



**Panuku
Development
Auckland**
An Auckland Council Organisation



**Board
Report**

Date

Wednesday, 25 May 2016

Time

Commencing at 9.30 am

Venue

Panuku Development Auckland
Level 2, Pier 21 Building,
11 Westhaven Drive, Freemans Bay

Board Agenda

Where: Level 2, Pier 21 Building, 11 Westhaven Drive, Freemans Bay, Auckland

When: Wednesday, 25 May 2016 – 9.30 am – 2:00 pm

Board Members: R.H. Aitken – Chair
Sir John Wells – Deputy Chair
M.A. Blackburn – Director
E.W. Davies – Director
R.I. Leggat – Director
Dr S.C. Macken – Director
P.F. Majurey – Director
M.E. Pohio – Director
C.M. Udale – Director

Apologies:

In attendance: J.G. Dalzell – Interim Chief Executive
C. Gosbee – Director Corporate Services
D. Rankin – Director Strategy and Engagement
R. Marler – Director Place Shaping
A. Young – Director Development
I. Wheeler – Director Portfolio Management
J. Lindsey – Director Capital Partnerships
A. Cutler – Manager Governance Relationships
D. Gurney – Corporate Governance Lead / Board Secretary

		Page #	Timing
1.	Opening of Public Meeting		9:30 am
	1.1 Appointment of Chair and Deputy Chair		
	1.2 Apologies		
	1.3 Directors' Interests and advice of any conflicts		
	1.4 Directors' Board Meeting Attendance Register		
	1.5 Minutes of the Development Auckland Board meeting of 27 April 2016		
2.	Chief Executive's Report to the Board		9:40 am
	2.1 Health and Safety Report for April 2016		
	2.2 Impac Report on Panuku Health and Safety		

3.	<p>3.1 Procedural:</p> <p>Procedural motion to exclude the public:</p> <p>Put the motion that, pursuant to the provisions of Section 48(1)(a) of the Local Government Official Information & Meetings Act 1987, the public be excluded from the following proceedings of this meeting; the subject matter, the reasons and specific grounds for exclusions are set below:</p> <table border="1" data-bbox="432 477 1150 663"> <thead> <tr> <th data-bbox="432 477 791 544">General subject of matters to be considered</th> <th data-bbox="791 477 1150 544">Grounds under Section 48(1) for considering in private</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 544 791 577">Governance; Committee reports</td> <td data-bbox="791 544 1150 577">Commercially sensitive issues</td> </tr> <tr> <td data-bbox="432 577 791 611">Finance & Risk</td> <td data-bbox="791 577 1150 611">Commercially sensitive issues</td> </tr> <tr> <td data-bbox="432 611 791 663">Management & operations</td> <td data-bbox="791 611 1150 663">Commercially sensitive issues</td> </tr> </tbody> </table>	General subject of matters to be considered	Grounds under Section 48(1) for considering in private	Governance; Committee reports	Commercially sensitive issues	Finance & Risk	Commercially sensitive issues	Management & operations	Commercially sensitive issues		10:00 am
General subject of matters to be considered	Grounds under Section 48(1) for considering in private										
Governance; Committee reports	Commercially sensitive issues										
Finance & Risk	Commercially sensitive issues										
Management & operations	Commercially sensitive issues										
	<p>3.2 Minutes of the Development Auckland Board Meeting of 27 April 2016 (Confidential)</p> <p>3.3 Board Action List</p> <p>3.4 Board work programme</p> <p>Grounds under Section 48(1) for considering Action List and Board Work Programme in private: Commercially sensitive</p>										
4.	<p>Chief Executive's Report (confidential)</p> <p>4.1 SOI Strategic Initiatives</p> <p>4.2 Strategic Projects</p> <p>4.3 SOI Performance Measures</p> <p>4.5 Risk Dashboard</p> <p>4.6 Summary of Property Acquisitions</p> <p>4.7 Summary of Property Disposals</p> <p>4.8 MPM Report on Cost Escalation</p> <p>Grounds under Section 48(1) for considering Chief Executives Report – Confidential Issues) in private: Commercially sensitive</p>		10:10 am								
5.	<p>Financial Report to the Board</p> <p>Grounds under Section 48(1) for considering Panuku Financial Report to the Board in private: Commercially sensitive</p>		10:30 am								
	<p>Morning Tea</p>		10:40 am								
6.	<p>Decision Papers</p> <p>6.1 Policy for the Selection of Development Partners</p> <p>6.2 Grants and Donations Policy</p> <p>6.3 Disposals Recommendations</p> <p>6.4 Disposals Programmes Report</p> <p>6.5 Wynyard Quarter East-West Street</p> <p>Grounds under Section 48(1) for considering Decision Papers in private: Commercially sensitive</p>		10:50 am								
7.	<p>Direction Setting Papers</p> <p>7.1 Darby Group – Sand Barge proposal and Kestrel Restoration</p> <p>7.2 Clarifying Strategic Objectives – response to issues raised at the Board Workshop</p> <p>7.3 Maori Commercial Relationship Action Plan</p> <p>7.4 Westhaven Marine Centre</p> <p>Grounds under Section 48(1) for considering Direction Setting Papers in private: Commercially sensitive</p>		11:20 am								

8.	Information Papers 8.1 Panuku Master Programme 8.2 Panuku Quarterly Report to Council 8.3 Grants and Donations Quarterly Update Grounds under Section 48(1) for considering Information Papers in private: Commercially sensitive		11.50 am
9.	Committee and Subsidiary Reports <ul style="list-style-type: none"> • Minutes of the Business Interests Committee of 11 May 2016 • Minutes of the Britomart Committee of 9 May 2016 Grounds under Section 48(1) for considering Committee and Subsidiary Reports in private: Commercially sensitive		12.10 pm
10.	Document Register Grounds under Section 48(1) for considering Document Register details in private: Commercially sensitive		12:20 pm
11.	Senior Leadership Team – Interests Register		12:20 pm
12.	General Business		12:20 pm
	Lunch		12:30 pm
	Directors’ “Walking Tour” of Wynyard Quarter developments		1.00pm

Directors' Interests at 18 May 2016

Member	Interest	Company/Entity	Potential Conflicts
Sir John Wells	Chairman	Development Auckland Limited	-
	Trustee	Auckland Grammar School Foundation Trust	None
	Chairman	Bancorp Group Ltd	Potential financier – Housing for Older Persons
	Chairman	Bancorp Holdings Corporation Ltd	None
	Chairman	Bancorp New Zealand Ltd	None
	Director	Bancorp Strategic Investments Ltd	None
	Chairman	Bancorp Treasury Services Ltd	None
	Chairman	CBL Insurance Ltd	None
	Chairman	CBL Corporation Ltd	None
	Chairman	Fisher Funds Management Ltd	None
	Chairman	Greenpark Holdings Ltd	None
	Advisory Board Member	Marsh Ltd	None
	Director	Martin Jenkins and Associates Ltd	None
	Chairman	Sheffield North Island Ltd	None
	Trustee	Wadhurst Trust	None
	Trustee	Wells Family Trust	None
	Chairman	World Masters Games 2017 Ltd	None
	Member	Committee for Auckland – Chairman's Advisory Group	
	Director	CBLNZ Ltd	
	Chairman	Assetinsure Pty Ltd (Australia)	
Chairman	Assetinsure Holdings Pty Ltd (Australia)		
Richard H Aitken	Deputy Chairman	Development Auckland Limited	-
	Director	Beca AMEC Ltd	None
	Chairman and Employee	Beca Group Ltd	Supplier
	Director	Beca Group Holdings Ltd	None
	Director	BGCF Trustee Ltd	None
	Director	BGL Custodian Ltd	None
	Director	BGL Depository No. 2 Ltd	None
	Director	BGL Finance Ltd	None
	Director	BGLIR Trustee Ltd	None
	Director	BGL Management Share Trustee Ltd	None
	Director	BGL Nominees Ltd	None
	Director	BGS Trustee Ltd	None

Member	Interest	Company/Entity	Potential Conflicts
	Director	Derceto Trustee Ltd	None
	Director	Hopetoun Pitt Ltd	None
	Director	Beca Chile S.A (Chile)	None
Richard H Aitken (continued)	Director	Gands Plan Pty Ltd (Australia)	None
	Director	John Scotts Investments Ltd	None
	Director	TrustPower Ltd	None
	Chair	Te Punaha Matatini Advisory Board	None
	Trustee	BAS Custodian Trust	None
	Trustee	Beca Indemnity Fund Custodian Trust	None
	Trustee	BGLIR Custodian Trust	None
	Trustee	BGL Custodian Trust	None
	Trustee	BGS Custodian Trust	None
	Trustee and discretionary beneficiary	The Glade Trust	None
	Trustee	The Sunnybrae Trust	None
	Trustee	The Waimarama Trust	None
	M Anne Blackburn	Director	Development Auckland Limited
Member		Commercial Operation Advisory Board to the Treasury	None
Director		New Zealand Venture Investment Fund Limited	None
Director		NZVIF Investments Limited	None
Director		Warren & Mahoney Limited	Supplier
Director		Warren & Mahoney Architects Limited	Supplier
Director		Committee for Auckland Limited	None
Director		Fidelity Life Assurance Company Limited	None
Chair		Royal District Nursing Service NZ Limited	None
Director		RDNS Group Limited (Australia)	None
Director		Fisher Funds Management Limited	None
Director		TSB Bank Limited	None
Director		TSB Group Capital Limited	None
Director		TSB Group Investments Limited	None
Director		Ten Gracie Square Limited	None
Director		Wairaka Land Company Limited (Unitec land development subsidiary)	Possible

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Member	Interest	Company/Entity	Potential Conflicts
Evan W Davies	Director	Development Auckland Limited	-
	Director	Welch Securities Ltd	None
	Director	Paris Magdalinos Architects Ltd	None
	Director	Kokako Fames Ltd	None
	Director	Todd Property Group Limited and Subsidiaries	None
	Director	Todd Property Ormiston Town Centre Ltd	J/V with Panuku
	Trustee	Melanesian Mission Trust	None
	Trustee	Anglican Trust for Women and Children	None
	Chair	Capital Investment Committee, Nation Health Board	None
	Chair	Christchurch Hospital Redevelopment Partnership Board	None
Richard I Leggat	Director	Development Auckland Limited	-
	Director	New Zealand Post Ltd	None
	Deputy Chair	Tourism NZ	None
	Director	Education NZ	None
	Director	Cycling NZ	None
	President	Union Cycliste Internationale Ethics Commission	None
	Chairman	NZ Cycle Trail Incorporated	None
	Director	Snowsports NZ	None
	Panel Member	NZ Markets Disciplinary Tribunal	None
	Director	Trophy Metropolitan	None
	Director	Mortleg Ltd	None
	Advisor	Busways PTY Ltd	None
Dr Susan C Macken	Director	Development Auckland Limited	-
	Deputy Chair	Bank of New Zealand	Possible as provider of banking services to Auckland Council & CCOs
	Director	Treasury Advisory Board	None
	Director	Blossom Bear Ltd	none
	Director	Fertility Associates Trustee Ltd and Associates	None
	Director	STG Ltd	None
	Deputy Chair	Tāmaki Redevelopment Company Ltd	Possible
	Director	Spa Electrics Ltd (Aust)	None

Member	Interest	Company/Entity	Potential Conflicts
Paul F Majurey	Chair	Tūpuna Maunga o Tāmaki Makaurau Authority	Possible – Three Kings
	Chair	Tāmaki Makaurau Community Housing Limited	Possible
	Chair	Tāmaki Collective	None
	Chair	Hauraki Collective	None
	Chair	Marutūāhu Collective	None
	Director	Development Auckland Limited	-
	Director	Pouarua Farm General Partner Limited	None
	Director	Tikapa Moana Enterprises Limited	None
	Director	Marutūāhu Rōpū General Partner Limited	None
	Director	Ngāti Maru Pouarua Farm limited	None
	Director	Pare Hauraki Asset Holding Limited	None
	Director	Museum of New Zealand Te Papa Tongarewa	None
	Director	Half Moon Bay Venture Limited	None
	Co-Chair	Sea Change Marine Spatial Plan Project	None
	Co-Chair	Tāmaki Healthy Families Alliance	None
	Trustee	Crown Forestry Rental Trust	None
	Trustee	Hapu – Ngāti Maru Rūnanga	None
	Trustee	Hauraki Fishing Group	None
Representative	Tāngata Whenau – Hauraki Gulf Forum	None	
Michael E Pohio	Director	Development Auckland Limited	-
	Director	National Institute of Water & Atmospheric Research Limited	None
	Director	NIWA Vessel Management Limited	None
	Director	KiwiRail Limited	None
	Chairman	BNZ Partners Waikato	None

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Member	Interest	Company/Entity	Potential conflicts
C Martin Udale	Director	Development Auckland Limited	-
	Director	Canvas Investments Limited	None
	Director	Essentia Consulting Group Limited	None
	Director	Fleming Urban Limited	Possible Onehunga development
	Director	Innovation Waikato Limited	None
	Director	Paparata Limited	None
	Director	Peterborough Quarter Limited	None
	Director	Tall Wood Limited	None
	Director	Tamaki Redevelopment Company Limited	Possible
	Council member	Unitec Institute of Technology	None
	Director	Waikato Innovation Park Limited	None
	Chair	Wairaka Land Company Limited (Unitec land development subsidiary)	Possible
	Member	McConnell Property Advisory Committee	Possible



DIRECTORS' MEETING ATTENDANCE REGISTER

	2015				2016					No. of meetings		2016					
	23 Sep	28 Oct	25 Nov	11 Dec	24 Feb	30 Mar	27 Apr	25 May	29 Jun	Attended	Total	27 Jul	31 Aug	21 Sep	26 Oct	30 Nov	14 Dec
Sir John Wells	✓	A	✓	✓	✓	✓	✓										
R H Aitken	✓	✓	✓	A	✓	✓	✓										
M A Blackburn	A	✓	✓	✓	✓	✓	✓										
E W Davies	✓	✓	A	✓	✓	✓	✓										
R I Leggat	A	✓	✓	A	✓	✓	✓										
Dr S C Macken	A	✓	✓	A	A	✓	A										
P F Majurey	✓	✓	A	✓	✓	✓	A										
M E Pohio	✓	A	A	✓	✓	✓	✓										
C M Udale	✓	A	✓	✓	✓	✓	✓										



MINUTES OF THE MEETING OF DIRECTORS OF DEVELOPMENT AUCKLAND LIMITED (PANUKU DEVELOPMENT AUCKLAND), HELD AT LEVEL 2, PIER 21 BUILDING, 11 WESTHAVEN DRIVE, AUCKLAND ON WEDNESDAY 27 APRIL 2016 COMMENCING AT 9:30 A.M.

ATTENDING		<p>Board: Sir John Wells (Chair), R H Aitken, M A Blackburn, E W Davies, R I Leggat, M E Pohio and C M Udale</p> <p>Executive: J Dalzell (Interim Chief Executive), C Gosbee (Director Corporate Services), R Marler (Director Placemaking), D Rankin (Director Strategy and Engagement), I Wheeler (Director Portfolio Management), A Young (Director Development), A Cutler (Manager Governance Relationships), D Gurney (Board Secretary).</p>
APOLOGIES	01/07/16	Apologies were received from Dr S C Macken and P F Majurey.
DIRECTORS' INTERESTS	02/07/16	<p>The Board reviewed and received the Register of Directors' Interests.</p> <p>M E Pohio advised that his term on Transpower's Board would finish at the end of April, and that he would be joining the KiwiRail Board in May.</p>
MINUTES OF PREVIOUS MEETING	03/07/16	<p>It was RESOLVED THAT the Minutes of the Meeting held on 30 March 2016, as amended, be confirmed as a correct record and be signed by the Chairman.</p> <p><i>Moved Sir John Wells; seconded R H Aitken; CARRIED.</i></p>
CHIEF EXECUTIVE'S REPORT	04/07/16	<p>The Chief Executive introduced his report. Key issues highlighted included:</p> <ul style="list-style-type: none"> • Manukau Framework Planning – it was noted that good progress is being made, and the process is running behind plan by about two weeks at present although this is expected to improve as additional resources are brought on line. • Onehunga – It was noted that the NZTA project to construct the East-West link would impact on the plans for Onehunga, and on potential uses for the Onehunga Port. Discussions are ongoing with NZTA and AC on this matter. • Kestrel – it was noted that the Kestrel could be put back in the water soon after being salvaged after sinking in March. This is dependent on the successful discussions currently underway with an interested third party. If unsuccessful, demolition looks likely. The condition of the vessel is surprisingly good after the sinking, however once in the water it will require 24/7 monitoring and water pumping. • Health and Safety – The Board reviewed the Health and Safety Report. It was noted that Impac had provided a report on their review of Health and Safety for Panuku. This would be provided to Directors and recommendations will be built into the Panuku 180 day health and safety plan and ongoing implementation plans. <p>The Chief Executive's Report was received.</p>

<p>PROCEDURAL MOTION TO EXCLUDE THE PUBLIC</p>	<p>05/07/16</p>	<p>It was RESOLVED THAT, pursuant to the provisions of Section 48(1)(a) of the Local Government Official Information & Meetings Act 1987, the public be excluded from the Meeting for the following proceedings; the subject matter, the reasons and specific grounds for exclusions being set out below:</p> <table border="1" data-bbox="616 423 1437 696"> <thead> <tr> <th data-bbox="616 423 1118 512">General subject of matters to be considered</th> <th data-bbox="1118 423 1437 512">Grounds under Section 48(1) for considering in private</th> </tr> </thead> <tbody> <tr> <td data-bbox="616 512 1118 573">Governance; Committee report</td> <td data-bbox="1118 512 1437 573">Commercially sensitive issues</td> </tr> <tr> <td data-bbox="616 573 1118 633">Finance and Risk</td> <td data-bbox="1118 573 1437 633">Commercially sensitive issues</td> </tr> <tr> <td data-bbox="616 633 1118 696">Management and operations</td> <td data-bbox="1118 633 1437 696">Commercially sensitive issues</td> </tr> </tbody> </table> <p><i>Moved by Sir John Wells, seconded by M E Pohio; CARRIED.</i></p>	General subject of matters to be considered	Grounds under Section 48(1) for considering in private	Governance; Committee report	Commercially sensitive issues	Finance and Risk	Commercially sensitive issues	Management and operations	Commercially sensitive issues
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Governance; Committee report	Commercially sensitive issues									
Finance and Risk	Commercially sensitive issues									
Management and operations	Commercially sensitive issues									
		<p>The meeting closed at 9.50am.</p>								

READ AND CONFIRMED

_____ **Chairman**

_____ **Date**

Chief Executive's Report to the Board

Document Author	John Dalzell – Interim Chief Executive David Gurney – Corporate Governance lead Board Secretary
Contributors	David Rankin – Director of Strategy & Engagement Rod Marler – Director of Place Shaping Allan Young – Director of Development Ian Wheeler – Director Portfolio Management Carl Gosbee – Director of Corporate Services Joel Lindsey – Director of Capital Partnerships
Date	25 May 2016

1. Overview

The Chief Executive's Report provides Directors with a summarised overview of important issues facing the organisation. This report provides Directors with the strategic context and confidence that the key issues are being managed; and to frame the consideration of Decision Papers and Information Papers later in the meeting.

2. Key Issues

This section outlines issues that are not otherwise covered by a Decision Paper or an Information paper elsewhere in the agenda and are either:

- Strategically significant or material.
- Emerging issues.
- Involve notification or approval from the shareholder.
- Have the potential to become publically noteworthy.

2.1 Strategically significant or material issues

2.1.1 High Level Project Plans and Framework Plans

In respect of Manukau, the framework planning is continuing. We have scheduled the inaugural meeting of the Manukau transform Joint Liaison Body for 3 June 2016. Crown representatives are Chris Bunny, Deputy Secretary at MBIE, Roger Coulson, the Director of the Crown land programme (part of MBIE), Lewis Holden, the Deputy State Services Commissioner based in Auckland, and Geraint Martin, Chief Executive of the Counties Manukau DHB.

In addition to Panuku representation from the Council family we also have Peter Clark, Chief Strategy Officer at Auckland Transport and John Dunshea, head of the Development Programme Office at the Council.

The initial focus of the group, apart from evolving how it will work together, is on active Crown participation in the framework planning process and thinking ahead on the follow up on work required by all parties once the framework plan is completed.

2.2 Emerging issues

2.2.1 Kestrel

The Kestrel is berthed on Silo 13 berth whilst the decision is made on its future. Panuku is supporting this by providing free berthage.

2.2.2 Curran Street Bridge repairs

The Girl Guide Association has agreed to vacate the building utilised by them at the northern end of the Curran Street Bridge to allow for repairs to the bridge to proceed. Procurement is underway for the demolishing of the bridge and the reinstatement of ground work/roading, and repair works will commence in June. Panuku is communicating with stakeholders regard the closure of Curran Street Road for the repairs over the June to September period.

2.3 Involve notification or approval from the shareholder.

There are not issues under this category for this month.

2.4 Potential to be publicly noteworthy

2.4.1 Guangzhou, Los Angeles and Auckland Tripartite Alliance – Waterfront Workshop

Panuku input into the Tripartite Alliance meeting in Auckland was by leading at workshop on 17 May 2016 on Three Cities, Three Waterfronts, to share ideas about the development of waterfronts in each city.

2.4.2 Ovation of the Sea

Communications are underway between the Port, Royal Caribbean, and other organisations for the loading and unloading of the world's second largest passenger vessel 'Ovation of the Seas' when it comes to Auckland.

It is expected to visit on 27 December 2016, 14 January 2017 and on Waitangi Day, 6 February 2017. During each visit the ship will unload 4000 passengers from its anchoring position in the channel to the north of Princess/Wynyard Wharf via ship tenders onto the VEC dock in the Viaduct, reloading them in the afternoon. Logistics are being worked upon for bus, taxi and tour operators to uplift/ drop off from Halsey extension wharf for the mass of tourists associated with this.

3. Organisational Summary

3.1 Health and Safety

The Health and Safety report for April 2016 is attached as *Attachment A* to this report.

Also attached is the Impac Health and Safety Report (*Attachment B*). Considerations from the Impac Report have been incorporated into the 180-Day Health and Safety Plan that was presented to the Board in April 2016. Detailed recommendations from the Impac Report will be built into Panuku's Health and Safety Implementation Plan.

Attachments

Attachment A – Panuku Health and Safety Report for April 2016

Attachment B – Impac Report on Panuku Health and Safety



Health and Safety Report – April 2016

Document Author(s)	Blair McMichael, Health and Safety Manager
Reviewer(s)	Carl Gosbee, Director Corporate Services
Date	16 May 2016

1. Governance

The formation of the Panuku Steering Group is awaiting confirmation of Director (board) members. The Steering Group will develop the health and safety charter to align with recommendations from the Impac report (mentioned below), including providing direction on Health and Safety Strategy and Policy.

2. Strategy and Policy

The Impac report has been finalised and included as an attachment in the May Board papers.

Key recommendations include the following:

- A Health and Safety Charter
- Inclusion of Lead and Lag KPIs for Health and Safety
- Health and Safety management systems implementation
- Inclusion of 'Directorate Specific' performance measures (within the Business Plan)
- Review of Panuku contract / agreement 'arrangements'
- Implementation of a contractor management work flow (framework)
- Implementation of a project management health and safety framework.

The recommendations are intended as actions within the 2016/17 programme of work going forward.

As previously noted, Lead and Lag indicators may include the following:

- Monitoring and inspection – by Panuku contract / project staff
- Monitoring and inspection - independent quality audits
- Monthly Health and Safety reporting criteria for contractors (physical works)
- Lost Time Injury Frequency (LTIFR)
- Near miss reporting increase.

These indicators would be categorised by Directorate.

3. Monthly Reporting

3.1 Development

3.1.1 Pakenham-Madden Streets

Audit completed by an H & S Consultant on 30 April.

Hawkins documentation was of a good standard - regular meetings and safety inspections being completed.

The Hawkins action plan for the improvement to the permit to dig process was reviewed.

- The Regional QHSE Manager is no longer full time on site but is continuing to visit the site once or twice a week depending on the site workload.
- The review of competencies was completed and is satisfactory.
- A corporate review of the processes was completed (by the GM)
- Further training has been completed (catscan and permit to dig) and will be ongoing through the remainder of the project.

Incident onsite included (all incidents are either closed or pending an investigation):

The water pipe struck.

- Hawkins had their permit system in place and had located all the services they were expecting to find. They were exposing the water main that they had been following when the bucket of the excavator caught the pipe.
- Contractor was not using the hydrovac because they were in an area without a significant number of services and had determined it was low risk work.

3.1.2 Building 5A – Wynyard Quarter

Audit undertaken by an H & S consultant on 29th April as part of a programme of quarterly audits being completed by Panuku with the Hawkins Construction Health and Safety Manager

Construction works in progress at the time of the audit;

- Fixing of reinforcing to the lift pit walls and general columns.
- Boxing to the lift pit walls
- Completion of the bulk excavation - loading out of column cut offs etc.

No corrective actions outstanding.

3.1.2 Hobsonville Roads 'D&E', Stormwater ponds, and Building 4

Audit completed by an H & S consultant on Building 4.

Work in progress - painter working on high level steel work, roofer installing roof, demolition loading out materials, and various workers on cladding works.

Site inspection –

No major issues on site

- leads needed updating, but generally the site was tidy and well managed.

Documentation –

- Regular safety activities - toolbox talks, safety inspections and development of task analysis was in place.
- Noted that the painters don't have passports but have listed "Hazardco" numbers.
- Task analysis for access to the switchboard room was reviewed. Noted that TA's are being updated regularly and signed off as appropriate - good standard.
- Painters SSSP reviewed. Note comment above with respect to passports. Also need to clarify the training and competency review for the painters that are using the scissor lifts.

One First Aid incident recorded.

Audit completed by Attwood Consultants on Roads D & E.

Cement stabilisation of roads and installation of drainage sumps in progress.

- Site inspection - Good standard of organisation on site and workers spoken to were aware of safety requirements.
- There were appropriate JSA's for tasks being completed.
- Items to note –
 - review the requirements for wearing eye protection when handling concrete
 - workers observed were in a low risk situation (benching pipes).
 - The lifting load ratings should be available to the excavator drivers so that lifts can be checked prior to starting.
 - Observed a section of trench that had fallen away as a result of an excavator being too close to the edge.
 - Review the JSA for this work and make sure that there is a clear standing space for the excavator at a suitable distance from the excavation.
- Documentation - Daily pre-starts being completed to a good standard. Site wide toolbox talks being completed every 2 weeks.
- Safety inspections are completed over a week period with different items being checked each day. JSA's are revisited every 2 weeks and are of a good standard.

Two incidents recorded:

- Water tanker reversed into open drain. Driver tested for drug and alcohol. No issues. The contractor has enforced use of spotters and fencing around open drains. A no reversing policy has been reinforced (where practical).

- Concrete asbestos pipe located along Road E leading back to the Wasp Hanger. The contractor is working with WorkSafe to remove pipe under the Asbestos Regulation requirements.

3.2 Place Shaping

No issues

3.3 Portfolio Management

Tasks currently underway include:

- Risk assessment by Property,
- Monitoring and Inspection requirements to be completed by project risk,
- Asbestos Training scheduled for May,
- Trialling 'Out of Office' procedure for staff working alone,
- Review of existing agreements and liability for Panuku against the provisions of the Health and Safety at Work Act.

4. Systems and Process

4.1. Training

Due to the uncertainty of continuing with the 'Vault' health and safety management system managed by Auckland Council, training for managers has been rescheduled for May.

ICAM (Incident Causation Analysis Methodology) training is to be scheduled within the next financial year.

4.2. Incident Management and Reporting

A draft 'Panuku' contractor Health and Safety Prequalification process has been completed. The prequalification process aligns an assessment of risk with the contractor's work category/ type.

4.3. Update on hazard and risk management

Corporate risk register reviewed with the Planning, Reporting and Risk Manager.

4.4. Emergency planning

Nothing to report.

5. Review and Monitoring

5.1 Injury management

Nothing to report.

5.2 Employee participation activity

The Panuku Health & Safety Committee met. No significant actions to report.

5.3 Reports on any external audits and system reviews

Audit templates for both an independent auditing function and Worker (staff) auditing are to be trialled in May. The former is intended to be used by an existing independent auditor to determine Panuku compliance in contract management.

The latter for staff to ensure Contract safety plan requirements are reviewed and controls proposed are relevant and current to the physical work environment.

5.4 Contractor management

Contract Management health and safety requirements are under construction.

5.5 Incident Data

Incident Type	Month	Total for year commencing 1 September 2015
1. Fatalities	0	0
2. Significant Near Miss or Event An event which under different circumstance may have resulted in serious harm or a fatality.	0	4
3. Lost Time Injury (LTI) Injury that prevents a worker returning to work for their next working day.	0	0
4. Restricted Work Injury incident where an employee can return to work but is only able to complete restricted/alternative duties.	0	0
5. Medical Treatment Injury that requires treatment by a physician or health care professional that is not considered first aid (broken bones etc).	0	1
6. First Aid Minor injury that is treated in the workplace; may also include an incident where a worker is taken to a doctor/clinic for minor procedure (minor cuts or tetanus shots etc).	1	7
7. No Treatment Incident where no treatment is required.	0	1
8. Incident An event that results in an environmental incident or property damage and no injury.	0	11
9. Near Miss An event that given certain additional circumstances may have resulted in personal injury or property damage	2	22
Totals	3	46

Memorandum

SUBJECT	External Strategic Health and Safety Review
DATE	13 May 2016
TO	Panuku Development Auckland – Board Members
FROM	Blair McMichael, Health and Safety Manager

Please find attached strategic Health and safety review completed by Impac Services Limited.

The purpose of this review was to identify any gaps in Panuku Development Auckland's Health and Safety management systems in accordance with the Health and Safety at Work Act (2015).

Key recommendations include requirements for:

- A Health and Safety Charter
- Inclusion of Lead and Lag KPIs for Health and Safety
- Health and Safety management systems integration throughout Panuku
- Inclusion of 'Directorate Specific' performance measures (within the Business Plan)
- Review of Panuku contract / agreement 'arrangements'
- Implementation of a project management health and safety framework (incorporating contract management H & S).

Each recommendation is intended to be imbedded within this Panuku's health and safety improvement planning, and will be incorporated in the Annual Business Plan 2016/2017.

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HEALTH AND SAFETY REVIEW

Health and Safety Review

Prepared For: **Panuku**

Lead consultant: Tom Reeves, Principal Consultant and Director

Peer Review: Richard Gibson, Director

Jacqui Bree, Health and Safety Specialist

Status: V004 Final

Date of report:

April 2015

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1.0 Executive Summary

Panuku Development Ltd (Panuku) asked Impac, a risk and safety management consultancy, to conduct a review of how health and safety is managed across its business. The review scope was wide, including safety governance, safety management systems, safety culture, and contractor safety management.

The primary finding is that while there is evidence of good health and safety process and activity within Panuku, there is still an impression of some fragmentation of systems, processes and efforts. A common description of this during the review was that Panuku's approach to health and safety "was still developing". This is regarded as symptomatic of a newly formed organisation, amalgamating systems from multiple sources (during a period of significant change in the external health and safety environment), rather than any fundamentally flawed approach to health and safety management.

There were no issues of "immediate concern" identified. Opportunities and recommendations relating to the health and safety management system are generally regarded of a continuous improvement nature.

The review has identified a number of strengths and opportunities for health and safety improvement. These are described under the review headings. Recommendations for addressing these potential improvements are summarised below.

1.1 Key Findings

1.1.1 General

1. As would be expected, the activities of Panuku involve varying levels of health and safety risk. These range from the relatively benign (e.g. office orientated exposures), to substantially higher risk activities associated with (for example) management of major capital works projects, facilities management, event management, and marina's.
2. Panuku operations currently draw on a mixture of Auckland Council and bespoke systems and processes brought in from the legacy organisations. This is regarded as a less than optimal situation. It is viewed as important that Panuku develops its own, fit for purpose, HSMS.

1.1.2 Culture

1. If a Panuku aggregate safety culture was to be benchmarked against standard cultural maturity models, it would likely be described a "Calculative".

2. Having health and safety sit within the “Compliance” section of the Board Report, could create the impression that Panuku’s commitment to the health and safety of its workers is driven by its need to comply with the law, rather than an authentic commitment to their health and safety.

1.1.3 Governance

1. Health and safety governance processes can be improved by better formalising Board health and safety process and activities.
- 2.
3. A health and safety vision has been defined as part of the Panuku health and Safety Policy. Interviews did not indicate it constituted a “single organising idea” or shared rallying call to action.
4. The Panuku Board has a reasonable level of health and safety experience and capability, although comments indicate there is a reliance on several key individuals.
5. There do not appear to be any formalised health and safety KPI targets within Panuku at present.
6. It is essential that Panuku understands different performance indicators are required to be able to measure how effectively its different hazards and associated risks are managed.

1.1.4 Strategy and Planning

1. At a corporate level the Corporate Services Directorate will provide a health and safety plan as part of their overall business plan.
2. The absence of health and safety elements within the other Directorate annual plans does not represent best practice, particularly for the more operationally focused Directorates.

1.1.5 Structure and Accountability

1. The optimal structures to manage health and safety are those through which the organisation manages the rest of its business.
2. Current accountabilities are unlikely to align with future Panuku health and safety vision and supporting strategy.

1.1.6 Training and Competency

1. Statutorily required health and safety training (e.g. first aid, etc) appears to be carried out and up to date.

1.1.7 Hazard and Risk Management

1. The common low-level hazards and associated risks in Panuku include those associated with “office” environments and activities. This level of risk should continue to be addressed and managed by Panuku with simple common procedures, training, audit, and incident reporting, investigation, and correction.
2. It was observed that there are three variations to Panuku’s exposure to critical hazards and associated risks:
 - a) Where Panuku has direct control of the operation and by default responsibility for the direct management of critical hazards and associated risk e.g. marina’s, wharves, and some events.
 - b) Where Panuku is a significant PCBU (has significant input in the overall work programme) but is somewhat distant from the physical work activity e.g. development, facilities and maintenance, and some events.
 - c) Where Panuku is a JV partner or has a shareholding (or similar - has less input into the work programme) e.g. some development, quarries, landfill, forestry.
3. Although the review did not constitute a detailed hazard analysis or verification of control application, the impression is that Panuku generally manages adequately its critical hazards and associated risks.
4. Without understating the hazards and associated risks presented by other areas, marina operations present the greatest risk of a catastrophic event. These risks are well understood by the teams managing them and a continuous improvement culture is evident.

1.1.8 PCBU and Contractor Management

1. Panuku has inherited a number of arrangements where it has either a direct or indirect beneficial interest in a commercial venture. Many of these arrangements have been in place for substantial periods of time and the actual legal nature /structure of these is not clearly understood by Panuku.
2. Auckland Council manages some critical elements of the engagement and monitoring process for facilities and maintenance activity and the view is that Panuku is becoming too far removed from this activity to adequately discharge its duties.

3. Discussions during the review indicated that there was still a level of confusion “on the ground” as to what contractor management processes needed to be applied and when.
4. To ensure effective, consistent and compliant health and safety arrangements for all its workers requires Panuku to develop and approve a more consistent contractor management flow process, (a “*single source of truth*” for contractor management).

1.1.10 Development Project Health and Safety Management

1. There appear to be relatively strong project health and safety management processes being applied in practice, particularly for more significant developments at the “Execution” stage gate.
2. Processes, however, are not consistent across all Panuku projects, and as with contractor management, a “single source of truth” for projects is required. This should describe the required health and safety activity for each project stage gate e.g. feasibility, design, execution, handover, and provide the tools/templates and guidance material to allow completion.
3. For projects, adopting a Project Health and Safety Framework approach is seen as the most effective way of operating in the new PCBU environment.

1.1.11 Safety in Design

1. Panuku can clearly demonstrate the benefit of being a long term asset owner and therefore take a “whole of life” asset value position. This allows the benefits of taking more time up front to design out issues (including hazards), to be realised.
2. Interviews indicate that Panuku, or its agents, carry out a range of safety in design review, and risk assessment activities. There does not appear to be a consistent and mandated approach to this.
3. There is clear demonstration that the asset operators (Facilities Managers etc) are intimately involved in providing input into design and construction from initial concept design right through to handover.

1.1.12 Audit and Review

1. There are some good elements of an audit and review programme in place within Panuku. There are however gaps and inconsistencies.
2. The programme itself would benefit from a review and updating of process description to reflect the four elements described in 5.4.14.

1.2 Recommendations

There are no recommendations below that if not done immediately would be considered an immediate risk to life or limb. They are continuous improvement in nature.

It is recommended that:

1. *A Health and Safety Charter, setting out the role of the Board and its individual directors in leading health and safety within Panuku is developed and reviewed on an annual basis.*
2. *The current health and safety vision is reviewed to ensure it is a genuine “rallying call to action” for health and safety. Once confirmed then Panuku’s health and safety strategy should be developed.*
3. *Board and Executive Team members, undertake periodic training aimed at ensuring currency of their understanding of, core principles and concepts underpinning health and safety practice, as well as staying abreast of legislation and obligations.*
4. *The Board and Executive introduce a programme of site visits, ensuring a mix of Directors and Executives are regularly visiting the operations of Panuku, including significant contractor and/or JV operations.*
5. *Guidelines to Directors and Executives for providing visible health and safety leadership are developed. These guidelines should provide directions for authentic, unobtrusive engagement with workers (both employees and contractors), during visits to Panuku’s operations.*
6. *Health and safety removed from the “Compliance” section of the Board report.*
7. *Leading/positive health and safety performance indicator targets are set, tracked, and formally reviewed on a regular basis.*
8. *Panuku develop its own fit for purpose health and safety management system. Identification of needs and the tools to meet them (systems and process), should not be influenced by those currently in place.*
9. *As part of the development of a fit purpose HSMS, Panuku introduces a health and safety framework to drive common strategy, oversight, goals, performance measures processes, support systems and reporting.*
10. *Health and safety planning is extended into all operationally focused Directorates annual planning cycles.*

11. *Once a Panuku health and safety vision, strategy, and plans are set, health and safety accountabilities for line managers, including executive managers, are reviewed to ensure they incorporate specific and measurable, leading health and safety performance indicators that support delivery of the strategy and plans.*
12. *Management and supervisory roles undertake a short training session covering Panuku's health and safety vision, strategy and any new/refined health and safety management system.*
13. *Plans for improvement of the management of critical hazards and associated risks for marina operations should be documented (as part of the Property Directorates business plan health and safety content as recommended in 5.4.4), and monitored at both an executive and Board level.*
14. *The use of Auckland Council to manage critical elements of the engagement and monitoring process for facilities and maintenance, and development, activity is reviewed and changes made to ensure Panuku are actively involved in the process, particularly the monitoring of third party PCBU activity.*
15. *Panuku review the exact nature of the JV arrangements (or similar – quarries, landfill, forestry) it has with other parties so it can clearly understand the extent of its required health and safety activity for each.*
16. *Clear terms of reference, that are understood by all members, are put in place for Health and Safety Working Groups and/or Committees.*
17. *A Panuku work flow process for all aspects of contractor health and safety management be developed and approved, together with any additional template documents required. The process should reflect good practice and be expressed in terms that allow scalable application to the diversity of Panuku's contracts. A training programme should be developed to support the process. The process should include:*
 - a) *Scoping of the work including identification of hazards/risks associated with the contracted work*
 - b) *Pre-qualification requirements including evidence of assessment of a contractor's likely capability in health and safety management (Panuku and/or Council).*
 - c) *Tender/contract letting processes (Panuku and/or Council).*
 - d) *Pre-commencement activity including inductions, provision of health and safety plans, work method statements, job safety analysis etc.*

- e) *Specification of monitoring and communication processes (ensuring active Panuku engagement as per recommendation in 5.4.8)*
- f) *Contractor reporting to Panuku.*
- g) *Contractor health and safety performance review.*

18. *A single project health and safety process/procedure, that defines health and safety activity at all stages of a projects life cycle - Feasibility, Design, Execution, Handover – for any Panuku project, is developed and deployed.*

19. *Panuku consider adopting a Project Health and Safety Framework approach for future Development.*

20. *A Panuku safety in design process/procedure is developed and deployed.*

21. *In the development of a Panuku HSMS, the audit and review programme/activities are reviewed and describe how they address the four sections in 5.4.14.*

2.0 Scope of Review

To review how health and safety is managed across the Panuku business and make recommendations for improvement of health and safety systems and their deployment. The review scope was wide, including safety governance, safety management systems, safety culture, and contractor safety management.

3.0 Review Team

The review was carried out and reported Tom Reeves, Principal Consultant and Director, Impac Services. The peer review was carried out by Richard Gibson, Director, and Jacqui Bree, Health & Safety Specialist, Impac Services.

4.0 Methodology

Documented health and safety management systems and supporting material were reviewed prior to undertaking informal but structured interviews with key personnel from a vertical slice through a number of Panuku's operations. These interviews were designed to give a picture of the health and safety structures, activities, targets and operations and the nature of the relationships between the key parties involved. They were also designed to reveal the beliefs, culture and informal practices prevalent in the approach to health and safety and which manifest in the organisation.

Impac wishes to record its thanks to those who participated in the review. Questions were answered cooperatively and all demonstrated an interest in the issues being discussed.

Note: Detailed formal analysis of critical hazards and associated risks was not undertaken, and culture assessment was solely based on the interviews, rather than formal safety culture assessment tools.

5.0 Discussion

5.1 Background

Panuku is an Auckland Council Controlled Organisation (CCO) that manages approximately one billion dollars of Council owned land and buildings. Panuku is approximately 7 months old and is the result of the amalgamation of Waterfront Auckland (WA), and Auckland Council Property Limited (ACPL).

Panuku operates across five Directorates as follows:

1. Portfolio Management (Marina's, Acquisition and Disposal, Property Management)
2. Development (Project Management)
3. Strategy and Engagement (Business Planning, Performance Management, Risk Management, External Audit)
4. Place Shaping (Design, Events, Resource Consents, Sustainability)
5. Corporate Services (Legal, Finance, H&S)

Panuku asked Impac to undertake this independent health and safety review of its health and safety management systems and processes.

5.1.2 Changing Health and Safety Environment

The Government, in its Blue Paper response to the 2013 Ministerial Taskforce report, agreed to implement most recommendations. This means new changes to the health and safety system are among the most significant New Zealand has ever seen.

New legislation (the Health and Safety at Work Act, 2015) creates, among other things, robust due diligence/governance obligations for Directors and Executives¹ of organisations, and a new set of penalties. The former is a proactive duty and requires duty holders to lead in health and safety rather than just react to events.

The Health and Safety at Work Act was passed through Parliament on the 27th August 2015, and came into effect on the 4th April 2016. It is accompanied by a growing suite of Regulations, Codes of Practice, and Guidelines, all intended to provide more direction to New Zealand organisations about the controls and methods required to mitigate the risk from workplace hazards.

To illustrate the substance of the change, the penalties are outlined below.

¹ Appendix Three provides a description and break down of the Due Diligence Duties of Officers from the Health and Safety at Work Act 2015.

	PCBU (Person Conducting Business or Undertaking)	Individual (PCBU) or Officer	Individual PCBU or officer	not
Reckless conduct: risk of death, serious illness or injury	\$3m	\$600k fine and/or 5 years prison	\$300k fine and/or 5 years prison	
Failure to comply with duty, exposes individual to risk of death, serious illness or injury	\$1.5m fine	\$300k fine	\$150k fine	
Failing to comply with specific health and safety duty	\$500k fine	\$100k fine	\$50k fine	
Breach of other specific duties	Various, fines up to \$25k			

The Act requires officers (directors and senior executives) to obtain assurance that appropriate health and safety management systems are in place to ensure the critical hazards and associated risks within the business are being adequately managed. The Act also includes other changes:

- A new objective. The objective in the previous Act was to promote the prevention of harm to all persons. The objective of the new Act is to secure the health and safety of workers and workplaces.
- It is explicitly risk based. The hazard management requirements are intended to provide more certainty. There is a presumption of the highest level of protection against harm.

Organisations need to review their current hazard management systems, and ensure hazard controls are risk-based. Controls must be proportionate to the likelihood and consequence of possible incidents.

Achieving high quality, robust hazard/risk controls is the most important objective for managing health and safety. Under the new Act, it is certain that WorkSafe NZ will more rigorously assess the choice of hazard controls. If organisations rely on administrative controls for critical hazards and associated risks, there will need to be robust assessments that demonstrate that alternative higher ranked controls (e.g. engineering controls) were not available or feasible.

5.1.3 Health and Safety Risk Profile

As would be expected, the activities of Panuku involve varying levels of health and safety risk. These range from the relatively benign (e.g. office orientated exposures), to substantially higher risk activities associated with (for example) management of major capital works projects, facilities management, event management, and marina's.

5.2 Health and Safety Culture

Health and safety culture has been an often debated concept, although relatively consistent viewpoints have emerged in more recent years. It may be best described as “the way we do things around here”, and is seen largely as a function of leadership, communication, behaviour and learning.

While there were indications of pockets of higher maturity levels, the clear sense left with the reviewer is that if Panuku was to be benchmarked against the maturity levels described in the model provided in Figure 1, it would likely be “Calculative”.

Any improvement in the health and safety culture within Panuku will require a focus on a number of elements, however the most important of these will be visible and active leadership, closely followed by staff engagement.

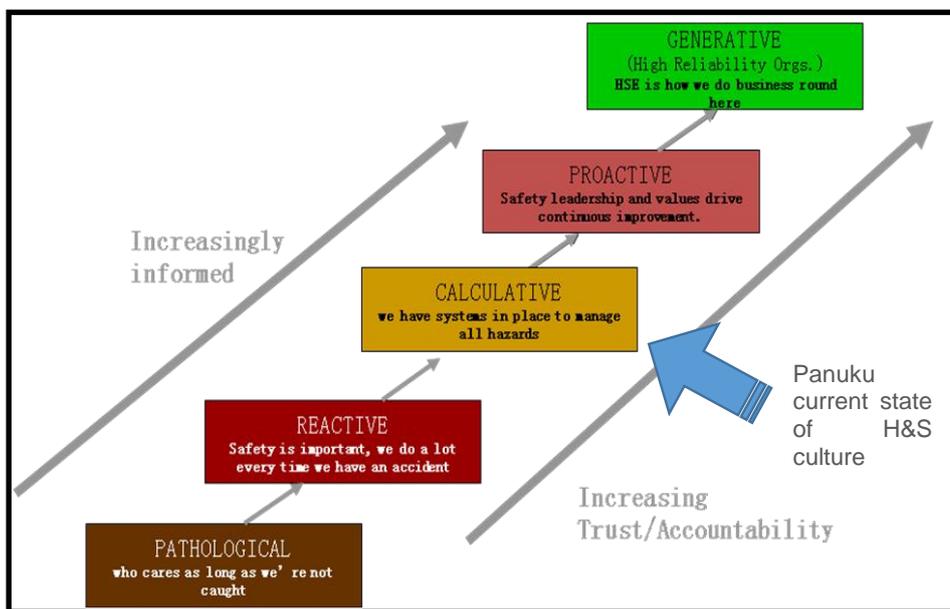


Figure 1. Hudson HSE Culture Model

In the above model, culture is divided into five levels of development, from the ‘Pathological’ to the ‘Generative’. Broad descriptive anchors for these are provided in Appendix Four.

It is important to note that health and safety culture levels don’t, in and of themselves, provide a measure of how well or not critical hazards and associated risks are being managed. Culture provides an insight into how risk is viewed on an ongoing basis, who owns continuous improvement, and how it is driven.

There is considerable literature on health and safety culture. Andrew Hopkins, an internationally-respected health and safety academic, has identified two alternative approaches:

- To try and change attitudes directly by using educational programmes, (the “hearts and minds” approach).
- Using close supervision and leadership to focus on safe work practices.

Changing hearts and minds is the hardest way. Changing the collective values of a group is extremely difficult.

Changing collective practices is much easier. This doesn't mean ignoring beliefs and values. But if an organisation changes the work practices, the beliefs and values will change over time. This emphasises the important roles of leaders and managers in setting clear expectations, and ensuring that their decisions and activities are consistent with the organisational objectives for health and safety.

5.3 Health and Safety Governance Processes

5.3.1 Governance Structure and Activity

It is recognised that the Board and Executive have been instrumental in commissioning this review and that is commended.

The Panuku Board is currently made up of nine Directors with appointments made by the shareholder Auckland Council. The Board is representative of Panuku legacy organisations, and is responsible for the overall direction of Panuku business, and for ensuring that it has effective policies in place to manage its risks. The Board Chair and one Director were interviewed as part of this review.

There is no one best way to structure a Board for the governance of health and safety. A number of factors will influence the desired approach including the safety maturity of the organisation, its risk profile, and availability of operational and safety expertise.

The Panuku Board currently manage health and safety governance activities at a whole of Board level. To support this a Board Working Group, made up of Directors and Executives has recently been formed. Its purpose is to review the requirements for Health and Safety Policy, Governance Policy, Health and Safety Strategy, Manual (process document), and reporting. It is understood this is intended to be a short term Working Group. It is also understood that there has been some consideration given to having the Audit and Risk Committee lead health and safety at a governance level. This has worked for a number of Boards but care must be taken to ensure that all Directors remain engaged in health and safety. The due diligence requirement is an individual, not Board level duty. Regardless of what approach is ultimately taken, the Board's approach to health and safety governance should be formalised.

It is recommended that:

A Health and Safety Charter, setting out the role of the Board and its individual directors in leading health and safety within Panuku is developed and reviewed on an annual basis.

Policy and Strategy Setting

Health and safety leadership at a governance level in large part relates to the setting of policy and strategy, and its high level deployment. While reviewing event information and subsequent investigation findings, etc, is required, a main focus of a Board should be on ensuring the presence, and adequacy of plans to deploy health and safety policy and strategy, and monitoring the implementation of these.

A health and safety vision has been defined as part of the Panuku health and Safety Policy, approved in September 2015 by the Board Working Group. Interviews did not indicate it constituted a “single organising idea” or shared rallying call to action. Establishing a genuinely shared vision will provide improvement context for the wider health and safety management system. This could be as simple as “Everyone we touch goes home safe and healthy every day”. The policy is due for review (within six months of approval) and this provides an opportunity to the vision, and also the policy, in the context of this review. Once there is agreement and alignment between the Board and Executive around this primary driver, a strategy can be developed to make this real, supported by plans to deploy it.

Any such strategy should be underpinned by the following fundamentals:

1. That there are two entirely separate classes of risk existing within Panuku, and that they require different levels of control to effectively manage them. These are:
 - a) Common lower level risks, with lower associated potential consequences.
 - b) “Critical hazards and associated risks” associated with consequences such as serious medical treatment, permanent disability, fatality, or similar.
2. That responsibility for health and safety management sits with line managers, and not with health and safety committees, or advisers.
3. Visible Health and safety leadership at all levels is a prerequisite to success.

It is recommended that:

The current health and safety vision is reviewed to ensure it is a genuine “rallying call to action” for health and safety. Once confirmed then Panuku’s health and safety strategy should be developed.

5.3.2 Board and Executive Health and Safety Capability

The presence or access to good operational and health and safety expertise is critical in allowing Directors and Executives to discharge their individual due diligence responsibilities. The Panuku Board has a reasonable level of health and safety experience and capability at a governance level, although comments indicate there is a reliance on several key individuals for guidance. The Deputy Chair has an extensive background in infrastructure/construction projects at both an operations and governance level (via Becca). Another Director holds the role of Managing Director for Todd Property, an organisation regarded as having a relatively good safety culture and process. Other Directors have varying degrees of health and safety capability with current or historic exposure to it through organisations such as NZ Post, Tainui Group Holdings, and Fonterra.

The Board has had some health and safety legislative training through Bell Gully, and some individual Directors have had the opportunity to up-skill in the area through other roles.

While the Board appears to have an understanding of the critical health and safety hazards and associated risks Panuku faces, it is still collectively building knowledge of operations, and health and safety systems, hazard/risk controls, and activity.

Executive Management are collectively seen to have a sound understanding of the critical hazards and associated risks within the business. They also have a reasonable level of understanding of health and safety management systems.

Regardless of the inherent levels of capability described above, the new environment requires individual Directors and Executive Managers to maintain up to date knowledge about work health and safety matters generally. This includes legislative requirements, but more importantly, core health and safety principles such as modern incident causation concepts (including Human Factors), understanding of modern health and safety management systems, broad hazard management concepts such as Bow Tie, as well as the principles behind contractor and wider supply chain management as they relate to health and safety. The intent of this training is to provide a base understanding of these concepts, from which to contextualise questions and decisions, not to create technical experts.

It is recommended that:

Board and Executive Team members, undertake periodic training aimed at ensuring currency of their understanding of, core principles and concepts underpinning health and safety practice, as well as staying abreast of legislation and obligations.

In addition to this training, it is regarded as good practice for Boards and Executives to periodically visit operations, to familiarise and/or stay abreast of the operating environment and critical hazards and associated risks, as well as to demonstrate leadership. This is discussed further in the next section.

5.3.3 Board and Executive Leadership

There is a clear commitment to health and safety from leaders across the business. Directors and Executive Managers expressed a desire to increase their visibility with regard to health and safety management.

The Board's role in mature health and safety organisations is a proactive one. This transcends pure governance activity to allow visible leadership in health and safety. Typically, this will take the form of structured yet informal safety observation tours where the Board as a group, and/or individually, will visit work areas with the express purpose of having health and safety

conversations with workers. The intent is not to solve technical issues but to gain understanding of the real health and safety issues facing the organisation and its workers, and through authentic and unobtrusive engagement, demonstrate that health and safety is of importance to the Board.

Effective health and safety leaders also respond to all incidents in a positive, learning way, and give recognition to the delivery of good health and safety performance.

It is recommended that:

The Board and Executive introduce a programme of site visits, ensuring a mix of Directors and Executives are regularly visiting the operations of Panuku, including significant contractor and/or JV operations.

Guidelines to Directors and Executives for providing visible health and safety leadership are developed. These guidelines should provide directions for authentic, unobtrusive engagement with workers (both employees and contractors), during visits to Panuku's operations.

5.3.4 Board Reporting and KPI's

Health and safety is part of the Board programme and is a standing agenda item. The November and December 2015, and January and February 2016 Health and Safety reports were reviewed. The reports provide information with regard to activities, issues and incidents, and are part of the CEO's report, and residing in the "Compliance" section.

Having health and safety sit within the "Compliance" section of the Board Report, could create the impression that Panuku's commitment to the health and safety of its workers is driven by its need to comply with the law, rather than an authentic commitment to their health and safety. This is not consistent with Panuku's recent efforts to improve its health and safety management. A commitment to compliance does not motivate an organisation to improve its management of health and safety hazards and associated risks. It is a "bottom-line" or "lowest common denominator" approach. It will not enable a strong health and safety culture to develop. This is understood throughout Panuku, and it is therefore important that its placement within the Board report better reflects Panuku's health and safety commitment.

The headings for key areas of discussion are consistent across reports. There was a degree of repetition noted across the reports, and a significant proportion of the information relates to incident or unplanned events, and the responses to these. As mentioned previously the Boards required role in health and safety is a proactive one. While understanding incidents and issues, and responding to these is important, a focus should be on monitoring of strategy

implementation via plans and key performance indicators. Once a clear vision, strategy and related plans are in place the Board should focus its attention more on these aspects.

The use of key performance indicators is critical in providing an understanding of health and safety performance, driving desired activity, and generally retaining a focus on health and safety. They should be regularly and formally reviewed to ensure they are supporting the most desired (critical) health and safety activity for the time. It is essential that Panuku understands different performance indicators are required to be able to measure how effectively its different hazards and associated risks are managed.

There do not appear to be any formalised health and safety KPI targets within Panuku at present. The most effective KPI targets measure inputs into the health and safety system (e.g. the activities that allow the organisation to understand and manage its critical hazards and associated risks). Awareness that lagging indicators such as Lost Time Injury (LTI's) and Total Incident Frequency rates have limited value is growing in the health and safety profession and governance space. This would certainly hold true for an organisation such as Panuku. LTI's can occur due to the whole spectrum of incidents - from relatively minor (small cut getting infected) to the very serious. Lumping these together in one metric does not really provide a thorough understanding of the state of health and safety, particularly in relation to hazards and associated risks that could result in serious injury or death. "Critical hazards and associated risks" do not always exhibit easily identifiable precursors such as those associated with common lagging health and safety indicators. Lagging performance measures cannot be relied upon to provide a good indication of the organisational effectiveness of management of critical hazards and associated risks.

Other factors that are also likely at play include an aging demographic where the likelihood of musculoskeletal injury (e.g. back strain) increases, often despite the wider effort to manage critical hazards and risks. It is these types of injuries that typically make up the majority of LTI's. A further issue with such indicators is that they are relatively rare events in an organisation like Panuku, so an incident of this nature provides a disproportionate move in the KPI.

This is why lead indicators that are relevant to Panuku should be focused on. These may include such things as monitoring safety plan implementation, safety critical activity² completion rates, safety leadership engagement, safety observations, audit /inspection completion and/or results etc.

² The most effective targets/performance measures for "critical hazards/risks" should focus on:

1. the activities that are required to appropriately manage hazards and their associated risks, or
2. the implementation and maintenance of systems and structures to support their effective management.

It is recommended that:

Health and safety removed from the “Compliance” section of the Board report.

Leading/positive health and safety performance indicator targets are set, tracked, and formally reviewed on a regular basis.

5.3.5 Risk Management Framework

Although the review did not include a detailed analysis of Panuku’s risk management framework, some of Panuku’s risk management documentation was reviewed. An enterprise wide risk management framework is in place within Panuku and health and safety risk features strongly. The overarching risk is described as “Fatality or serious harm of a worker or member of the public is attributed to Panuku”. A number of threats (causes) are then described in more detail along with proposed control strategies. These threats are as follows:

1. Management, Governance and general Controls (lack of H&S good practice controls, training, resourcing, systems and processes in place).
2. Construction Sites (Hobsonville Project – lack of H&S planning and monitoring)
3. Events (public exposure to hazards)
4. Marina’s and wharfs (lack of control over contractors hired by boar owners, Curran St Bridge, Viaduct and Downtown Marina)
5. Public Spaces (security, hazards etc)
6. Managed Properties (hazards, Asbestos, Bulk Storage, Fish Processing Facilities)
7. Business Interests (Quarries, Landfill, Forest)

5.3.6 Board Assurance Seeking

A “fit for purpose”, assurance seeking regime, needs to be defined within the Board Health and Safety Charter (or equivalent). This Review provides a solid baseline assessment, and periodic reviews of a similar nature should be carried out. These should be supported by internal audit, and the ongoing receipt of a range health and safety information, combined with adequate and timely response as appropriate. This, in conjunction with the implementation of the above recommendations (and monitoring of other recommendations in this report), would be regarded as good health and safety governance practice, and likely meet the Due Diligence Duty of Officers described in Appendix Three.

5.4 Health and Safety Management Systems

5.4.1 Good Practice Health and Safety Management

Regardless of the nature and structure of an organisation, or its business, the following ten areas of health and safety management are recognised as being integral to good or best practice approaches in any sector:

1. Active leadership and commitment
2. Strategy and planning
3. Organisational structures, accountability and performance management
4. Hazard and risk management
5. Health and safety training and competency
6. Incident reporting and investigation
7. Worker engagement and participation
8. Emergency management
9. Contractor management
10. Monitoring, audit and review

A good practice health and safety management system (HSMS) can be diagrammatically depicted as follows:

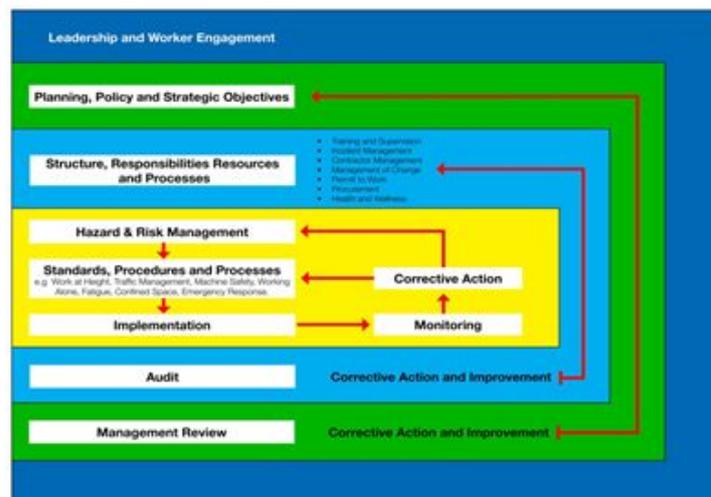


Fig. 2 Health and Safety Management System Model

In making judgement statements about Panuku's health and safety status, comparison is made against what would be considered good practice for an organisation of a similar size and complexity, dealing with the same or a similar range of hazards and risks.

5.4.2 Panuku Health and Safety Management System

There is currently no single Panuku health and safety management system (HSMS) in place.

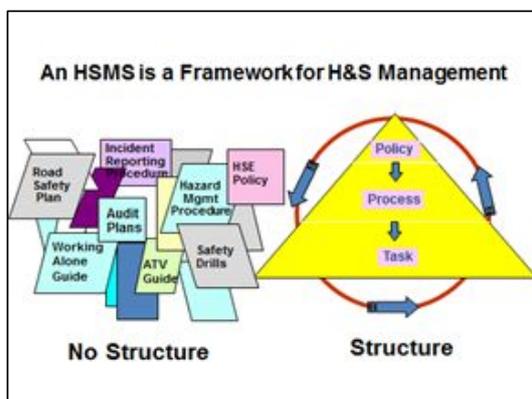
The Panuku legacy organisations, WA and ACPL, both to one degree or another have utilised Auckland Council health and safety management systems and process. In addition, WA had set its own health and safety policy, and developed tools and processes relating to development work (primarily).

As would be expected, Panuku operations currently draw on a mixture of Auckland Council systems and processes, and bespoke systems and processes brought in from the legacy organisations. This is regarded as a less than optimal situation with potential for fragmentation of approach, and for a negative impact on health and safety culture due to not having “our own management system aligned to our health and safety vision and strategy”.

Given the above, and the range of activities carried out and/or managed by Panuku, it is viewed as important that Panuku develops its own, fit for purpose, HSMS. This should be done once a health and safety vision has been established, and should be from a “green fields” perspective. The later means identifying what Panuku’s requirements are before choosing to adopt or develop systems and processes to meet those requirements. If an existing Council or WA system or process provides the right approach then it should be retained, if it doesn’t, then a fit for purpose one should be provided.

It is recommended that:

Panuku develop its own fit for purpose health and safety management system, and that identification of needs and the tools to meet them (systems and process), should not be influenced by those currently in place.



Care must be taken to ensure that in developing a fit for purpose HSMS it doesn’t just become a collection of policies and procedures, and rather there is a clear overarching framework for health and safety management activity, goal setting, upward reporting, review and oversight. Figure 3 provides a diagrammatic view of this.

Fig.3 Fragmented Vs. Structured Health and Safety Management

It is recommended that:

As part of the development of a fit purpose HSMS, Panuku introduces a health and safety framework to drive common strategy, oversight, goals, performance measures processes, support systems and reporting.

Health and Safety IT System/Tool

Panuku is currently using the Council's "Vault" system. It is understood that the Council is going to be reviewing this and may potentially move to another system. Regardless of outcome, and because these systems are commonly used across a range of sectors, it is thought there is benefit in Panuku adopting whatever the Council elects to go with.

Health and Safety Resource

Panuku has recently appointed an internal health and safety resource and this is fully supported by this review. A key to the roles success is to ensure it stays focused at a strategic level, and does not get dragged into operational activity. It is probable the pressure to do this will be significant given the increasing profile of health and safety (both internally and externally).

Discussion with the Marina GM indicated that a more focused health and safety resource is likely to be required to ensure health and safety improvements are bedded in and maintained adequately. It would be regarded a prudent to examine this further.

5.4.4 Strategy and Planning

Currently a three-year business strategy has been formed and it is intended that annual business plans for each of the Directorates will cascade from that strategy. Business plan activities will then be tracked by the "Leaderkit" IT system. At a corporate level the Corporate Services Directorate will provide a health and safety plan as part of their overall business plan. In this sense it is good that existing business processes are to be used to deploy health and safety planning. There is also clearly a requirement for there to be an overarching organisation wide health and safety plan.

What seems to be missing in intent however, are health and safety elements within the other Directorate annual plans. This does not represent best practice, particularly for the more operationally focused Directorates. In mature, high performing health and safety organisations, the operational business units (Directorates) would have clear health and safety elements within their annual plan, focused on both supporting and deploying the corporate health and safety plan, as well as detailing unique activities (typically focused on improving

the management of critical hazards and associated risks within their area of influence, planned for the period. These plans would then be ultimately linked into the tasks and targets of individuals within those business units. The following diagram provides a suggested view of integrating health and safety planning into Panuku business planning processes.

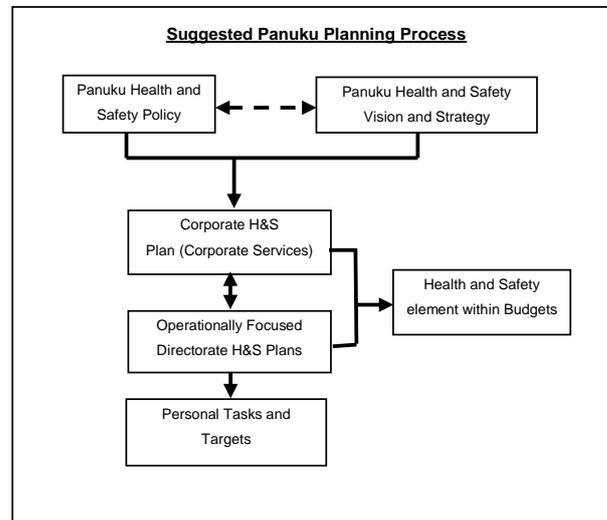


Fig.4 Suggested Panuku Health and Safety Planning Process

It is recommended that:

Health and safety planning is extended into all operationally focused Directorates annual planning cycles.

5.4.5 Structure and Accountability

Structure

A fundamental principle of health and safety management is that it must be approached as a line management responsibility. Hence the optimal structures to manage health and safety are those through which the organisation manages the rest of its business. This is why the planning recommendation above has been made.

Accountability

A fundamental tenant of health and safety management is that responsibility for it sits with line managers. While this operational accountability for health and safety is regarded as an optimal approach, it has a potential down side in that it relies on the continued focus of individual managers. If this is lacking or a manager is distracted by other operational demands, visibility can quickly be lost. To help mitigate this risk it is important that health and safety is included in the performance management processes for line managers.

Performance management processes are in place and health and safety accountabilities have been applied to roles. The consistency of this is unclear however. Further the current accountabilities are unlikely to align with future Panuku health and safety vision and supporting strategy. Once these have been defined it is suggested that accountabilities are reviewed.

As with organisational KPI's, leading performance measures are much more useful, and might include, for example, 100% achievement of health and safety plan elements, 80% attendance at health and safety meetings, team trained in project health and safety management, 10 safety observations per year, 100% attendance at health and safety up-skilling courses, or 100% close-out of incident action points within 3 months.

It is recommended that:

Once a Panuku health and safety vision, strategy, and plans are set, health and safety accountabilities for line managers, including executive managers, are reviewed to ensure they incorporate specific and measurable, leading health and safety performance indicators that support delivery of the strategy and plans.

5.4.6 Training and Competency

Statutorily required health and safety training e.g. first aid, marina operations/vessel tickets, etc appear to be carried out and up to date. A safety induction process is in place.

There is relatively significant use of Site Safe training. While this is fine for those who are working in the construction field, the reality is that significant parts of the Panuku business are not particularly construction related. While Panuku should look to continue to utilise Site Safe training for specialist applications (e.g. passport, and construction supervisors), for wider health and safety training e.g. leadership, incident investigation, project health and safety management etc, Panuku should explore other options that may provide a better fit for its operations.

Once a health and safety vision and strategy have been clarified, it would be considered prudent for managers and supervisors to undertake further training. While not needing to be extensive, it is recommended that it cover Panuku's health and safety vision, strategy, and any new/refined HSMS

It is recommended that:

Management and supervisory roles undertake a short training session covering Panuku's health and safety vision, strategy and any new/refined health and safety management system.

5.4.7 Lower Level Hazard and Risk Management

There are two classes of hazard and associated risk existing within Panuku. From a control perspective, these require different levels of sophistication to effectively manage them.

The common low-level hazards and associated risks in Panuku include those associated with “office” environments and activities³, as well as some that manifest in operational environments. These include:

- a) Slips trips and falls,
- b) Occupational health risks around workstations and prolonged periods of seated work,
- c) General manual handling

This level of risk should continue to be addressed and managed by Panuku with simple common procedures, training, audit, and incident reporting, investigation, and correction.

5.4.8 Management of Critical Hazards and Associated Risks

Critical hazards and associated risks can be divided into personal risks such as those associated with individual activity (for example work at height, work over water, or confined space entry), or with processes (for example pressure vessels, chemical storage and transfer). They can only be managed by a careful, continuous process of risk identification, assessment, control and review. The robustness of controls needs to be commensurate with the potential consequences. Defences in depth are required so that the failure of a single control does not lead to the potential consequences occurring – in Panuku these are likely to be in the order of serious medical treatment, permanent disability, or fatality.

While the review did not constitute a detailed hazard review or assessment, it was observed that there are three variations to Panuku’s exposure to critical hazards and associated risks:

1. Where Panuku has direct control of the operation and by default responsibility for the direct management of critical hazards and associated risk e.g. marina’s, wharves, and some events.
2. Where Panuku is a significant PCBU (has significant input in the overall work programme) but is somewhat distant from the physical work activity e.g. development, facilities and maintenance, and some events.
3. Where Panuku is a JV partner or has a shareholding (or similar - has less input into the work programme) e.g. some development, quarries, landfill, forestry.

³ Some of these risks may manifest themselves in more operational environments and may be impacted on by other activities. In these instances slightly different approaches may be required.

Variation 1: Interviews with key personnel involved in these areas, in conjunction with simple observation, indicates there is understanding of the critical hazards and associated risks and that they are being managed appropriately. The types of hazards involved include those relating to

- Work at Height
- Fixed Plant and Equipment
- Traffic Management
- Electricity
- Fire
- Work Over and Around Water

Without understating the hazards and associated risks presented by other areas, marina operations present the greatest risk of a catastrophic event. These risks are well understood by the teams managing them and a continuous improvement culture is evident. Plans for these improvements however, should be documented (as part of the Portfolio Directorates business plan health and safety content as recommended in 5.4.4) and monitored at both an executive and Board level.

It is recommended that:

Plans for improvement of the management of critical hazards and associated risks for marina operations should be documented (as part of the Property Directorates business plan health and safety content as recommended in 5.4.4), and monitored at both an executive and Board level.

Variation 2: Involvement with other PCBU's in health and safety planning, approval of approach, and subsequent monitoring appears to be carried out across development and facilities and maintenance activities. As inferred earlier however, there appears to be variability in approach (driven by ex-legacy organisation process).

Auckland Council manages some critical elements of the engagement and monitoring process for facilities and maintenance activity and the view is that Panuku is becoming too far removed from this activity to adequately discharge its duties. This is in part because ACPL was part of the Council, whereas now the Property function is part of Panuku (a standalone organisation). This situation should be reviewed and changes made to ensure Panuku are actively involved in the process, particularly the monitoring of third party PCBU activity.

It is recommended that:

The use of Auckland Council to manage critical elements of the engagement and monitoring process for facilities and maintenance activity is reviewed and changes made to ensure

Panuku are actively involved in the process, particularly the monitoring of third party PCBU activity.

Further discussion on the approach to Development activity health and safety is provided in section 5.4.13.

Variation 3: Panuku has inherited a number of arrangements where it has either a direct or indirect beneficial interest in a commercial venture. These include the Whitford Landfill operation, several quarries, and approximately 50 hectares of forestry it is managing on behalf of Auckland Transport. Many of these arrangements have been in place for substantial periods of time and the actual legal nature /structure of these is not clearly understood by Panuku. In the overlapping PCBU duty environment, Panuku will undoubtedly have some requirement for health and safety activity for all of these. The extent of this however, will depend on the exact nature of the relationship, and until this is known it is almost impossible to understand the extent with any certainty. The risk is that Panuku either do not go far enough in its involvement, or conversely, goes too far and attracts a level of liability it should not reasonably have.

It is recommended that:

Panuku review the exact nature of the JV arrangements (or similar – quarries, landfill, forestry) it has with other parties so it can clearly understand the extent of its required health and safety activity for each.

5.4.9 Incident Reporting and Investigation

An incident reporting and investigation programme is in place and is tied into the Auckland Council “Vault” software tool. It is anticipated that Panuku will continue to link to Council process, whatever they may be post the review referred to in section 5.4.2. No recommendations for improvement are made.

5.4.10 Worker Engagement and Participation

A Health and Safety Committee is in place and is made up of representatives from the Directorates, as well as the CEO, Director Corporate Services, and the Health and Safety Manager. There appears to be a degree of confusion about the role of the Committee. Some thought it was acting as a bridge between managers and workers, and should be involved in investigations etc. This is typically the role of individual health and safety representatives rather than a Committee. Experience suggests that the optimal focus of the Committee should

be to support the Board Working Group, and focus more on strategy, plans, programmes and their deployment – in support of line management.

It is understood the intent is to ultimately merge the Board Working Group and the H&S Committee. Regardless of this all need clear terms of reference.

Health and Safety Representatives are in place for key areas and almost all have completed Stage 1 H&S Rep training. Areas without Reps are being asked to provide one, or at least a health and safety contact. The use of team meetings to cover health and safety is also prevalent.

It is recommended that:

Clear terms of reference, that are understood by all members, are put in place for Health and Safety Working Groups and/or Committees.

5.4.11 Emergency Management

Emergency plans are in place for the range standard emergency scenarios and exercises carried out periodically. No recommendations for improvement are made.

5.4.12 PCBU's and Contractor Management

The duties of Principles as defined under the Health and Safety in Employment Act are no longer in place. These have been replaced by the overlapping PCBU duties briefly discussed earlier. This change however, does not negate the need to have robust contractor management processes in place. The WorkSafe Guidelines detailing the required methods to manage Contractors (PCBU's who are contractors) still apply.

In simple terms Panuku needs to:

1. Ensure they engage competent contractors
2. Inform them of any hazards/risks Panuku's activities may present and any rules/requirements Panuku may have of them
3. Seek assurance that the contractor is doing what they said they were going to be doing (from a health and safety perspective)

The introduction of the Person Conducting a Business or Undertaking (PCBU) concept will certainly add a layer of complexity to the management of contractors. This terminology is intended to reflect the diversity of governance and contractual arrangements inherent in current business and service operations. These are often more complex than traditional, linear principal – contractor relationships.

These changes have also changed the terminology from “*employee*” to “*worker*”. This change reinforces the concept that any person that is working for a PCBU, is a worker of that PCBU, irrespective of whether that person is directly employed or is working under a contract held by another PCBU. In simple terms, under the new legislation, Panuku’s responsibilities for the employees of its contractors are no less than its responsibilities for its own employees. Panuku will be required to “consult, communicate, and coordinate” with other PCBU’s to ensure the health and safety of workers.

Discussions during the review indicated that there was still a level of confusion “on the ground” as to what contractor management processes needed to be applied and when. Abdication of process to Auckland Council, as highlighted in 5.4.8, is not an option for Panuku.

To ensure effective, consistent and compliant health and safety arrangements for all its workers requires Panuku to develop and approve a more consistent contractor management flow process, (a “*single source of truth*” for contractor management). This may direct or refer to Auckland Council input if this is to remain part of the process. The process must be consistent, but it must also be scalable, to reflect the diversity of contracts entered into by Panuku. This can be achieved by a combination of a more defined process, and ensuring the Directorates are supported in its implementation.

It is recommended that:

A Panuku work flow process for all aspects of contractor health and safety management be developed and approved, together with any additional template documents required. The process should reflect good practice and be expressed in terms that allow scalable application to the diversity of Panuku’s contracts. A training programme should be developed to support the process. The process should include:

- a. Scoping of the work including identification of hazards/risks associated with the contracted work*
- b. Pre-qualification requirements including evidence of assessment of a contractor’s likely capability in health and safety management (Panuku and/or Council).*
- c. Tender/contract letting processes (Panuku and/or Council).*
- d. Pre-commencement activity including inductions, provision of health and safety plans, work method statements, job safety analysis etc.*
- e. Specification of monitoring and communication processes (ensuring active Panuku engagement as per recommendation in 5.4.8)*
- f. Contractor reporting to Panuku.*
- g. Contractor health and safety performance review.*

5.4.13 Development Project Health and Safety Management

There appear to be relatively strong project health and safety management processes being applied in practice, particularly for more significant developments at the “Execution” stage gate. These include, engagement and pre-commencement activities, provision of site specific safety plans, communications and audit and monitoring activities. The processes, however, are not consistent across all Panuku projects, and as with Contractor Management discussed in the previous section, a “single source of truth” for projects is required. This should describe the required health and safety activity for each project stage gate e.g. feasibility, design, execution, handover, and provide the tools/templates and guidance material to allow completion. This approach could then be applied by Panuku project managers, or used to inform third parties acting on Panuku’s behalf, of Panuku’s minimum expectations in this area.

For projects, adopting a Project Health and Safety Framework approach is seen as the most effective way of operating in the new PCBU environment. A Framework outlines the Health and Safety structure and systems that will operate on a particular project with a focus on the execution stage of the project. It is however client led, developed during the design stage gate, and included in tender documentation to direct and inform the contractors proposed approach to health and safety. It is intended as a working document for the life of the execution and handover stage gates. As such, it requires ongoing review and is likely to change during the project as different phases of the project start and complete.

It is recommended that:

A single project health and safety process/procedure, that defines health and safety activity at all stages of a projects life cycle - Feasibility, Design, Execution, Handover – for any Panuku project, is developed and deployed.

Panuku consider adopting a Project Health and Safety Framework approach for future Development projects.

Safety in Design

International best practice confirms the critical importance of having an effective process for safety in design as a means of identifying and eliminating, or reducing, risks during the design phase. The safety in design hazard/risk process is intended to consider a broad range of issues spanning the whole life of the asset including:

1. Buildability
2. Operability
3. Maintainability

4. Refurbishment
5. Withdrawal/Demolition

The new Health and Safety at Work Act creates duties for “upstream PCBU’s” (for example designers of assets, structures, as well as manufacturers, constructors, suppliers or installers of plant, substances or structures), that reflect this concept of safety in design.

In addition to the legal and moral drivers, Panuku can clearly demonstrate the benefit of being a long term asset owner and therefore take a “whole of life” asset value position. This allows the benefits of taking more time up front to design out issues (including hazards), to be realised.

Interviews indicate that Panuku, or its agents, carry out a range of safety in design review, and risk assessment activities. This does however, appear to be somewhat disjointed.

Panuku should develop and approve a consistent safety in design process, and provide the tools/templates and guidance material to allow completion. As with the “single source of the truth” for projects referred to in the previous section, this approach could then be applied by Panuku project managers, or used to inform third parties, acting on Panuku’s behalf, of Panuku’s minimum expectations in this area.

It is recommended that:

A Panuku safety in design process/procedure is developed and deployed.

5.4.14 Monitoring, Audit and Review

Audit and review programmes should fall out of “whole of organisation” health and safety management systems (HSMS), and cover the cover the following broad areas:

1. Management review of the nature and direction of health and safety strategy and activity “are we doing the right things?”
2. “Whole systems” audits or reviews should be carried out periodically by an independent external party at an organisational level. These should be focused on the adequacy and implementation of the Panuku HSMS.
3. Internal audit “modules” (e.g. contractor management, audits of critical hazards and associated risks, safety in design), should be carried out at both a whole of organisation and functional level.
4. The learning’s from the audit and review activities must be fed back into the health and safety planning cycle to allow gaps to be addressed.

There are some good elements of such an audit and review programme in place within Panuku. As with some other elements, this area would benefit from review and updating (of

description of the processes surrounding the four elements above), as part of any development of a Panuku HSMS.

It is recommended that:

In the development of a Panuku HSMS, the audit and review programme/activities are reviewed and describe how they address the four sections in 5.4.14.

Appendix One:

Persons Interviewed

Name	Role
Richard Aitken	Director
Peter Atwood	Health and Safety Consultant
Kingsha Changwai	Planning Reporting and Risk Lead
Kate Cumberpatch	Chair of Health and Safety Committee
John Dalzell	Chief Executive Officer
Margrit de Man	Property Portfolio Team Manager
Carl Gosbee	Director Corporate Services
Daniel Khong	Major Projects Director
Rod Marler	Director Place Shaping
Blair McMichael	Health and Safety Manager
Gary Millar	Manager Corporate Support
Allan Young	Director Development
Frith Walker	Manager Place Making
Tom Warren	GM Marinas
Sir John Wells	Chairman
Ian Wheeler	Director Portfolio Management

Appendix Two:

Documents Reviewed

1. Direction Setting Paper: Health and Safety V0.2 Final 21 August 2015
2. Board Report – Health and Safety February 2016
3. Board Report – Health and Safety January 2016
4. Board Report – Health and Safety December 2015
5. Board Report – Health and Safety November 2015
6. Panuku Top Risks to the Board February 2016
7. Panuku Risk Assessment Table
8. Legal Memo 6890 – Board Dec 2013 Health and Safety Obligations
9. Auckland Council Health and Safety Procedures Manual
10. ACPL 486 Ellerslie-Panmure Highway Hazard Assessment June 2014
11. ACPL 497A Whangaparaoa Rd Grazing Hazard Assessment June 2014
12. ACPL 421 Seaview Rd, Onetangi Hazard Assessment June 2014
13. ACPL 9/60 Colonial Rd Birkenhead Hazard Assessment
14. ACPL 261 Ihumatao Road Hazard Assessment June 2014
15. ACPL Narrowneck Café Hazard Assessment June 2014
16. ACPL Sorrento in the Park Hazard Assessment June 2014
17. Health and Safety Job Observation Report Property Team
18. Auckland Council Hazard Report
19. Hobsonville Point Health and Safety Framework Feb 2016
20. Waterfront Auckland Project Safety Plan Rev 6 March 2015
21. Harvest Pro/Mantis Logging H&S Inspection June 2014
22. Blackwell's Quarry H&S Inspection May 2014
23. Central Landscapes H&S Inspection May 2014
24. Origin Quarry H&S Inspection May 2014
25. Te Henga Quarry H&S Inspection April 2014
26. Waste Disposal Services Whitford H&S Inspection May 2014
27. Whitford Quarry H&S Inspection May 2014

Appendix Three:

Health and Safety at Work Act: Due Diligence Obligations of Officers.

An 'Officer' in relation to a PCBU (Person Conducting a Business or Undertaking)

- (a) Means, if the PCBU is -
- I. A company, any person occupying the position of a director of the company by whatever name called:
 - II. A partnership (other than a limited liability partnership), any partner:
 - III. A body corporate or an unincorporated body, partnership, or limited partnership, any person occupying a position in the body that is comparable with that of a director of a company; and
- (b) Includes any other person occupying a position that allows the person to exercise significant influence over the management of the business or undertaking (e.g. CEO).

What is the Due Diligence Obligation under the Act?

The due diligence obligation requires an officer to take reasonable steps to:

(1) Acquire and keep up-to date knowledge of work health and safety matters

This requires Board members to have sufficient knowledge of work health and safety matters, including knowledge of what is required to discharge their due diligence obligation.

(2) Gain an understanding of the nature of the operations of the business or undertaking and generally of the hazards and risks associated with those operations

This requires Board members to contextualise their information about health and safety matters. It requires Board members to understand the nature of the organisations and any subsidiaries' operations and the associated hazards and risks. The focus should not be on the day-to-day risks (such as slips, trips and falls that are of a high frequency but low consequence nature). They should focus on the risks that have the potential to have a serious impact on the organisation or its subsidiaries.

(3) 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

This requires Board members to ensure organisation and its subsidiaries has and uses appropriate resources, systems, activities and processes to eliminate or otherwise manage its health and safety risks. Board members must be satisfied that personnel supplying them with information on the adequacy of these systems activities and processes, are sufficiently capable to do so.

(4) Ensure that the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards and risks and responding in a timely way to that information

This requires Board members to monitor the health and safety performance of the organisation and its subsidiaries. They cannot merely rely upon matters brought to their attention by management but should be analysing information provided, identifying any trends, incomplete or inaccurate information, and making appropriate inquiries to satisfy themselves about the adequacy of decisions.

(5) Ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under the Act

This requires Board members to adopt a systematic approach to legal compliance review.

(6) Verify the provision and use of resources and processes referred to in paragraphs (1) to (5) above

This requires Board members to ensure that a system of audit and review is in place.

Subsidiaries

The due diligence obligation is far reaching and extends to every aspect of the undertaking. Officers of parent companies have obligations extending to the whole group. This means that the due diligence obligation extends to each of the organisations subsidiaries.

Delegation

Due diligence obligations cannot be delegated, they must be discharged by the officer personally. This means that officers cannot rely on others e.g. health and safety personnel and management to discharge their due diligence obligations. An officer is however able to rely on information provided by health and safety personnel, committees and management, so long as that information is scrutinised and responded to proactively.

Appendix Four

Hudson Cultural Model Anchors

Broad descriptors are as follows:

Pathological: people don't really care about health and safety and are only driven by regulatory compliance and/or not getting caught.

Reactive: health and safety is taken seriously, but only after things have gone wrong. Managers feel frustrated about how the workforce won't do what they are told.

Calculative: focus on systems and numbers. Lots of data is collected and analysed, lots of audits are performed and people begin to feel they know "how it works". The effectiveness of the gathered data is not always proven though. Health and safety ownership and process still top down and rule driven.

Proactive: moving away from managing health and safety based on what has happened in the past to preventing what might go wrong in the future. Work teams are becoming the drivers for safety and continuous improvement. The workforce are becoming involved in practice and the Line is taking over the health and safety function, while health and safety personnel reduce in numbers and provide advice rather than execution.

Generative: organisations set very high standards and attempt to exceed them. They use failure to improve, not to blame. Health and safety is owned by teams who drive continuous improvement. Management knows what is really going on, because the workforce tells them. People are trying to be as informed as possible, because it prepares them for the unexpected. This shared state of "chronic unease" reflects a belief that despite all efforts, errors will occur and that even minor problems can quickly escalate into system-threatening failures.

It is important to note that health and safety culture levels don't, in of themselves, provide a measure of how well or not critical risks are being managed. Culture provides an insight into how risk is identified and understood, but more importantly how it is viewed on an ongoing basis, who owns continuous improvement, and how it is driven.

Appendix Five:

References

1. MBIE/Institute of Directors Good Governance Practices for Managing Health and Safety Risks
2. ISO 31000:2009 Risk Management
3. Health and Safety in Employment Act 1992 (as amended)
4. Health and Safety at Work Act 2015
5. ACC WSMP Audit Standard
6. AS/NZS 4801: Health and Safety Management Systems
7. OHSAS 18000: Health and Safety Management Systems
8. Safety Management and Safety Culture: The Long, Hard and Winding Road: Patrick Hudson. Workcover NSW
9. Safety Culture, Mindfulness, and Safe Behaviour: Converging Ideas: Andrew Hopkins, The Australian National University, 2002.

Appendix Six:

Tom Reeves Profile

Tom joined Impac Services as a founding director in 1999 and has over 20 years practising H&S in a wide range of industries. These include oil and gas exploration and production, underground and surface mining, electricity, forestry, dairy, pulp and paper, construction, infrastructure, heavy and light industrial manufacturing, and food manufacturing.

WORK EXPERIENCE

The following provides an illustration of the types of work Tom has carried out:

- Independent H&S management system reviews in the wake of fatality or high potential events, e.g. Auckland International Airport, Fonterra, Fletcher Building, Lion Nathan, and Port of Napier.
- Strategic H&S reviews e.g. Fonterra, Mighty River Power, Auckland University, Fletcher Building and BNZ.
- Health and Safety Governance reviews for the Boards of Directors of Mighty River Power, Asmuss Group, Counties Power, Port Taranaki, Port Nelson, Callaghan Innovation, Asure Quality and The Lines Company.
- Development/drafting of Fonterra's Global H&S Management Framework.
- Development/drafting of the New Zealand Defence Force H&S Management Framework.
- Development/drafting of Fletcher Building's Global HSE Risk Management, and Contractor Management Standards.
- Development/drafting of Auckland Airports Major Capital Projects H&S Management Processes.
- Acting Health, Safety, Risk and Environmental Manager for Carter Holt Harvey Pulp & Paper
- Development of incident investigation frameworks including linking them to Bow Tie analysis.
- Tranzrail Ministerial Enquiry (only ministerial enquiry into H&S in New Zealand). Was one of four Enquiry panel members holding role of Technical H&S Expert.
- Project Leader for the development of New Zealand Industry Codes of Practice for: a) Underground Mining and Tunnelling and b) Surface Mining & Quarrying
- Independent reviews of major capital works projects for Fonterra, Contact Energy, Auckland International Airport, Kiwi Income Property Trust.
- Independent incident investigation facilitator for a range of corporate organisations.
- Presenter to the NZ Law Society, Health and Safety at Work Act, Lawyers Professional Development Day – "What the Act Means in Practice."
- H&S Training Design and Delivery (Health and Safety Governance, H&S Leadership, H&S Management, Nat Certificate, Industrial Safety Processes).

POSITIONS HELD

- Director, Impac
- Solid Energy (Underground and Surface Coal Mining) National H&S Development Manager
- Woodward Clyde – seconded to Shell Todd Services (Oil and Gas Exploration and Production) – Health and Safety Advisor (Industrial Hygiene/Safety Management)
- Tegel Foods/Heinz Wattie (Poultry & Food Processing) National H&S Manager

QUALIFICATIONS

- Bachelor of Business Studies, Massey University, New Zealand
- Post Graduate Diploma in Health and Safety (Industrial Hygiene), Massey University, New Zealand.



HEALTH AND SAFETY REVIEW

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