

ARF017 Climate Change Direct Risk to Council Physical and Natural Assets

Risk Status Progress Report April 2022

Prepared 28/03/2022

Description of risk and impact

In accordance with our Risk Management Policy, adopted by Council August 2019, the “Climate Change Direct Risk to Council Physical and Natural Assets” risk was adopted, as a top organisational risk ARF017, at the 01/12/2021 Assurance, Risk and Finance Committee meeting. This risk was scored and prioritised using Council’s bespoke IDEATE methodology. The risk is described below in Table 1.

Table1: Description of the Climate Change Direct Risk to Council Physical and Natural Assets risk.

| Group / SLT | Risk level | Inherent Risk | Risk description | Cause “Because of...” | Risk “There is a chance that...” | Effect “leading to...” |
|-----------------------------|----------------|---------------|------------------|--|---|--|
| Strategic Planning & Policy | Organisational | 37 | Strategic | Neither identifying the physical hazards and vulnerabilities, nor engaging with our communities, to plan for and mitigate the impacts of climate change on our infrastructure and levels of service. | Infrastructure may be exposed and vulnerable. Natural assets may become eroded/damaged. | Leading to damaged/lost infrastructure impacting levels of service, community wellbeing, environmental damage and financial cost to communities and Council. Ecosystem services may reduce, placing increased risk on operational costs. |

The Climate Change Risk Reference Group scored the inherent risk for the Climate Change Direct Risk to Council Physical and Natural Assets. The risk was scored by identifying both the risk impact for five organisational areas (see Table 2) and the likelihood of the risk occurring (see Table 3). For each organisational area, the risk impact is given a score of “High to Intolerable”, “Medium” or “Low to None” and the likelihood is rated as either “Will happen”, “Probable” or “Unlikely” (see table 4) making this a high impact risk with a score of 37. The likelihood of the risk materialising is assessed as “will happen”.

Climate Change Direct Risk to Council Physical and Natural Assets risk is classified as both organisational and strategic risk with the GM-SPP responsible for risk governance.

Table 2: Description of risk impact for each organisation area

| Organisation area | Description |
|-------------------|--|
| Financial | Impact on Budget, Department or Team; and /or Impact on annual Council budget |
| Customer | Financial impact to customer due to loss of a provision of essential service, or essential piece of infrastructure |
| Reputational | The impact on FNDC's reputation |
| Compliance/Legal | The legal impact on FNDC's legal adherence / regulatory compliance |
| Health and Safety | The impact to people(s) health & safety arising from FNDC operations or a situation where FNDC are liable |

Table 3: Description of likelihood

| Likelihood | Description |
|-------------|--|
| Will happen | The risk is likely to occur. There is frequent exposure to the risk. There are external influences that make managing this risk ineffective. |
| Probable | The risk will possibly occur e.g. once in every 2-year event There is an exposure to the risk. There are external influences that make managing this risk difficult. |
| Unlikely | The risk is unlikely to occur e.g. once in every 10-year event There is a low exposure to the risk. |

Table 4: ARF017 Climate Change Direct Risk to Council Physical and Natural Assets inherent risk impact score using the organisational risk impact and likelihood statements:

| | Financial | | | Customer | | | Reputational | | | Compliance/Legal | | | Health and Safety | | |
|------------------|-----------|----------|-------------|----------|----------|-------------|--------------|----------|-------------|------------------|----------|-------------|-------------------|----------|-------------|
| High Intolerable | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 5 | 5 | 5 | 5 | 5 | 5 |
| Medium | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Low- none | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| | Unlikely | Probable | Will Happen | Unlikely | Probable | Will Happen | Unlikely | Probable | Will Happen | Unlikely | Probable | Will Happen | Unlikely | Probable | Will Happen |

Relationship of ARF017 Climate Change Direct Risk to Council Physical and Natural Assets to organisational risks.

ARF017 Climate Change Direct Risk to Council Physical and Natural Assets is one of four distinct organisational climate change risks. It exists together with:

- ARF015 Climate Change Organisation Transition Risk
- ARF016 Climate Change Community Transition Risk
- ARF018 Failure to understand and capture climate-related opportunities

ARF017 Climate Change Direct Risk to Council Physical and Natural Assets impacts, and is impacted by, most of our top organisational risks (see table 5).

Table 5: Impact of ARF017 Climate Change Direct Risk to Council Physical and Natural Assets on organisational risks.

| | |
|---|-------------------------------|
| ARF017 impacts: | ARF017 is impacted by: |
| ARF003 Health & Safety Vulnerabilities | ARF004 Asset Management Risks |
| ARF004 Asset Management Risks | ARF005 Affordability Risk |
| ARF005 Affordability Risk | ARF014 Programme Darwin |
| ARF006 Project Priorities Deliveries Delays | |
| ARF007 Compliance NRC Abatements | |
| ARF009 Customer Service Delivery | |
| ARF012 Contract Management Risks | |
| ARF013 Drinking Water Resilience | |
| ARF003 Health & Safety Vulnerabilities | |

Existing Treatments

On 25 January 2022 the Climate Change Risk Reference Group workshopped the climate change risk themes to develop an understanding on how we will actively manage each risk. The output of this workshop was a mind map that was further updated through a workshop with elected members on 10 March 2022.

An organisational scan has identified the following treatments and opportunities:

High level treatment plan and progress up-date:

| High level treatment plan: | Treatment Owner | Progress update: | Implementation date: |
|--|---|---|---|
| In place | | | |
| 1. Northland Regional Council Hazard mapping | NRC | Completed | Available |
| In progress | | | |
| 2. Civil Defence Regional Lifelines climate change risk assessment | Manager Infrastructure Operations | In progress | |
| 3. Draft District Plan | Manager – District Plan | In progress | TBC |
| 4. Apply Northland Regional Council Hazard mapping | Manager – Climate Change | Draft District Plan is using this data. This data will feed into the prioritisation of communities that will be taken through a process for climate change adaptation. | Will be used to workshop with elected members on 14 April 2022. |
| 5. Adoption of the Te Tai Tokerau Climate Adaptation Strategy | General Manager – Strategic Planning and Policy | 22 March 2022: Strategy and Policy Committee recommends to Council to adopt Strategy at 7 April | Priority Actions to be referenced and included in an update of the FNDC Climate |

| High level treatment plan: | Treatment Owner | Progress update: | Implementation date: |
|--|---|---|---|
| | | 2022 Council meeting. | Change Roadmap |
| 6. Climate Assessment Policy | Manager – Strategy Development | Following the Project Management Framework for engagement and policy development – this in the conceive stage with an options paper on the agenda for the Strategy and Policy Committee on 3 April 2022 | This will be determined by the option that is approved Strategy and Policy Committee on 3 April 2022. |
| 7. Community Engagement Plan | Engagement Lead | In progress. Coastal Community Profiles, 50% complete. | July 2022 |
| 8. Coastal Erosion Management Prioritisation Framework <ul style="list-style-type: none"> this framework will provide guidance to strategically assign capital works budget across competing projects by providing criteria to develop a holistic framework that will support FNDC’s decision-making. | Manager – Major Recovery Projects | Commissioned | TBC |
| Gaps/Opportunity | | | |
| 9. Identification of core asset data to be captured that is needed to inform decision making on climate change and resilience as part of the asset management planning process. | Policy Advisor – working on climate change policy Project Darwin | | Required for next LTP |
| 10. Identification of key measures and metrics that FNDC requires to (1) inform decision making on climate change and (2) be able to inform dashboards, Council reports and ultimately government reporting requirements on climate change adaptation and mitigation. | Policy Advisor – working on climate change policy | | Required by next LTP Required when compulsory reporting on climate change is required by the Government. |
| 11. Inclusion of specific project costings that are itemized as for climate change adaptation and/or mitigation in asset management plans and the next Long-Term Plan. Linked back to community engagement plans and FNDC’s climate change policy. | TBC | | Mid 2023 |
| 12. Internal Engagement Plan | Engagement Lead | Being developed concurrently with the external engagement plan. | July 2022 – aligned with the public launch of the Te Tai Tokerau Climate Adaptation Strategy |

Where are the gaps? / what more could we be doing?

Climate change adaption and mitigation planning needs to be integrated and part of Infrastructure Planning, Asset Management Planning and Financial Planning. A policy position and mandate from Council for this will ensure that this is included.

| | | | | | | | |
|-----------------------|--------------|-----------------------|---------------------|---------|-----------------------|----------|--------------------------|
| Inherent Risk: | Trend | Residual Risk: | Accountable: | CEO | Date raised: | 01/12/21 | Report frequency: |
| | Stable | | Responsible: | GM ISPP | Date accepted: | 01/12/21 | Three monthly |
