



# AUDIT AND RISK COMMITTEE

## Open Minutes Attachments

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Meeting Date: Thursday 13 March 2025

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Time: 9.30am – 12.20pm

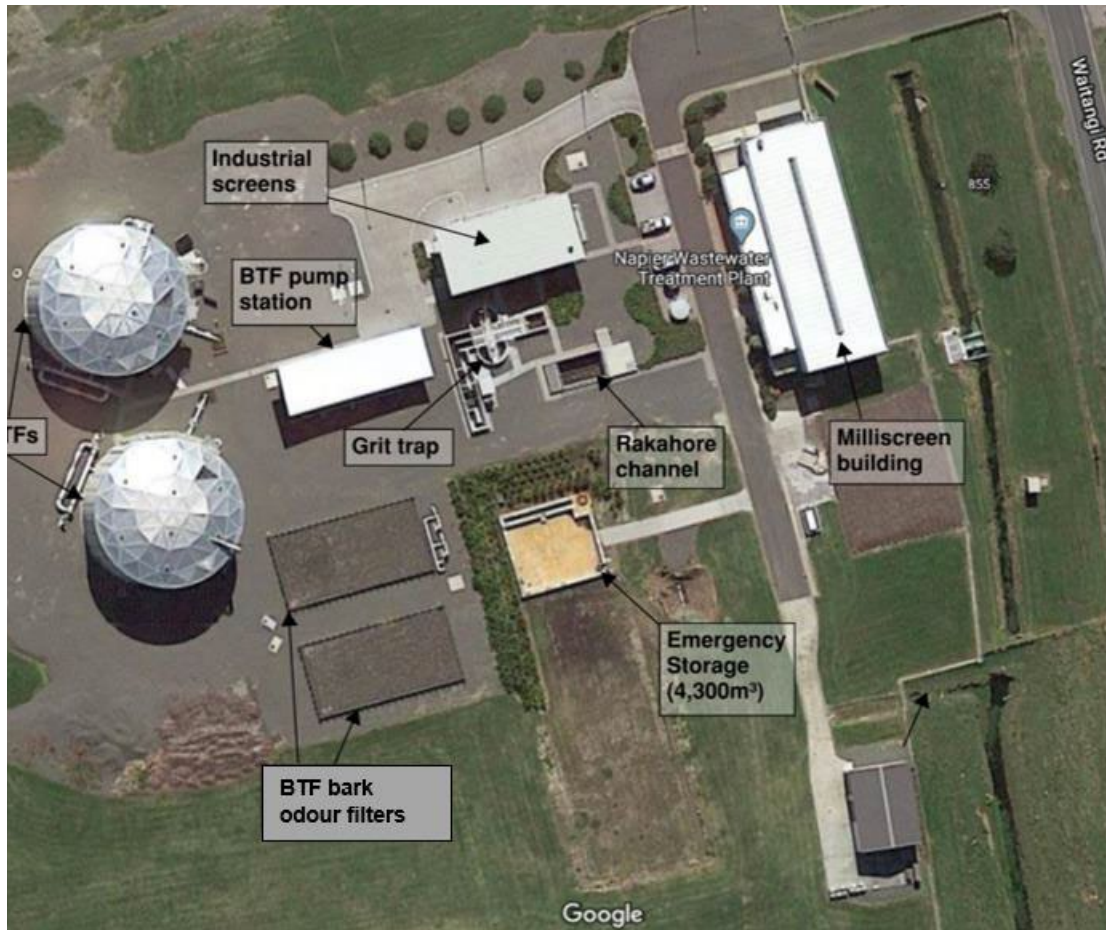
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Venue: Small Exhibition Hall  
War Memorial Centre  
Marine Parade  
Napier

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# Wastewater Outfall Replacement

## *Audit & Risk Report – March 2025*



# Officer's Recommendation



## The Audit and Risk Committee:

**Receive** the Awatoto Wastewater Outfall Risk Review Report.

**Acknowledge** that the Committee have considered the risks for the planned replacement of the Awatoto Wastewater Outfall Pipe Construction in Financial Years 2028/2029 to 2029/2030.

# Background



Wastewater from Napier is collected and treated at the Wastewater Treatment plant at Awatoto



Pumped 1500m offshore



The current pipe, installed 1970s has had joint issues since construction



Major leaks have been repaired in 1984, 2012 and 2020



Diffuser repairs are common, with the most recent in January 2025 costing \$65,000

# Current Risks



## Potential for total failure

- Consequences could include:
  - Uncontrolled discharge from the wastewater drop chamber onto the Awatoto foreshore
  - Uncontrolled discharge from the emergency storage cell(s) to open stormwater drains and to the environment

## High risk of further leaks

- The pipe continues to degrade, and the leaks have been problematic and costly to repair

## An unreparable joint could result in:

- Loss of discharge consent
- Significant environmental damage
- Loss of access to recreational and food gathering areas
- Major Iwi and Community Backlash and negative publicity

## Higher ongoing maintenance costs

- Current Maintenance spend is \$500,000 pa
- The 2020 leak repair cost \$1,231,841

# What is Required?

- Pipe replacement is the most viable option to mitigate the risk of further pipe leaks and pipe failure



# Proposed Solution



Go to market for a Design & Build Contract this year

2 years for design & consenting  
2 years for construction



Feedback from other Councils who have completed outfall pipes (Army Bay & Snell's Beach) is that the lowest cost, lowest risk option is for a design & build contract, including consenting.

# Financial Impacts



- Going to Market in 2025 for a Design & Build Contract will:
  - Bring forward construction by 12 months
  - Lower the risk of failure of the current pipe
  - Reduce the total cost of the project
  - Bring forward the construction costs from years 29/30 & 30/31 to 28/29 & 29/30
    - To mitigate the earlier spend the flood alleviation works in 28/29, which has not yet commenced, will be moved out to 29/30.



# Project Risks



## Lack of Regional Contractor Capability for Complex Marine Projects

### Consequences

- Increased Costs
- Low Construction Standards
- Delays and cost blowouts due to poor design and/or redesign

### Controls

- Design & Build Contract to be completed by a contractor with significant experience in Outfall Construction



## Failure/loss of performance of outfall once constructed

- Abatement notice/enforcement by HBRC
- Damage to reputation (public and financial)
- Loss of service
- Repairs required

### Controls

- Design & Build Contract
- Hold Point and Engineering Approval for Design



## Delays in consenting process due to poor engagement:

- Delays to project
  - Risk of further leaks/failure as consequence of delay
- Major Iwi and Community Backlash and negative publicity

### Controls

- Early engagement and partnership with mana whenua



## No Tenderers within Budget

- Damage to organisation reputation if projects aren't completed due to insufficient budget.
- Incomplete project or delays while additional funding is approved

### Controls

- Engage experienced professionals for cost estimates and comparisons with recent projects

# Project Risks



## Working in and around water

### Consequences

- Drowning of Contractor(s)

### Controls

- Compliance and risk-based training relative to task.
- Ensure appropriate PPE is provided and used correctly
- Fall Protection Systems
- Permit to Work Systems
- Selection of Fit-for-Purpose Equipment and Vessels



## Project goes over budget

- Damage to organisation reputation if projects aren't completed due to insufficient budget.
- Incomplete project or delays while additional funding is approved

### Controls

- Selection of delivery model that shares risk with contractor
- Strong Project Management and Financial Control

# Questions?



# Deep Dive Of Strategic Risk 32

*Failure to maintain a safe and healthy workplace and safe systems of work*

# Executive Summary

- Current procedures support SR32 treatment actions, ensuring controls remain effective, maintained and monitored.
- Formal treatment actions are not fully documented; a planned review will address gaps and enhance risk resilience.
- Treatment actions will be escalated as needed and integrated into the strategic risk register for alignment with risk management appetites.
- Health & Safety (H&S) will work with control owners to document and refine mitigation measures.
- Regular reviews will ensure effectiveness, promoting a proactive and responsive risk management approach.

# Introduction



- Effective H&S risk management requires a structured approach to identifying, monitoring, and improving controls.
- A proactive approach ensures safety measures remain effective, adaptive, and aligned with regulations and best practices.
- Strategic treatment actions enhance key H&S controls, addressing existing and emerging risks.
- These actions promote compliance by encouraging continuous improvement, enhancing leadership accountability and strengthening reporting mechanisms.
- Integrating treatment actions into the safety framework strengthens SR32 risk assessment and hazard management.

# SR32 Review & Recommendations



Control	Control Effectiveness	Suggested Treatment actions to improve Control effectiveness
<b>ARC Quarterly Review Along with Outcomes</b>	Partially Effective	<ul style="list-style-type: none"> <li>Establish review mechanism to ensure that all ARC quarterly outcomes are translated into actionable improvements, with progress tracked and reported at leadership levels.               <ul style="list-style-type: none"> <li>Enhance accountability measures by following structured process as per risk management strategy, ensuring that all identified risks, recommendations, and corrective actions from ARC reviews are effectively addressed within timely manner.</li> </ul> </li> </ul>
<b>Chief Executive and Directors Demonstrate Leadership &amp; Commitment to H&amp;S</b>	Partially Effective	<ul style="list-style-type: none"> <li>Continue with H&amp;S leadership expectations and executive performance metrics, maintaining accountability for visible safety leadership and continued proactive risk management.</li> <li>Endorse a leadership engagement program to promote direct involvement in site visits, safety observations, and workforce engagement initiatives, reinforcing a safety first culture.</li> </ul>
<b>Elected Members Leadership in H&amp;S</b>	Partially Effective	<ul style="list-style-type: none"> <li>Introduce H&amp;S leadership training tailored for elected members to ensure they understand their governance responsibilities and can actively promote workplace safety.</li> <li>Continue with H&amp;S reporting for elected members to regularly review key safety performance indicators (KPIs) once they have been adopted and provide strategic oversight on risk mitigation efforts.</li> </ul>

# SR32 Review & Recommendations



Control	Control Effectiveness	Suggested Treatment actions to improve Control effectiveness
H&S Codes of Practice	Partially Effective	<ul style="list-style-type: none"> <li>Continue to review and align codes of practice with legislative updates and industry best practices to ensure ongoing compliance and effectiveness.</li> <li>Develop a structured implementation plan to ensure consistent application of codes across all operations, supported by training and periodic compliance audits.</li> </ul>
H&S Internal & External Audit Reports and Findings Recommendations and Observations and Closing Actions and Overdue Actions Presented Quarterly to RC and ELT	Partially Effective	<ul style="list-style-type: none"> <li>Utilise MySafety for tracking audit findings and overdue actions, enabling documented follow up and reporting.</li> <li>Implement a risk-based prioritization framework for audit recommendations, ensuring critical issues are escalated and addressed promptly.</li> </ul>
H&S Management Policy Framework & Strategy*	Partially Effective	<ul style="list-style-type: none"> <li>Conduct an annual review of the H&amp;S policy framework to ensure alignment with emerging risks, legislative changes, and organisational objectives.</li> <li>Enhance integration of H&amp;S strategy into business planning processes, ensuring that safe objectives are embedded across all departments and operations.</li> </ul>
H&S Planning Process	Partially Effective	<ul style="list-style-type: none"> <li>Develop a forward-looking H&amp;S planning cycle that integrates predictive analytics and trend analysis to proactively address emerging risks.</li> <li>Enhance workforce involvement in the planning process by incorporating frontline insight and feedback into H&amp;S strategic initiatives.</li> </ul>



# Conclusion



- Strategic treatment actions drive continuous improvement in H&S controls, ensuring risk management adapts to emerging challenges.
- Regular audits and structured risk reporting enhance transparency, enabling data-driven decision-making and improved control effectiveness.
- Integrating H&S objectives into business planning and developing performance indicators help identify and address control gaps proactively.
- Continuous monitoring and evaluation strengthen compliance, governance, and the refinement of risk controls.
- Embedding continuous improvement in H&S management builds resilience, ensuring effective risk mitigation and operational excellence.

# Thank you

# Questions?

