

Notice is hereby given that an ordinary meeting of the Finance, Audit & Risk Committee will be held on:

Date: Wednesday 29 September 2021
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Committee

OPEN AGENDA

MEMBERSHIP

Chairperson	Mr Philip Jones	
Deputy Chairperson	Mrs Christine Mitchell	
Members	Mr David Allan	
	Mr Wayne Bishop	
	Mr Ross Brannigan	
	Mr Todd Isaacs	
	Mr Bryan Jackson	
	Mr Sam Jennings	
	Mrs Victoria Kaye-Simmons	
	Mr Robert Ketu	
	Mrs Jo Mason	
	Ms Piri-Hira Tukapua	
	HWTM Bernie Wanden	
Reporting Officer	Mrs Jacinta Straker	(Chief Financial Officer)
Meeting Secretary	Mrs Karen Corkill	

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Te Awahou Nieuwe Stroom, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takeretanga o Kura-hau-pō, Bath Street, Levin

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1 Apologies

2 Public Participation

Due to COVID-19 Alert Level 2 restrictions, this meeting will be held in person; however, members of the public will not be able to attend. The meeting will be livestreamed on Council's Live Meetings page and a screen will be set up in the foyer area of Council's main office for members of the public who wish to watch the meeting, but do not have internet access at home. Guidelines for visiting Council's Customer Service Centres can be viewed on Council's website: <https://www.horowhenua.govt.nz/Council/Council-Meetings> .

Public Participation will be by way of written submission, which will be read out during the meeting. Written submissions will be required by 12 noon on the day of the meeting by email to public.participation@horowhenua.govt.nz.

3 Late Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

4 Declarations of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

5 Confirmation of Minutes

5.1 Meeting minutes Finance, Audit & Risk Committee, 25 August 2021

6 Announcements

Horowhenua New Zealand Trust

Antony Young (HNZT Chair) and Catriona McKay (Chief Executive, The Horowhenua Company Limited) will speak to the Economic Development Services – Activity Update report.

Bancorp Treasury

Miles O'Connor, Bancorp Treasury, will address the meeting to give an overview of how Treasury, including risk, is managed within Council.

Economic Development Services - Activity Update

File No.: 21/347

1. Purpose

To provide the Finance, Audit and Risk (FAR) Committee with the Horowhenua New Zealand Trust end of contract report for Economic Development Services, 1 October 2018 to 30 September 2021.

2. Recommendation

- 2.1 That Report 21/347 Economic Development Services - Activity Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Background

- 3.1 The services agreement between Horowhenua District Council (HDC) and Horowhenua New Zealand Trust (HNZT) includes a requirement for Horowhenua New Zealand Trust to report its progress annually to Council. The report (**attached**) provides the progress year ending September 2021, but also provides commentary on the entire life of contract from 1 October 2018 – 30 September 2021.
- 3.2 Antony Young (HNZT Chair) and Catriona McKay (Chief Executive, The Horowhenua Company Limited) will present their report.

Attachments

No.	Title	Page
A	End of Contract - Economic Development Services - HNZT Report - 2021	8

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	David Clapperton Chief Executive	
Approved by	David Clapperton Chief Executive	



HOROWHENUA NEW ZEALAND
TRUST

End of Contract Report

Economic Development Services



1 October 2018 to 30 September 2021

29 September 2021

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Foreword to Report

Kia ora koutou katoa,

It is my pleasure to present the End of Contract Report to conclude our Economic Development Services Contract with Horowhenua District Council.

In this report, we have commented on the state of the Horowhenua economy, alongside a summary of economic development services provided and the notable achievements over the three years of the contract. We have also reflected on what we have learned over the course of this economic development services agreement, whilst looking forward to the future of economic development services delivery out to 2024.

We are very proud of our delivery of economic development services over the last three years. We believe since 2018, we have increased the performance and value of economic development services delivery, whilst reducing the annual cost to the community overall. We have continued to maintain a strong reputation in Horowhenua through the delivery of high-quality community events such as the Electra Business After 5.

Since 2018, we have led the development of new economic development projects. The Horowhenua Business Park what was in 2018 a grazing paddock, has been turned into the largest industrial development seen in Horowhenua in many years. We have attracted major investment to the Horowhenua such as Thermosash Group and in 2020, the Crown announced a major investment that Horowhenua, with the selection of The Horowhenua Business Park, would be the site of a large purpose-built Archives New Zealand Regional Depository – out of 3000 tenders New Zealand wide.

Improving education and employment outcomes within the Horowhenua has been a key focus for the Trust. Through our employment initiative Get—Go, we have created innovative partnerships between local employers, education providers and Government agencies. We are looking forward to the new projects being launched in 2022.

We're excited for the future and we look forward to continuing to work with Horowhenua District Council in moving Horowhenua forward through our subsidiary, The Horowhenua Company.

Antony Young
Antony Young
Chair



Purpose of Report

The services agreement between Horowhenua District Council (HDC) and Horowhenua New Zealand Trust (HNZT) includes a requirement for Horowhenua New Zealand Trust to report its progress annually to Council.

This report provides the progress year ending September 2021, but also provides commentary on the entire life of contract from 1 October 2018 – 30 September 2021.

Layout of report

The report generally follows the requirements and format of the Services Schedule attached to the Contract between HDC and HNZT. We have also prefaced that section of the report with comments and coverage of the more general “Economic Development” initiatives which the Trust has been leading.

The reason for this is that in terms of “value for money” measured against Economic Development objectives, these initiatives provide the most tangible evidence of benefits delivered by the Trust and reinforces the benefits of an integrated approach to tangible economic growth the Trust is aiming for.

Role of HNZT in delivery of Economic Development Services

The activities delivered by and the role of HNZT in relation to the Economic Development Services contract is quite specific. The contract states that:

“HNZT acts as the primary economic development organisation for the benefit of Horowhenua.”

It is on this basis and in accordance with the Trust Deed, that the work of the Trust has operated.





Key objectives for Economic Development Services

The key objectives for the contract as set out in the Schedule I of Services:

- ▶ a dynamic economy that attracts and retains businesses and skilled employees;
- ▶ a District where existing and new business enterprises and entrepreneurship are supported;
- ▶ a District where private, public, and social enterprise thrive, and individuals and entrepreneurship can flourish; and;
- ▶ a quality of life that is attractive to current and future residents, communities, and enterprise.

Key Economic Development Objectives and Directions

This first section of the Schedule sets out the HDC objectives and directions which HDC see the Trust pursuing within the agreement. They reflect HDC strategy and, to a large extent, overlap with the purpose of HNZT as set out in its Trust Deed. We note that the term “Economic Development” is wide ranging and far reaching. This is both a “help” and a “hindrance” with regards to economic development service delivery.

It is helpful in that it invites flexibility, creativity and an open-minded approach to the tasks and the processes by which economic development unfolds.

A drawback is that it can be somewhat awkward and inadequate to adopt any kind of “mechanistic” and quantitative only definition since economic development involves the short and long run, opportunity and threat, success and failure, numerous measures of both success and failure and so on.

Consequently, care is needed in assessing what is being achieved and what is not.



The state of the Horowhenua economy

Horowhenua's economy is in good heart and it is pleasing that our economy has proven resilient, which Infometrics latest data shows our economy is stronger than pre-COVID-19 pandemic.

Pandemic aside, in analysing the performance of the Horowhenua across a range of economic indicators, Horowhenua has improved on nearly all indicators between 2018 and 2021. Horowhenua has higher earnings, more job opportunities and higher exports than it did at the start of the contract in 2018, although these still track below the New Zealand average.

It is particularly pleasing to see earnings and employment opportunities for Māori improving year-on-year, as historically Māori have underperformed across a range of outcome indicators for many years.

Indicator	2018	2019	2020	Change
GDP	\$1.129bn	\$1.167bn	\$1.186bn	+\$57m
Job Count	10,714	10,996	11,195	+481
Unemployment	6.7%	7%	5.6%	-1.1%
NEET* Rate	21.2%	20.5%	16.9%	-4.3%
Export % of GDP	13.2%	13.7%	14.4%	+1.2%
Mean earnings	\$46,490	\$48,290	\$50,159	+\$3,669
Job count for Māori	2,298	2,397	2,435	+137
Men earnings for Māori	\$42,016	\$44,087	\$46,459	+\$4,443

*NEET= a young person aged 16-24 not in employment, education or training.



There are still areas for improvement...

The Horowhenua has some challenging issues to resolve in coming years. Housing and rental affordability has declined on every metric, especially post the COVID-19 pandemic.

Since October 2018, Horowhenua's median house values have increased from \$305,000 to \$625,000 in August 2021, a 104% increase. The level of house value growth presents real challenges for first-home buyers, who are wanting to enter the market for the first time in Horowhenua. The median price of rental accommodation is also a big challenge for Horowhenua residents reliant of rental accomodation, with rental prices increasing from \$267 a week in 2018 to \$387 per week in March 2021.

Recent findings from the Get—Go Labour Opportunities Report, show that Horowhenua businesses are constrained by a lack of staff, from low to high skilled. What is comforting for the future is that Horowhenua employers have high business confidence and a large number are predicting more staff are required in the short and long term.

Key achievements over the contract period

Horowhenua New Zealand Trust is very proud of a number of achievements realised. Specifically, we are proud of the level of Government investment we have attracted to the Horowhenua, which has accelerated economic development activity. Specifically, the development of the Horowhenua Business Park, Get—Go and our economic response to COVID-19.



The Horowhenua Business Park

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The Horowhenua Business Park has been one of the foundational economic development projects for Horowhenua New Zealand Trust (HNZT) over the last two years since partnering with Horowhenua District Council in 2019 to acquire the Roe Street land.

This project is a clear example of how Horowhenua District Council and Horowhenua New Zealand Trust can partner together and create economic and social benefits for Horowhenua.

In 2019 what was a paddock and underutilised asset, we are now seeing the largest amount of industrial development in Levin in many years. Since going to market in October 2020, we have seen all parcels of land sold to the likes of national construction company Thermosash Construction and The Crown, who have selected Horowhenua as the new regional depository centre for Archives New Zealand.

The Business Park's rapid success has demonstrated that Horowhenua has many comparative advantages, and it also demonstrates a tangible example of Horowhenua New Zealand Trust delivering its' role of investment attraction.



Attraction of investment and ongoing partnerships with Government

Within economic development delivery, it is fundamental for the Trust to be able to form partnerships with Government and attract a range of external investment. Whether it be public or external capital, external investment is critical in the delivery of economic development projects.

Over the course of the economic development agreement, the Trust has attracted over \$3.5m in investment from the New Zealand Government. A \$2,900,000 capital investment grant in The Horowhenua Business Park and a grant of \$806,000 for Get—Go for operational capability. Not only has this external investment supported projects to come to fruition more quickly than they would otherwise, they have also created a range of employment opportunities for purpose-driven professionals to contribute their skills to Horowhenua.

Within economic development services delivery, over the course of this agreement we have formed strong working relationships and strengthened our partnerships with a range of Central Government Agencies. These departments include; Ministry of Education (MOE), Ministry of Social Development (MSD) and the Ministry of Business, Innovation of Employment (MBIE).

HOROWHENUA CHRONICLE

National Library and other government services to move to Horowhenua

11 Dec, 2020 09:07 AM

3 minutes to read



Horowhenua's new business park on Roe St in Levin is attracting business and government.

GET—GO and improving labour market outcomes

Sustained employment and a productive labour market is critical in enabling positive economic development for businesses and benefits for employees. Over the contract period and more particularly within the last year, Horowhenua New Zealand Trust has worked with key partners on improving outcomes within the labour market.

In 2019, the Pathways Horowhenua Feasibility Study on the Horowhenua Labour Market, which was commissioned from MartinJenkins. This Feasibility Study demonstrated there were a range of unique challenges within the Horowhenua Labour Market and that an in-house skills and employment business unit should be established.

With the support of a range of community stakeholders, including Horowhenua District Council, we submitted a Provincial Growth Fund application for \$806k to establish what now is known as Get—Go. This Provincial Growth Fund application was successful and was announced by Minister for Regional Economic Development Minister, Hon Shane Jones in May 2020.

The core purpose of Get—Go is to provide a vehicle to drive activity which supports and connect people to the job or career they want, and support employers to find the people they need. Get—Go brings these customer groups together in innovative ways so they can do more and be more, together. Get—Go expands the core role of labour market delivery in the Economic Development Services contract by enabling the recruitment of experienced and skilled capability, dedicated to identifying and developing local programmes that can continue to make a difference going forward.

In the last year since Get—Go's establishment, we have connected over 20 people into employment, we have supported 600 students to engage with multiple employers and we have seen the launch of the Get—Go digital portal. All of these activities are made possible by our strong partnerships that we hold with employers, education providers and central government agencies.



[get-go.nz](https://www.get-go.nz)

OPPORTUNITY— IS HERE

Economic development response during COVID-19

As was for all New Zealand, 2020 was a challenging year, with COVID-19 restricting economic activity across the Horowhenua. COVID-19 tested economic development delivery around New Zealand, but it also provided us the opportunity to demonstrate leadership and provide support to a variety of businesses and organisations.

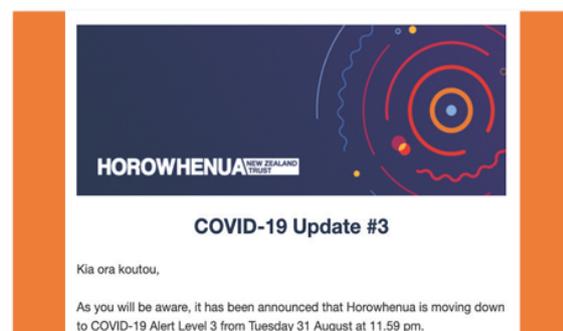
As we write this report in August 2021, Horowhenua and the rest of New Zealand are experiencing another COVID-19 Alert Level 3 and 4 Lockdown. This has provided Horowhenua New Zealand Trust the opportunity to reflect on our COVID-19 response in 2020, and we are pleased to see many businesses have been well prepared and positioned to respond to the sharpness of this current lockdown.

On 10 March 2020, prior to the first national lockdown, Horowhenua New Zealand Trust held a COVID-19 Business Resilience Workshop. We believe we are the only Economic Development Agency in New Zealand to hold such a workshop prior to lockdown. The workshop brought together business leaders, Central Government agencies and MidCentral District Health Board to provide businesses and organisations with the most up-to-date information to enable businesses to prepare for all eventualities with COVID-19.

Our response to COVID-19 also include the following activities:

1. Identification of Likely Impacts – Economic Modelling Paper for HDC
2. Support for HDC Financial Resilience Group
3. Participation in COVID-19 Emergency Business Rapid Response Agency Coordination Group (MSD)
4. Small Business Support Services through participation in CEDA Regional Collaboration Group
5. Secured \$100k funding for local businesses through Regional Business Partners Network

All of the above activities were supported by a relevant and continuous communications approach led by the Horowhenua New Zealand Trust. We focused on providing business and community leaders up-to-date information, which was clear, relevant and factual. We did not operate a scatter gun communications approach, which we believe would confuse businesses and create “newsletter fatigue”.



Summary of economic development activity

Objective and Direction	Activities and Comment
<p>i) Business retention and expansion and work with local businesses</p> <p>a. Deliver an action orientated programme to engage existing businesses in the community to identify and understand their priorities and opportunities/challenges for growth and expansion</p>	<p>Horowhenua New Zealand Trust has consistently connected businesses with the Regional Business Partners Network and Callaghan Innovation, and have achieved an overall increase in funding allocation to Horowhenua businesses over the length of the contract.</p> <p>It is important to note that this program was reviewed in 2020 and is being transferred to the Ministry of Business, Innovation and Employment (MBIE) from New Zealand Trade and Enterprise (NZTE). Over the coming months, we will be working with regional partners to understand what this new and improved delivery model looks like for Horowhenua businesses.</p> <p>Throughout COVID-19 Levels, we proactively contacted businesses to identify challenges and making connections to fill gaps. We used these opportunities to collect relevant quantitative and qualitative data, which enabled us to support the needs of businesses and organisations.</p> <p>We engage with businesses to provide in-confidence commercial advice and practical guidance in support of business growth, expansion and investment. When required, we have engaged with Horowhenua District Council to support businesses with their expansion plans.</p>

Objective and Direction	Activities and Comment
<p>b. Support businesses with awareness of relevant government programmes</p>	<p>We actively marketed existing and new Government programmes that support businesses, like COVID-19 Support, Business BOOST and Business and Employment New Zealand advice. More recently, we have supported businesses to engage and get support from the Ministry of Social Development.</p>
<p>c. Facilitate research and data collection to assess sector needs and opportunities</p>	<p>Throughout COVID-19, we were staying in active contact with businesses and collecting specific data on their needs, which we could respond to.</p> <p>Prior to COVID-19 Lockdown, we ran a March 2020 Business Resilience workshop for local businesses in conjunction with DHB and Central Government agencies like Ministry of Social Development and IRD.</p> <p>We utilise Infometrics Quarterly Economic Updates and other Infometrics reports to assess sector needs and opportunities, as well as consideration of other reports from independent economists.</p> <p>Active participation and representation on the Regional Economic Development Agency Group and Interim Regional Skills Leadership Group, including hosting of key meetings in Horowhenua.</p>

Objective and Direction	Activities and Comment
<p>ii) Support for small business and entrepreneurs;</p> <p>a. Partners with external agencies to deliver services to support new and small business owners (making use of relevant existing government programmes/external funding)</p> <p>b. Facilitate expert advice and practical assistance to business owners</p> <p>c. Facilitate businesses to explore ideas and challenges and to connect them with the information, expertise and contacts they need to succeed.</p>	<p>We provide businesses advice when requested which ensures new and SME have access to advice and assistance to resolve their pain points;</p> <p>We worked with the Mahi Space to market the Mahi Space programs and workshops, and are hosting a joint event in October 2021 to celebrate 1 year of operation of The Mahi Space;</p> <p>Secured \$100k from Regional Business Partners Program (RBP) for Horowhenua businesses to access specialist support and ran successful workshop with 40 businesses attending;</p> <p>Facilitated expert business advice through the delivery of business webinars and Electra Business After 5s – 10 BA5’s from October 2020 to September 2021. We are intending to refresh business networking delivery as part of the new Economic Development Services contract from February 2022;</p> <p>We actively marketed and supported businesses to engage with Callaghan Innovation with areas of their businesses or new ideas that require R&D support. A number of businesses are accessing the \$8,000 R/D Research Grant, which provides funding for a Summer Research Student to support a growth project.</p>

Objective and Direction	Activities and Comment
<p>iii) Support for workforce development, high-quality jobs, and skills-building;</p> <p>a. Work with business and community partners to monitor and analyse data in order to identify labour force needs, shortages/surpluses across employment sectors</p> <p>b. Promote Horowhenua as a desirable and exciting community with diverse employment opportunities</p> <p>c. Collaborate with community partners to engage labour pools including youth, migrant and immigrant populations</p> <p>d. Work with businesses, institutions, and community organisations to improve labour market outcomes.</p> <p>e. Liaise with post-secondary institutions and training providers with respect to the skills and demand requirements of local businesses.</p>	<p>Negotiated \$806k PGF funding to establish Get-Go, Horowhenua's workforce development unit:</p> <p>Developed and launched a digital platform that showcases Horowhenua's diverse and exciting employment pathways and connects local employers with jobs with skilled talent;</p> <p>Collaborate with Horowhenua community partners to engage labour pools in exciting and different ways;</p> <p>Items c to e all form part of the Get-Go programme operated by the Trust and THCL staff;</p> <p>Active participation and representation in Regional Skills and Talent Group alongside senior Government officials, including hosting of key meetings in Horowhenua;</p> <p>We represented Horowhenua on the Interim Regional Skills Leadership Group, which succeeded the STAG model;</p> <p>We commissioned in partnership with the Ministry of Social Development and UCOL, a Labour Market Opportunities Report. This report developed by UMR, surveyed 169 Horowhenua Employers and communicated their key constraints to business growth. We are actioning a range of the findings in 2022;</p> <p>Active engagement with Horowhenua Learning Centre (HLC) and UCOL regarding skill requirements of local businesses. Specific connections made between local employers and education providers.</p>

Objective and Direction	Activities and Comment
<p>iv) Support for knowledge industries, young workers and incubation / innovation enablement.</p> <p>a. Educate secondary and post-secondary students about the labour market and facilitate interaction between students and Horowhenua businesses</p> <p>b. Facilitate research and data collection to assess changing needs</p>	<p>Established Governance Group of all College Principals with a dedicated work program of education-to-employment initiatives, including labour market data and business intelligence;</p> <p>Delivered an improved Get-Go Futures Day on May 22nd, where every Year 10 student in Horowhenua connected with 6 employers and contextual learning opportunity;</p> <p>UMR Get-Go Labour Opportunities Report recommends multiple interventions for schools which we are proactively working with all Colleges on;</p> <p>Co-design of a combined work readiness program for all Horowhenua secondary schools to be delivered by Get—Go in partnership with Colleges.</p>
<p>iv) Support for Council strategy, policy and planning advocacy activities.</p> <p>a. Commission population, demographic and economic data insights and projections to inform strategy, policy and plan making activities</p> <p>b. Provide expert advice for Council concerning economic impacts of Government Policy and national infrastructure projects, plans and programmes on the Districts economy at large, key sectors and current business growth strategies</p>	<p>Commissioned Sense Partners population demography to provide to HDC;</p> <p>Provide Infometrics Housing and Rental Affordability Data to HDC;</p> <p>Providing advice on District Plan and provided submissions on Freshwater Reform;</p> <p>Provided submission on HDC draft Water Bylaw;</p> <p>Providing economic advice on impacts of COVID-19 to Financial Resilience Committee.</p>

Some final highlights of our impact:

- **600 year ten students** attended our two Get-Go Futures Day events
- We communicate with a wide cross section of the business community with helpful information and Covid protocols through our newsletter. It is currently **subscribed by 1000+ people**.
- We have reached **130,000 people** on Facebook in 2021
- Our BA5 launch of the Get-Go Opportunities Report was attended by **90 people**. We consistently see an average of **60+ attendees** at each BA5
- We have met with **20+ individual businesses** in the past 3 months
- **20 businesses** participated in the March 2020 COVID-19 Business Resilience workshop

Cost and Benefit Analysis

As we outlined in the Foreword, Horowhenua New Zealand Trust believes we have increased the value delivered through our delivery of economic development services, whilst at the same time reducing the cost to the community each year.

The table provided below illustrates that since 2018, Horowhenua New Zealand Trust have delivered over \$3.8m in direct cash investment into Horowhenua, alongside Council's funding over the entire contract life. Included in this table is what we list as "Direct Benefit" which is cash we can quantify against a certain activity. For example, the Infrastructure Reference Grant (IRG) for The Horowhenua Business Park was \$2,900,000.00 alone. That investment gained in 2020 alone is more than the entire life of the economic development services contract.

There are a wide range of indirect benefits generated by each new \$ of investment in Horowhenua. For example, we have connected over 20 people to full-time employment through Get—Go. If we take those 20 jobs multiplied by the median wage, that is over \$1m in wages generated annually for the people we have connected to employment through Get—Go. Let alone the positive changes to individuals sense of purpose and satisfaction.

The Horowhenua Business Park is another example of value delivered for Council and the community. With the establishment of The Horowhenua Business Park, we have attracted investment through the relocation/establishment of a range of different companies and organisations, including; Thermosash Commercial, Department of Internal Affairs, LT McGuinness and PB Property Lynx Limited. These businesses and organisations are creating new and exciting job opportunities for Horowhenua residents. It is fantastic we have been able to engage these new businesses in the other Trust projects, like our employment initiative Get—Go.

Benefit / Cost by Project

Activities and initiatives	Direct Benefits	Indirect Benefits
Get—Go Employment Initiative	Contract value with MBIE \$806,000	Education working directly with industry to improve employment outcomes for both
Business Park Infrastructure	Infrastructure Reference Grant \$2,900,000	New businesses New infrastructure New jobs
RBP fund availability for Horowhenua	Fund for Small Business \$100,000	Enabling businesses to upskill capability – expand production / revenue
Cash value of investment	\$3,800,000	

Where to from here?

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We believe that together with Horowhenua District Council, over the last three years we have delivered higher quality economic development services, at a lower cost per year to the community overall. The Trust and The Horowhenua Company are excited about the opportunity to continue to deliver for the community.

As Elected Members will be aware, in August 2021 our subsidiary, The Horowhenua Company, presented a proposal for Economic Development services delivery to Horowhenua District Council for consideration. The proposal we developed reflects both our understanding of HDC's requirements – but also outlines where we believe our capabilities can continue to provide value in the long term. While it is now appropriate for THCL to directly deliver the economic development services, HNZN will continue to guide THCL to identify areas for ongoing collaboration.

In developing our proposal, we drew heavily on the Economic Development Implementation Plan (EDIP) that Council refreshed in early 2021. We also considered the latest Government policy in relation to Regional Economic Development to ensure our proposal provides clear line of sight to impact measures that have wider application in New Zealand.

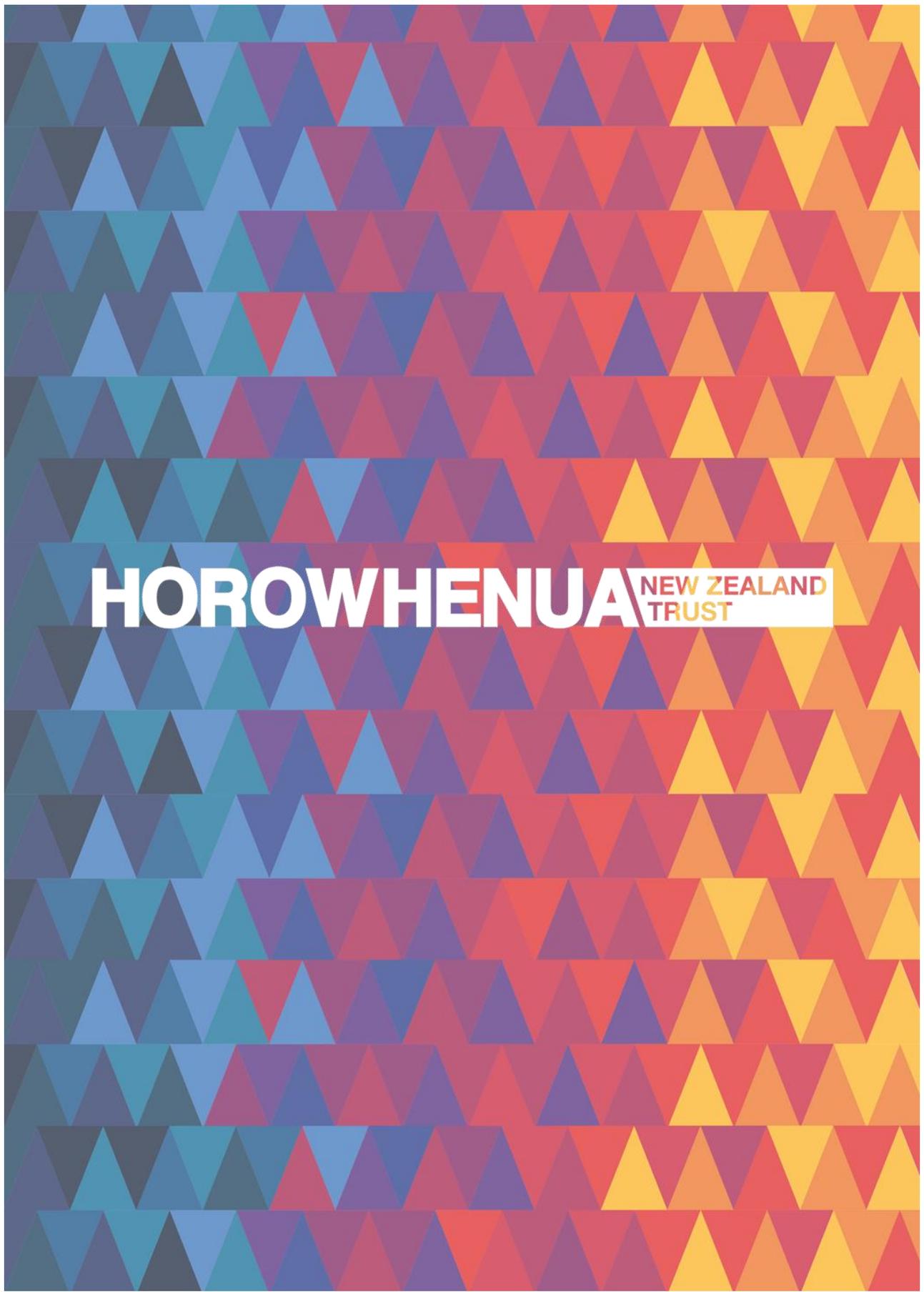
Our proposal specifically addresses areas of activity that Horowhenua District Council indicated are a high priority in the initial terms of this contract period, but also includes maintaining core capability required in order to deliver comprehensive and improved economic development outcomes for Horowhenua.

At a high level, we are focused on delivering on the following areas to June 2022:

- Maintain Business After 5s, and establish new networks such as Women in Business and Young Professionals networks;
- Fostering deliberate collaborations with Muaūpoko Tribal Authority and Ngāti Raukawa to progress their economic aspirations;
- Supporting business growth and development through continued promotion of Regional Business Partners and other Government funded business support programs, including incorporating alternative business models such as social enterprise;
- Continuing to gather and provide the latest business intelligence to Council, including providing an Economic Development Dashboard every quarter;
- We will continue to develop, pilot and implement employer led labour market initiatives through Get—Go in order to create a pipeline of local labour for local business; and
- We are also leading the development of an Events Strategy and Implementation Plan, which will be delivered to Council by 30 March 2022.

In summary, we are looking forward to partnering with Council over the coming years in delivering high-quality services that move the Horowhenua forward.





Projects Steering Group - Activity Update

File No.: 21/394

1. Purpose

To report to the Finance, Audit & Risk Committee on the projects being reported on and discussed by the Projects Steering Group on 1 September 2021.

2. Recommendation

- 2.1 That Report 21/394 Projects Steering Group - Activity Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Project Oversight/Key Highlights

Update – Gladstone Road

Mr Clapperton confirmed that the temporary access way was being well used, and any issues or works required, were managed as they arose. The re-alignment work continues with Roading Manager, James Wallace, informing that the team was currently working on the resource consent. Residents were being kept informed of progress through a regular newsletter which was sent via email.

Waitārere Beach Surf Life Saving Club – new building project

Mr Parsons presented the project scope and the project team which included himself as the Project Manager, Mr Hlatshwayo and support from the Property Team on behalf of Council. Also on the Project Team were Surf Club Project Building Group members and Mr B Duffy as Project Sponsor.

Mr Parsons outlined the project status which included applying for funding and the Request for Information (RFI) process which would be put out for design and build tender.

Mr Parsons had made contact with other clubs around the country regarding sharing of their building plans. Whilst this enabled some learnings, there were not any plans that could be duplicated and used for this specific location.

Letters of support to be requested to accompany the Resource Consent application.

IAF Application and Projects

Mr Maguire took the group through the Infrastructure Acceleration Fund – Expression of Interest process. The IAF is available from Central Government for new or upgraded infrastructure such as transport, 3W and flood management works. The infrastructure must enable at least 200 new dwellings to be built (to completion) by December 2029. It requires Council to co-fund projects via the Long Term Plan and development contributions. It is for public works only and excludes infrastructure within the boundaries of subdivisions (e.g. local roads and local water connections).

Projects included in the application were:

1. Combine the proposed new reservoir at Poads Road with the expansion of the Levin WWTP and The Pot
2. Foxton Beach – development of Council-owned land at the Kilmister Block
3. Vincent Drive – development of Council-owned land in the north east of Levin.

In October/December 2021 Council expects to be notified as to whether it has made the short list with the decision and negotiations phase expected to be from March – October 2022.

Council would be kept informed of the process and next steps.

Tokomaru Wastewater Consent

Mr Maguire went through the consent process for what was going to be a significant project for Council over the next three years. Irrespective of where the Three Waters Reforms heads, Council needs to proceed with this work as the current WW consent will expire prior to reform changes.

The short-term consent requires a new application to be lodged no later than December 2022. Council received MfE Freshwater Improvement Funding support (via Horizons) for the purchase of land to irrigate treated effluent. Council needs to confirm use of this funding. Council needs to identify its preferred option by the end of September 2021, adopt that option by December 2021, lodge the Resource Consent application by December 2022 and have construction underway by mid-2023.

Treated effluent to land remained the preferred option with other options needing to be considered in case the land was unsuitable.

Council needs to go back to HRC by the end of the month confirming its plan, i.e. proceeding with discharge to land, aware of obligations under the contract.

State Highway Revocation

The State Highway revocation process was outlined by Mr Maguire, the key aspects being:

- Responsibilities for the road – who would carry out work; how transfer accountabilities
- Obligations to fund revocation works – categories of funding
- Planning matters – designation; limited access road; transfer of consent requirements
- Property matters – encroachments; licences to occupy; disposal / transfer of land
- Asset handover – transitional arrangements; enduring indemnities and liabilities
- Survey and plan preparation – legalisation and gazette
- Speed limit reviews – adherence with existing or reserve right to change
- Costs – due diligence; FAR rates
- Project management and project governance – variations; dispute resolution; carve outs.

Mr Maguire presented the preliminary programme from pre-implementation to handover.

Mr Maguire will return to the PSG in October to provide guidance around the criteria for what Council wishes to put into the 'Issues and Aspirations List'. This list will then be provided to Waka Kotahi.

Attachments

There are no attachments for this report.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Christine Mitchell Chair, Project Steering Group	
Approved by	Christine Mitchell Chair, Project Steering Group	

Two Month Report 1 July 2021 - 31 August 2021

File No.: 21/378

1. Purpose

To present to the Finance, Audit & Risk Committee the financial report for the two months to 31 August 2021.

2. Recommendation

- 2.1 That Report 21/378 Two Month Report 1 July 2021 - 31 August 2021 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As included in the **attached** report.

Attachments

No.	Title	Page
A	Finance Report	32

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Jacinta Straker Chief Financial Officer	
Approved by	Nicki Brady Deputy Chief Executive	

Horowhenua 
DISTRICT COUNCIL

Two Month Report

1 July 2021 - 31 August 2021



Executive Summary

<p>Total revenue</p> <p>\$10.28m is 3% less than the YTD budget of \$10.7m</p>	<p>Total expenditure</p> <p>\$10.21m is in line with the YTD budget of \$10.2m</p>	<p>Total surplus/(deficit)</p> <p>\$0.07m is \$0.4m less than the YTD budget of \$0.5m</p>
<p>Total Capital Spending</p> <p>\$2.22m is \$3.1m less than the YTD budget of \$5.3m</p>	<p>Grants and Subsidies (Capital & Operating)</p> <p>\$1.34m is 36% less than the YTD budget of \$2.1m</p>	<p>Total net borrowings</p> <p>\$102.9m is 147% of budgeted operating income (financial strategy limit is 225%)</p>

Overall the level of income and expenditure is in line with the long term plan. The level of capital spending has been slower than planned but to due to planning work being completed.

Jacinta Straker
Chief Financial Officer

Operational Summary

Total revenue	Total expenditure	Total surplus/(deficit)
\$10.28m is 3% less than the YTD budget of \$10.7m	\$10.21m is in line with the YTD budget of \$10.2m	\$0.07m is \$0.4m less than the YTD budget of \$0.5m
SUSTAINABILITY		

Rates to operating revenue **67%**

Rates revenue	\$6.90m
Operating revenue	\$10.28m

67% of operating revenue is derived from rates revenue. Rates revenue excludes penalties, water supply by meter and is gross of remissions. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives.

Balance budget ratio - Actual **101%**

Balance budget ratio - Target **100%**

Operating revenue	\$10.28m
Operating expenditure	\$10.21m

Operating revenue should be equal or more than operating expenditure. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives. Operating expenditure includes depreciation and excludes loss on derivatives, landfill liability and loss on asset revaluations. Year to date revenue is 101% of operating expenditure.

Net Debt to total projected revenue - Actual **147%**

Net Debt to total projected revenue (Borrowings Limit) **225%**

Total net borrowing	\$103.48m
Total budgeted operating revenue	\$70.35m

With net borrowing of \$103.48m we are still under the set limit of 225% of operating revenue. Total net borrowing is external borrowings less cash at bank.

Interest to rates revenue - Actual **4%**

Interest to rates revenue - Limit **25%**

Net Interest	\$0.29m
Rates revenue	\$6.90m

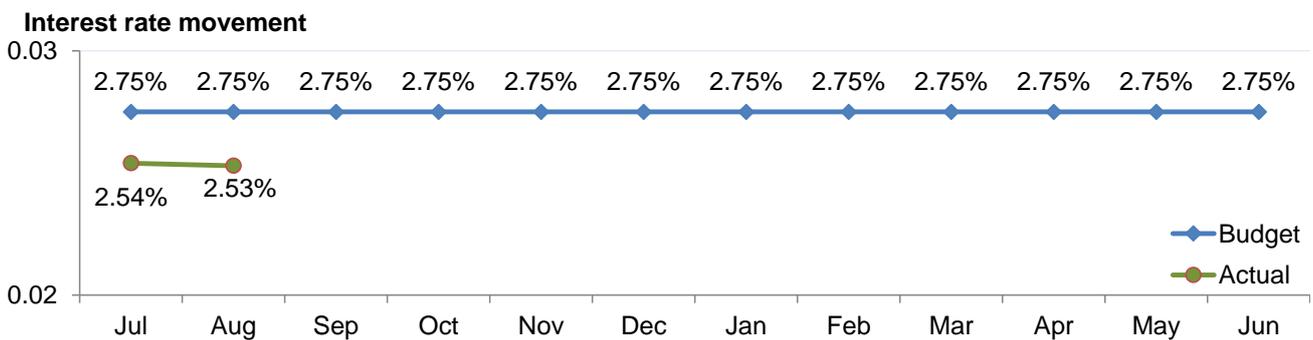
4% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue excludes penalties, water supply by meter and gross of remissions (LGFA Cov.)

Interest to operating revenue - Actual	3%
Interest to operating revenue - Limit	20%
Net Interest	\$0.29m
Operating revenue	\$10.28m

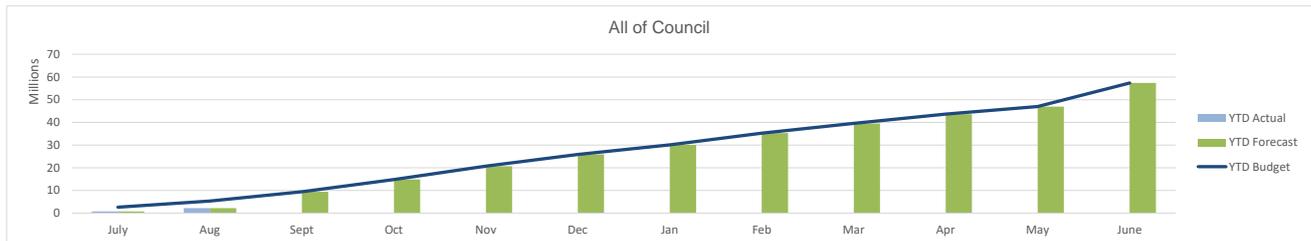
3% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received (LGFA Cov).

Available financial accommodation to external indebtedness - Actual	129%
Available financial accommodation to external indebtedness - Minimum required	110%
Net debt	\$103.48m
Undrawn committed facilities	\$30.00m

The committed bank facility enables us to borrow up to 129% of our current external debt immediately. The LGFA covenant minimum is 110%.



Capital Expenditure Summary



The Council has completed \$2.2m towards the budgeted capital programme at the end of August and is forecasting to complete \$57.4m by the end of June 2022. This includes the \$55.5m approved in the LTP together with \$1.9m in additional approved carry forwards.

Work completed so far includes:

- Foxton Wastewater Treatment Plant - Strategic Upgrade (\$1.2m)
- Other Wastewater work (\$200k)
- Stormwater work in Roslyn Road, Tara-Ika and Queen Street (\$127k)
- Foxton Beach Surf Lifesaving Club (\$150k)
- Water Supply work (154k)
- Projects across the Community Facilities and Services activity (\$100k).

Statement of Comprehensive Revenue and Expense

	LTP YTD Aug-21 \$000	Actual YTD Aug-21 \$000	Variance YTD 2021 \$000		Year End Projection Jun-22 \$000	LTP Jun-22 \$000	Variance Jun-22 \$000		Notes
Revenue									
Rates Revenue	(6,785)	(6,902)	117	☺	(43,447)	(43,447)	-	☺	
Operational Grants & Subsidies	(361)	(1,067)	706	☺	(2,951)	(2,951)	-	☺	1
Finance Income	3	-	3	☺	(200)	(200)	-	☺	
Fees & Charges	(699)	(515)	(184)	☹	(4,748)	(4,748)	-	☺	2
Other Revenue	(621)	(1,524)	903	☺	(3,872)	(3,872)	-	☺	3
Gains on Disposal of Assets	-	-	-	☺	-	-	-	☺	
Total Revenue	(8,463)	(10,008)	1,545	☺	(55,218)	(55,218)	-	☺	
Expenditure									
Employee Benefit Expenses	2,787	2,490	297	☺	18,169	18,169	-	☺	4
Finance Costs	494	288	206	☺	2,964	2,964	-	☺	5
Depreciation and Amortisation	2,454	2,475	(21)	☹	14,722	14,722	-	☺	
Other Expenses	4,448	4,954	(506)	☹	26,832	26,832	-	☺	6
Loss on Disposal of Assets	-	-	-	☺	-	-	-	☺	
Total Expenses	10,183	10,207	(24)	☹	62,687	62,687	-	☺	
Operating (surplus) deficit before capital revenue and taxation	1,720	199	1,521		7,469	7,469	-		
Capital Grants and Subsidies	(1,731)	(269)	(1,462)	☹	(15,135)	(15,135)	-	☺	7
Development Contributions	(457)	-	(457)	☹	(2,744)	(2,744)	-	☺	8
Total (Surplus)/Deficit	(468)	(70)	(398)	☹	(10,410)	(10,410)	-	☺	

Note 1 Operational Grants and Subsidies **favourable** variance of \$706k.

The additional funding relates to the final portion of the PGF funding received for Mahi Space (\$153k), more funding than planned from Waka Kotahi (\$276k) which is mainly due to Poads Road, as well as additional economic development funding of \$300k relating to funding received for the Mayor's taskforce for jobs.

The Mayors Taskforce for Jobs (MTFJ) is a nationwide network of New Zealand's Mayors, working together, through Local Government New Zealand (LGNZ) towards the vision of all young people under 25 being engaged in appropriate education, training, work or other positive activity in their communities. The Council was awarded \$250,000 in the 20/21 financial year as a pilot for the programme, and was then successful in securing funding in 21/22 to run the programme for a further 12 months.

Note 2 Fees & Charges **unfavourable** variance of \$184k year to date is mainly due to less income in the solid waste activity due to timing.

Note 3 Other revenue **favourable** variance of \$903k. This primarily relates to additional revenue received for building consents of approximately \$327k as a result of increased building and development activity in the district and almost \$343k due to the timing of the dog registrations.

In addition \$100k of funding was received from MBIE for the second year of the welcoming communities' programmes. Welcoming Communities Te Waharoa ki ngā Hapori is led by Immigration New Zealand (INZ) in collaboration with the Office of Ethnic Communities, along with the Human Rights Commission. The Horowhenua District Council joined the Welcoming Communities programme, as part of the refugee

settlement programme, aimed at welcoming people to the district and improving engagement with the local community.

Note 4 Employee Benefit Expenses **favourable** variance of \$297k relates to current vacancies across Council operations.

Note 5 Finance Costs **favourable** variance of \$206k relates to lower finance costs and also relates to the timing of the capital budgets.

Note 6 Other Expenses **unfavourable** variance \$506k as detailed below:

Note 6 Other Expenses	LTP	LTP	LTP	Year End Projection	LTP	Variance	Notes		
	YTD	YTD	YTD						
	Aug-21	Aug-21	Aug-21		Jun-22	Jun-22			
	\$000	\$000	\$000	\$000	\$000	\$000			
Professional Services	970	1,075	(105)	⊗	5,650	5,650	-	😊	6A
Materials	19	27	(8)	⊗	119	119	-	😊	
Maintenance	2,675	3,141	(466)	⊗	16,296	16,296	-	😊	6B
Grants Paid	137	47	90	😊	598	598	-	😊	
Utilities	181	109	72	😊	1,239	1,239	-	😊	
Communications	38	39	(1)	⊗	215	215	-	😊	
Other Expenses	1,279	753	526	😊	5,473	5,473	-	😊	6C
Vehicle Expenses	24	27	(3)	⊗	114	114	-	😊	
Treasury Expenses	20	4	16	😊	181	181	-	😊	
Labour Recoveries for Capex projects	(895)	(268)	(627)	⊗	(3,053)	(3,053)	-	😊	6D
Total Other Expenses	4,448	4,954	(506)	⊗	26,832	26,832	-	😊	

Note 6A Professional services **unfavourable** variance of \$105k primarily relates to the landfill activity.

The landfill activity has incurred additional spending of \$194k which relates to consulting fees and Project Management Group (PMG) expenses to meet the conditions of the Horowhenua Environmental & Kaitiaki Alliance (HEKA) landfill agreement, including the robust analysis required to inform the PMG on the decision of whether the landfill should close early and related requirements for remediation of the site.

This includes consultancy fees for the preparation of a business case for the future of the landfill and its operations that include scanning wider aspects that affect Council and the community.

Note 6B Maintenance costs **unfavourable** variance of \$466k. The significant activities that derive maintenance costs relate to Wastewater, Water Supply, Stormwater, Solid Waste, Road Transport and Community Facilities and Services.

The variance year to date relates to additional emergency management spending of \$110k as a result of the June flooding event, additional spending in Wastewater of \$187k which is due to the Levin Treatment plant digester and emergency works of \$593k which primarily relates to Gladstone Road.

Note 6C Other expenses **favourable** variance \$526k reflecting lower spending across the organisation. \$222k relates to the timing of IT spending and \$136k to insurance costs.

Note 6D Labour recoveries for CAPEX projects **favourable** variance \$627k reflecting the lower capital project expenditure and staff time allocation than budgeted. It is expected to be on budget at year end.

-
- Note 7** Capital Grants and Subsidies **unfavourable** variance \$1.46m relates to the timing of the capital programme. Grants for Tara-Ika and Three Water Stimulus funding are not forecast to be received until later in the year.
- Note 8** While the Council has assessed new developments for development contributions since 1 July 2021 the invoicing will not occur until separate titles (224C) are applied for and so not revenue has been recognised yet.

Statement of Comprehensive Revenue and Expense by Activity

REVENUE	LTP	Year to date (YTD)			Notes
	2021/22 \$000	Actual \$000	Budget \$000	Variance \$000	
Significant Activities					
Regulatory Services	(6,147)	(1,694)	(1,019)	675	😊 1
Community Facilities and Services	(15,322)	(2,415)	(2,420)	(5)	😞 2
Road Transport	(15,100)	(1,383)	(1,677)	(294)	😞 3
Water Supply	(8,829)	(976)	(1,284)	(308)	😞 4
Wastewater Management	(12,373)	(1,205)	(1,873)	(668)	😞 5
Solid Waste	(4,014)	(587)	(762)	(175)	😞 6
Stormwater	(3,143)	(276)	(524)	(248)	😞 7
Treasury	(2,555)	(353)	(121)	232	😊 8
Property	(1,419)	(246)	(236)	10	😊 8
Community Support	(2,843)	(878)	(477)	401	😊 8
Representation & Com. Leadership	(4,318)	(721)	(720)	1	😊 8
Total Activity Revenue	(76,063)	(10,734)	(11,113)	(379)	😞
EXPENDITURE					
EXPENDITURE	LTP	Year to date (YTD)			Notes
	2021/22 \$000	Actual \$000	Budget \$000	Variance \$000	
Significant Activities					
Regulatory Services	687	99	101	2	😊
Community Facilities and Services	11,434	1,697	1,874	177	😊
Road Transport	7,030	1,622	1,172	(450)	😞 2
Water Supply	7,613	1,177	1,259	82	😊
Wastewater Management	8,621	1,468	1,395	(73)	😞
Solid Waste	3,771	532	598	66	😊
Stormwater	1,535	219	256	37	😊
Treasury	3,163	301	516	215	😊 7
Property	1,556	157	233	76	😊
Community Support	1,817	430	450	20	😊
Representation & Com. Leadership	2,164	349	358	9	😊
Total Activity Expenditure	49,391	8,051	8,212	161	😊
Business Units	16,262	2,613	2,433	(180)	😞
Operating (Surplus)/Deficit	(10,410)	(70)	(468)	(398)	😞

- Note 1** Regulatory Services revenue **favourable** variance \$675k. The higher revenue is due to increased building activity.
- Note 2** Road Transport – Overall there was \$553k lower capital funding from NZTA than planned due to lower capital spending. The additional spending of \$450k related to Emergency works spending on Poads Road of \$593k.
- Note 3** Water Supply revenue **unfavourable** variance \$308k. The lower income relates to the three water stimulus funding not being received for the year yet.
- Note 4** Wastewater revenue **unfavourable** variance \$668k. The lower revenue is due to three water stimulus funding, development contributions and Tara-Ika funding not being received for the year yet.
- Note 5** Solid Waste revenue **unfavourable** variance \$175k. This relates to the timing of income received for the activity.
- Note 6** Stormwater **unfavourable** variance \$248k is due to the three waters stimulus funding being received later in the year.
- Note 7** Treasury – Overall the activity is ahead of budget due to lower interest costs of \$206k which relates to lower finance costs and the timing of the capital budgets.
- Note 8** Community Support revenue **favourable** variance \$402k. The reported variance is a result of additional economic development funding of \$300k, received for the Mayor’s taskforce for jobs and funding for the Mahi Space received in prior year but relating to the 2021/22 year.

APPENDIX

Asset maintenance contract	General contract works, repairs, planned and unplanned maintenance, materials and consumables, cleaning and hygiene, inspections and reporting.
Finance cost	Interest on borrowings and interest on swaps.
Gains	Fair value revaluation gain and gain on sale.
General grants	Grants given to various organisations and individuals like Creative NZ, neighbourhood support, beach wardens, community development and youth scholarships.
Grants and subsidies	Grants and subsidies received from government and other organisations for roading, library, community hubs, cemeteries and aquatic centres.
Infringements and fines	Parking tickets, Prosecutions on WOFs and unregistered vehicles.
Employee benefits	Salaries and wages, training costs, FBT and ACC levies, superannuation, and staff recognition.
Other expenses	Printing, publication, postage, stationery, advertising, food and catering, photocopying, internet and communication and any other office expenses.
Professional services	Consultants, contractors, membership fees, legal fees, lab services, audit fees or any other professional services charges.
Regulatory revenue	Planning fees, building fees, animal fees, liquor fees and health fees.
Rendering of services	Commissions, car income, and any other income received for rendering services.
Rental income	Rent from Halls, residential and commercial properties, grazing land, reserves and other lease income.
Targeted rates	Rates for roading, waste management, representation and governance, stormwater, wastewater, water by meter and water supply.
User charges	Revenue received from admission, shop sale, Cemetery fees, trade waste, utility connection, events and exhibitions.
Utilities	Water use, electricity and gas charges

Monitoring Report - Internal Audit Recommendations - 01 July 2018 to 30 June 2019

File No.: 21/372

1. Purpose

To present to the Finance, Audit & Risk Committee the Internal Audit Monitoring Report for the year ended 30 June 2019.

2. Recommendation

- 2.1 That Report 21/372 Monitoring Report - Internal Audit Recommendations - 01 July 2018 to 30 June 2019 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Background/Previous Council Decisions

- 3.1 The Finance Audit and Risk Committee adopted the monitoring report for the Internal Audit Recommendations to 30 June 2019 at its June 2021 meeting. The Committee requested quarterly monitoring going forward.

4. Issues for Consideration

The quarterly monitoring report is **attached** to track progress on items raised by the Auditor.

Attachments

No.	Title	Page
A	Monitoring Report - Internal Auditor Recommendations - 1 July 2018 to 30 June 2019	44

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	David Clapperton Chief Executive	
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Approved by	David Clapperton Chief Executive	
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FINANCE, AUDIT & RISK SUBCOMMITTEE

Monitoring Report – Issues identified during the Internal Audit – 1 July 2018 to 30 June 2019

- Number complete and/or complete and Ongoing [blue light] 
- Number complete or on track [green light]: 
- Number off track but mitigation in place [orange light] 
- Number off track [red light]: 

Ref	Recommendations	Priority	Necessary	Beneficial	Status	Management Comment (initial Management Comment)
1.	<p>Procurements over \$1.0 million (“Complex Procurement over \$200,000”)</p> <p><u>Three Waters Operations Maintenance and Renewals Horowhenua Alliance Contract – awarded to Downer</u></p> <p>That procurement plans state whether a legal review was carried out or not. Where a legal review is deemed not applicable, the reason for this should be stated. This provides an audit trail of a considered decision being made and why it was deemed not necessary, should evidence of this be needed.</p> <p><u>Provision of Solid Waste Services by Northland Waste (trading as Low Cost Bins)</u></p> <ul style="list-style-type: none"> • The ‘reporting back to Council’ condition of the original approval having been met should be ratified by Council. • Where an approval is conditional on a later event, for example reporting back to Council, formal processes should be in place to record a condition or conditions being met. Without written records there is no robust evidence that the condition has been met. • All potential conflict of interests, including record of review being 		✓			
						Complete. Officers have made this clearer on both the simple and complex procurement plans to ensure officers record if a legal review or opinion has been carried out and if a legal opinion has not been carried out, then these reasons need to be documented. This has also been added to the new Procurement Manual and will be picked up in Officer training programmes.
						Complete. The Chief Executive reported back to Council in a briefing therefore it is not proposed to formally ratify the approval. Council has updated its procurement training programme to ensure conflict of interest recommendations are noted as continuous improvement.

<p>completed and establishing that there are none, should be captured in writing as part of the procurement process and filed with other contract and tender documentation.</p> <ul style="list-style-type: none"> • The requirement in the Conflict of Interest Policy for all parties tendering to disclose in a covering letter any interest as stated in the policy, should also require a statement from those parties where there are no such conflicts. • If it is not already occurring now, performance monitoring be formally documented to ensure that evidence could be produced, should this ever be necessary. 			
<p><u>Horowhenua New Zealand Trust (“HNZT”) – Procurement of the Delivery of Economic Development Services</u></p> <ul style="list-style-type: none"> • If the approval by the Council of the whole of life procurement cost of \$2,100,000 has not yet been documented then priority be given to the ensuring this approval is formally ratified/recorded. • The processes for documenting approvals such as the Council one in the bullet point above should be reviewed to prevent a re-occurrence of the omission to approve or to ensure the approval is readily locatable. • If not already done; the \$2,100,000 in October 2018, being the financial amount, which applies using the procurement guidelines total value rule, be formally ratified by Council. • For completeness, if not already done, the procurement plan be included on the procurement plan register. • For completeness, if not already done, that agreements such as the EDMIPA be included on the contracts register. • Conflict of interest declarations, including establishing that there are none, should be captured in writing and filed with the other HNZT documentation. • HDC considers expanding the existing use of purchase orders, so their use includes all transactions such as payments to organisations such as HNZT. Where exceptions are clearly practical, for example payments to the IRD, they could be detailed as part of a purchase order policy. 			<p>Complete. Procurement was formally ratified by Council on 9th June 2021, to address the matters raised by the Internal Auditor.</p> <p>The procurement plan and current contract are both included in Council’s registers. Bullet points 7 and 8 are noted.</p>

	<ul style="list-style-type: none"> A follow-up review on performance monitoring could be scheduled/carried out, a year to 18 months after any changes have been made as a result of the Giblin Group work. 					
2.	<u>Procurements between \$200,000 and \$1.0 million (“Complex Procurement over \$200,000”)</u>			✓		
	<p><u>Scanpower New line, Foxton Wastewater Treatment Plant</u></p> <p>Even in the situation where there is only one available suppliers, a process to identify and allow for potential conflicts of interest should still occur. This enables evidence that any potential conflicts were identified and how they were managed.</p>				○	Ongoing. This has been made clearer in Council’s new procurement manual and as part of Council’s continuous improvement approach to procurement and will be factored into Officer procurement training programmes.
	<p><u>Spark Digital - LANcare</u></p> <p>The systems and processes (and how these are applied in practice) for filing documentation, whether electronic or hardcopy, be reviewed so as to enable documents to be quickly located when needed.</p>				○	Complete. Officers have reviewed processes and will ensure going forward that documentation is filed using appropriate electronic folders and metadata to ensure ease of access in the future.
3.	<u>Procurements between \$100,000 and \$200,000 (“Complex Procurement up to \$100,000”)</u>			✓	○	Ongoing. The new Procurement Manual and Policy have picked up on these recommendations. This will be highlighted in the ongoing Officer training programmes.
	<ul style="list-style-type: none"> If the reason for not being able to locate procurement process documentation is because the processes are not being followed then it may be timely to review the processes to seek a more workable balance between: <ul style="list-style-type: none"> ensuring necessary controls are in place: ensuring that there is an audit trail evidencing the operation of these controls; and the practical realities of the day to day activities of HDC staff If documentation evidencing the completion of the processes in the procurement guidelines does exist but is difficult to locate, then it may be timely to review the document management/filing systems in use. Possible actions to take any matters to consider in such a review could include: doing a user survey and get user feedback; the electronic database design itself including search facilities; indexing and maximising the reporting capability; levels 					

	<p>of support from supplier; and whether additional training would be beneficial.</p> <ul style="list-style-type: none"> That the use of purchase orders becomes 'the norm'. Where exceptions to this are clearly practical, departure from use be detailed as part of a purchase order policy. 					
4.	<p><u>Procurements between \$30,000 and \$100,000 ("Simple Procurement")</u></p> <ul style="list-style-type: none"> The recommendations in Detailed Finding 3 regarding documentation and the use of purchase orders also apply to procurement between \$30,000 and \$100,000. That processes be put in place to ensure authorisations are not exceeding delegated authorities either due to later additions to an original procurement or arising from the use of multiple purchase orders. 		✓			<p>○ Ongoing. The new Procurement Manual and Policy have picked up on these recommendations. This will be highlighted in the ongoing Officer training programmes.</p>
5.	<p><u>Procurements less than \$30,000 ("Low Value Procurement")</u></p> <p>The recommendations in Detailed Findings 3 and 4 regarding documentation, the use of purchase orders and authorisations not exceeding delegated authorities, also apply to procurements of less than \$30,000.</p>		✓			<p>○ Ongoing. The new Procurement Manual and Policy have picked up on these recommendations. This will be highlighted in the ongoing Officer training programmes.</p>
6.	<p><u>Iwi Partnerships</u></p> <ul style="list-style-type: none"> The recommendations in Detailed Finding 3 regarding documentation and the use of purchase orders, apply to all Iwi Partnership agreements. Evidence of the authorisation of all payments, including changes in amounts, should be documented and readily accessible. A process occurs to ensure that certain matters in the Iwi partnership agreements such as periodic performance review and reporting / monitoring against performance measures occur on a timely basis and this be documented. That the inclusion of performance measures and regular monitoring of outputs and progress, occur. A cost/benefit 		✓			<p>○ Ongoing. The new Procurement Manual and Policy have picked up on these recommendations. This will be highlighted in the ongoing Officer training programmes.</p> <p>Ongoing Council discussion should occur with regard to the Auditor's recommendations on inclusion of future performance measures under the partnership umbrella with Iwi and the expectations of such reporting.</p>

	approach be applied to the frequency and detail of such reporting.					
7.	<u>Identification of Staff Purchases</u> That the findings of the Internal Auditor be noted.				○	Noted.
8.	<u>Purchase Orders One-up Authorisation Process</u> That the findings of the Internal Auditor be noted.				○	Noted

Individual Finding Ratings

Rating	Explanation
Priority	Needs to be addressed urgently. These recommendations relate to a significant deficiency that exposes the Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, generally within six months. These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, generally within 5 to 12 months. These recommendations relate to areas where the Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

Finance, Audit and Risk Committee Work Programme

File No.: 21/392

1. Purpose

To provide the Finance, Audit and Risk Committee with an outline of a Draft Work Programme for consideration alongside receipt of the Final Internal Audit Report.

2. Recommendation

- 2.1 That Report 21/392 Finance, Audit and Risk Committee Work Programme be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That the Finance, Audit & Risk Committee receives the Finance, Audit and Risk Committee Work Programme.

3. Background/Previous Council Decisions

- In November 2020 the Finance, Audit and Risk Committee requested, via the Chair, an outline of a work programme for consideration.
- The initial work programme was agreed at the April 2021 meeting.
- At the 28 July 2021 meeting it was agreed that the proposed FAR work programme would be presented at every meeting.

4. Issues for Consideration

The Work Programme tabled does not include:

- Reporting outcomes which may be agreed as part of The Horowhenua Alliance Principals Group discussions.
- Confirmation of all areas of focus and timing for Internal Audit. These items will be added as the audits are agreed.
- Additional focus areas to be discussed by the Finance, Audit and Risk Committee through workshops.

The Work Programme includes:

- All current reporting expectations agreed by the Finance, Audit and Risk Committee.
- Anticipated Audit New Zealand work programme, noting dates to be confirmed for those in italics.

Attachments

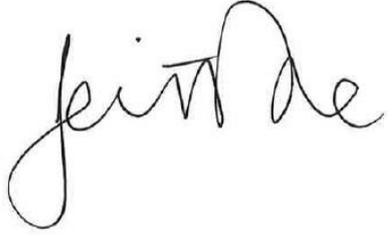
No.	Title	Page
A	FAR Work Programme	51

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Jacinta Straker Chief Financial Officer	
Approved by	Nicki Brady Deputy Chief Executive	

September	October	November	December	January	February	March	April	May	June
Activity Reports	Annual Report Unaudited Draft	Audit NZ Annual Report Final Audit		Audit NZ (LTP)	Audit NZ (LTP)	Activity Reports	<i>Audit NZ Interim</i>	Activity Reports	<i>Audit NZ Interim</i>
Financial Report (August)	Health and Safety Report	Activity Reports		Health and Safety Report	Activity Reports	Financial Report (February)	Health and Safety Report	Financial Report (April)	Activity Reports
Bancorp Treasury presentation	Activity Reports	Financial Report (October)		Activity Reports	Financial Report (January)	Draft FAR Work Programme	Activity Reports	2021/22 Annual Report	Financial Report (May)
FAR Work Programme	Bancorp Treasury Report	FAR Work Programme		Bancorp Treasury Report	FAR Work Programme	Monitoring Report Internal Audit	Bancorp Treasury Report	<ul style="list-style-type: none"> Audit Engagement Letter Project Plan 	FAR Work Programme
Monitoring Report Internal Audit	Quarter Financial Report (September)	Rates Review Stage One - Affordability		Quarter Financial Report (December)	<i>AON Insurance Workshop (Meeting date to be confirmed)</i>	FAR Work Programme	Quarter Financial Report (March)	Monitoring Report Audit	Monitoring Report Internal Audit
	2020/21 Annual Report (Draft)	Monitoring Report Audit Recommendations 2019/20		FAR Work Programme	Monitoring Report Audit Recommendations 2020/21	PwC Tax Governance Presentation	Finalised FAR Work Programme	Recommendations 2020/21	Risk Report
	FAR Work Programme			Audit NZ Management Letter			Finalised Internal Audit Report	FAR Work Programme	
	2020/21 Annual Report			Internal Audit Report – Payroll Tax			Draft Internal Audit Work Programme		
	<ul style="list-style-type: none"> Audit Engagement Letter Risk Report 			Risk Report			FAR Work Programme		
							Risk Report		

Below are additional topics discussed by some members the Finance, Audit and Risk Committee for consideration to potentially include in the future work programme

- Risk Reporting

FAR Committee - Actions

File No.: 21/379

1. Purpose

To report back to the Finance, Audit & Risk Committee on requested actions.

2. Recommendation

- 2.1 That Report 21/379 FAR Committee - Actions be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As attached.

Attachments

No.	Title	Page
A	Finance, Audit & Risk Committee - Officer Actions 2020/2021	54

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Lisa Slade Group Manager - People & Culture	
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Approved by	Lisa Slade Group Manager - People & Culture	
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HOROWHENUA DISTRICT COUNCIL
FINANCE, AUDIT & RISK COMMITTEE
OFFICER ACTIONS
Queries from meeting to be addressed

Date	Item/ Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
25/11/20	20/465	<u>Customer & Strategy – Activity Update</u>	To provide further information with regard to current and future consenting activity – trends to be identified in the growth dashboard	Megan Leyland		In progress	Awaiting changes to reports and processes
31/03/21		<u>Infrastructure Operations – Activity Update</u>	Levin Wastewater Treatment Plant digesters – one digester had failed and replacement options being looked at - report to come to Council, including any risks to Council	David Clapperton	July 2021	Ongoing	It will take 2-3 months to decommission the digester before an in-depth inspection can take place to ascertain what options are available. A cost/benefit evaluation will then be undertaken on the available options to determine the appropriate way forward. Following this work a report will be prepared for Elected Members.
30/06/21	21/42	Treasury Report	Some scenarios requested as to potential options to protect the long	Jacinta Straker		In Progress	Bancorp will be attending the September meeting to discuss Council's

HOROWHENUA DISTRICT COUNCIL
FINANCE, AUDIT & RISK COMMITTEE
OFFICER ACTIONS
Queries from meeting to be addressed

Date	Item/Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
			term interest rate risk for Council				approach to Treasury.
25/08/21	21/337	Health & Safety Report	Enhanced risk management reporting, over time, in response to the SafePlus comment <i>“some risk controls were being monitored but effectiveness of controls were not being verified”</i> .	Tanya Glavas		In progress	Enhanced risk management reporting to include verification of controls, under development with support from HR Dev Ltd.
	21/332	Horowhenua Alliance – Activity Update	Update on recent event, particularly in relation to the Water Treatment Plant requested	David Yorke		In Progress	Localised Flooding Event June 2021 included in September FAR Committee Meeting. Levin Water Treatment Plant debrief scheduled for 13 October 2021 Council meeting.