 2020/2021 financial year. With most Council services now back running as normal, and at volumes experienced pre Covid-19. The table below is Officers assessment of possible post Covid-19 impacts.

Risk Level	Council Department	Description of Risk	Exposure
Impacted	Retirement Housing	The planned rental increase on 1 July 2020 can't happen due to Labour's six month rental freeze till 23 September 2020.	$8,000 loss of income
Impacted	Municipal Theatre	While the theatre is open again, no large event bookings are expected until 2021.	Up to $40,000 lost rent/ticket sales, $25,000 in margins on bar and food sales
Impacted	Rates Relief	Council is providing $200,000 of Rates Relief due to Covid-19 to be funded from reserves	$200,000
Impacted	Drought Relief	Council has provided $50,000 to the Hawkes Bay Disaster Relief Fund (impacts 2019/2020 year)	$Nil in 2020/2021
Impacted	Staff Capacity	The impacts of COVID-19 and notably the new available funding, government priorities such a Crown Infrastructure Partners and other funding opportunities for Central Hawke's Bay, have introduced new priorities and reduced any available resource capacity.	This reduces the organisations ability to be as agile and responsive to new demands/events.
Impacted	Supply Chain	With many parts of the world still being in lock down, and air freight being greatly reduced, it is becoming increasingly difficult to get equipment from overseas such as lining product for Helicoil project (Italy), SH2 pumps coming from overseas (Turkey)	Delays in supply chain, and therefor delays in capital program delivery
Possible Impact	Solid Waste	At present volumes are unimpacted, but if the construction market slows then volumes of demolition waste might drop	A 1% drop in volume is a loss of $17,000 in fees
Possible Impact	Consents	At present volumes are unimpacted, but if the housing market slows then volumes might drop	A 1% drop in volume is a loss of $9,000 in fees
Possible Impact	Liquor and Food Licenses	At present volumes are unimpacted, but if any of the restaurants/cafes close due to an economic downturn then Council will be impacted	A 1% drop in volume is a loss of $800 in fees
Benefits	Solid Waste	Contactless Eftpos has been introduced at Waipawa and Porangahau Transfer Stations. This will make payment easier and will result in less cash handling.	$nil
Benefits	Economic Development	CHBDC is administering PGF money to create new jobs (Vegetation Contracts) and the Mayor's Taskforce	$nil bottom line impact on Council other than the staff capacity issue highlighted above, but does inject $2m into the region
Other Impacts	Waipukurau Library	While not impacted by Covid-19, the closure of Waipukurau Library due to Seismic Assessment will impact 2020/21	$15,000 in lost library fees, and Level of Service impact.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;

- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;

- Any decisions made 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;

- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;

- Any decisions made are consistent with the Council's plans and policies; and

- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

The impact of Covid-19 and Drought will continue to be monitored during 2020/21 and any developing trends identified will be highlighted to Council in the quarterly financial reports, reported to the Finance and Infrastructure Committee.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

5.4   HEALTH AND SAFETY STATUS REPORT

File Number: **COU1-1408**

Author: **Darren de Klerk, 3 Waters Programme Manager**

Authoriser: **Monique Davidson, Chief Executive**

Attachments: 1.   **Health and Safety Report Q2/2020** ⇩
                    2.   **Health and Safety Dashboard (ELT) - June 2020** ⇩

PURPOSE

To provide the committee with health, safety and wellbeing information and insight between up to the end of June 2020 and to update the committee on key health and safety risks and initiatives.

RECOMMENDATION
That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Elected members, as 'Officers' under the Health and Safety at Work Act 2015 (HSWA), are expected to undertake due diligence on health and safety matters.

The Health and Safety at Work Act 2015 came into law on 4th April 2016. It requires those in governance roles and senior management to have a greater understanding of their organisations health and safety activities.

Under the Health and Safety at Work Act 2015, all elected members are deemed 'officers' and must exercise a duty of due diligence in relation to health and safety. These quarterly reports provide information to assist elected members to carry out that role, and provides the health and safety information it needs to be aware of to meet its responsibilities under the Act.

DISCUSSION

The attached Health and Safety Status Report provides insight into Council activities and performance across the Safety Group.

Council undertook a Gap Analysis of our Health and Safety system including our maturity, and the recommended actions from this largely forms our work programme – the status report provides and overview of progress against those actions.

The attached update report provides insight into leading and lagging indicators in relation to health and safety performance.

This report is delivered to this committee in conjunction with a Health, Safety and Wellbeing Governance Charter for adoption and Health, Safety and Wellbeing Policy Statement for endorsement.

Officers propose to focus on developing the critical risks identified in relation to the activities Council undertakes and these are a top priority in the immediate health and safety work programme in conjunction with implementing new safety software to provide greater insight and enable the maturity and progression of our health and safety culture.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;

- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;

- Any decisions made 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;

- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;

- Any decisions made are consistent with the Council's plans and policies; and

- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will over the next few months develop a safety introduction and overview of elected member's responsibilities under the Health and Safety at Work Act (HSAW) 2015.

Officers will continue to trend and refine reporting to this committee and our executive leadership team. Officers will continue to progress and implement recommended actions as outlined in the gap analysis report.

This report is delivered to this committee in conjunction with a Health, Safety and Wellbeing Governance Charter for adoption and Health, Safety and Wellbeing Policy Statement for endorsement.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

Risk and Assurance Committee

Health and Safety Report Q2/ 2020

Central Hawkes Bay District Council – Health and Safety Report   1

Author: Darren de Klerk   Date: 07 July 2020

Contents

OVERVIEW

This is the second Health and Safety Status Report for this Risk and Audit Committee, and we as an executive team have taken the opportunity to refresh how we report and the data we present to this Committee. Council is building its health and safety maturity following the Gap Analysis audit late in 2019, where a number of recommendations across eleven key groups of varying priority were identified.

These recommendations form our work programme over and above our business as usual activities, they present an exciting opportunity to revamp how we lead Safety as a Council and change our focus from hazards to risks. Understanding, and managing our Critical Risks is an important priority, and one we will work with our staff and health and safety committee to progress.

We have commenced and have planned workshops with the Health, Safety and Wellbeing Committee, general staff, people leaders, the executive team and the governance of Council to provide some understanding and insight into what the future of health and safety at Council may look like.

These workshop like presentations are proposed to set the tone for the next raft of work focussed on critical risks, implementing enabling software to support the journey we are on.

As you read further into the report you will see manhours as expected are reduced for the first quarter of 2020 as expected, but begin to increase in May and more so in June 2020 as we transition to more of a BAU focus.

Our focus has shifted during COVID-19 to spend more time on staff wellbeing and we are proud to have rolled out a daily wellbeing check in app that allows our staff to let us know how they are doing day by day.

Other areas of focus over the next quarter will be on investigating the safety system we wish to use moving forward that is fit for purpose, where we can collate data and our staff can use to report near misses, hazards, risks and incidents. This presents another exciting opportunity as we refresh our safety culture, a very important activity being reporting and sharing lessons across all our teams – internal and contracted. We are in the final stages of negotiations, and expect by the next committee meeting a new system will be in place.

We present to the committee today a refreshed Health, Safety and Wellbeing Policy Statement, that sets the commitment from our executive leadership team on Health, Safety and Wellbeing, we also present a complimentary Health, Safety and Wellbeing governance charter that sets the platform and prioritises Health, Safety and Wellbeing directly from Council Governance.

HEALTH AND SAFETY PERFORMANCE

Below is a snapshot of our Health and Safety performance as a council and across our key contracting partners, this is for the period April to June 2020.

Workplace Notifiable Events

CHBDC report all notifiable events within our workplace to Worksafe New Zealand. As well as actual serious injury incidents, Council also report any incidents (near misses) where serious harm may have occurred in other circumstances.

There were no notifiable events reported in the quarter ended 30 June 2020.

Incidents

One incident reported in the quarter ended 30 June 2020 are outlined below.

| Event	Outcome
Police Lockdown of Council Building Waipawa	On the 4th June 2020, Council offices and surrounding streets in Waipawa were locked down by police following reports of a person possessing a weapon, Council enacted lockdown procedure and coordinated check ins with staff that were not on the premise as well as neighbouring properties, a debrief opportunity wa held to ensure council learnt from the internal handling of the event.
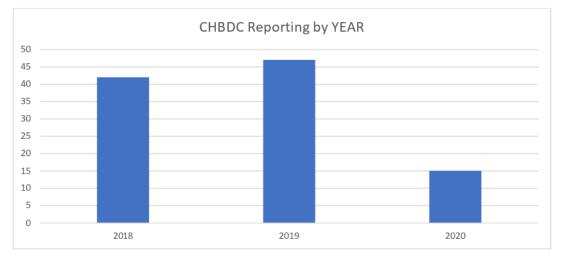
CHBDC Reporting

We have received 15 reports through People Safe and Safe 365 in 2020. This is reduced from previous years, a reporting campaign is planned to be rolled out as part of the introduction of a new safety system.

Year	PeopleSafe	Safe365	TOTAL
2018	42	n/a	42
2019	47	n/a	47
2020	8	7	15
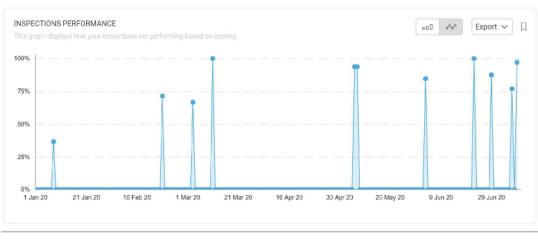
Contractor / Asset Inspections or Observations

A work in progress, in 2019, we adopted a new auditing, inspection and observation tool called I-Auditor, where we can utilise existing or custom templates to allow our contract managers to inspect our assets, or observe or audit our workers, contractors or project sites.

16 contractor or asset inspections have taken place in 2020 to date.

We are currently working on the framework and training to support the roll out of regular, consistent and planned inspections and observations across our work areas.

3 Waters/ Parks and Reserves
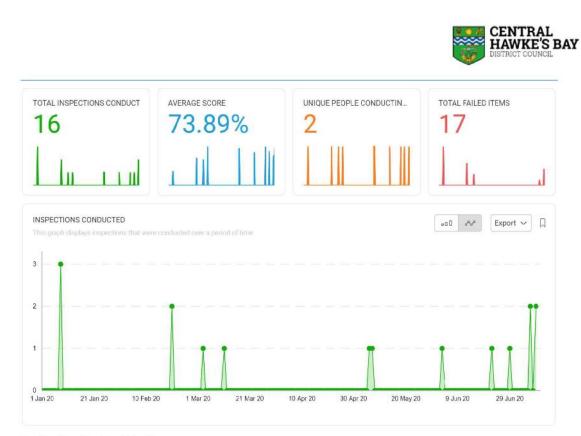
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Author: Darren de Klerk   Date: 07 July 2020

TOTAL INSPECTIONS CONDUCT	AVERAGE SCORE	UNIQUE PEOPLE CONDUCTIN...	TOTAL FAILED ITEMS
16	73.89%	2	17

INSPECTIONS CONDUCTED

This graph displays inspections that were conducted over a period of time

Contractor Pre-Qualification

Council has a pre-qualification system in place to allow council officers, and contract managers with a system to evaluate the risk of engaging and using a contractor, we use a system called SiteWise which many other Councils use to independently evaluate contractor's safety systems, and score them with a safety rating.

Additionally, for smaller contractors we undertake our own internal manual pre-qualification. We regularly review the compliance of our contractors but will be looking to increase our systems audits to ensure we undertake sufficient due diligence to ensure our contractors are delivering on their safety plans.

A snapshot of the contractors we use and their pre-qualification status.

Pre Qual System	Current	Expired	TOTAL
SiteWise	40	10	50
Internal	8	0	8
Other	7	0	7
TOTAL	55	10	65

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Author: Darren de Klerk   Date: 07 July 2020

The contractors with expired pre-qualifications are being followed up with contract managers directly, and are not currently used, until they have a current pre-qualification.

Contractor Management

Council currently manages long term regular contracts across the following five key areas, and these suppliers are regularly engaged with Council through many avenues notably the Supplier Improvement Programme (SIP). These contractors provide regular reporting to Council which we use to trend performance and that our contractors are managing health and safety effective.

Our focus over the coming months is to ensure we can lead these conversations and behaviours across our large contracts, and across our smaller more adhoc contracts, and across our projects which are shorter in term, but still pose risk.

CONTRACTOR HEALTH AND SAFETY TRENDS

The area of trends and data analyse is being reviewed and will form an important part of future status reports as we refine the information and data we plan to understand and review.

We are currently refining the data requested from our key contractors monthly, and will further improve the data and trends to analyse.

Key Contractor Overview

An overview of key large contractors engaged with CHB

| Contractor	Work Type	Contract Value	Staff #s	Manhours (Avg last 3 months)	PreQual Status	Incidents – Rolling 12 months
Downer	Roading	8,469,139	Not available	3978	Sitewise 94 exp. 23/04/21	9
Higgins	Roading/ Landfill	3,503,805	Not available	720	Sitewise 100 exp. 10/04/21	20
Rec Services	Open Spaces/ Parks	6,886,750	Not available	3849	Sitewise 91 exp. 01/02/21	16
Veolia	3 Waters	2,122,231	Not available		Impac	
Smart Environ	Rubbish/ Recycling	955,760	Not available	Not available	Sitewise 92 exp. 02/03/21	19
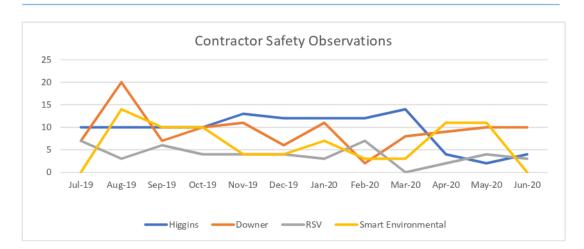
Contractor Reporting
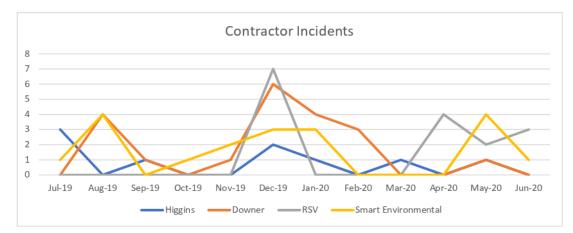
Below is an overview of the reporting figures across our key contractors through to the end of June 2020.

Contractor Safety Observations

Contractor Incidents

We find an indifference between contractor reporting, and some contractors report vehicle damage as incidents, Below is information on a handful of incidents reported in the last quarter.

| Incident	Description
Trapped Leg	A local contractor was working on a project installing stormwater pipe, the pipe was being installed in the trench and during the placement of pipe, the worker guiding the pipe into the trench had his leg trapped
Rolled ankle	A contractor employee rolled their ankle on uneven ground, resulting in injury and time off work
Vehicle Sliding	Pulled Hydroexcavater over to the side of the road to allow resident to exit driveway, in doing so the berm was soft and the truck bogged down and slipped with the camber of the road. The spoils and water inside the bin sloshed towards the camber and aided in the sliding of the truck.
Equipment incident	While cutting rebar in a hole the grinding disk shattered.
Customer Interaction	Crew member was working at transfer station he was getting people to fill out a contact tracing form and handing them the eftpos keypad. On 2 occasions customers were paying by cash and crew member passed the cash from customer to council cashier. He was wearing full PPE at all times.
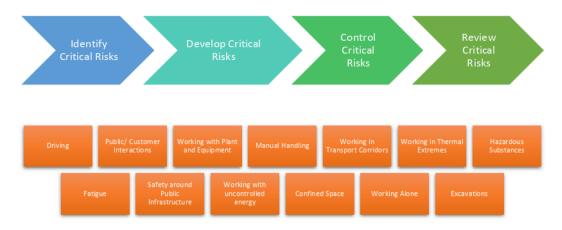
HEALTH AND SAFETY - CRITICAL RISKS

Critical Risks were identified as one of our most important recommendations following the gap analysis – work has commenced in identifying our critical risks – these are outlined below.

Our next step will be to workshop each of these critical risks with a key working party to understand the risk in greater detail, understand the controls in place, and the controls we need to implement to bridge any gaps – from there we will regularly audit and review each Critical Risk.

A Critical Risk is described as: *Any hazard or risk where if control is lost the consequence has the potential to be one or more fatalities, critical risks can include those with the potential to cause death in the future (i.e. health risks), not just immediately (i.e. safety risks).*

The gap analysis identified the following Critical Risks for Council, where following a workshop in December 2019, Council officers identified the following critical risks, work is now required to refine the list and develop each risk accordingly. Workshops are scheduled for August 2020 to undertake bow-tie assessments of each critical risk.

HEALTH AND SAFETY INITIATIVES

In addition to the work underway through the gap analysis project, the health and safety team are working on the following projects to improve our safety systems, and to improve the safety culture at CHBDC.

Lone Worker/ Driver Behaviour – a project is underway with budget from July 2020 to improve our lone worker safety system to ensure our staff working alone are adequately supported. This includes provision to investigate driver behaviour and vehicle monitoring to complement staff travelling and to ensure we adequately manage this critical risk. A trial is set to commence on two animal control vehicles in the next 4 weeks, before the approval for full scale implementation.

Health and Safety System Review – the safety system council currently uses is no longer fit for purpose, and we are currently investigating replacing our system with one that can support our improvement journey and the need to report better and in a more user friendly, as well as capture the data to provide greater oversight to governance.

Reporting System – we acknowledge our reporting culture is low, and this is a large and important part of our safety improvement journey, which needs to be supported by a system that allows our staff to report easily, and our support team to feedback. We plan to upskill and educate our staff alongside the new system to improve reporting.

Safety Alerts – we propose to implement the sharing of good and bad stories via alerts, these could be from internal events, accidents or near misses or from our contracting partners.
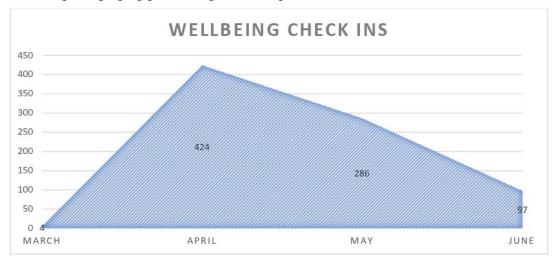
LEADERSHIP AND WORKER ENGAGEMENT

Leadership and worker engagement is an important component of a mature health and safety system, council utilises the following areas to demonstrate leadership in health and safety;

- A recurring agenda iteam at the monthly exective leadership team meeting (dashboard presented below).
- A permanent slot in the Chief Executive's weekly words

Health and Safety Performance Dashboard — Jun-20

	Target	May-20	Apr-20	Change
PreQual Status	TBD	88%	87%	↑
Contractor Hours	TBD	9110.5	3027.5	↑
Contractor Reports	TBD	26	23	↑
Contractor Incidents	TBD	8	4	↓
CHBDC Reports	TBD	1	1	↔
Site Observations	TBD	1	0	↑
Safe 365 Checks	TBD	332	424	↓

Worker engagement is lead out through the following targeted areas;

- A 6 weekly health and safety committee that is well attended and engaging
- Regular ongoing engagement through the wellbeing check in
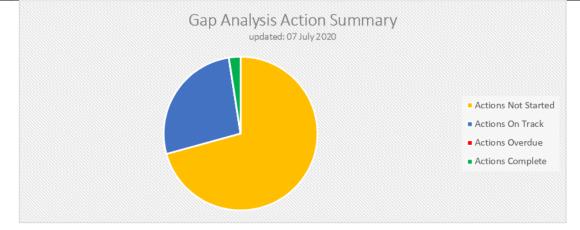

WELLBEING CHECK INS

GAP ANALYSIS PROJECT

The gap analysis project identified 11 key areas for improvement and a total of 82 recommendations to implement to improve our health and safety system and maturity. A project has been implemented to deliver on these recommendations.

We propose to report the progress on these deliverables to this committee.

	Recommendations by Group	No. Of Actions	Actions Not Started	Actions On Track	Actions Overdue	Actions Complete
1	Policy, Planning, Resources and Responsibilities	6	3	1	0	2
2	Leadership and Worker Engagement	3	0	3	0	0
3	Governance Reporting and Activity	4	2	2	0	0
4	Hazard and Risk Management	6	1	5	0	0
5	Information, Training and Supervision	3	2	1	0	0
6	Managing Contractors, and Visitors	5	3	2	0	0
7	Incident Management	3	2	1	0	0
8	Health and Wellness	4	3	1	0	0
9	Emergency Management	2	1	1	0	0
10	Audit and Review	4	1	3	0	0
11	Critical Risk Management	42	40	2	0	0
	TOTAL	**82**	**58**	**22**	**0**	**2**

Gap Analysis Action Summary
updated: 07 July 2020

- Actions Not Started
- Actions On Track
- Actions Overdue
- Actions Complete

HEALTH AND WELLBEING

The Health and Safety team is supported in the wellbeing space by the People and Capability team.

We currently have the following health and wellbeing initiatives underway;

Safe 365 Wellbeing Check-In – We introduced a daily wellbeing check in as part of our response to COVID-19 and more staff working from home.

Wellbeing Warriors – An additional perk run out of the Safe 365 system is the ability to log your movement, be it steps, exercise, cycling, running or anything else movement related, our P&C advisor is leading this small competition to entice our staff to remain active in

Flu Vaccine – we offer flu vaccines to staff leading into flu season, we have offered 42 flu vaccines this flu season.

Webinars – we have run two webinars in the last couple of months for staff on resilience and a wellbeing and nutrition coach.

Central Hawkes Bay District Council – Health and Safety Report Q2/2020   10

Author: Darren de Klerk   Date: 07 July 2020

Wellbeing Calendar – A wellbeing calendar was setup to outline when events were on and would take place, to ensure we dedicate the time required across our teams to this. This has largely been initiated and run by our H&S committee. A pink ribbon breakfast is planned for later in July 2020.

Leave – we offer leave to staff for community events, birthday and whanau days to support wellbeing and promote us a workplace of choice.

EAP – we offer EAP to all staff at any time of the year.

APPENDICES

None

Health and Safety Performance Dashboard — Jun-20

CENTRAL HAWKE'S BAY DISTRICT COUNCIL

Contractor Management

Contractor PreQual Status (chart: SiteWise, Internal, Other — Current / Expired)

Contractor Reporting

Contractor Safety Observations (Higgins, Downer, RSV, Smart Environmental)

Contractor Near Misses (Higgins, Downer, RSV, Smart Environmental)

Contractor Incidents (Higgins, Downer, RSV, Smart Environmental)

Notes on incident reports

Higgins - worker injured leg between pipe and trench

Smart E - Cash Handling incident during L3 COVID-19

Veolia - incident related to asbestos storage at Barkers depot

Trends

	Target	May-20	Apr-20	Change
PreQual Status	TBD	88%	87%	▲
Contractor Hours	TBD	9110.5	3027.5	▲
Contractor Reports	TBD	26	23	▲
Contractor Incidents	TBD	8	4	▼
CHBDC Reports	TBD	1	1	◄►
Site Observations	TBD	1	0	▲
Safe 365 Checks	TBD	332	424	▼

* Site observations reported through the I-Auditor System
* Near Misses/ Hazards through People Safe/ Safe 365

Critical Risks

To be developed and implemented as part of Gap Analysis Work Programme

Identify Critical Risks → Develop Critical Risks → Control Critical Risks → Review Critical Risks

Driving | Public/ Customer Interactions | Working with Plant and Equipment | Manual Handling | Working in Transport Corridors | Working in Thermal Extremes | Hazardous Substances

Fatigue | Safety around Public Infrastructure | Working with uncontrolled energy | Confined Space | Working Alone | Excavations

CHBDC Reporting

CHBDC REPORTING BY YEAR (2018, 2019, 2020)

CHBDC REPORTING 2018 TO PRESENT (Threatening Behavior, Accident, Damage, Injury, Near miss, Nice Job, Pain & Discomfort)

Initiatives/ General

101 Presentations — Link

New HSW Framework

New HSW Policy — Link

New RnA HSW Charter — Link

Wellbeing

Safe 365 Wellbeing Daily Check In

People and Wellbeing Strategy

Flexible Working Policy Development

Flu vacs

Safety and Wellbeing Committee

Meeting held on **28 May 2020**

Key Points; Minutes

Stress concerns raised around return to work

Further work to introduce critical risks

First Aid conversation

Check on representation - adequate?

Introduced Safety Alert

Next Meeting to be scheduled for late **June 2020**

Special Projects

A summary of key projects in the H&S area;

Lone Worker 25% — Due Date: 30/08/20

Currently investigating systems - whilst developing the critical risk mitigation controls

Safety System 60% — Due Date: 30/08/20

Currently having system demo'd, and assessing each system along with pricing

Vehicle GPS 25% — Due Date: 30/08/20

Developing critical risk risk mitigation controls and reviewing E-Road including effectiveness in black spot areas - an updated vehicle use policy to be brought to ELT to support changes

Leadership | Management | Insight | Improvement

Gap Analysis Progress

Gap Analysis Action Summary updated: 11 June 2020

(pie chart: Actions Not Started, Actions On Track, Actions Overdue, Actions Complete)

5.5   HEALTH, SAFETY AND WELLBEING POLICY STATEMENT

File Number: **COU1-1408**

Author: **Darren de Klerk, 3 Waters Programme Manager**

Authoriser: **Monique Davidson, Chief Executive**

Attachments: **1.   CHBDC HSW Policy Statement - July 2020** ⇩

PURPOSE

To update the Risk and Assurance Committee on the progress of a key policy document in relation to health, safety and wellbeing leadership and commitment at a management level and seek endorsement in conjunction with the governance charter presented for adoption.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted and the committee endorse the Health, Safety and Wellbeing Policy Statement.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Following an independent gap analysis into the Health and Safety Management System in late 2019, a number of opportunities for improvement were identified, an area identified for improvement was to improve leadership, governance reporting and due diligence. The top priority identified was to Re-write the health and safety policy statement so that it fits on a single page and is aligned to the Thrive values and visual design (in particular the "Our Greatest Asset" value).

The Executive Leadership Team commits to leading the way. The policy statement outlines these commitments;

- Develop and maintain an effective occupational health and safety management system, and integrate this into business planning

- Identify, understand and manage health and safety risks before they result in harm wherever possible

- Provide the necessary training, information, instruction, and supervision for people to be successful in their work

- Make sure that all opportunities for improvement reported to us are accurately recorded, considered and actioned as appropriate, with feedback to the person reporting

- Support safe and early return to work for workers who may be harmed

- Respond to comments and suggestions from employees, customers, contractors and others which will help us all, working together, to improve health and safety.

Good health and safety needs team effort. The policy statement outlines the commitment of council officers as outlined below.

- Take responsibility for your own decisions and actions, and for looking out for your colleagues, contractors, customers and visitors.

- Report any hazards, injuries, illness, near misses, unsafe practices, rules that don't work and other opportunities for improvement without fear or delay, so that we can all learn and share the learning.

- Co-operate with any training, instructions and procedures provided.

DISCUSSION

The Health, Safety and Wellbeing Policy Statement replaces the Health and Safety Management Procedure and is an operational document that sets the commitment the executive leadership team commits to Health, Safety and Wellbeing.

Central Hawke's Bay District Council is committed to the health, safety, and wellbeing of our community. This commitment extends to those who work for us and with us in the delivery of services and those who receive services from us.

We believe that safety is more than just not having accidents; that health is more than just not being unwell; and that wellbeing encompasses the physical, social, and psychological.

We believe that health and safety at work is about thriving while we meet and overcome the challenges we face. We believe that the health, safety, and wellbeing of our community starts with the example that we set.

We strive not only to steer clear of accidents, injuries, and ill-health, but also to identify and enhance what we do well.

In short, health and safety at work is not an afterthought; it is a core value. It is part of our self-image and who we are. We understand what the biggest risks are in our work, and we treat them with respect.

We strive to keep these risks front of mind when we make decisions every day about how to do our work, and how to balance being efficient with being thorough.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:
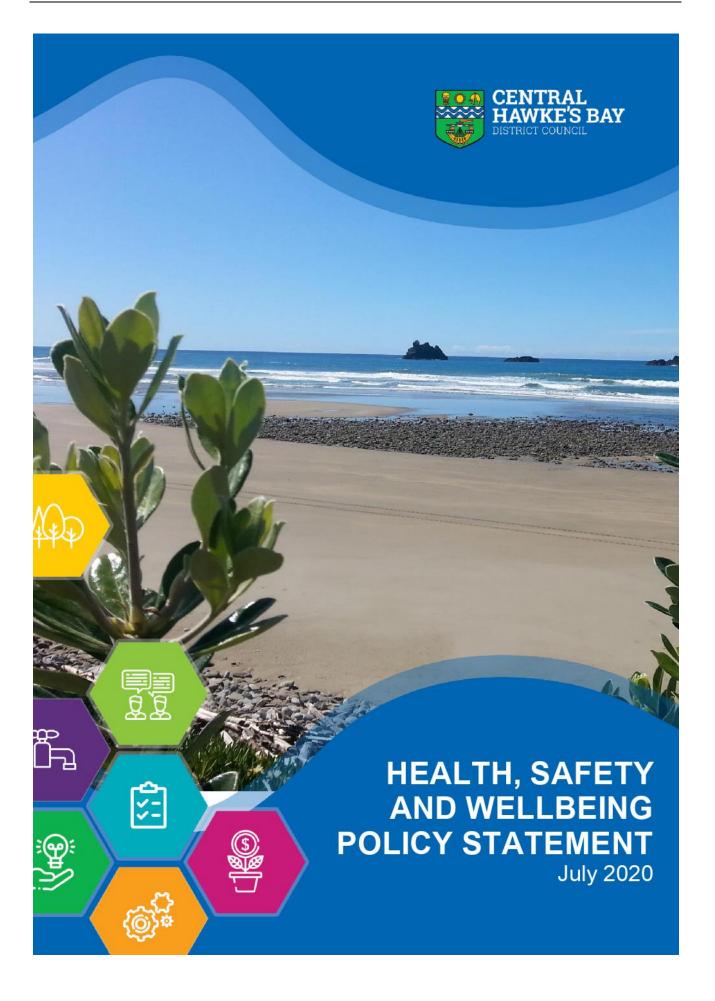
• Council staff have delegated authority for any decisions made;

• Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;

• Any decisions made 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;

• Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;

• Any decisions made are consistent with the Council's plans and policies; and

• No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

The Health, Safety and Wellbeing team continues to implement actions and build a robust safety management system, with a framework, strategy and action plan to follow this policy statement and the Health, Safety and Wellbeing Governance charter.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted and the committee endorse the Health, Safety and Wellbeing Policy Statement.

CENTRAL
HAWKE'S BAY
DISTRICT COUNCIL

HEALTH, SAFETY AND WELLBEING POLICY STATEMENT

July 2020

OUR HEALTH, SAFETY AND WELLBEING POLICY STATEMENT

Central Hawke's Bay District Council is committed to the health, safety, and wellbeing of our community. This commitment extends to those who work for us and with us in the delivery of services and those who receive services from us.

We believe that safety is more than just not having accidents, that health is more than just not being unwell, and that wellbeing encompasses the physical, social, and psychological.

We believe that health and safety at work is about thriving while we meet and overcome the challenges we face.

We believe that the health, safety, and wellbeing of our community starts with the example that we set.

We strive not only to steer clear of accidents, injuries, and ill-health, but also to identify and enhance what we do well.

In short, health and safety at work is not an afterthought; it is a core value. It is part of our self-image and who we are. We understand what the biggest risks are in our work, and we treat them with respect.

We strive to keep these risks front of mind when we make decisions every day about how to do our work, and how to balance being efficient with being thorough.

The Executive Leadership Team commits to leading the way. We will:

- Develop and maintain an effective occupational health and safety management system, and integrate this into business planning

- Identify, understand and manage health and safety risks before they result in harm wherever possible

- Provide the necessary training, information, instruction, and supervision for people to be successful in their work

- Make sure that all opportunities for improvement reported to us are accurately recorded, considered and actioned as appropriate, with feedback to the person reporting

- Support safe and early return to work for workers who may be harmed

- Respond to comments and suggestions from employees, customers, contractors and others which will help us all, working together, to improve health and safety.

Good health and safety needs team effort. We invite you to join us on the journey:

- Take responsibility for your own decisions and actions, and for looking out for your colleagues, contractors, customers and visitors.

- Report any hazards, injuries, illness, near misses, unsafe practices, rules that don't work and other opportunities for improvement without fear or delay, so that we can all learn and share the learning.

- Co-operate with any training, instructions and procedures provided.

Signature

_____

Name:

Chief Executive

Date:

Signature

_____

Name:

Worker/ Health and Safety Representative

Date:

This policy statement is reviewed annually. Date of next review: **14 July 2021**

OUR HEALTH, SAFETY AND WELLBEING POLICY STATEMENT

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5.6 HEALTH, SAFETY AND WELLBEING GOVERNANCE CHARTER

File Number:	**COU1-1408**
Author:	**Darren de Klerk, 3 Waters Programme Manager**
Authoriser:	**Monique Davidson, Chief Executive**
Attachments:	**1. CHBDC HSW Governance Charter - July 2020** ⇩
	2. Health and Safety Guide: Good Governance for Directors (IOD) ⇩

PURPOSE

To update the Risk and Assurance Committee on the progress of a key policy document in relation to health and safety governance and seek adoption in conjunction with the policy statement presented for endorsement.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report the Committee adopt the Health, Safety and Wellbeing Governance Charter.

EXECUTIVE SUMMARY

Central Hawke's Bay District Council (CHBDC) is committed to the health, safety, and wellbeing of our community. This commitment extends to those who work for us and with us in the delivery of services and those who receive services from us.

The purpose of this charter is to define the activities, processes, and supporting structures the Council (consisting of elected members and the Chief Executive) will adopt to meet its governance duties in relation to the Health and Safety at Work Act (HSWA) 2015.

BACKGROUND

Following an independent gap analysis into the Health and Safety Management System in late 2019, a number of opportunities for improvement were identified, an area identified for improvement was to improve governance reporting and due diligence. An action was identified to Develop/review and sign a governance charter which includes clear OH&S commitments, and an assurance framework that reflects the three pillars of assurance (self, internal, external) and is focussed on risk, relationships and resources, as suggested by the Institute of Directors.

DISCUSSION

It is recognised that individual elected members and the Chief Executive are Officers of the Person Conducting a Business or Undertaking (PCBU) under Health and Safety at Work Act 2015 and have a duty to exercise due diligence to make sure that the PCBU (CHBDC) complies with health and safety law.

It is the Council's role to provide leadership and policy that sets the direction for effective health, safety and wellbeing risk management at CHBDC. The Council creates expectations and exercises due diligence in holding the Executive Leadership Team strictly and continuously accountable via the certain mechanisms as outlined in the governance charter.

The Risk and Assurance Committee will gain assurance through a governance due diligence assurance reporting framework that is designed to focus on gaining self-assurance, internal assurance, and external assurance on the three key areas of governance: risks, relationships, and resourcing.

The Council will identify any corrective actions required to be implemented as a result of its deliberations, and ensure they are recorded via the formal minutes and managed to completion.

RISK ASSESSMENT AND MITIGATION

Council has a duty under the Health and Safety at Work Act (HSWA) 2015 to exercise due diligence to make sure that the PCBU (CHBDC) complies with health and safety law.

FOUR WELLBEINGS

The governance charter and policy statement provide focus across health, safety and wellbeing which aligns with the four wellbeings of local government, by delivering a safe workplace and services to the community, the council will support and enhance the four wellbeings.

DELEGATIONS OR AUTHORITY

Health, safety and wellbeing is governed in practice by the Risk and Assurance Committee.

The Council may invite members of the management team or other persons, to attend meetings to make presentations, participate in discussions, or provide information and assistance as required.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed Minor Significance.

OPTIONS ANALYSIS

Option 1 is to adopt the Health, Safety and Wellbeing Governance Charter

Option 2 is to reject the Health, Safety and Wellbeing Governance Charter and provide feedback to make amendments.

	Option 1	Option 2
	To adopt the Health, Safety and Wellbeing Governance Charter	**To reject the Health, Safety and Wellbeing Governance Charter and provide feedback to make amendments.**
Financial and Operational Implications	The reporting and due diligence aligns with the requirements under the HSWA 2015, and has been budgeted for in Annual Plan 20/21.	The reporting and due diligence aligns with the requirements under the HSWA 2015, and has been budgeted for in Annual Plan 20/21 – rejecting the charter, delays and adds additional work to the H&S programme.
Long Term Plan and Annual Plan Implications	No implications in current Annual Plan.	No implications in current Annual Plan.

Promotion or Achievement of Community Outcomes	Promotes positive community outcomes.	Delays the promotion of community outcomes.
Statutory Requirements	Supports and adds a layer of governance and due diligence as outlined in HSWA 2015.	Does not support the duties as outlined in HSWA 2015.
Consistency with Policies and Plans	Consistent with H&S report updates and the actions outlined in the gap analysis programme.	Inconsistent with the work required to improve CHBDC safety management system.

Recommended Option

This report recommends **Option One** to adopt the Health, Safety and Wellbeing Governance Charter for addressing the matter.

NEXT STEPS

The Health, Safety and Wellbeing team continues to implement actions and build a robust safety management system, with a framework, strategy and action plan to follow this governance charter and the policy statement.

RECOMMENDATION

That having considered all matters raised in the report the Committee adopt the Health, Safety and Wellbeing Governance Charter.

CENTRAL HAWKE'S BAY
DISTRICT COUNCIL

HEALTH, SAFETY AND WELLBEING GOVERNANCE CHARTER
June 2020

INTENT AND PURPOSE

Central Hawke's Bay District Council (CHBDC) is committed to the health, safety, and wellbeing of our community. This commitment extends to those who work for us and with us in the delivery of services and those who receive services from us.

The purpose of this charter is to define the activities, processes, and supporting structures the Council (consisting of elected members and the Chief Executive) will adopt to meet its governance duties in relation to the Health and Safety at Work Act (HSWA) 2015.

OVERVIEW OF GOVERNANCE DUTIES

It is recognised that individual elected members and the Chief Executive are Officers of the Person Conducting a Business or Undertaking (PCBU) under Health and Safety at Work Act 2015 and have a duty to exercise due diligence to make sure that the PCBU (CHBDC) complies with health and safety law.

This due diligence duty requires Officers, so far as is reasonably practicable, to:

a) Acquire, and keep up-to-date, knowledge of work health and safety matters.
b) Gain an understanding of the nature of the operations of the business or undertaking of the PCBU and generally of the hazards and risks associated with those operations
c) Ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking
d) Ensure that the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards, and risks and for responding in a timely way to that information
e) Ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under the HSW Act

f) Verify the provision and use of the resources and processes referred to in points (c) to (e) above.

POLICY AND STRATEGY

It is the Council's role to provide leadership and policy that sets the direction for effective health, safety and wellbeing risk management at CHBDC. The Council creates expectations and exercises due diligence in holding the Executive Leadership Team strictly and continuously accountable via the following mechanisms:

- Approve and publish a health, safety and wellbeing policy statement. It will be signed by a worker representative, the Chief Executive, and will be reviewed annually.
- Ensure that health, safety and wellbeing elements, including targets and objectives, are incorporated into annual business planning processes and that they are regularly monitored and reviewed, as for any other element of business plans.
- Ensure that the appropriate resources (human, technical and financial) are provided to ensure the effective management of health, safety and wellbeing and that other CHBDC strategies or objectives do not negatively conflict with health, safety and wellbeing strategies and objectives.
- Hold the Chief Executive accountable for the deployment of the health, safety and wellbeing policy and strategy, via a health and safety management system and strategy.
- Demonstrate leadership and keep up to date with the critical health, safety and wellbeing risks and control processes of the business through the tripartite means of external assurance, internal assurance, and self-assurance.

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OUR HEALTH, SAFETY AND WELLBEING GOVERNANCE CHARTER

DELIVERY

Governance Structure to Manage Health and Safety

Health, safety and wellbeing is governed in practice by the Risk and Assurance Committee. The Council may invite members of the management team or other persons, to attend meetings to make presentations, participate in discussions, or provide information and assistance as required.

Meetings

Health, safety and wellbeing will be a formal agenda item at all Risk and Assurance Committee meetings. Every twelve months a greater proportion of the Risk and Assurance Committee meeting will be devoted to health and safety to allow for the review of policy and strategy, as well as a more rigorous assessment of health and safety performance.

Records

Health and safety information will be prepared for each Risk and Assurance Committee meeting and distributed in advance via information packs. Discussion on health, safety and wellbeing will be recorded as with any other part of the meeting and copies of minutes will be circulated to all committee members after each meeting.

The Health, Safety and Wellbeing Management System

The Council shall ensure that a fit for purpose health, safety and wellbeing management system is in place that reflects the key requirements of the ISO 45001 standard and is being audited and reviewed effectively by management.

Resourcing

The Council allocates resources to achieve the annual health, safety and wellbeing plan. Additional resources required to achieve successful work and service delivery outcomes are factored into

ASSURANCE ACTIVITY AND REPORTING

The Risk and Assurance Committee will gain assurance through a governance due diligence assurance reporting framework that is designed to focus on gaining self-assurance, internal assurance, and external assurance on the three key areas of governance: risks, relationships, and resourcing.

The framework drives assurance activity and reporting. *Table 1* provides detail on the framework.

REVIEW PROCESS

The Council will review and update the following on an annual basis:

1. The Health, Safety and Wellbeing Governance Charter
2. The Health, Safety and Wellbeing Policy Statement
3. The Health, Safety and Wellbeing Management Framework
4. The Health, Safety and Wellbeing Strategy/Action Plan and resource allocation

IMPROVEMENT ACTION MANAGEMENT

The Council will identify any corrective actions required to be implemented as a result of its deliberations, and ensure they are recorded via the formal minutes and managed to completion.

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OUR HEALTH, SAFETY AND WELLBEING GOVERNANCE CHARTER

APPROVAL

This Health, Safety and Wellbeing charter is approved by the Chair of the Risk and Assurance Committee and Chief Executive of Central Hawkes Bay District Council.

Signature	Signature	Signature
_____	_____	_____
Name:	Name:	Name:
CHAIR	CHIEF EXECUTIVE	COUNCILLOR
Date:	Date:	Date:

This charter is reviewed annually. Date of next review: **by 21 July 2021**

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OUR HEALTH, SAFETY AND WELLBEING GOVERNANCE CHARTER

Table 1: The governance due diligence assurance reporting framework

	Risks	Relationships	Resourcing
Self-assurance	High-level findings of critical risk reviews done by council members Qualitative feedback from ELT engagements relating to critical risks	Qualitative feedback from ELT engagements and other sources relating to multiple PCBU overlaps Feedback from attendance at sector-wide forums and contractor events	Governance competency assessment and CPD update Feedback from conversations with key staff about capacity to deliver the plan
Internal assurance	High level results of critical risk assessments (done for new risks) and risk reviews (checks of existing risks) High level results of internal audits to standards Success stories update Summary of notifiable events and events involving potential critical risk learning opportunities (significant near miss)	Quantitative and qualitative information from PCBU engagement (number of events against planned, plus key outcomes) Quantitative and qualitative information from internal committee meetings (number of events against planned, plus key outcomes Summary of H&S recognition and awards Summary of wellbeing initiative outcomes	Progress against the annual health, safety and wellbeing plan (key improvement initiatives) Summary of potential threats to capacity to complete planned critical risk activity Progress against CPD plan, training attendance % HSW committee action summary update Critical risk control checks % to standard
External assurance	High level results of external audits to critical risk control standards Lost Time Injury Frequency Rate (LTIFR) benchmarking Results of external reviews of critical risk assessments and incident investigations	Stakeholder engagement update (comments, compliments, complaints) Media relations update Contractor prequalification / renewal results	External audit score for management system Critical risk control checks % to standard (external specialists) Compliance checks results 3 yearly governance review

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OUR HEALTH, SAFETY AND WELLBEING GOVERNANCE CHARTER

Health and Safety Guide:
Good Governance for Directors

March 2016

Page 56

About IoD

The Institute of Directors in New Zealand (Inc) (IoD) is the leading professional membership organisation for directors with more than 7,000 individuals representing the spectrum of New Zealand enterprise, from the commercial, not-for-profit and public sectors.

The IoD aims to raise the standard of governance in all areas of New Zealand business and society. It promotes excellence in corporate governance, represents directors' interests and facilitates professional development through education, governance training and resources.

About WorkSafe

WorkSafe New Zealand is New Zealand's workplace health and safety regulator.

New Zealand has unacceptably high rates of workplace fatalities, serious harm injuries and work-related disease and illness. We are working collaboratively to achieve a 25 percent reduction by 2020 of the workplace death and injury toll. Work is also underway to establish occupational health reduction targets.

Our focus is to embed and promote good workplace health and safety practices. We are also the regulator for electricity and gas safety in the workplace and home.

WorkSafe's approximately 550 staff are located in 20 offices across New Zealand.

We work closely with employers, employees and others to:

› educate them about their workplace health and safety responsibilities
› engage them in making changes that reduce the chances of harm
› enforce workplace health and safety legislation.

CONTENTS

FOREWORD

The Institute of Directors in New Zealand (Inc) (IoD) is pleased to release the next edition of the *Health and Safety Guide: Good Governance for Directors* in partnership with WorkSafe New Zealand. The IoD is committed to raising awareness of the importance of health and safety in New Zealand businesses and educating directors about their roles and responsibilities.

The Health and Safety at Work Act 2015 requires directors to take ultimate responsibility for the health and safety of their business. Directors must have knowledge of and commitment to health and safety, but contrary to some beliefs, are not expected to be experts to meet the expectations of the Act.

The principles underpinning health and safety governance are no different than any other aspect of a governance role. Good health and safety governance is about having a demonstrable plan and a pro-active approach to making the workplace as safe as it can be.

Directorship in health and safety is not about responsibility for the day-to-day granular operations of the entity. It is about ensuring appropriate systems and processes are in place to support health and safety and, critically, that there is proper resourcing and verification of health and safety at the board table.

We are grateful to Dr Kirstin Ferguson for sharing the Safety Governance Pathway to help boards determine their vision of safety governance.

In recent time we have seen many positive steps by companies to entrench a strong health and safety culture. It's encouraging to see many of our members making a commitment beyond basic compliance to changing the safety culture of the entity. Put simply, valued workers make for a better business.

The health and safety guideline helps directors focus on the new Act and supports them with practical guidance and thought leadership in health and safety governance.

I commend this guide to you on behalf of the IoD.

Simon Arcus
Chief Executive
Institute of Directors

As Chief Executive of WorkSafe New Zealand I am pleased to introduce the revised version of the *Health and Safety Guide: Good Governance for Directors* in partnership with the Institute of Directors in New Zealand.

The first version of this guide was produced in May 2013 to assist directors to lead workplace health and safety. This edition complements the Health and Safety at Work Act 2015 which came into force on 4 April 2016.

The Act sets expectations and defines duties clearly. One of these duties is that senior officers of businesses, such as CEOs and board directors, must exercise due diligence on health and safety. This means that the top of the shop must have a good understanding of the risk profile of its operations, the key controls in place and a system of providing information on whether these controls are working. These are essential but not sufficient for exercising really effective health and safety leadership. In addition, leaders need to demonstrate to their staff and to their suppliers, customers and contractors that they mean it. This takes health and safety off the page of process and systems, and into the area of behaviour summarised in the old cliché, 'walking the talk'.

A key component of effective health and safety leadership is engagement with workers. The identification of risk and the implementation and maintenance of effective controls requires input from those at the sharp end. After all, it is the workers who often have the best understanding of how systems, processes and policies are working out in practice. There are also opportunities here that go beyond health and safety. It is well understood that an engaged workforce delivers better morale and productivity. So, what better subject than health and safety to start the engagement journey with staff?

Myself and WorkSafe encourage and support all leaders to foster a health and safety culture in their operations, from one end of the supply chain to the other. Our messages are simple – everyone needs to do more and do it better to make sure we all come home from work healthy and safe each day. Not only is good health and safety the right thing to do, it also makes good business sense.

Gordon MacDonald
Chief Executive
WorkSafe New Zealand

INTRODUCTION

The governance of an organisation involves a framework of values, processes and practices. Through this framework, directors and boards exercise their governing authority and make decisions to achieve the organisation's purpose and goals. Directors ensure the organisation operates ethically and complies with all laws and regulations.

It is important to distinguish between governance and management practices. Directors should focus on determining the organisation's purpose, developing an effective governance culture, holding management to account and ensuring effective compliance. Directors work with management to develop strategy and business plans which are then implemented by management.

Health and safety governance is as important as any other aspect of governance. It is a fundamental part of an organisation's overall risk management function, which is a key responsibility of directors. Directors and other officers have a duty to exercise due diligence to ensure that the organisation complies with health and safety duties and obligations. Failure to manage health and safety risk effectively has both human and business costs. The price of failure can be the damaged lives of workers, their families and friends, as well as direct financial costs, damaged reputations and the risk of prosecution.

It is important to remember that an organisation's primary duty to ensure so far as is reasonably practicable the health and safety of workers extends beyond it's own workers to all workers whose activities they influence or direct (including subcontractors and volunteers). Legislation in New Zealand also extends an organisation's health and safety duties to all those who could be put at risk by the activities of the organisation, such as visitors, customers and the public.

Organisations that learn to manage health and safety well learn that the capability that drives success in this area is the same capability that drives success in other areas of the business. Organisations with a good health and safety culture and reputation are valued by workers, investors and stakeholders.

Because of their position in the organisation, directors have a unique opportunity and an obligation to make a difference by providing leadership in this critical area of governance. It is also important to ensure that when an organisation achieves success, it is celebrated.

PURPOSE AND SCOPE OF THIS GUIDELINE

The purpose of this guideline is to provide advice to directors on how to meet their health and safety obligations and to:

› demonstrate how directors can influence health and safety performance

› provide a framework for how directors can lead, plan, review and improve health and safety

› assist directors to identify whether their health and safety management systems are effective in minimising risk

› encourage directors to create strong, objective lines of reporting and communication to and from the board[1].

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[1] This document does not provide industry-specific advice. It is recommended that you seek such advice as a regular part of best practice. Ideally, you will have somebody with industry knowledge on your board who can provide this advice.

This guideline has been drafted by WorkSafe New Zealand in association with the Institute of Directors in New Zealand. Its focus is on the due diligence duty that directors have under the Health and Safety at Work Act 2015 (HSWA). The duty to exercise due diligence is in fact owed by all 'officers' as defined in HSWA, not just directors. Therefore, this guideline can be referred to by all officers to assist them in meeting their due diligence duty.

This guideline is also intended to have particular application to directors of medium-to-large sized organisations (20 or more employees). A separate guideline is available for officers of smaller organisations.

This document is a good practice guideline, intended to explain how an officer (including a director) may comply with their legal obligations under HSWA. While a court may take this document into account, there is no compulsion for it to do so. Where the word 'must' is used in the document, this is intended to convey a legal requirement. The word 'should' is used to convey a good practice requirement.

This guideline updates the 2013 Good Governance Practices Guideline, to reflect HSWA.

Why effective governance is important

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WHY EFFECTIVE GOVERNANCE IS IMPORTANT

THE NEED TO IMPROVE

We know that many New Zealand organisations can and should improve their health and safety record. Each week one to two New Zealanders are killed while at work. It is estimated that annually 600 to 900 people die prematurely from occupational diseases such as asbestosis. The financial cost of work-related injuries and death is estimated to be $3.5 billion or more each year. When looking at our performance in comparison to other developed countries we have much room for improvement.

The statistics do not begin to describe the impact on those who have been harmed, their families, friends and colleagues. The need to address this human cost is in itself sufficient reason to improve our record of harm prevention.

THE BENEFITS OF GOOD HEALTH AND SAFETY

A positive and robust health and safety culture that begins at the board table and spreads throughout the organisation adds significant value, including:

› Enhanced standing among potential workers, customers, suppliers, partners and investors as a result of a good reputation for a commitment to health and safety.

› Workers participating positively in other aspects of the organisation. A good organisational culture spreads wider than health and safety.

› Decreased worker absence and turnover. Engaged workers are more productive workers.

› Reduced business costs, for example, a reduction in ACC levies as a result of improved health and safety performance and outcomes.

› Potentially increased economic returns. A report from the International Social Security association found a return on prevention ratio of 2.2[2].

The Pike River Mine case provides a sobering example of how ineffective governance can contribute to catastrophic results.

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[2] The Return on Prevention: Calculating the costs and benefits of investments in occupational safety and health in companies; International Social Security Association (ISSA), Geneva, 2011.

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HEALTH AND SAFETY GUIDE: GOOD GOVERNANCE FOR DIRECTORS

Case Study – Pike River Coal Mine Tragedy

An explosion at the Pike River Mine on Friday 19 November 2010 caused the deaths of 29 men.

The mine was new and the health and safety systems of its owner, Pike River Coal Ltd (Pike River) were inadequate for safe coal production. There were numerous warnings of a potential catastrophe at Pike River including multiple reports made by the underground deputies and workers. The warnings were not heeded.

In the view of the Royal Commission after the disaster, the directors and executive managers paid insufficient attention to health and safety and exposed workers to unacceptable risks. The final report reached the following conclusions:

› **The board needed to satisfy itself that executive managers were ensuring workers were being protected.** The board needed to have a company-wide risk framework and to keep its eye firmly on health and safety risks. It should have ensured that good risk assessment processes were operating throughout the company.

› **An alert board would have ensured that these things had been done properly.** It would have familiarised itself with good health and safety management systems. It would have regularly commissioned independent audits and advice. It would have held management strictly and continuously to account.

› **The board's focus on meeting production targets set the tone for executive managers and their subordinates.**

› **The Chairman's general attitude was that things were under control unless told otherwise.** Coupled with the approach taken by executive managers this attitude exposed the workers to health and safety risks.

This last point is critical; the board's approach was not in line with good governance responsibilities. The board must establish an effective health and safety governance culture that encourages the disclosure of health and safety risks, to enable warnings to be heard and acted upon.

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Essential elements of health and safety governance

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LEADERSHIP

It is the role of directors to provide leadership by driving policy, including setting the direction for health and safety management and performance. Directors create expectations and exercise due diligence by holding management to account for meeting them.

Directors should:

› Ensure there is an active commitment and consistent behaviour from the board that is aligned with the organisation's values, goals and beliefs. This will encourage a positive workplace culture.

› Ensure leadership is 'informed leadership'. Directors need to be aware of the organisation's risks. They should have an understanding of control methods and systems so they can identify whether their organisation's systems are appropriate. They should understand how to 'measure' health and safety performance so they can understand whether systems are being implemented effectively.

› Be prepared to seek advice from industry and health and safety experts as required.

› Set an example and engage with managers and workers. This could include visiting work sites. This provides leadership, and improves knowledge of health and safety matters.

The *Safety Governance Pathway* (Appendix B) is a tool to help identify what stage of safety governance maturity an organisation may currently be experiencing.

LEGISLATION

The core piece of legislation governing health and safety practice in New Zealand is HSWA.

HSWA places a primary duty on a person conducting a business or undertaking (PCBU) to ensure, so far as reasonably practicable, the health and safety of its workers, and other workers whose activities they influence or direct. This primary duty extends to ensuring, so far as reasonably practicable, that the health and safety of other persons is not put at risk by the work of the PCBU, including visitors and other people in the vicinity of the workplace[3].

A PCBU will usually be a business entity, such as a company. However, an individual can be a PCBU, such as a sole trader or self-employed person. Specific volunteer associations without paid employees are not PCBUs[4].

DIRECTORS' DUTIES AND LIABILITIES

The legislation places a positive duty on directors – as officers of a PCBU – to exercise due diligence to ensure that the organisation complies with its health and safety duties and obligations.

The term officers' includes those who hold positions that enable them to significantly influence the management of the organisation. This means that certain senior leaders in an organisation (such as CEOs) are also officers and have a due diligence duty.

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[3] Health and Safety at Work Act, section 36.
[4] Health and Safety at Work Act, section 17(2).

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ESSENTIAL ELEMENTS OF HEALTH AND SAFETY GOVERNANCE

Officers are:

› company directors

› partners in a partnership and general partners in a limited partnership

› a person who holds a position comparable to a director in a body corporate or unincorporated body (eg members of Boards of Crown entities, members of school trustees, Board or Committee members for community or not-for-profit organisations)

› people who hold positions that enable them to significantly influence the management of the business or undertaking (eg CEOs).

An elected member of a governing body of a territorial authority or regional council does not have a duty of due diligence to ensure that a council-controlled organisation complies with it duties or obligations under HSWA, unless they are also an officer of that council-controlled organisation.

While this guideline focuses on directors, it is important to note that all officers have the same duty under HSWA to exercise due diligence.

DIRECTORS' DUE DILIGENCE

Due diligence requires directors (as officers) to take reasonable steps to understand the PCBU's operations and health and safety risks, and to ensure that they are managed so that the organisation meets its legal obligations.

Due diligence is defined in section 44(4) of HSWA as taking reasonable steps to:

› acquire and update knowledge of health and safety matters

› gain an understanding of the operations carried out by the organisation, and the hazards and risks generally associated with those operations

› ensure the PCBU has, and uses, appropriate resources and processes to eliminate or minimise those risks

› ensure the PCBU has appropriate processes for receiving and considering information about incidents, hazards and risks, and for responding to that information in a timely way

› ensure there are processes for complying with any duty, and that these are implemented

› verify that these resources and processes are in place and being used.

Directors (and other officers) must exercise the care, diligence, and skill that a reasonable director (or officer) would exercise in the same circumstances. What is considered reasonable will depend on the particular circumstances, including the nature of the business or undertaking, and the director or officer's role and responsibilities.

All officers, including directors, may seek health and safety advice from experts or others within their organisation, such as managers. Where they choose to rely on this advice, the reliance must be reasonable. **Directors (and other officers) should obtain enough health and safety knowledge to ask the right questions of the right people and to obtain credible information.**

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HEALTH AND SAFETY GUIDE: GOOD GOVERNANCE FOR DIRECTORS

DIRECTORS' LIABILITY

Directors and other officers will be personally liable if they breach their due diligence duty. The maximum penalty for a serious breach of the due diligence duty is imprisonment for up to 5 years and/or a fine of up to $600,000[5]. Insurance cannot be used to pay fines under HSWA[6]. Certain officers are exempt from being prosecuted for a failure to meet the due diligence duty. Exempt officers include:

› elected members of local authorities (councillors) under the Local Electoral Act 2001

› members of local or community boards elected or appointed under the Local Electoral Act 2001

› members of school boards of trustees appointed or elected under the Education Act 1989

› volunteer officers[7].

The due diligence duty supports the primary duty of care. It places a duty on individuals whose decisions significantly influence the activities of a PCBU, therefore influencing whether or not the PCBU meets its duties. However, the PCBU's duties and the officer's due diligence duty operate independently. If a PCBU fails to meet any of its duties it does not necessarily mean that the directors or other officers have failed to exercise due diligence. Conversely, a director or other officer may be found guilty of an offence for failing to discharge their due diligence duty whether or not the PCBU has been found liable[8].

WORKER ENGAGEMENT AND PARTICIPATION

Worker engagement is an important part of growing a positive workplace culture. Research has shown that worker participation (and union participation) leads to better health and safety outcomes[9]. All workers should be encouraged to contribute to continuous improvement by raising issues, generating ideas, and participating in system development, implementation, monitoring and review.

It is a legal requirement for all PCBUs to have worker engagement and participation practices, regardless of their size, level of risk or the type of work they carry out. PCBUs must:

› engage with workers on matters which will or are likely to affect their health and safety

› have worker participation practices that provide workers with reasonable opportunities to participate effectively in improving health and safety.

Participation practices can be flexible – an organisation and its workers should choose a worker participation model that works for them. What is appropriate will depend on the nature of the risks, the size of the organisation and the views and needs of the workers.

> "Our vision is that worker participation is a valued part of the workplace health and safety system, and management is interested in and open and responsive to workers' health and safety concerns."
>
> The Report of the Independent Taskforce on Workplace Health & Safety: He Korowai Whakaruruhau (2013)

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[5] Health and Safety at Work Act 2015, section 47.
[6] Health and Safety at Work Act 2015, section 29.
[7] Health and Safety at Work Act 2015, section 51.
[8] Health and Safety at Work Act 2015, section 50.
[9] The role and effectiveness of safety representatives in influencing workplace health and safety, Walters, D.R. Theo Nichols, Judith Connor, Ali C. Tasiran and Surhan Cam, (2005), HSE Research Report 363, Sudbury, HSE Books.

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ESSENTIAL ELEMENTS OF HEALTH AND SAFETY GOVERNANCE

Worker participation practices can be direct or through representation. Representation means that workers choose one or more people to speak or act on their behalf. Workers can then share questions, concerns and suggestions with health and safety representatives, health and safety committees, unions or other worker representatives who can raise health and safety matters with the PCBU.

Directors should set the overall tone for engagement by holding management to account to ensure workers are involved. Questions as simple as 'what are our workers saying about this issue?' or 'how do our workers feel about it?' can bring a new dimension to the discussion. Asking what systems or processes are used in finding this information can provide assurance of authentic engagement – for example, some boards may find it useful for directors to make site visits.

> ### 📄 Case Study – Easy Rider
>
> When the Easy Rider sunk in Foveaux Strait in 2012, eight people died, including the skipper.
>
> In March 2014, Gloria Davis, the owner of the fishing vessel and sole director of AZ1 Enterprises Ltd was found by the court to be responsible for **failing to take all reasonable steps to ensure no contractor or subcontractor was harmed** while on board the vessel.
>
> The Court found that Davis failed to ask the relevant questions and consciously ignored safety issues as the vessel:
>
> › had not passed a safety audit
>
> › contained insufficient life-jackets
>
> › was carrying passengers, not permitted for a commercial vessel
>
> › had a skipper with no certification.
>
> In this case, while AZ1 Enterprises Ltd was the principal under the Health and Safety in Employment Act 1992 (HSE), the court found that the company could only discharge its responsibilities through its agents; the skipper, Mr. Karetai (who died in the accident) and Ms. Davis. The individuals' actions could be attributed to the company and the company's liability was therefore the result of the shortcomings of its authorised agents. AZ1 was fined just over $200,000 and Davis was sentenced to 350 hours of community service and a fine of $3000.
>
> While brought under HSE, this case provides an example of how some elements of the due diligence requirements may be interpreted under HSWA.

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The role of directors in health and safety governance

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THE ROLE OF DIRECTORS IN HEALTH AND SAFETY GOVERNANCE

This part explains how directors can exercise due diligence in relation to health and safety through their governance role. 'Due diligence' is defined in section 44(4) of the HSWA as including particular actions (as is set out earlier in this guideline). This part of the guideline sets out a suggested approach to due diligence which incorporates the legal requirement in section 44(4) of HSWA.

The role of directors is outlined in the following pages in terms of four key elements:

1. Policy and Planning
2. Delivery
3. Monitoring
4. Review

The discussion of each element begins with a table that outlines suggested director and manager responsibilities. At the end of each section you will find a series of diagnostic questions and director actions. The diagnostic questions are designed to be used by directors as a tool to determine whether the organisation's practices are consistent with the board's beliefs, values, goals and approved systems. They can also be used as a basis for identifying areas that could be improved. They will not all be relevant to every organisation, but are intended to assist directors in asking probative questions. The actions for directors are divided into two categories – baseline actions and recommended practice. Baseline actions are a suggested minimum requirement while recommended practice reflects taking the next step towards best practice.

1. POLICY AND PLANNING

DIRECTOR RESPONSIBILITIES	MANAGER RESPONSIBILITIES
> To determine the board's charter and structure for leading health and safety. > To determine high level health and safety strategy and policy, including providing a statement of vision, beliefs and policy. > To hold management to account for implementing strategy. > To specify targets that will enable the board to track the organisation's performance in implementing strategy and policy. > To manage the health and safety performance of the CEO, including specifying expectations and providing feedback.	> To determine and implement business and action plans to give effect to board strategy. > To determine targets that will enable management to track their performance. > To implement performance review processes for workers that specify health and safety expectations, and provide feedback on performance.

BOARD CHARTER AND STRUCTURE

The board should have its own charter setting out its role in leading health and safety in the organisation, as well as the role of individual directors. The board may consider assigning a lead role in health and safety to an individual (if you have someone on the board with the necessary expertise) or a committee (with its own Terms of Reference) clearly describing how it supports the board in fulfilling its roles under HSWA and the Board Charter.

Where specialist expertise is required, consideration should be given to the engagement of an expert advisor. However, remember that while tasks can be assigned and external knowledge sought, overall responsibility and liability cannot be delegated.

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HEALTH AND SAFETY GOVERNANCE POLICY

A health and safety governance policy will be the formal mode of communication that demonstrates the board's commitment to the management of health and safety. This represents a long-term view that will set the tone for how everyone in the organisation will behave.

The health and safety governance policy is robust when management and workers are involved in its preparation and 'reality-testing', and it is a legal requirement to engage workers in its development. However, this policy should ultimately be approved and 'owned' by the board.

Health and safety policies should reflect the organisation's responsibility to ensure so far as is reasonably practicable the safety and health of all workers (employees, contractors, subcontractors) and of anyone whose health and safety may be at risk by the work carried out by the organisation.

SETTING TARGETS

Directors should set targets that provide clear direction, focus and clarity of expectation. They should:

› be measurable

› be challenging but realistic

› contain a mix of lead and lag indicators, with a greater weighting on lead indicators which focus on prevention.

A good discussion of the use of indicators is included in the publication *How Health and Safety Makes Good Business Sense – a summary of research findings*.

> Lead indicators measure activities designed to prevent harm and manage and reduce risk, whereas lag indicators measure performance results. Care should be taken with the use of lag indicators because of their potential to encourage perverse outcomes such as the non-reporting of incidents, 'near misses' and injuries.

RELATIONSHIP WITH FINANCIAL TARGETS

It is important that directors set health and safety and financial targets that are complementary. Directors should ensure their organisation does not have a culture where financial targets are prioritised at the expense of health and safety.

ZERO HARM

'Zero harm' is often used as an aspirational target, however this should be done with caution. Before applying this target, consider the strength of the organisation's risk and reporting culture. If it is weak, there may be a risk of cover-ups and non-reporting. Always remember, the key is to know what is happening in the organisation so that the board can make the right decisions.

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MANAGEMENT STRUCTURE AND PERFORMANCE

The board should ensure that there is an effective link between their health and safety goals and the actions and priorities of senior management. The board achieves this through the CEO. The CEO and managers allocate health and safety responsibilities and accountabilities throughout the organisation, by including them in role descriptions and performance review processes. It is also good practice for knowledge of, and commitment to health and safety to be assessed during the recruitment of senior managers.

DIAGNOSTIC QUESTIONS

The following diagnostic questions are examples that can be used by directors and boards as prompts to determine whether they are effectively meeting their responsibilities and accountabilities. They can also be useful in determining whether the organisation's practices are consistent with the board's strategies, beliefs, values, goals and approved systems.

1. **How do you ensure that the targets you establish for the organisation are aligned with the health and safety strategies and goals in both the long and short-term, are challenging but realistic, and have no unintended perverse consequences?**

2. **How is the board structured to deliver its commitment to health and safety? Where and how is this structure described?**

3. **What are the key health and safety responsibilities and accountabilities of operational managers? How are these different from support staff?**

4. **How do you ensure that the CEO understands and meets the board's expectations with regard to health and safety management?**

5. **What process do you use to assess the CEO's health and safety performance? How does this process recognise good and bad performance?**

6. **What processes are in place for ensuring that managers clearly understand their health and safety responsibilities and are held accountable for carrying them out?**

7. **How are the organisation's workers involved in the establishment of the organisation's vision, beliefs and policy?**

ACTIONS FOR DIRECTORS

BASELINE ACTIONS	RECOMMENDED PRACTICE
Organisational Beliefs, Vision, Policy	
Develop, approve and publish a health and safety policy statement that expresses the organisation's commitment to health and safety.	
Ensure that the PCBU involves workers and their representatives in the development of the policy statement. This will help to ensure that it is 'owned' by the whole organisation and is also a legal requirement on the organisation as a PCBU.	
Targets	
Establish targets for tracking the organisation's effectiveness in implementing the board's health and safety strategy and goals.	Include both lead and lag indicators in targets and ensure they do not create perverse incentives.

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HEALTH AND SAFETY GUIDE: GOOD GOVERNANCE FOR DIRECTORS

BASELINE ACTIONS	RECOMMENDED PRACTICE
Board Policy, Structure, Process	
Decide how to structure the board so that health and safety has appropriate focus and expertise.	Consider nominating a non-executive director as a health and safety 'champion', or establishing a committee that can focus on this area.
Develop a board charter that will describe the board's own role and that of individual directors in leading health and safety in the organisation.	Ensure the board charter describes detailed structures and processes to be used to plan, deliver, monitor and review leadership of health and safety.
Management Structure and Performance	
Provide the CEO with a role description that includes health and safety responsibilities and accountabilities.	
Ensure that management operates with a structure that appropriately recognises the respective health and safety responsibilities and accountabilities of operating and support staff.	
Apply a performance review process to the CEO role and ensure that a similar process applies to other management roles.	Ensure that performance review and reward systems do not encourage cover–ups and other unwanted behaviours that are inconsistent with the board's charter and health and safety policy.

2. DELIVERY

DIRECTOR RESPONSIBILITIES	MANAGER RESPONSIBILITIES
> To set a clear expectation that the organisation has a fit-for-purpose health and safety management system. > To exercise due diligence to ensure that the system is fit-for-purpose, effectively implemented, regularly reviewed and continuously improved. > To be sufficiently informed about the generic requirements of a modern, 'best practice' health and safety management system and about their organisation and its risks to know whether its system is fit-for-purpose, and being effectively implemented. > To ensure sufficient resources are available for the development, implementation and maintenance of the system.	> To lead the implementation of health and safety management systems. > To identify resource requirements for the development, implementation and maintenance of the health and safety system, obtain approval for their provision, and secure and allocate resources accordingly. > To allocate responsibility and accountability to managers and workers for implementing the system. > To monitor the effectiveness of the system and implement continuous improvements.

HEALTH AND SAFETY MANAGEMENT SYSTEM

Organisations should have a fit-for-purpose health and safety management system that is integrated with other management systems. The size, sophistication and detail of the system will reflect the organisation's risk profile. For example high hazard organisations require more substantial systems.

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THE ROLE OF DIRECTORS IN HEALTH AND SAFETY GOVERNANCE

Merely having a good system will not achieve good health and safety. Systems need to be implemented with rigour and consistency. Directors should hold management to account for effective implementation.

The main aim of a health and safety management system is effective hazard and risk management. This is the process by which hazards that have the potential to cause harm are identified and controlled to eliminate or minimise the risk of harm. Harm refers to illness, injury or both. It includes physical or mental harm caused by work-related stress.

RISK PROFILE

Boards need to understand the nature of the health and safety risks their organisation and workers face. Risk assessment requires a judgement about the probability of an incident happening and the potential seriousness if it does happen. Attention needs to be paid to the full spectrum of risks:

› **Critical risks** are low probability events that could seriously harm or kill someone. Boards should ensure the organisation has identified its critical risks and that sufficient resources are available to control them. Boards should establish indicators and receive regular reports on management of critical risks.

› **High probability risks** are the risks that are more likely to occur but generally have less serious acute consequences or chronic effects where there is longterm exposure. Boards need to ensure that these risks are managed as they affect workers health and safety more often. Reviewing lag indicators such as incidents reports can enable boards to understand their high probability risks. Reviewing lead indicators can help the board gain assurance that these risks are being actively managed.

Directors must ensure that the organisation (a PCBU) has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety. Once boards understand their critical and high probability risks – their risk profile, they can ensure that they allocate appropriate resources so the organisation, as a PCBU, can eliminate or minimise the risks, as appropriate.

Key Aspects of a Health and Safety Management System

Hazard and Risk management	Organisations must identify and assess work-related health and safety risks. During organisational change, risk assessments should be undertaken so that the health and safety impacts can be understood and managed. There must be processes to eliminate or minimise risks to health and safety caused by the work.
Incident management	Organisations should have well-defined processes for reporting and investigating incidents to identify root causes and then to respond to these in a timely way. The aim of incident management is to identify and implement remedial actions to prevent the incident happening again.
Emergency management	Organisations should develop plans for managing potential emergencies that may arise in the workplace. These plans should be communicated to all persons working on site. Plans should be regularly tested by simulation.
Injury management	Organisations must have processes for ensuring that injured persons are properly cared for. In the case of serious injuries and fatalities this care should extend to families and work-mates.
Worker engagement	Organisations must have processes for engaging with their workers on health and safety matters. These processes should cover engagement generally and the specific circumstances when an organisation is legally required to engage with its workers.

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Worker Participation	Worker participation practices should be put in place so that workers can effectively participate in improving health and safety on an ongoing basis. Participation practices should provide workers ongoing ways to raise health and safety concerns, get and share information about health and safety issues, offer suggestions for improving health and safety, contribute to decisions which affect work health and safety, and be kept informed about health and safety decisions.
	Organisations must have appropriate processes for receiving and considering information regarding incidents, hazards and risks and for responding in a timely way to that information.
	Worker representation is one form of participation. Health and Safety Representatives and Health and Safety Committees are two well established methods of worker representation.
Working with other organisations	Organisations must have processes in place to consult and co-ordinate with other organisations where they also have duties under HSWA in relation to the same task or activity.
Continuous improvement	Continuous improvement is a fundamental part of any management system. Continuous improvement also includes the audit and review process.

Two functions that overlay the system are resourcing and leadership. The organisation must be provided with the resources required for it to operate safely. This includes people, plant and equipment, systems and budget. Leadership should be shown at all levels throughout the organisation. Management must define its commitment to health and safety, establish objectives, targets and plans for giving effect to this commitment, and lead the organisation in their achievement.

DIAGNOSTIC QUESTIONS

Directors and boards can use the following questions as prompts to determine whether they are meeting their responsibilities and accountabilities.

1. **How do you know that the organisation's health and safety management system is fit-for-purpose and represents best practice?**
2. **What systems are in place to ensure that hazards and risks (including risks to worker health) are identified, assessed and effectively managed?**
3. **Have you thought about potential incidents that are less likely to occur, but with critical consequences if they do?**
4. **Where there is significant organisational change that has implications for health and safety how do you ensure that this is reported to the board?**
5. **How good is the organisation's emergency management plan and state of readiness that will ensure an effective response to any potential emergency? When was it last tested?**
6. **How does the organisation ensure that it has the right people, with the right skills and motivation to manage health and safety?**

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7. How does the organisation ensure that it engages with workers and their representatives on health and safety matters (including listening to their response and involving them in the decision making process)?

8. How does the organisation ensure that it has provided genuine opportunities for workers to participate in the ongoing improvement of health and safety?

9. How does the organisation ensure that all plant and equipment used on site meets an acceptable standard?

10. How does the organisation ensure that other organisations they work with have satisfactory health and safety standards?

11. How does the organisation ensure it works with other organisations to manage matters when both have health and safety duties as PCBUs?

12. How does the organisation ensure that the goods and services it supplies to other organisations meet satisfactory health and safety standards?

13. Does the organisation have an adequate budget for its health and safety programme?

ACTIONS FOR DIRECTORS

BASELINE ACTIONS	RECOMMENDED PRACTICE
Health and Safety Management Systems	
Ensure that the organisation (through management) develops, implements, audits and regularly reviews and updates an effective health and safety management system consistent with accepted standards.	Undertake training to ensure a good understanding of the requirements of the health and safety management system and particularly of hazard and risk management practices.
Verify the provision and use of resources and processes by requiring and then reviewing management reports on the health and safety management system. This should include reviews and audits of systems and control plans.	Commission periodic external audits and reviews of the system. Ensure that workers and representatives participate in audits and system reviews.
Become personally aware of the organisation's risks and control systems.	Ensure you have a detailed knowledge of the organisation's risks and control systems. Refresh this regularly by engaging with managers and workers, and where appropriate go on site visits.
Ensure the organisation has processes in place to identify hazards and risks and control them.	Periodically (at least every two years) obtain/ review independent advice on the adequacy of risk control plans and the effectiveness of their implementation.
Ensure that management implements procedures for the selection of contractors and monitoring their activities so that the organisation is assured of their health and safety.	Ensure that management insists on contractors having health and safety standards that match the organisation's. Management should ensure that contractors management processes do not encourge under-reporting.

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HEALTH AND SAFETY GUIDE: GOOD GOVERNANCE FOR DIRECTORS

BASELINE ACTIONS	RECOMMENDED PRACTICE
Ensure that the organisation (a PCBU) implements procedures to consult and coordinate activities with other organisations (other PCBUs) that have overlapping health and safety responsibilities. Ensure management has processes to check that all organisations with overlapping duties are meeting their obligations as agreed.	
Resources – People	
Ensure that management provides the organisation with personnel with the right skills, supported by specialists as required to operate the business safely.	Ensure that the organisation has effective processes in place for recruitment, training and direction of managers so that they are skilled and motivated to reinforce a positive health and safety culture and ensure the health and safety of their people and teams.
Ensure management implements a worker engagement system that enables workers and their representatives to participate in decision-making, implementation and monitoring of workplace health and safety management systems.	Ensure that the organisation implements a 'just culture' whereby there is an atmosphere of trust in which people are encouraged to provide safety-related information, without fear of retribution or blame for honest mistakes, but are still held accountable for wilful violations and gross negligence.
Encourage a culture where reporting of incidents, hazards, and risks is expected and reports are followed up in a timely way. Ensure that the PCBU has appropriate processes for receiving this information and responding to it.	Monitor the overall workplace health and safety culture using appropriate techniques, such as surveys.
Resources – Plant and Equipment	
Ensure that the organisation has processes in place so it can ensure plant and equipment is fit-for-purpose and well maintained, that workers using it are properly trained, and that there are safe operating procedures in place for work done on the plant and equipment. Ensure the organisation includes both health and safety requirements in its procurement process for plant and equipment.	Ensure the organisation has processes to ensure that a contractor's plant and equipment meets the organisation's health and safety standards before it is allowed on site.
Resources – Budget	
Provide sufficient funds for the effective implementation and maintenance of the health and safety management system, health and safety training for managers and workers and for improvement programmes. Ensure there is a policy of dealing with health and safety on the basis of need rather than budget limits	

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THE ROLE OF DIRECTORS IN HEALTH AND SAFETY GOVERNANCE

3. MONITORING

DIRECTOR RESPONSIBILITIES	MANAGER RESPONSIBILITIES
> To monitor the health and safety performance of the organisation. > To outline clear expectations on what should be reported to the board and in what timeframes. > To review reports to determine whether intervention is required to achieve, or support organisational improvements. > To make themselves familiar with processes such as audit, risk assessment, incident investigation, sufficient to enable them to properly evaluate the information before them. > To seek independent expert advice when required to gain the necessary assurance.	> To give effect to board direction by implementing a health and safety management system using the 'plan, do, check, act' cycle. > To provide the board with reports on health and safety management system implementation, and performance as required. > To implement further actions following board review of reports. > To ensure root cause investigations are carried out using independent investigators in the case of serious incidents.

Implementing long-term health and safety goals and strategy through business planning is the responsibility of the organisation (as a PCBU). The board needs to ensure, through appropriate monitoring, that these strategies are being effectively implemented.

Boards should create a strong reporting culture that welcomes 'bad news' and responds to it appropriately. Directors must never turn a blind eye to undesirable information. They should, instead, always seek out complete and accurate information that will enable them to know whether the organisation is meeting all of its health and safety obligations and goals. Directors must always act decisively whenever that information suggests that it is not.

Boards need to undertake a critical assessment of the data and reports they receive. They should ensure that they have sufficient understanding of their organisation's risk profile to be able to 'stress test' the information provided and decide whether their intervention or further investigation is required.

ROUTINE REPORTS TO THE BOARD

The following information should be on the board's agenda and reviewed on a regular basis:

› Data on all incidents, including near misses, work-related ill-health, compliance with health monitoring programmes and ACC claims. Effective monitoring of these statistics can alert the board to underlying problems before any serious incidents occur.

› Data on absence rates due to sickness. This can be an indicator of issues such as stress and fatigue.

› Data on trends including routine exposure to risks that are potentially harmful to health such as high noise levels, toxic chemicals and bullying.

› Progress towards implementing formal improvement plans and meeting policy goals, including number of actions closed-out on time.

› Actions in place aimed at preventing harm, such as training, and maintenance programmes.

› The health and safety performance and actions of contractors.

› Reports on internal and external audits and system reviews.

› Data on proactive safety visits such as safety tours and workplace inspections.

Directors should be alert to the possibility that there is reluctance to report this information and should satisfy themselves that any obstacles have been addressed.

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HEALTH AND SAFETY GUIDE: GOOD GOVERNANCE FOR DIRECTORS

INCIDENTS

Incident investigations should identify root causes, and measures to put in place to prevent the incident happening again. Investigations should not be about apportioning blame. When looking for root causes there should be consideration of human factors that can contribute to incidents and the possibility of systemic failure such as culture, workload or lack of training.

Directors should review reports following serious incidents. They need to be satisfied with the integrity of the process, and that the incident investigation has correctly identified root causes. An effective action plan should be put in place to address the issues identified. Directors should require further reports on the completion of actions so that they can be satisfied that the implementation of actions arising from incidents is both effective and timely.

DIAGNOSTIC QUESTIONS

The following diagnostic questions are examples that can be used by directors and boards as prompts to verify that the information they receive is appropriate, accurate and comprehensive.

1. **Are you asking the right questions? Do you determine what information you receive or does management?**
2. **How do you know that the information you are receiving is supported by a strong and honest reporting culture?**
3. **How does the organisation's performance compare with other comparable organisations, how do you know?**
4. **Does the organisation have the capability to carry out 'root cause' investigations?**
5. **How do you know that actions identified in incident investigations are effectively implemented?**
6. **How much of the information that you receive is also shared with workers and their representatives?**
7. **Are you receiving sufficient information about health as well as safety?**

ACTIONS FOR DIRECTORS

BASELINE ACTIONS	RECOMMENDED PRACTICE
Health and Safety Management Systems	
In the board's charter specify clear requirements regarding reporting and timeframes for addressing significant health and safety events.	
Ensure that in the case of serious incidents, management have sought external input or review to provide independence and avoid potential vested interests.	
Review serious incidents including serious non-compliance by the organisation and near misses, and be personally satisfied with the adequacy of management actions in response.	Directors should receive basic training in incident investigation methodology sufficient to ensure that they are able to distinguish between adequate and inadequate investigations. In the case of serious health and safety incidents, obtain independent advice on the adequacy of the investigation and remedial actions.

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THE ROLE OF DIRECTORS IN HEALTH AND SAFETY GOVERNANCE

BASELINE ACTIONS	RECOMMENDED PRACTICE
Ensure that improvement goals are developed annually by management and that regular progress reports are received by the board.	Separate organisations and work sites will have their own goals. Visible tracking of these by directors will demonstrate commitment and leadership and encourage commitment from line management to take these goals seriously. For example, a site manager may be invited to a board meeting to report on progress with an annual improvement plan or this may be the subject of discussion during a site visit.
Specify clear requirements for the regular reporting of health and safety performance results, and review these reports at meetings for indications of trends, system breakdowns and improvement needs.	Ensure you have a sound understanding of, and focus on, risks that would have a significant impact on health and safety. Ensure reports allow tracking of both lag and lead indicators. Directors should satisfy themselves that there are no obstacles to free and frank reporting. Boards should develop their own reports on health and safety performance for shareholders and other stakeholders. Health and safety performance should be included in external reports.

4. REVIEW

DIRECTOR RESPONSIBILITIES	MANAGER RESPONSIBILITIES
> To ensure the board conducts a periodic (eg annual) formal review of health and safety to determine the effectiveness of the system and whether any changes are required. > To ensure the board considers whether an external review is required for an independent opinion.	> To organise regular audits and reviews of the health and safety management system (internal and external) and its implementation. > To take remedial actions as required arising from any audit or review. > To report to the board on the outcomes of audits and reviews. > To assist the board with the formal health and safety review by providing information and other input as required.

The board should conduct a formal review of the organisation's health and safety performance on a periodic basis. This enables the board to establish whether their health and safety principles have been embedded in the organisation's culture. Similarly, the review will consider whether the policy and system are being effectively implemented and whether they are still fit-for-purpose.

AUDITS AND SYSTEM REVIEWS

Audits and system reviews arranged by management will inform the board's formal review. Directors should ensure that reviews are undertaken on a regular basis. The objective of an audit is to assess the quality of system implementation. The objective of a system review is to assess whether the system is fit-for-purpose and representative of best practice.

It is normal for audits and system reviews to recommend actions for improvement. Directors should ensure that these recommendations are properly considered by management, and effectively implemented where agreed.

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It is desirable that an internal audit or review team comprises a cross section of managers and worker representatives so that a range of perspectives, knowledge and skill is brought to the table. This approach also supports the message that health and safety is everybody's responsibility. Directors should consider if the appropriate people were involved in the review or audit.

It is also good practice for the organisation to periodically seek independent and objective assurance from an external audit and/or system review. An external opinion can bring a fresh pair of eyes and new ways of thinking. Involving worker representatives in the selection of external auditors and reviewers is good practice that will help ensure the required objectivity.

FORMAL REVIEW OUTCOMES

The formal review will identify strengths and weaknesses in the system and its implementation. It is just as important that good performance is recognised and celebrated as it is that opportunities for improvement are identified.

Improvement action plans arising from the formal review should be tracked by directors at regular board meetings.

DIAGNOSTIC QUESTIONS

The following diagnostic questions are examples that can be used by directors and boards as prompts to verify that they are conducting adequate formal reviews of health and safety.

1. **What do you do to ensure an appropriate and thorough board level review of health and safety?**
2. **What information do you use for the review and who do you involve?**
3. **How do you ensure that the review uses best practice as a benchmark?**
4. **How do you ensure that workers contribute to this review?**
5. **How do you ensure maximum independence and objectivity of reviews and audits?**
6. **How do you recognise and celebrate success?**
7. **How do you ensure that actions identified in the review are communicated and effectively implemented?**

ACTIONS FOR DIRECTORS

BASELINE ACTIONS	RECOMMENDED PRACTICE
In the board's charter specify arrangements for the formal review of health and safety including frequency, who is involved and how, what input is required etc. If workers are likely to be directly affected by the matter being reviewed, the PCBU must engage with them.	Provide opportunities for worker representatives and workers with relevant skills and knowledge to participate in internal audits and reviews and in the selection of external auditors and reviewers.
Ensure that inputs to the formal reviews include audits (internal and external), system reviews, performance results, significant incidents, organisational changes and benchmark data.	Periodically commission a culture survey to assist the review.
As an outcome from the review ensure that the organisation determines an action plan and tracks its progress.	

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Conclusion

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As a director, the organisation's health and safety risk is just as important as it's financial performance and reputational risk and it should receive the same focus.

Boards must ensure that the organisation (as a PCBU) has processes for risk management and receiving and considering information about incidents, hazards and risks. The board must make sure these processes are appropriate. The board must also ensure that the organisation has processes to comply with all of its duties as a PCBU. To manage this, boards should determine high level health and safety strategy and policy which managers are required to implement. This strategy and policy should take into consideration all those affected by the organisation's activities, not just workers.

A board's responsibility, however, does not stop with the issuing of strategy and policy. The board should also ensure that it is implemented effectively. They do this by holding management to account through processes of policy and planning, delivery, monitoring and review. This includes recognising when the organisation is doing well and celebrating success. Through these processes the board should ensure that they have created an environment in which a commitment to health and safety is part of everyday business. Having a positive health and safety culture and an integrated, embedded and effective health and safety management system in which managers and workers take individual ownership will have significant benefits for the organisation.

RESOURCES

KEY LEGISLATION

All available online at www.legislation.govt.nz

› Health and Safety at Work Act 2015

› Accident Compensation Act 2001

› Hazardous Substances and New Organisms Act 1996

› Employment Relations Act 2000

GUIDANCE

A wide range of health and safety guidance including Approved Codes of Practice can be found on the WorkSafe website: www.worksafe.govt.nz

Further resources on health and safety governance are available on the IoD's website: www.iod.org.nz

PUBLICATIONS AND WEBSITES

Ministry of Business, Innovation and Employment: www.mbie.govt.nz

ACC: www.acc.govt.nz/publications

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Appendices

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HEALTH AND SAFETY GUIDE: GOOD GOVERNANCE FOR DIRECTORS

APPENDIX A:
DIRECTORS HEALTH AND SAFETY CHECKLIST

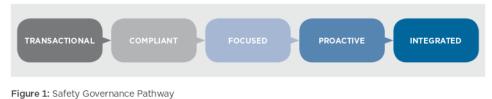| DIRECTOR HEALTH AND SAFETY CHECKLIST |
| --- |
| ○ How do the board and all directors demonstrate their commitment to health and safety? |
| ○ How do you ensure that the organisation's risks are assessed and appropriate mitigation measures put in place? |
| ○ How does the organisation involve its workers in health and safety? |
| ○ How do you ensure that the organisation's health and safety targets are challenging, realistic and aren't creating unintended consequences? |
| ○ What data is the board receiving on both health and safety? Is this sufficient? |
| ○ How does the organisation ensure all workers are competent and adequately trained in their health and safety responsibilities and accountabilities? |
| ○ Does the organisation have sufficient resources (people, equipment, systems and budget) for its health and safety programme? |
| ○ How connected are you to what happens at the organisation's work sites? What measures are in place to inform you? |
| ○ Does the organisation have a schedule of audits and reviews to ensure the health and safety management system is fit-for-purpose? |
| ○ How do you ensure that actions identified in incident reports, audits and reviews are communicated to the appropriate level within the organisation and effectively addressed by the organisation? |
| ○ Does the organisation have policies and processes in place to ensure contractors used by the organisation have satisfactory health and safety standards? |
| ○ How does the organisation's performance compare with other comparable organisations and how do you know? |
| ○ How do you recognise and celebrate success? |

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APPENDIX B:
THE SAFETY GOVERNANCE PATHWAY
– HOW IS YOUR ORGANISATION TRACKING?

The *Safety Governance Pathway* developed by Dr Kirstin Ferguson is a tool to help identify what stage of safety governance maturity an organisation may currently be experiencing.

Safety governance is the relationship between board members and senior executives in the safety leadership of an organisation. It provides the structure through which the vision and commitment to safety is set; agreement on how safety objectives are to be attained; the framework for how monitoring performance is to be established; and a means for ensuring compliance with relevant safety legislation[10]. Understanding where an organisation currently sits on the *Safety Governance Pathway* is essential for understanding where senior executives and boards are starting from in their approach to safety governance and determining a vision for where an organisation might like to move to.

Figure 1: Safety Governance Pathway

Every organisation will identify themselves at a different point on the pathway and may find themselves moving forwards or backwards depending on the commitment to safety of the leaders in place, the emphasis and initiatives to drive safety improvements, or serious incidents that may have occurred. Below are some indicators which can help identify where a particular organisation is placed.

TRANSACTIONAL

Does the board tend to see safety as a management responsibility? Does the board become engaged in safety only after an incident has occurred? Is the culture of the organisation that production is the most important driver of the business success?

A **transactional** approach to safety is the least effective stage of safety governance; and organisations at this stage are likely to have areas of legal non-compliance. There is no clear health and safety vision across the organisation and no clear understanding that 'good safety' means 'good business'. Health and safety is seen as the responsibility of management or the health and safety professional (where one is engaged although often they are part-time or consultants). Health and safety performance is not prioritised and is not disclosed in annual reports. Line managers do not take responsibility for safety outcomes but rather all responsibility for safety is directed to the health and safety function.

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[10] Ferguson, K. (2015). A study of safety leadership and safety governance for board members and senior executives. PhD thesis. QUT.

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COMPLIANT

Is compliance with relevant workplace health and safety legislation the main driver of reporting to the board? Is the board focused primarily on ensuring the minimum legislation standards are met?

During the **compliant** stage, the board are aware of their legal responsibilities and compliance is the main driver for establishing a health and safety governance framework. Health and safety data is reported; yet the focus of reporting is ensuring compliance and concentrates primarily on lag indicators. Basic (often generic) safety policies and procedures are in place but the board and senior management are not aware of the importance of their own safety leadership. A brief mention of health and safety may be made in annual reports.

FOCUSED

Do board members ask detailed safety questions, often drilling down into the causes of incidents? Does your board consider site visits an important part of their safety leadership role?

After realising that mere compliance with legislation will not necessarily ensure everyone returns home safely every day and a plateau in safety performance is reached, senior executives often drive a more **focused** approach to safety governance. During this stage, the specific role of the board in health and safety may be included in the board charter. A health and safety vision is introduced and safety performance reporting includes lead indicators. A health and safety management system is in place and processes are disclosed in annual reports. There may also be focus on the resourcing of the health and safety function as well as consideration on where the function is included in the organisational chart so there is visibility to the executive team.

PROACTIVE

Is there a sense that most board members 'get' health and safety? That is, they understand that a strong safety culture is much more than simply compliance but requires safety leadership inside and outside of the boardroom?

The **proactive** stage is often driven by the board who have become more involved in their safety leadership role and seek to take a proactive approach to safety governance. The board may establish a subcommittee to focus on health and safety. The Chairman often includes a personal commitment to health and safety performance in their annual reports or at annual general meetings. Safety performance referencing both lag and lead indicators is disclosed in annual reports. In most cases, the lead health and safety professional will report to the CEO and report on health and safety directly to the board.

INTEGRATED

Does the board seek to understand the safety impacts of every decision made in the boardroom? Does the concept of 'safe production' set the tone for board discussions?

The most effective stage of safety governance occurs when health and safety is completely **integrated** into business operations. The board and senior executives understand that a high level of health and safety performance is linked to business excellence. The board's commitment to health and safety is stated clearly in annual reports and safety disclosures are transparent.

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Safety committees will cascade throughout the organisation so that safety information can be readily shared and obtained from the board sub-committee through to employee safety committees. The senior health and safety professional understands their role is not just a technical position but has a significant strategic focus for the business. Line managers acknowledge and accept their own responsibility for safety rather than seeing it as falling to the health and safety function. There is transparent sharing of safety data and learnings with other organisations in the industry and beyond.

Kirstin Ferguson is a professional company director sitting on ASX100 and ASX200 boards, private company and government boards. She has a PhD in Business focused on safety leadership and safety governance for board members and senior executives, and was awarded the QUT Colin Brain Corporate Governance Fellowship and Safety Institute of Australia Dr Eric Wigglesworth Award for her research contributions to the fields of corporate governance and health and safety respectively.

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APPENDIX C:
SAMPLE TERMS OF REFERENCE
– BOARD HEALTH AND SAFETY COMMITTEE

1. CONSTITUTION

    The Board Health and Safety Committee shall be a committee of the board established by the board.

2. OBJECTIVE

    The role of the committee is to assist the board to provide leadership and policy in discharging its health and safety management responsibilities within the organisation.

3. SECRETARIAL AND MEETINGS

    3.1. The secretary of the committee shall be appointed by the board.

    3.2. A quorum of members of the committee shall be two.

    3.3. The committee may have in attendance such members of management, including the Chief Executive Officer (CEO), and such other persons as it considers necessary to provide appropriate information and explanations.

    3.4. All directors shall be entitled to attend meetings of the committee.

    3.5. Reasonable notice of meetings and the business to be conducted shall be given to the members of the committee, all other members of the board and the CEO.

    3.6. Meetings shall not be held fewer than four times a year. Further meetings will be arranged on an as-needed basis.

    3.7. Minutes of all meetings shall be kept.

    3.8. After each meeting the chair will report the committee's recommendations, key issues and findings to the board.

4. RESPONSIBILITIES

    4.1. Review, monitor and make recommendations to the board on the organisations health and safety risk management framework and policies to ensure that the organisation has clearly set out its commitments to manage health and safety matters effectively.

    4.2. Review and make recommendations for board approval on strategies for achieving health and safety objectives.

    4.3. Review and recommend for board approval targets for health and safety performance and assess performance against those targets.

    4.4. Monitor the organisations compliance with health and safety policies and relevant applicable law.

    4.5. Ensure that the systems used to identify and manage health and safety risks are fit-for-purpose, being effectively implemented, regularly reviewed and continuously improved. This includes ensuring that the board is properly and regularly informed and updated on matters relating to health and safety risks.

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4.6. Seek assurance that the organisation is effectively structured to manage health and safety risks, including having competent workers, adequate communication procedures and proper documentation.

4.7. Review health and safety related incidents and consider appropriate actions to minimise the risk of recurrence

4.8. Make recommendations to the board regarding the appropriateness of resources available for operating the health and safety management systems and programmes

4.9. Any other duties and responsibilities which have been assigned to it from time to time by the Board

5. AUTHORITY

5.1. The committee has complete access to the organisations senior executive team through the chairman, chief executive or company secretary at any time.

5.2. The committee has the authority of the board to obtain any information and to investigate any matter within its terms of reference

5.3. The chairman of the committee has the authority of the board to obtain independent legal or other professional advice and research and generally to engage such advisors and involve such consultants (at the expense of the organisation) as the committee considers necessary to carry out its responsibilities.

5.4. The committee does not have the authority to make a decision in the board's name or on its behalf. The committee will make recommendations to the Board on all matters requiring a decision.

6. REVIEW

The committee shall:

6.1. Ensure that processes are in place to develop, implement, audit, regularly review and update the health and safety management framework to be consistent with accepted standards.

6.2. Formally review the health and safety performance of the organisation including review of audits (internal and external), system reviews, performance results, significant incidents and investigations, the impact of organisational changes and benchmark data. The CEO will be responsible for producing sufficient information for this review to occur, with input from the rest of the executive/senior management team.

6.3. Receive and consider independent reviews and or audits of health and safety within the business.

7. REVIEW OF THE COMMITTEE

The committee shall undertake annual self-review of its objectives and responsibilities and of these terms of reference and report back to the board. The committee may at any time initiate a review of the committee and make appropriate recommendations for its alteration to the board.

Terms of reference adopted by the committee on XX/XX/201X.

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APPENDIX D:
GLOSSARY

TERM	DEFINITION
Best practice	A method or technique that in like circumstances has consistently shown superior results in comparison to results achieved using other means – used as a benchmark.
Board Health and Safety Committee	The board health and safety committee is a sub-committee of the board. The purpose of the committee is to assist the board in its role in providing leadership and policy, and to fulfill its responsibilities to ensure compliance with health and safety legislation.
Engagement	A PCBU (person conducting a business or undertaking – see below) has to engage with its workers on health and safety matters. A PCBU engages by: > sharing information about health and safety matters so that workers are well-informed, know what is going on and can a say in decision-making > encouraging workers to have a say > listening to and considering what workers have to say > giving workers opportunities to contribute to the decision-making process relating to a health and safety matter.
Due diligence	The due diligence duty requires directors and other officers under HSWA to take reasonable steps to: > know about work health and safety matters and keep that knowledge up-to-date > gain an understanding of the operations of the organisation and the hazards and risks generally associated with those operations > ensure the PCBU has appropriate resources and processes to eliminate or minimise those risks and uses them > ensure the PCBU has appropriate processes for receiving information about incidents, hazards and risks, and for responding to that information > ensure there are processes for complying with any duty, and that these are implemented > verify that these resources and processes are in place and being used. Officers must exercise the care, diligence and skill a reasonable officer would exercise in the same circumstances, taking into account matters including the nature of the business or undertaking, and officer's position and nature of their responsibilities.
Harm	Illness, injury or both. This includes physical or mental harm caused by work-related stress.
Hazard	**Physical hazards** Things that can cause physical harm, like moving machinery, falls from heights or lifting heavy objects. Some of these hazards may cause injury very slowly like equipment with poor ergonomics. **Environmental hazards** Things in the environment that could cause injury or illness, like hot or cold temperatures, poor lighting, or uneven ground. **Hazardous substances** Things such as asbestos or chemicals that could cause health issues such as cancer, fertility problems and even death. **Social hazards** Such as work-related stress, overwork, long hours, inadequate breaks, or bullying.

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TERM	DEFINITION
Health and Safety Committee	A Health and Safety Committee (HSC) supports the ongoing improvement of health and safety at work. An HSC enables PCBU representatives, workers and other committee HSC members to meet regularly and work co-operatively to ensure workers' health and safety. One of the HSC's main functions is to assist in developing standards, rules, and policies or procedures relating to workplace health and safety. An HSC can also perform other functions that are agreed between the PCBU and the HSC, or specified by the WEPR Regulations.
Health and Safety Representative	A worker elected as a health and safety representative in accordance with subpart 2 of Part 3 of HSWA.
Lag indicators	Lag indicators are reactive measure of performance; they measure events where there has been a health and safety failure such as injuries and occupational ill health.
Lead indicators	Lead indicators are proactive measures of performance, such as the number of training sessions or risk assessments completed. They aim to prevent incidents occurring.
Officer	An officer is a person who has the ability to significantly influence the management of a PCBU. This includes, for example, company directors and chief executives. Officers must exercise due diligence to ensure the PCBU meets its health and safety obligations.
Other person at workplace	Examples of other persons at workplaces include workplace visitors and casual volunteers at workplaces.
Organisational Culture	The collective set of values and beliefs held and exercised within an organisation or workplace.
Participation	Worker participation practices are what the PCBU puts in place so that workers can help to improve workplace health and safety on an ongoing basis. These practices make it possible for workers to share ideas and information, raise issues, and contribute to decision-making on an ongoing basis.
PCBU	A PCBU is a 'person conducting a business or undertaking'. A PCBU may be an individual person or an organisation. It does not include workers or officers of PCBUs, volunteer associations with no employees, or home occupiers that employ or engage a tradesperson to carryout residential work. A PCBU must ensure, so far as is reasonably practicable, the health and safety of workers, and that other persons are not put at risk by its work. This is called the 'primary duty of care'.
So far as is reasonably practicable	Core health and safety duties require PCBUs to ensure health and safety 'so far as is reasonably practicable'. When used in relation to these core duties, something is reasonably practicable if it is reasonably able to be done to ensure health and safety, having weighed up and considered all relevant matters, including: > How likely are the hazards and risks to occur? > How severe could the harm that might result from the hazard or risk be? > What a person knows or ought to reasonably know about the hazard or risk and the ways of eliminating or minimising it. > What measures exist to eliminate or minimise the risk (control measures)? > How available and suitable is the control measure(s)? Then weigh up the cost: > What is the cost of eliminating or minimising the risk? > Is the cost grossly disproportionate to the risk?

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TERM	DEFINITION
Volunteer officer	An officer who is acting on a voluntary basis (whether or not that person receives out of pocket expenses).
Worker	A worker is an individual who carries out work in any capacity for a PCBU. This includes an employee, a contractor or sub-contractor, an apprentice or trainee, a person on work experience or a work trial, or a volunteer worker.
Workplace	A workplace is a place where a worker goes or is likely to be while at work, or where work is being carried out or is customarily carried out. It includes a vehicle, vessel, aircraft, ship or other mobile structure and any waters and any installation on land, on the bed of any waters, or floating on any waters. So certain locations will only be classed as workplaces while work is being carried out at those locations. Most duties under HSWA relate to the conduct of work. However, some duties are linked to workplaces.
WorkSafe New Zealand	WorkSafe is the government agency that is the work health and safety regulator. WorkSafe collaborates with PCBUs, workers and other duty holders to embed and promote good workplace health and safety practices, and enforce health and safety law.
Zero harm	An expression used by many organisations to describe an aspirational target of no harm of any sort to workers.

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5.7   INSURANCE RENEWALS

File Number: **COU1-1408**

Author: **Brent Chamberlain, Chief Financial Officer**

Authoriser: **Monique Davidson, Chief Executive**

Attachments: **Nil**

PURPOSE

The purpose of this report is to provide Councillors with an update on Councils insurance renewal process.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Council's insurances are split into above ground assets / public liability, and below the ground assets.

Historically Councils above ground / public liability insurances have been placed as a HBLASS (Hawkes Bay Local Authority Shared Services) collective through Marsh (previously known as Jardine Lloyd Thomson) with a maturity date of 30 June.

Below ground assets have been brought individually by each Council, and Central Hawkes Bay District Council is currently using AON as their broker with a maturity of 31 October.

DISCUSSION

Manawatu/Wanganui LASS and BOP/Waikato LASS have traditionally brought their insurances as a collective and currently use AON as their broker, and have a maturity date of 31 October on all their insurances.

In addition their brokerage contract is also due to expire on the 31 October 2020 and in May 2020 they commenced a RFP (request for proposal) to the market to appoint a new broker for the forthcoming year.

HBLASS was invited to join this RFP which we did, although the timing wasn't great as the RFP would only be completed a few weeks before our renewal date and we had already been working with Marsh to get pricing for the placement.

From the RFP only two firms responded – Marsh and AON. Central Hawkes Bay District Council was part of the evaluation team (along with all the other Councils). Both the written proposal and a subsequent video conference call was used to score the two respondents. At the end of the process AON came out narrowly ahead.

Due to the timing of Hawkes Bay's renewal, it was agreed that AON would look to extend our existing cover to 31 October 2020 to align with the other Councils in the consortium and a full market tender would be undertaken at that point.

AON were successful in negotiating an extension of our existing policies for Central Hawkes Bay District Councils Material Damage, Motor Vehicle, Business Interruption, and Crime policies through to 31 October based on the same premium rates as for the 2019/2020 year. The only change to the premium being for the part year, and changes/additions to the assets being covered.

However AON could not get extensions on Public Liability, Professional Indemnity, or Environmental Impairment. They did manage to get a quote for new cover, with slightly different wording, but at 243% of the 2019/2020 premium. We were told that Professional Indemnity cover for Councils have become increasingly risky with cases such as Bella Vista in Tauranga, and leaky homes cited as a case in point.

As Marsh had already gone to the market on behalf of the HBLASS Councils, they were asked to provide an alternative quote for Public Liability, Professional Indemnity, or Environmental Impairment which for Central Hawkes Bay District Council has come back at 133% of the 2019/2020 premium.

Based on this Central Hawkes Bay District Council has agreed to the AON placed extensions for Material Damage, Motor Vehicle, Business Interruption, and Crime policies. But remain with Marsh for the Public Liability, Professional Indemnity, or Environmental Impairment Policies.

Before the new renewal date of 1 November 2020, AON would like to visit Central Hawkes Bay and discuss with Councillors their risk appetite, what cover they currently have and what they don't have (such as cyber cover), and loss modelling.

Officers note that the Committee have signalled an interest in Council's approach to Insurance. Officers seek guidance from the Committee on what further information they would like prior to the commencement of a conversation around the current approach and future insurance strategy.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;

- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;

- Any decisions made 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;

- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;

- Any decisions made are consistent with the Council's plans and policies; and

- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

AON will be invited to attend the 3rd September 2020, Risk and Assurance Meeting to discuss with Councillors their risk appetite, what cover they currently have and what they don't have (such as cyber cover), and loss modelling.

RECOMMENDATION

 That, having considered all matters raised in the report, the report be noted.

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6   PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 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 for the passing of this resolution
6.1 - Procurement Activity and Structure, and Procurement Policy Refresh	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

7   DATE OF NEXT MEETING

RECOMMENDATION

That the next meeting of the Central Hawke's Bay District Council be held on 3 September 2020.

8   TIME OF CLOSURE