

Appendix A Scoring the three waters risks

Staff have scored the three risks by identifying both the risk impact for five organisational areas (see table one) and the likelihood of the risk occurring (see table two). 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”. The impact and likelihood matrix is used to determine the values for each climate change risk (see table four).

Table 1: 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 2: 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 3: Impact and likelihood matrix

		Likelihood (probability)		
		Unlikely	Probable	Will Happen
Impact	High to Intolerable	5	7	9
	Medium	3	5	7
	Low to None	1	3	5

An inherent risk score has been estimated for each three waters risk. This was derived by summing the risk value for each organisational area (see table eight).

Table 4: Inherent risk score for each three waters risk

Risk	Organisational area	Impact	Likelihood	Inherent risk score
A. Three waters transition risk	Financial	Medium	Will Happen	7
	Customer	Low to None	Will Happen	5
	Reputational	High to Intolerable	Probable	7
	Compliance/Legal	Medium	Probable	5
	Health and Safety and Wellbeing	Medium	Will Happen	7
	Overall score			
B. Risk if three waters reform is rescinded	Financial	High to Intolerable	Will Happen	9
	Customer	Low to None	Will Happen	7
	Reputational	Medium	Probable	5
	Compliance/Legal	High to Intolerable	Probable	7
	Health and Safety and Wellbeing	Medium	Will Happen	7
	Overall score			
C. Risk if three waters progress	Financial	Low to None	Will Happen	5
	Customer	Low to None	Will Happen	5
	Reputational	Low to None	Will Happen	5
	Compliance/Legal	Low to None	Will Happen	5
	Health and Safety and Wellbeing	Medium	Will Happen	7
	Overall score			

The overall score for Risk A (three waters transition risk) and C (risk if three waters progress), is medium with risk B, risk if three waters reform is rescinded, is high-intolerable. The risks would be organisational and in the Operational/Financial category. Currently the probability of the risks materialising has been assessed for risk A and C as “will happen”, and for risk B as “probable”. This is shown in the heat map below (table five).

Table 5: Risk heat map

		Total Risk		
High - Intolerable			B	
Medium				A
Low- none				C
		Unlikely	Probable	Will Happen