

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

**Date:** Wednesday 19 September 2018  
**Time:** 5.00 pm  
**Meeting Room:** Council Chambers  
**Venue:** Horowhenua District Council  
Levin

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## **Finance, Audit & Risk Subcommittee OPEN AGENDA**

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### **MEMBERSHIP**

<b>Chairperson</b>	Mr Philip Jones	
<b>Deputy Chairperson</b>	Mr Barry Judd	
<b>Members</b>	Mr Wayne Bishop	
	Mr Ross Brannigan	
	Mr Ross Campbell	
	Mayor Michael Feyen	
	Mr Neville Gimblett	
	Mrs Victoria Kaye-Simmons	
	Mrs Jo Mason	
	Mrs Christine Mitchell	
	Ms Piri-Hira Tukapua	
	Mr Bernie Wanden	
<b>Reporting Officer</b>	Mr Doug Law	(Chief Financial Officer)
<b>Meeting Secretary</b>	Mrs Karen Corkill	

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**Full Agendas are available on Council's website**  
[www.horowhenua.govt.nz](http://www.horowhenua.govt.nz)

**Full Agendas are also available to be collected from:**  
**Horowhenua District Council Service Centre, 126 Oxford Street, Levin**  
**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**

Notification to speak is required by 12 noon on the day of the meeting. Further information is available on [www.horowhenua.govt.nz](http://www.horowhenua.govt.nz) or by phoning 06 366 0999.

See over the page for further information on Public Participation.

**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 Open & In Committee Minutes – 1 August 2018**

**6 Announcements**

Public Participation (further information):

The ability to speak at Council and Community Board meetings provides the opportunity for members of the public to express their opinions/views to Elected Members as they relate to the agenda item to be considered by the meeting.

Speakers may (within the time allotted and through the Chairperson) ask Elected Members questions as they relate to the agenda item to be considered by the meeting, however that right does not naturally extend to question Council Officers or to take the opportunity to address the public audience be that in the gallery itself or via the livestreaming. Council Officers are available to offer advice too and answer questions from Elected Members when the meeting is formally considering the agenda item i.e. on completion of Public Participation.

Meeting protocols

1. All speakers shall address the Chair and Elected Members, not other members of the public be that in the gallery itself or via livestreaming.
2. A meeting is not a forum for complaints about Council staff or Council contractors. Those issues should be addressed direct to the CEO and not at a Council, Community Board or Committee meeting.
3. Elected members may address the speaker with questions or for clarification on an item, but when the topic is discussed Members shall address the Chair.
4. All persons present must show respect and courtesy to those who are speaking and not interrupt nor speak out of turn.
5. Any person asked more than once to be quiet will be asked to leave the meeting.

File No.: 18/532

## Annual Report for the year ended 30 June 2018

### 1. Purpose

To recommend the adoption of the Annual Report for the year ended 30 June 2018 to Council.

### 2. Executive Summary

- 2.1 This report presents a draft copy of Council's Annual Report for the year ended 30 June 2018 that has been attached to this report.
- 2.2 Council's financial performance shows an operating deficit of \$2.15m against a budgeted surplus of \$0.978m.
- 2.3 Council has purchased \$23.384m in assets and raised an additional \$3m during the year.
- 2.4 Mandatory prudential benchmarks have been achieved apart from Balance the Budget, Debt Control and Operations Control

### 3. Recommendation

- 3.1. That Report 18/532 Annual Report for the year ended 30 June 2018 is received.
- 3.2. That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 3.3. That the Finance, Audit and Risk Subcommittee recommends to Council the adoption of the Annual Report ended 30 June 2018 at the extraordinary Council meeting of 24 October 2018.

### 4. Background / Previous Council Decisions

Council is required under s98 of the Local Government Act (reproduced below) to produce and adopt an Annual Report within 4 months of the end of the financial year (i.e. by 31 October 2018):

**98      *Annual Report***

- (1) *A local authority must prepare and adopt in respect of each financial year an annual report containing in respect of that year the information required by Part 3 of Schedule 10.*
- (2) *The purposes of an annual report are –*
  - (a) *to compare the actual activities and the actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the long-term plan and the annual plan; and*
  - (b) *to promote the local authority's accountability to the community for the decisions made throughout the year by the local authority.*
- (3) *Each annual report must be completed and adopted, by resolution, within 4 months after the end of the financial year to which it relates.*

The Draft Annual Report is being brought to the Subcommittee to enable Councillors to understand the report and ask any questions of Officers prior to Council adopting the Annual report at its extraordinary meeting of 24 October.

At the time of writing this report, the audit was near completion with all known adjustments reconciled and awaiting verbal confirmation of an unqualified audit opinion from Audit NZ.

There have been a number of changes to the draft Annual Report that was tabled at the last Subcommittee meeting on the 1st August. They are summarised below.

Original deficit disclosed at the FAR Subcommittee of 8 August	(\$2,275k)
1. Reversal of overstated operational expenditure	\$ 342k
2. Write off of library books	(\$ 227k)
3. Water by meter debtors adjustment	\$ 172k
4. Increase in loss on disposal of assets	(\$ 96k)
5. Reduction in depreciation expense	\$ 74k
6. Increase in provision for leaky homes	(\$ 58K)
7. Sundry adjustments	\$ 4k
8. Revised valuation of vested assets	(\$ 86k)
Revised deficit	<u>(\$2,150)</u>

## 5. Discussion

### Financial Performance

- 5.1 Council's financial performance shows an operating deficit of \$2.15m against a budgeted operating surplus of \$0.978m. Overall Council shows a surplus of \$5.642m against a budget of \$6.941 surplus. The overall surplus is achieved by recognising revaluation increases.
- 5.2 The main theme from the 2015/25 LTP Financial Strategy was that Council was facing 3 years of operational deficits, 2016 to 2018. These deficits mainly arose from underfunding depreciation.
- 5.3 This depreciation funding is used for debt repayments and asset replacements (commonly called asset renewals). Council was facing an increasing requirement to renew assets without the necessary rate and other operational funding required to fund these renewals.
- 5.4 If rates increases were not achieved over the first 3 years of the LTP Council would have had to either borrow more or reduce the asset renewal expenditure programme that was needed to maintain the level of service we agreed to in the LTP.
- 5.5 For the Balanced Budget prudential bench mark Council shows 95.65% (95.17% 2017) against a target of 100%, compared to the 98.66% predicted for the 2017/18 financial year in the LTP.
- 5.6 Other variances are:
- Rates income \$409k lower than budget due to rates remissions of \$570k being netted of the actual rates but not in the budget (where they appeared under other expenses) offset by higher general and targeted rates income (\$161k).
  - Fees and charges – This is higher than budgeted due to pensioner housing rental \$343k that was not budgeted for due to sale, which occurred 27 November 2017 instead of early July 2017 as was originally anticipated.
  - Development Contributions of \$197k (unbudgeted) were received mainly from the sale of Forbes Road subdivision sections.
  - Vested assets were \$203k unbudgeted from subdivisional activity.



- Grants and subsidies – Lower than budget due to;
  - Rooding subsidy increased due to LED lighting and extra capital projects (\$1m), offsetting lower than budget grants detailed below:
  - Community Centres \$1.52m;
    - \$1m of the budget was for the Iwi and Dutch museum fit-outs. This was initially recognised in the budget as council income. However, as the fit-out asset is not a Council asset the grant was received on behalf of the partners and not Council income and therefore not recognised as Council revenue.
    - \$500k was in the budget for 2017/18 but was actually recognised last financial year (2017/18) as an accrual.
- Finance revenue – Is above budget due to Council's decision in November to increase cash reserves by an extra \$5m to enhance Council's liquidity and reduce the refinancing risk on commercial paper identified by Standard and Poor's.
- Loss on valuation of derivative contracts (\$184k) where long – term interest rates have decreased from last year.
- Depreciation and amortisation – The increase of \$2,330k higher than budget due to the revaluations of assets last year that were not reflected in the Annual Plan budgets. \$8.7m (63%) of the \$13.9m of depreciation has been rate funded to provide for future asset renewals. This 'underfunding' of depreciation has contributed to our unbalanced budget. The LTP budget for the current financial year has increased this funding to \$11.1m (82%) and was one of the main reasons for our above inflation rate increase.
- Increase in landfill provision – The higher than budget figure is the result of increased monitoring requirements agreed to during the review of the consent conditions by Horizons.
- Other expenditure items include;
  - Finance Costs are below budget by \$367k reflecting the lower interest rates on loans; 4.12% cost of funds against the Annual Plan assumption of 4.75%.
  - The increased operational costs on the new Levin Treatment and storage infrastructure \$647k as well as more laterals and repair work than envisaged.
  - Increased costs in Foxton water \$210k associated with the change in chemicals to remove the manganese and an increase in inspections relating to this change in treatment methodology.

5.7 The mandatory prudential benchmarks are disclosed on pages 57-66 of the report.

Each of the self-imposed target or benchmark (Rates and Debt limits) has been met:

Those prescribed in the Financial Regulations have been met except for the Balanced Budget, Debt Control and Operations Control bench marks.

Council meets the **Balanced Budget benchmark** if its revenue equals or is greater than its operating expenses. This measure was forecast to be achieved in all 10 years of the LTP with the exception of the 2017/18 year. This was after the anticipated grant income for Te Awahou Nieuwe Stroom was included for the first two years 2015/16 and 2016/17.

**Debt Control** benchmark is where total net liabilities (including creditors but excluding debtors) has not met the benchmark of 100% of what year 3 of the amended LTP predicted.

The LTP had anticipated \$5m sale of surplus assets (in addition to Pensioner housing) being used to decrease borrowing. The sales envisaged in the LTP did not occur.

The **Operations Control** benchmark is met if Council's actual net cash from operations, as disclosed in the LTP Cashflow Statement, is equal to or greater than its planned net cash from operations .

This benchmark was not met at 93.95% against a target of 100%. This was not met due to many of the issues relating to both revenue and expenses discussed above including the delay in receipt of third party funding for the Te Awahou Nieuwe Stroom project.

- 5.8 Standard and Poors reaffirmed Council's A+ credit rating during the year. This credit rating increases our ability to borrow at favourable interest rates. The weighted average interest rate at 30 June 2018 was 4.12% down from 4.14% at June 2017, and 5.32% at 30 June 2014.

#### Financial Position

- 5.9 Council spent \$23.4m on asset purchases against a budget of \$29.3m lower by \$5.9m. A number of capital projects have been delayed and carried forward to 2018/19.
- 5.10 Borrowings are below budget by \$3m due to the lower capital expenditure. Council has raised more short term loans than budgeted (\$6m) to take advantage of the low short-term interest rates.
- 5.11 Council's cash balance was \$5.9m which is higher than last year of \$5m. However, as Council borrowed \$5m for liquidity purposes there should have been \$10m in cash. The lower than expected cash position relates to higher than anticipated creditor payments in June. Also, June creditors, to be paid in July, were also higher than normal at \$10.7m. This necessitated Council needing to borrow \$6m in July to cover the payment of these creditors half of which related to capital expenditure.
- 5.12 Debtors were lower than last year by \$0.44m reflecting the reduced Rates debt (\$0.7m) at year end partially offset by increased general debtors.
- 5.13 The book value of the Shannon housing adjacent to the sewerage disposal field (\$0.542m) is shown as a current asset as it is council's intention to sell these assets in the current financial year. Any profit/loss on sale will also be recorded in the current financial year in the month that the settlement proceeds are received.
- 5.14 This financial year Council has revalued its infrastructural assets with the following increases occurring in the classifications;

• Wastewater Schemes	\$6.013m
• Water Supplies	\$4.242m
• Stormwater	(\$0.773)
• Roothing network	(\$1.769m)

This shows as increase in assets value in the Statement of Financial Position but also in non-cash gains on revaluation of \$7.713m in the Statement of Comprehensive Revenue and Expense.

The Roothing asset revaluation decrease relates to a change (lengthen) to useful lives of the assets to reflect more accurately the lifecycle of these assets.

## 6. Options

There is no option but to adopt the Annual Report with or without an unqualified audit opinion.

### 6.1. Cost

The cost is the internal cost of producing the report, estimated at \$250k including the Audit cost of \$150k.

#### 6.1.1. Rate Impact

There is no rating impact other than the annual cost of producing and auditing the Annual Report, both of which have been budgeted for.

## 6.2. Community Well Being

There is no impact on the Community Well Being of adopting the Annual Report.

## 6.3. Consenting Issues

There are no consenting issues related to the adoption of an Annual Report.

## 6.4. LTP Integration

The cost of the Annual Report is budgeted for in the LTP and Annual Plan.

## 7. Consultation

No consultation has been conducted or is required in relation to the adoption of the Annual Report.

## 8. Legal Considerations

Legal considerations are that Council has to adopt the audited Annual Report within four months of the balance date of 30 June 2018.

## 9. Financial Considerations

The Annual Report was produced in-house, with no external input other than from Audit New Zealand and minimal valuation, treasury and legal costs. The cost of the Annual Report is funded from the General Rate and is costed to the Representation and Governance activity.

## 10. Other Considerations

- 10.1 These accounts have been prepared under the new Public Benefit Entity (PBE) accounting standards. Some of these requirements add to the already complex nature and length of the annual report.
- 10.2 Council staff are investigating ongoing enhancements to the presentation and format of the Summary Annual Report that hopefully will enable more readers to understand the contents and meaning.
- 10.3 However, there is a limit to these enhancements. Most of the complexity and size of the document are caused by compliance with and complexity of the legislation, regulations and accounting standards that must be met.

## 11. Next Steps

The Annual Report will need to be adopted by Council on 24 October 2018 to meet the statutory deadline of 31 October. A full Annual Report and audited Summary Annual Report need to be completed and made available to the public within one month of adoption. This will include posting to our website and an article in "Community Connection".

## 12. Supporting Information

### Strategic Fit/Strategic Outcome

There are no implications on Community Outcomes on adopting an Annual Report

### Decision Making

The adoption of an Annual Report does not require consultation prior to its adoption and can only be adopted by a full Council meeting; it cannot be delegated to a Subcommittee.

### Consistency with Existing Policy


There is no policy on the adoption of an Annual Report.


### Funding

Funding is through the General Rate.

## 13. Appendices

No.	Title	Page
A	Draft Annual Report for the year ended 30 June 2018 ( <i>Under Separate Cover</i> )	

Author(s)	Doug Law <b>Chief Financial Officer</b>	
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Approved by	David Clapperton <b>Chief Executive</b>	
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# Two Month Report 1 July 2018 - 31 August 2018

File No.: 18/533

## 1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the eleven months to 31 May 2018.

## 2. Recommendation

- 2.1 That Report 18/533 Two Month Report 1 July 2018 - 31 August 2018 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

- 3.1 The August Two Month Financial Report has not been produced in time for the agenda. The reasons for this are as follows;
  - A delay in finalising the NZTA programme for the next 3 years delaying the loading of roading expenditure and income budgets; this in turned
  - Delayed NZTA claims for the first 2 months
  - Resource issues around staff being utilised to complete the Annual Report and Audit thereof.
  - Delays in loading budgets into the Authority Financial system especially around the overhead allocations.
- 3.2 However, the report will be completed as soon as possible and e-mailed to Councillors and loaded on the Council's website for viewing.

## 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 benefits and costs, 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)	Doug Law Chief Financial Officer	
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Approved by	David Clapperton <b>Chief Executive</b>	
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# Alliance 3 Waters Capital Projects Update

File No.: 18/523

## 1. Purpose

To provide the Finance, Audit and Risk Subcommittee with an update on the 3 Waters Capital Projects being undertaken by the Horowhenua Alliance

## 2. Recommendation

- 2.1 That Report 18/523 Alliance 3 Waters Capital Projects 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/Previous Council Decisions

Information is provided in the attached reports.

## 4. Issues for Consideration

There are no issues for consideration.

## Attachments



No.	Title	Page
A	WS Renewals - 2017-18	17
B	Water Reticulation Renewals - 2018-19	21
C	Water Treatment Plants - 2018-19	23
D	Wastewater Reticulation Renewals - 2018-19	25
E	Wastewater Treatment Plants - 2018-19	27
F	Wastewater Pumps - 2018-19	30

### 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 benefits and costs, 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)	Gerry O'Neill <b>Projects Manager</b>	
Approved by	Andrew Grant <b>Group Manager - Infrastructure Services</b>	





<b>To: Finance, Audit &amp; Risk Committee</b> <b>CC: Rob Green – Group Manager Infrastructure Services</b> <b>Project Manager: Gerry O'Neill</b> <b>Engineer Representative: Thushantha Heenkenda</b>	<b>PROJECT STATUS REPORT #7 - Final</b> <b>September 2018</b> <b>WATER RETICULATION RENEWALS 2017/18</b> <b>PROJECT PHASE : CONSTRUCTION</b>	<b>Overall Project Status</b>  
<b>Project Manager Satisfaction Index (1 poor, 10 excellent)</b>		<b>8</b>



## PROJECT OBJECTIVES AND STATUS

### Project Summary

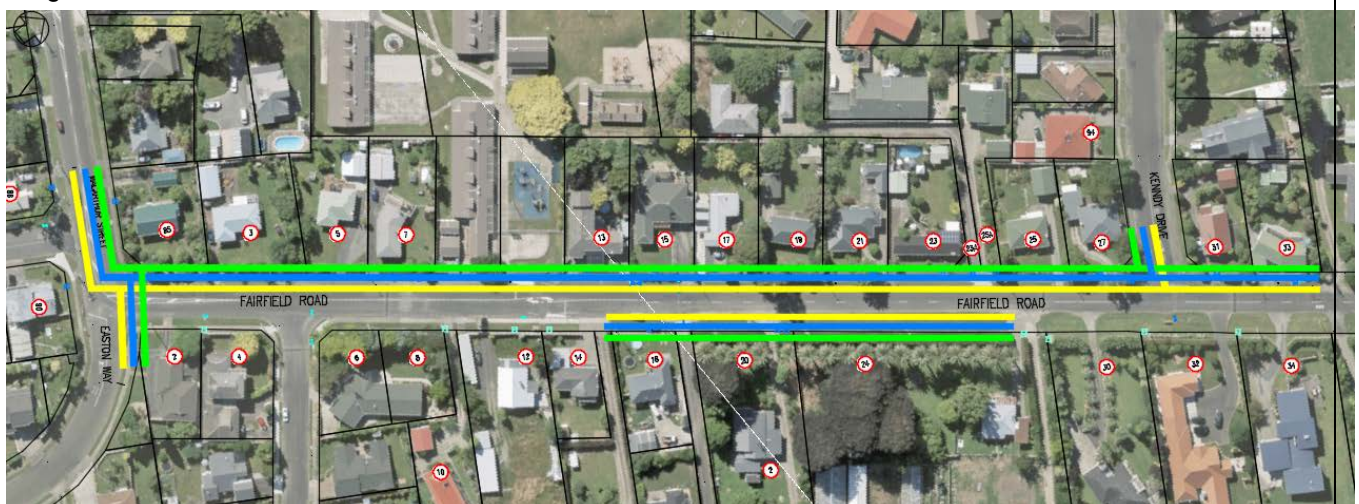
This project was to renew and increase the capacity of existing water mains in Levin in 3 stages.

**Stage 1** Fairfield Road - From MacArthur Street to Kennedy Drive. 436m of 200mm diameter PE pipe and 45m of 150mm diameter PE pipe. 170m of rider main with a total of 19 service connections.




**Stage 2** Weraroa Road - From Kawi Road to York Street. 400m of 150mm diameter PE pipe and 25 service connections.

**Stage 3** Weraroa Road - From York Street to Mako Mako Road. 1600m of 150mm PE pipe, 150m of 100mm PE pipe and 100m of 63mm diameter PE pipe and 90 service connections.

### Stage 1 - Fairfield Road



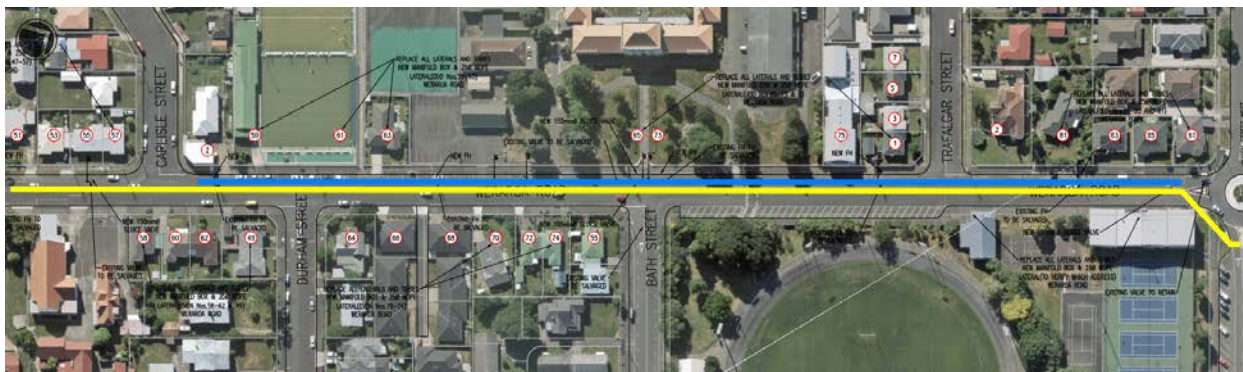
### Legends

-  Planned Work
-  Laying Completed
-  Line tested and commissioned



Map of the Waverley Council area showing numbered lots and street names. The map includes a north arrow in the top left corner. The streets shown are Graham Street, Dudley Street, Lead Street, York Street, Waverley Road, and Chester Street. The lots are numbered 1 through 50. A green line runs along the top of the map, and a yellow line runs along the bottom of the map.

This aerial map shows the 10th Precinct, which is outlined in yellow. The precinct is bounded by Duane Street to the north, Kings Street to the east, and a vertical line (likely a city block boundary) to the west. The map is divided into two main sections by a horizontal line. The top section contains several streets, including Duane Street, Kings Street, and a street labeled '10th'. The bottom section contains streets labeled '11th' and '12th'. Numerous houses are visible, each with a red number in a circle. The numbers range from 1 to 100, indicating a systematic numbering system. The map also shows various landmarks, including a large building complex in the top right and a smaller building complex in the bottom left.



Intended completion date was 30 June 2017. Significant works were added and the works could not be completed in 2017/18.

### General

Outstanding 2017/18 works will be included into the 2018/19 Water Renewals programme and this closes the 2017/18 water renewals. The outstanding works are:

- Laying main from Stuckey Street to Carlisle Street, plus the Queen Street roundabout.
- Testing and commissioning of all Stage 3 works (York Street to Mako Mako Road)
- Reinstatement of road (from Queen Street including roundabout to Mako Mako Road).

These have been completed:

- All Stage 1 works – Fairfield Road
- All Stage 2 works – Kawiu Road to York Street
- York Street to Queen Street pipe laid; not yet commissioned (part of Stage 3)
- Queen Street to Carlisle Street pipe laid; not yet commissioned (part of Stage 3)
- Mako Mako Road to Stuckey Street pipe laid; not yet commissioned (part of Stage 3)

### Complaints/Concerns Received During Reporting Period

Nil

### Financial

The table below outlines the costs and the Engineers Estimate for 2017/18 works.

Description	Annual Plan Budget	Engineer's Estimate	Actual Cost	Length (m)
Fairfield Road		\$ 310,495	\$ 328,000	591
Weraroa Road		\$ 767,224	\$ 906,552	1,560
Project Management		\$ 130,000	\$ 104,346	
<b>Total</b>	<b>\$ 1,118,490</b>	<b>\$ 1,077,849</b>	<b>\$ 1,338,898</b>	<b>2,151</b>

Reasons for the costs exceeding the Engineers Estimate are:

1. The presence of boulders in the ground, slowed the excavations.
2. The Engineers Estimate was based on PVC pipe, however PE<sup>1</sup> pipe was used.
3. The traffic management costs were higher than anticipated due to HDC's requirements.

## Variations to Date

There are no current variations.

<sup>1</sup> One of the lessons learnt from the Christchurch is that PE pipe is less likely to be damaged in an earthquake than PVC; providing greater reliance for the district's water supply.


## **Open Risks**

There are no project risks rated as High or Extreme.

## **Open Issues**

There are no open issues.



<b>To: Finance, Audit &amp; Risk Committee</b> <b>CC: Andrew Grant – Group Manager Infrastructure Services</b> <b>Alliance Planning Manager: Gerry O'Neill</b>	<b>CAPITAL PROJECT STATUS REPORT #1</b> <b>as of 30 August 2018</b> <b>WATER RETICULATION RENEWALS 2018/19</b> <b>PROJECT PHASE : CONSTRUCTION</b>	<b>Overall Project Status</b>  
<b>Alliance Planning Manager Satisfaction Index (1 poor, 10 excellent)</b>		<b>8</b>



## PROJECT OBJECTIVES AND STATUS

### Project Summary

This project is to renew the capacity of existing water mains in the following streets:

Street	Town	Project Phase	Total Length (m)	Length Completed (m)	% Complete
Weraroa Road	Levin	Construction	350	300	85%
Hokio Beach Road	Levin	Construction	352	50	15%
Parsons Avenue	Levin	Construction	472	300	60%
Kennedy Drive	Levin	Pre-build <sup>2</sup>	736	0	0%
Rimu Street	Levin	Pre-build	1000	0	0%
Oxford Street	Levin	Pre-build	220	0	0%
Sussex Street	Levin	Pre-build	329	0	0%
Herrington Street	Foxton	Pre-build	832	0	0%
Flagstaff Street	Foxton	Design	446	0	0%
<b>Total</b>			<b>4,737</b>	<b>650</b>	<b>14%</b>

### General

Construction is continuing on Weraroa Road. Construction is well progressed on Parson Avenue and on Hokio Beach Road.

Construction on Kennedy Drive is awaiting the subcontractor to confirm their availability.

Rimu Street has been delayed as we have redeployed the crew to install irrigation at the POT.

We intend to commence the Foxton renewals later in the year when the ground water table is lower.

Downer is establishing another crew for water and wastewater renewals, expected to commence September 2018.

The Project Managers Satisfaction Index for this Project is 8. Work is planned, designed and progressing; there is a concern about resources with one crew being deployed elsewhere for 4-6 weeks; plus concerns about the amount of work required and the budget available.

<sup>2</sup> Pre-Build – Design completed, awaiting resources to commence construction

**Complaints/Concerns Received During Reporting Period**

No complaints received during the reporting period.

**Financial**

The 2018/19 Long Term Plan budget for water reticulation renewals is \$1,564,812.

Description	Expenditure	Budget	Available	% Spent
<b>Total</b>	<b>\$ 162,323</b>	<b>\$ 1,564,812</b>	<b>\$ 1,402,489</b>	<b>10%</b>

**Variations to Date**


There are no current variations.

**Open Risks**

The amount of watermain to be laid (4,737m) exceed the budget available (\$1,564,812). A meeting between HDC and Downers has been arranged in September 2018 and options to manage this will be discussed.

**Open Issues**

There are no project issues.

<b>To: Finance, Audit &amp; Risk Committee</b> <b>CC: Andrew Grant – Group Manager Infrastructure Services</b> <b>Alliance Planning Manager: Gerry O'Neill</b>	<b>CAPITAL PROJECT STATUS REPORT #1</b> <b>as of 30 August 2018</b> <b>WATER TREATMENT PLANTS 2018/19</b>	<b>Overall Project Status</b>  
<b>Alliance Planning Manager Satisfaction Index (1 poor, 10 excellent)</b>		<b>8</b>



On Schedule



Not progressing as scheduled but no impact on deliverables



Off Track



Completed



Not Started

## PROJECT OBJECTIVES AND STATUS

### Project Summary

The following capital projects are to be completed in the 2018/19 financial year for the Water Treatment Plants (WTPs).

Project	Budget	Project Phase
Foxton WTP - Renewals	\$ 440,000	Construction
Foxton Beach WTP - Renewals	\$ 55,000	Scoping
Levin WTP - Renewals	\$ 250,000	Construction
Shannon WTP - Renewals	\$ 75,000	Scoping
Tokomaru WTP - LOS	\$ 149,000	Scoping
<b>Total</b>	<b>\$ 969,000</b>	

### General

Focus has been on the works at Foxton WTP and Levin WTP. It is intended to progress Tokomaru WTP as the next priority.

### Complaints/Concerns Received During Reporting Period

No complaints.

### Financial

The 2018/19 budget for the wastewater treatment plant capital projects is \$969,000.

Description	Expenditure	Budget	Available	% Spent
Foxton WTP - Renewals	\$ 4,359	\$ 440,000	\$ 435,641	1.0%
Foxton Beach WTP - Renewals	\$ -	\$ 55,000	\$ 55,000	0.0%
Levin WTP - Renewals	\$ 2,922	\$ 250,000	\$ 247,078	1.2%
Shannon WTP - Renewals	\$ 63	\$ 75,000	\$ 74,937	0.1%
Tokomaru WTP - LOS	\$ -	\$ 149,000	\$ 149,000	0.0%
<b>Total</b>	<b>\$ 7,344</b>	<b>\$ 969,000</b>	<b>\$ 961,656</b>	<b>0.8%</b>

## **Variations to Date**

There are no current variations.


## **Open Risks**

There are no project risks rated as High or Extreme.

## **Open Issues**

There are no project issues.



<b>To: Finance, Audit &amp; Risk Committee</b> <b>CC: Andrew Grant – Group Manager Infrastructure Services</b> <b>Alliance Planning Manager: Gerry O'Neill</b>	<b>CAPITAL PROJECT STATUS REPORT #1</b> <b>as of 30 August 2018</b> <b>WASTEWATER RETICULATION RENEWALS 2018/19</b> <b>PROJECT PHASE : PRE-BUILD</b>	<b>Overall Project Status</b>  
<b>Alliance Planning Manager Satisfaction Index (1 poor, 10 excellent)</b>		<b>8</b>



## PROJECT OBJECTIVES AND STATUS

### Project Summary

This project is to renew the capacity of existing water mains in the following streets:

Street	Town	Project Phase	Total Length (m)	Length Completed (m)	% Complete
Carlisle Street	Levin	Pre-Build <sup>3</sup>	260	0	0%
Hereford Street	Levin	Pre-Build	171	0	0%
Montgomery Street	Levin	Pre-Build	192	0	0%
Sussex Street	Levin	Pre-Build	280	0	0%
Weraroa Road	Levin	Pre-Build	198	0	0%
Winchester Street	Levin	Pre-Build	392	0	0%
Futter Street	Foxton	Pre-Build	202	0	0%
Johnston Street	Foxton	Design	100	0	0%
<b>Total</b>			<b>1,705</b>	<b>0</b>	<b>0%</b>

### General

Wastewater renewals will commence in September.

Downer is establishing an additional crew to assist with the water and wastewater renewals from September 2018.

The Satisfaction Index has been rated as 8 as the lack of resources is delaying work. Additional resources are being sought.

### Complaints/Concerns Received During Reporting Period

No complaints.

### Financial

The 2018/19 budget for wastewater reticulation renewals is \$1,460,844.

Description	Expenditure	Budget	Available	% Spent
<b>Total</b>	<b>\$ 5,668</b>	<b>\$ 1,460,844</b>	<b>\$ 1,455,176</b>	<b>0.4%</b>

<sup>3</sup> Pre-Build – Design complete, awaiting resources to commence construction

## **Variations to Date**


There are no current variations.

## **Open Risks**

There are no project risks rated as High or Extreme.

## **Open Issues**

Lack of design resources is resulting to delays.

<b>To: Finance, Audit &amp; Risk Committee</b> <b>CC: Andrew Grant – Group Manager Infrastructure Services</b> <b>Alliance Planning Manager: Gerry O'Neill</b>	<b>CAPITAL PROJECT STATUS REPORT #1</b> <b>as of 30 August 2018</b> <b>WASTEWATER TREATMENT PLANTS 2018/19</b> <b>PROJECT PHASE : CONSTRUCTION</b>	<b>Overall Project Status</b>  
<b>Alliance Planning Manager Satisfaction Index (1 poor, 10 excellent)</b>		<b>6</b>



On Schedule



Not progressing as scheduled but no impact on deliverables



Off Track



Completed



Not Started

## PROJECT OBJECTIVES AND STATUS

### Project Summary

The following capital projects are to be completed in the 2018/19 financial year at the Wastewater Treatment Plants (WWTPs).

Project	Budget	Project Phase
Foxton WWTP – Pond desludge	\$ 809,752	Construction
Foxton WWTP – Strategic Upgrade	\$ 2,508,371	Consent
Foxton Beach WWTP – Strategic Upgrade	\$ 368,141	Scoping
Foxton Beach WWTP – Planned renewals	\$ 186,198	Scoping
Levin WWTP – Planned Renewals	\$ 1,715,296	Construction
Levin WWTP – Strategic Upgrade	\$ 310,000	Scoping
Shannon WWTP – Planned renewals	\$ 163,318	Scoping
Waitarere Beach WWTP – Strategic Upgrade	\$ 517,276	Scoping
Waitarere Beach WWTP – Planned renewals	\$ 87,747	Scoping
<b>Total</b>	<b>\$ 6,666,100</b>	

### General

Desludging of Foxton WWTP has commenced. A sludge survey identified there was more sludge in the pond than expected. This will impact on the budget and schedule. It will take 6 months to desludge the ponds. The project also repairs and upgrades the waveband. A cost estimate will be prepared for these works. We are awaiting the consent for the Strategic Upgrade at Foxton WWTP.

Work has started on emptying the digester at the Levin WWTP.

### Complaints/Concerns Received During Reporting Period

No complaints.

## Financial

The 2018/19 budget for the wastewater treatment plant capital projects is \$6,666,100.

Description	Expenditure	Budget	Available	% Spent
Foxton WWTP - Pond Desludge	\$ -	\$ 809,752	\$ 809,752	0.0%
Foxton WWTP - Strategic Upgrade	\$ 12,837	\$ 2,508,371	\$ 2,495,534	0.5%
Foxton Beach WWTP - Strategic Upgrade	\$ -	\$ 368,141	\$ 368,141	0.0%
Foxton Beach WWTP - Planned Renewals	\$ -	\$ 186,189	\$ 186,189	0.0%
Levin WWTP - Planned Renewals	\$ 14,471	\$ 1,715,296	\$ 1,700,825	0.8%
Levin WWTP - Strategic Upgrade	\$ 408	\$ 310,000	\$ 309,592	0.1%
Shannon WWTP - Planned Renewals	\$ -	\$ 163,318	\$ 163,318	0.0%
Waitarere Beach WWTP - Strategic Upgrade	\$ -	\$ 517,276	\$ 517,276	0.0%
Waitarere Beach WWTP - Planned Renewals	\$ 976	\$ 87,757	\$ 86,781	1.1%
<b>Total</b>	<b>\$ 28,691</b>	<b>\$ 6,666,100</b>	<b>\$ 6,637,409</b>	<b>0.4%</b>

## Variations to Date


There are no current variations.

## Open Risks

Risk No.	Date Raised	Risk Area	Title and Description	Owner	Details of Risk (include level and description of the likelihood and consequences)	Likelihood score	Consequence score	Priority	Treatment (to change likelihood and consequence)	Residual Likelihood score	Residual Consequence score	Residual Risk
WTPP-001	3-Sep-18	Service Delivery	Works not completed within financial year	Gerry	There is a risk that the works may not be delivered on time due to:  Lack of resources • Scope of work not well defined at some plants • Staff involved at some plants (history of underestimating time required)	5 - Almost Certain	3 - Moderate	Significant (S)	We will work with our Alliance Partner Downers to bring in extra resources	4 - Very Likely	3 - Moderate	Significant (S)

## Open Issues

There are no project issues.

<b>To: Finance, Audit &amp; Risk Committee</b> <b>CC: Andrew Grant – Group Manager Infrastructure Services</b> <b>Alliance Planning Manager: Gerry O'Neill</b>	<b>CAPITAL PROJECT STATUS REPORT #1</b> <b>as of 30 August 2018</b> <b>WASTEWATER PUMPS 2018/19</b> <b>PROJECT PHASE : SCOPING</b>	<b>Overall Project Status</b>  
<b>Alliance Planning Manager Satisfaction Index (1 poor, 10 excellent)</b>		<b>7</b>



On Schedule



Not progressing as scheduled but no impact on deliverables



Off Track



Completed



Not Started

## PROJECT OBJECTIVES AND STATUS

### Project Summary

The following capital projects are to be completed in the 2018/19 financial year.

Project	Budget	Project Phase
Levin pump stations - Strategic upgrade	\$ 250,000	Scoping
Shannon pump stations - Strategic upgrade	\$ 748,000	Scoping
Waitare Beach pump stations - Strategic upgrade	\$ 89,000	Scoping
Levin - Network upgrades - Pump stations	\$ 100,000	Scoping
<b>Total</b>	<b>\$ 1,187,000</b>	

### General

Work has not started on pump renewal designs at this stage, as focus is on reticulation renewals and treatment plant upgrades.

### Complaints/Concerns Received During Reporting Period

No complaints.

### Financial

The 2018/19 budget for the wastewater pumps capital projects is \$1,187,000

Description	Expenditure	Budget	Available	% Spent
Levin pump stations - Strategic upgrade	\$ -	\$ 250,000	\$ 250,000	0.0%
Levin - Network upgrades - Pump stations	\$ -	\$ 748,000	\$ 748,000	0.0%
Shannon pump stations - Strategic upgrade	\$ -	\$ 89,000	\$ 89,000	0.0%
Waitare Beach pump stations - Strategic upgrade	\$ -	\$ 100,000	\$ 100,000	0.0%
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,187,000</b>	<b>\$ 1,187,000</b>	<b>0.0%</b>

### **Variations to Date**

There are no current variations.

### **Open Risks**

There are no project risks rated as High or Extreme.

### **Open Issues**

Lack of design resources is resulting to delays in commencing this work.





# Update - Electronic Communications (E-Mail Quarantine) Policy

File No.: 18/524

## 1. Purpose

The purpose of this report is to update members of actions in respect to the implementation of the Electronic Communications (E-Mail Quarantine) Policy and report pursuant to the requirements of the Policy.

## 2. Recommendation

- 2.1 That Report 18/524 Update - Electronic Communications (E-Mail Quarantine) Policy 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

The Electronic Communications (E-Mail Quarantine) Policy was adopted by Council on 11 October 2017. Staff are required to report to this Committee no less than quarterly as to the operation of the quarantining system.

Until this week no one had been placed on the Quarantine Register.

## 4. Issues for Consideration

The reporting requirements pursuant to the policy are as follows:

Requirement	Response
The total number of individuals on the quarantine list	One
Reasons for those individuals in terms of breaches committed	Two extreme breaches (threatening commentary and offensive language)
The length of time individuals have been on the quarantine list	Since 4 September 2018
The length of time until individuals are removed from the quarantine list;	Until 3 March 2019
The number of individuals who have had their quarantine period extended, the length of the extension and the reason(s) for the extension;	None
The total number of breaches which have occurred for the current financial year to date;	Five (three individuals)
The total number of complaints received	None

under this policy	
Non-identifying details of the complaints received (for example, 'complaint that alleged breach was not a breach');	N/A
The number of complaints found to be justified;	N/A
Details of any breaches which have been referred to external authorities (e.g. NZ Police) and the outcome of those referrals	None

## Attachments


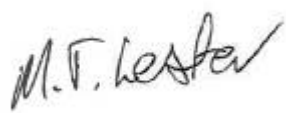
There are no attachments for this report.

### Confirmation of statutory compliance

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

- containing sufficient information about the options and their benefits and costs, 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)	Ian Tate <b>Information Services Manager</b>	
Approved by	Mark Lester <b>Group Manager - Corporate Services</b>	

# Risk Update

File No.: 18/529

## 1. Purpose

To update the Finance, Audit & Risk Subcommittee on changes to the Summated Risk Register considered on 1 August 2018.

## 2. Recommendation

- 2.1 That Report 18/529 Risk 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/Previous Council Decisions

- 3.1 HDC's risk management policy requires the development and maintenance of an ongoing process that enables the identification, analysis, evaluation, and control of risks that may impact the achievement of Community Outcomes. This knowledge further enables the prioritisation of actions to reduce these risks to an acceptable level. The risk focus at HDC is on PREVENTION through the application of controls or treatment rather than RESPONSE.
- 3.2 At the meeting on 1 August 2018, the Subcommittee received a copy of the HDC Summated Risk Register which is compiled from known or potential risks drawn from projects and workstreams. The risk register serves as a central repository for the organisation's risk information and allows for the information that results from the risk management process to be suitably sorted, standardised, and merged for relevance to the appropriate level of management. The risk register as part of the risk management plan will help management to:
  - Understand the nature of the risks the HDC faces.
  - Become aware of the extent of those risks.
  - Recognise its ability to control and reduce risk.
  - Report the risk status at any point in time.
  - Have in place risk event "early warning" factors and upward reporting thresholds.
- 3.3 All risk registers are dynamic and reflect the knowledge around the risks and the effectiveness of the risk controls in place. Since the last meeting several factors, including an increase in control effectiveness, have impacted on the register.

## 4. Issues for Consideration

- 4.1 The Subcommittee is asked to note that since the last meeting several factors have impacted on the Summated Risk Register and changed the risk assessment.

### Change 1

Members will remember that the register presented on 1 August included a RED risk concerning the safety of the residents using Gladstone Road (R00142). Due to the stabilisation of the hillside over an extended period, the risk has been downgraded to

AMBER and is likely to be further reduced over time. Residents have been advised of the reduction in monitoring.

### Change 2

At the last meeting Councillor Campbell asked for information regarding the “one up approval” system which forms part the potential risk on Audit Recommendations (R00078). Investigation has been carried out and there is facility for this functionality to be incorporated into the HDC Financial system. Further work is necessary to develop and implement the required change management processes to ensure minimal impact on operational efficiency. The project to initiate this change is likely to commence in the next few weeks. Successful implementation will downgrade the risk to GREEN.

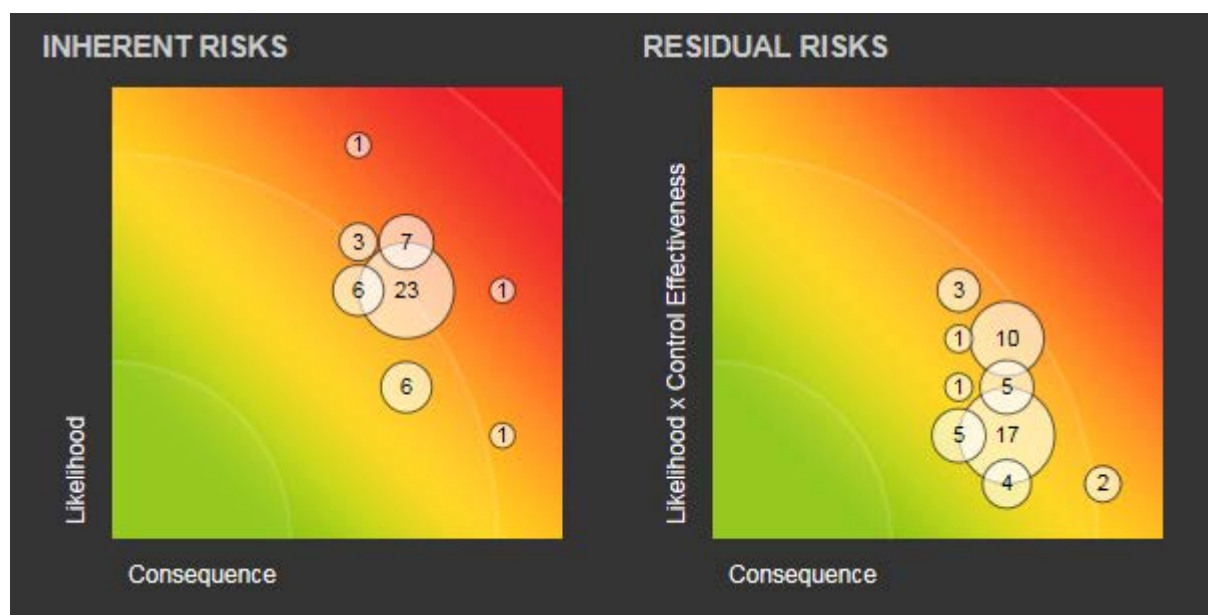
### Change 3

A potential Health & Safety Risk to individuals (R00085) with a link to Contract Management (R 00076) has been heightened following reports of unauthorised and casual involvement of individuals at work sites. The Health & Safety at Work Legislation 2015 requires that Council contractors have in place, and are responsible for the operation of, Health & Safety Plans which identify potential harm and mitigations for this. Contractors train their staff in all safety procedures which may include compulsory and appropriate safety clothing. All entries to the site must be controlled by the contractor to ensure individual safety.

Casual entry to work sites by members of the public, council officers, and councillors will breach the legislation. Prosecution and penalties may result. Council has indicated a low tolerance for Legal Risk in the “Statement of Risk Appetite 2017-2018”.

### Risk Movement

The following Heatmap identifies the movement, after application of a risk treatment or control, from the initial assessment of risk to Residual Risk in the current Summated Risk Register. At the moment, no identified Residual Risk is in the RED category.



## 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 benefits and costs, 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)	Ian McLachlan <b>Risk Manager</b>	
Approved by	Nicki Brady <b>Group Manager - Customer &amp; Regulatory Services</b>	



# Project Reporting - 2018/19 Financial Year

File No.: 18/538

## 1. Purpose

To outline the key capital projects planned for the 2018/19 Financial Year and the proposed reporting for such.

## 2. Recommendation

- 2.1 That Report 18/538 Project Reporting - 2018/19 Financial Year 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 attached list of capital projects be approved for regular reporting to the Finance Audit and Risk Subcommittee for the 2018-19 Financial Year.

## 3. Background/Previous Council Decisions

- 4.1 Council's 2018-2038 Long Term Plan adopted this year provides for a total capital works programme of some \$35m for the 2018/19 financial year across all output activities.
- 4.2 The capital works programme (as per normal) consists of a mixture of asset renewal, levels of service and capital works required to increase capacity as a result of growth.
- 4.3 As with prior years it is proposed that progress with key capital projects is reported on a regular basis to the Finance, Audit and Risk (FARS) Subcommittee. To report against each and every project is considered unnecessary, onerous and out of alignment with Elected Members Governance responsibilities.
- 4.4 Instead, key projects for regular reporting are suggested on the basis of value, risk and community interest.
- 4.5 On agreement of the list of capital projects to be subject of regular reporting officers will develop and appropriate 'exception' based reporting format. That will likely be something similar that traditionally used by the Infrastructure Services Team for reporting against key capital works projects, but perhaps adapted (fit for purpose approach) on a project by project basis.

## 4. Issues for Consideration

Attached to this report is a list of projects suggested for regular reporting to the FARS for the remainder of the 2018-19 Financial Year.

## Attachments

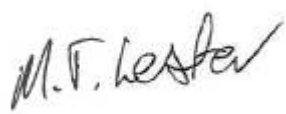

No.	Title	Page
A	Capital Projects	41

**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 benefits and costs, 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)	Mark Lester <b>Group Manager - Corporate Services</b>	
Approved by	David Clapperton <b>Chief Executive</b>	



Activity:	Project:	Description/Detail:	Budget:
<b>Stormwater</b>	Districtwide Improvement Projects	Cambridge Street, Cardiff Street, Kings Drive, Courtesy Domain, Oxford and Lakewood/Barry Curtis Flooding.	1,365,000
	Northeast Levin	Attenuation Ponds (Consent and construction).	940,000
			<b>2,305,000</b>
<b>Wastewater</b>	Foxton - Reticulation Renewals	Futter and Johnston Streets	181,449
	Levin - Reticulation Renewals	Carlisle, Hereford, Montgomery, Sussuex, Weraroa and Winchester Streets.	1,093,796
	Foxton Wastewater Treatment Plant	Desludge of ponds, construction to include waveband repairs.	809,752
		Additional pond, irrigation system, power supply and stepped screen.	2,508,371
	Foxton Beach Wastewater Treatment Plant	Strategic Upgrade - optimisation of site, possible extension of irrigation and additional pond.	368,141
	Levin Wastewater Treatemet Plant	Plant Renewals	1,715,296
			<b>6,676,805</b>
<b>Water Supply</b>	Foxton Beach Reticulation Renewals	Flagstaff Street	154,475
	Levin Reticulation Renewals	TBA	1,324,000
	Foxton Water Treatment Plant Renewals	Bore and building assessment, launder channel design, site security, chemical storage, automation.	440,000
			<b>1,918,475</b>
<b>Roading</b>	Renewals	Subsidised roading renewals	2,872,000
	Levels of Service	New footpaths	304,000
		Subsidised roading improvements	822,000
		Shared pathways (Cycleways)	406,000
		Shared pathways (Walkways)	342,000
		Subsidised Roding - Seal Extensions and minor improvements	1,187,000
		Rail crossing improvements	494,000
			<b>6,427,000</b>
<b>Solid Waste</b>	Landfill	Staged Development	<b>1,108,000</b>
<b>Community Facilities and Services</b>	Levin Aquatics	Hydroslide - investigation/possible renewal	123,000
	Waitere Dune Management	UV Treatment	119,000
	Reserves	Flatten/recontour	105,000
		Renewals	134,000
	Levin Adventure Park	Playground Renewals	161,000
	Sportgrounds	Renewals	154,000
	Levin Domain	Pathways Resurface	303,000
	Libraries	Book Replacement	225,000
	Hyde and Te Maire Parks	Improvements	124,000
	Avenue Road Cemetery	Upgrade	191,000
	Feasibility Study	Horowhenua Aquatics/ Recreation	106,000
			<b>1,745,000</b>
<b>Property</b>	Commercial Property	Contact/Winz Lift Renewals	515,000
	General Property	Renewals - including siesmic strengthening	362,000
		Foxton Surf Lifesaving club	
	Municipal Buildings	HDC Building Generator and LED lighting upgrade	252,000
			<b>1,129,000</b>
<b>Represenation and Leadership</b>	Town Centre Redevelopment	Phase One	<b>144,000</b>
			<b>21,453,280</b>