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Report to the Utility Services Committee
from Murray Kennedy, Strategy and Asset Manager

Risk Management Programme

1. Purpose

To provide the Committee with information on risk management for the wholesale water supply system.

2. Introduction

To a large extent utility infrastructure development in New Zealand has reached a mature phase. Services such as electricity, telephones and water have been reticulated throughout our cities. Having delivered the physical network, emphasis has now shifted to the quality and reliability of the product.

Some of the decisions of the past were not necessarily made for reasons of risk mitigation, but because they made good business sense at the time. For example, the multiple water sources providing water to the Wellington area were developed not to provide diversity, but because no single source was available.

In more recent times risk management and mitigation is being promoted as a means of increasing business efficiency.

3. Background

At present there is no all encompassing document within the Utility Services Division outlining risk management for our water supply infrastructure. A considerable amount of work has been undertaken as separate projects, or decisions made relating to risk. Examples include:

- Asset Management Plan
- MITs Hansen Computer based Asset Management System
- Seismic Security Assessment (1993) and implementation (ongoing)
- Development of Sustainable Yield computer model for water supply
- Telemetry system at treatment plants, pump stations and reservoirs (nearly completed)
- Targeting an A grading for all water treatment plants
- A comprehensive water quality testing programme
- Maintaining core water treatment and distribution system expertise within the organisation
- “SEED” (Safety Evaluation of Existing Dams) reviews for the two Te Marua storage lakes
- ISO 9002 Certification for water quality
- Telarc registration for the laboratory
- Work has started on developing an environmental management system complying with ISO 1400 1.
- Wellington Earthquake Lifelines Group.

4. Proposal

It is proposed to formulate a risk management plan incorporating relevant past work and proposed future work streams. An objective will be to complete the plan by the end of the current financial year.

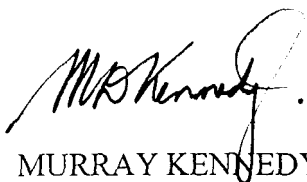
The first step is to prepare a risk policy. Two key items of this are; water treatment plant security of supply and the availability of raw water. Separate Committee papers deal with both of these subjects.

Following customer consultation the risk policy will be put to the Committee for approval.

5. Recommendations

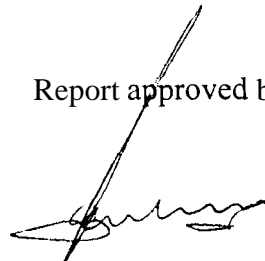
That the Committee notes that a risk management plan is being prepared and this will involve seeking Committee approval in stages.

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