

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

Date: Wednesday 25 March 2020
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	Mr Doug Law	(Chief Financial Officer)
Meeting Secretary	Mrs Karen Corkill	

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Website: www.horowhenua.govt.nz

Full Agendas are available on Council's website
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 of a request to speak is required by 12 noon on the day of the meeting by phoning 06 366 0999 or emailing public.participation@horowhenua.govt.nz.

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 Minutes

5.1 Meeting minutes Finance, Audit & Risk Committee, 26 February 2020

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.

Projects Update

File No.: 20/46

1. Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects being undertaken by the Infrastructure Group.

2. Recommendation

- 2.1 That Report 20/46 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. Issues for Consideration

As provided in the **attached** reports.

Attachments



No.	Title	Page
A	Project Report - Tokomaru Wastewater Discharge - 25 March 2020	8
B	Project Report - Tokomaru Water Supply - 25 March 2020	12
C	Project Report - Levin Wastewater Discharge - 25 March 2020	17
D	Project Report - Foxton Wastewater Discharge - 25 March 2020	22

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)	Kevin Peel Group Manager - Infrastructure Operations	
Approved by	David Clapperton Chief Executive	

Tokomaru Wastewater Discharge - Overview

Project Overview Summary

Project objective:

The project's aim is to:

- agree on a renewed five (5) year discharge consent to water with Horizons Regional Council and key stakeholders;
- with the community and key stakeholders, agree on a long term treatment and discharge option before 2022.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> Council commitment to land based, long term disposal. Short term consent sought for discharge to water to provide time to investigate, design, and consent land based option. MfE Funding assisted with purchase of land. Work on the long term land disposal project has been initiated. Wastewater Working Group has been established. Long Term Project commenced. 	<ul style="list-style-type: none"> Resolve short term consent with Horizons and submitters. Investigations Phase of Long Term Treatment and Disposal Project. 	<ul style="list-style-type: none"> Council hopes to have short term consent resolved early 2020. Pre-hearing meeting was held 27 February and revised draft conditions now with submitters. Submitters have until 20 March 2020 to respond. Collaborative working on long term treatment and disposal option - Long Term consent application to be lodged no later than December 2022.

Overview of project:



Work to date:

Short-Term Consent

- The existing wastewater discharge is a combination of discharges to ground via the base of a wetland and also discharges direct to Centre Drain at times of high flow.
- A short term (5 year) consent has been sought to allow the status quo operation while the long term land disposal option was progressed.
- The short term consent was publicly notified and a pre-hearing meeting held. The application was on hold while draft conditions were agreed between District and Regional Councils. This included engaging ecologists to develop a monitoring programme which is now being implemented.
- Ngati Whakareta has been engaged to undertake a Cultural Impact Assessment which was completed late 2019.

Conditions for the short-term consent have been agreed with Regional Council and are currently with submitters for feedback and confirmation as to whether or not the conditions satisfy their concerns. At present, nine of the fourteen submissions have been resolved. The remaining submitters were seeking a land based disposal solution. To obtain traction on this matter, the land based project has been commenced and the Wastewater Working Group was convened on 27 February 2020.

A pre-hearing meeting was immediately after the Working Group's initial meeting for that purpose. At that meeting, a short term consent expiry date of June 2023 was agreed reflecting the proposed lodgement date for the long term option of December 2022. Some minor revisions to the draft conditions were agreed and Regional Council has now circulated the revised draft conditions to submitters requiring feedback by 20 March 2020. At that time, it will become clear as to whether or not the short term consent can be resolved without a hearing.

Long Term Land Based Treatment Option

Council has made a commitment to working with iwi and the community to investigate and implement a long term land based treatment option.

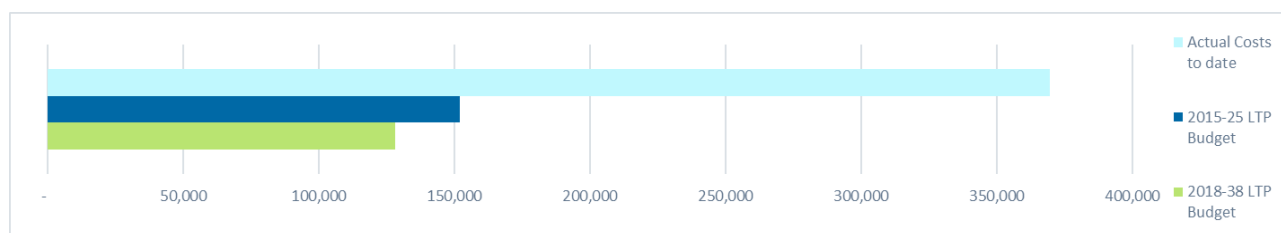
Central government funding has been secured and this has assisted Council to purchase land which is considered suitable for the purpose.

Work is underway on this project with the Wastewater Working Group having been established and the Investigation Phase is commencing March 2020.

Financials:

The funding arrangements are loan funded.

The proposed cost of the project is \$150,000 over the expected lifespan of the project.



Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Potential for HRC to determine not to grant consent.	4C/1 L	Low	Ensure that community is clear that this is a short-term consent to allow for investigation of land based option. Hearing may be required if submissions not resolved. Regional Council support proposed conditions.	4C/1 L	

Risks for long term project are currently being identified as part of current project establishment phase.

Risks Traffic Light Key

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Communication and Key Stakeholders:

Council has been engaging with submitters on the short term discharge consent application as noted above.

A draft consultation plan has been developed for the long term land based disposal project. That plan identifies the likely matters of consultation to include:

- “ Disseminating and communicating information as to how the wastewater services are provided, the quality and amount of discharges, and the Council's understanding of the effects of those discharges on land, water and air quality.
- Obtaining an understanding from tangata whenua as to the effects of the discharges to land, air and water receiving environments, and the relationship of tangata whenua and their culture and traditions with their ancestral lands, water, sites, waahi tapu and other taonga, as well as the ability of tangata whenua to exercise kaitiakitanga.
- Obtaining an understanding from affected parties as to their concerns with the wastewater discharges and how these may be mitigated.
- Working with tangata whenua and with stakeholders to identify and obtain input into the assessment of options for treatment and mitigation.

- Working with community to understand the servicing requirements and desired outcomes.

In undertaking consultation, Council and its appointed consultants and technical experts will:

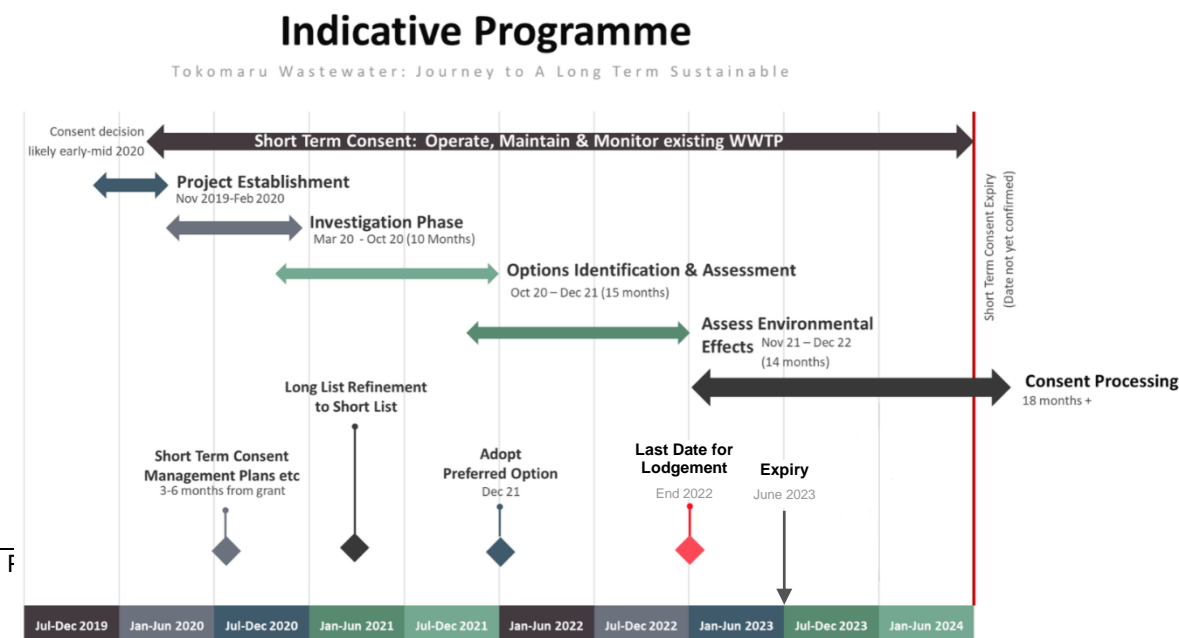
- be flexible and adaptable to the needs of all parties.
- be open with science, data and technical information, and will provide ready access to technical experts.
- facilitate a collaborative process and will be proactive about seeking a common understanding of effects and identifying options for mitigation.”

The Consultation Plan is a living document and HDC intends to conduct an adaptive consultation process which can be flexible to fit the needs of the parties being consulted. Early engagement will focus on identifying the preferred means of engagement, the best methods for provision of information and the type of information and discussions sought.

This notwithstanding, the proposed consultation methods at this time are as follows:

- Separate engagement with each of the three tangata whenua groups and their respective hapu / marae (Ngāti Raukawa ki te Tonga, Ngati Whakarete and Rangitāne o Manawatu):
 - Initial meetings to establish relationship, provide overview of the project and establish process and scope for consultation and engagement.
 - Liaison as necessary to confirm engagements (scope, timing, costs) for Cultural Impact Assessments.
 - Separate hui with each group throughout the project. The purpose of each hui to be agreed prior to meeting but is likely to include updates on work programme including monitoring and investigation results and outcomes, discussion and understanding of cultural impacts, and workshop style discussions as to potential mitigations.
- Directly Affected Parties: Meetings / workshops with each of these groups during the course of the work programme.
- Tokomaru Wastewater Working Party: Meetings twice yearly during the course of the work programme.
- Wider public consultation: To be undertaken through HDC communications and website, with project newsletters / updates and requests for feedback / comment.

Timeline:



Tokomaru Water Supply - Overview

Project Overview Summary

Project objective:

Renew water take consent(s) for Tokomaru Water by 30 March 2020, within budget.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> • Application has been lodged and was notified. Submissions closed October 2019. Two submissions received, both in support. • CIA by Ngati Whakatare completed. • Approvals obtained from Department of Conservation, Drinking Water Assessor, TMI Rangitaane and Fish & Game. 	<ul style="list-style-type: none"> • Agree draft conditions with Regional Council and submitters. 	<ul style="list-style-type: none"> • Existing consent will continue to be active until new consent is resolved. • Draft conditions received from Regional Council 21 November 2019.

Overview of project:



Abstraction from Tokomaru River

Infiltration gallery below bed of the river, Horseshoe Bend. There are no structures in the flowing water.



Treatment & Storage

Membrane filtration treatment plant located on Tokomaru East Road. Approx. 500 m³ (2 days) of storage.



Community Served

Tokomaru Village & some rural residential properties. Properties outside of the village and any non-residential uses are metered.

- 222 connections of which 34 are metered

Growth is projected. There is residential and greenbelt residential land zoned to the north of the village. Council's Growth Strategy 2040 also identified potential additional growth areas.

Existing Consent

- Abstract up to 864 m³/day, at maximum rate of 36 m³/hr
- No conditions for metering of abstraction
- No conditions requiring water conservation measures

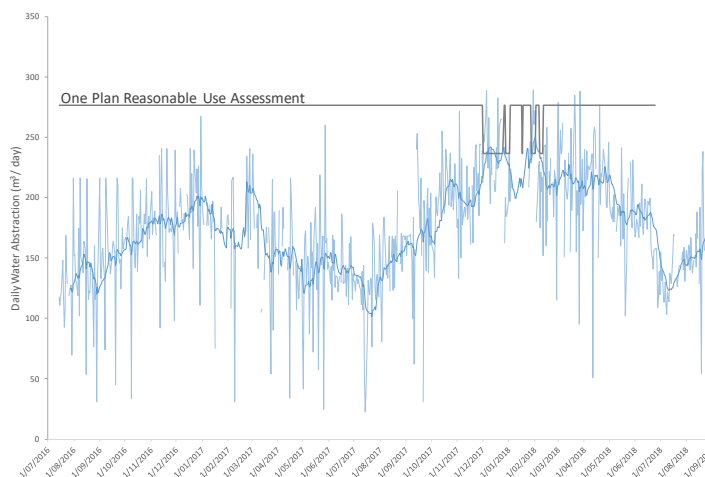
Consent sought

- Reduced consent limits to better match demand, but retain higher abstraction rate when needed to fill up storage
- Abstraction metering & telemetry
- Water conservation measures at times of low flow
- Optimise use of storage to reduce abstraction as much as possible during times of minimum flow

How much water does the community use?

This graph shows the community’s use over the last two years.

The graph shows the water abstracted compared to what would be considered “reasonable and justifiable” under the One Plan policies (grey line). Where the grey line drops down, this is when the River flow was below minimum flow and water conservation measures would be expected to be implemented under the One Plan.

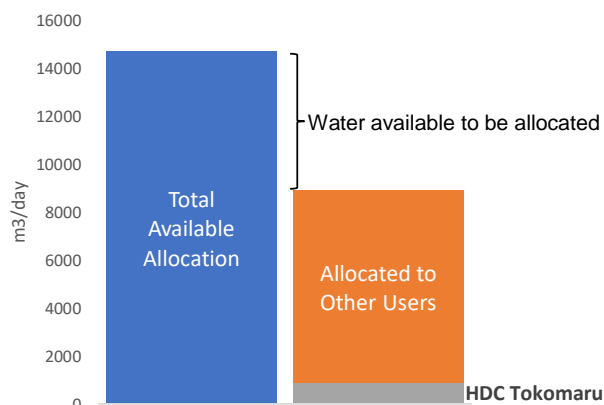


Water Allocation & Ecological Effects

Under the One Plan’s allocation regime, 61% of the cumulative core allocation for the zone is allocated.

HDC’s current allocation for Tokomaru represents 6% of the cumulative core allocation.

The One Plan provides for community takes to continue (with water conservation measures in place) when the River is below minimum flow (240 L/s). An ecological assessment found that the effects of the abstraction when the River is below minimum flow are less than minor.



Work to date:

Consent application has been lodged and a s92 request for further information has been responded to. Consultation has been undertaken with key stakeholders as noted below.

The application is currently being processed by Regional Council. The application was publicly notified by Regional Council on 6 September 2019. Submissions closed 4 October 2019.

Two submissions were received, both of which support granting of consent.

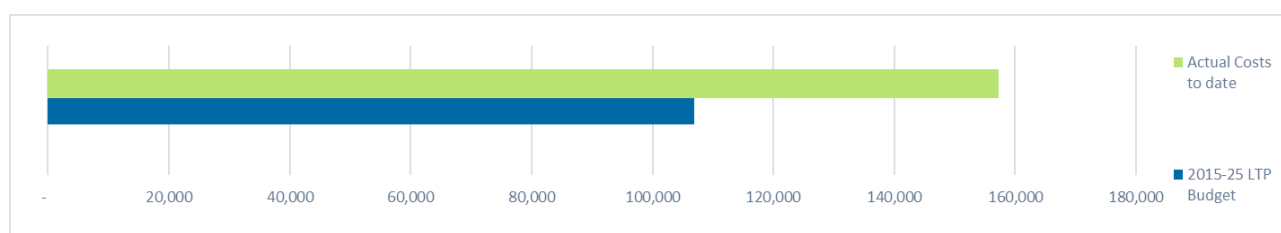
Draft conditions were received from Regional Council 21 November 2019. These have been discussed internally and HDC has confirmed its position. The next stage is to seek requested changes with Horizons. The draft conditions are generally acceptable with the exception of a low flow restriction on abstraction. The draft conditions require abstraction to be reduced to 237 m³/day at times of low flow. In this situation, if there are extended periods of low flow then supply may be affected. The draft conditions also do not provide for the low flow abstraction limit to be increased as the community grows. An alternative suite of conditions has been developed and the project team will be working with Horizons over the next month to seek agreement.

Draft conditions indicate an expiry date of 2038.

Financials:

The funding arrangements are reserve funded.

The proposed cost of the project is \$106,910 over the expected lifespan of the project.



	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Capital expenditure		20,179				20,179
Operating expenditure						
Total expenditure		20,179				20,179
Revenue						

Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Potential for Quantity of Water allocated to be insufficient for growth.	4C/3L	Significant	Application proposed consent conditions to be structured to allow for further approval at time of growth in the community. HDC proposed amendments would enable growth. This is yet to be agreed with Regional Council. Ensuring water sensitive design.	3C/3L	Significant

Financial	Notification leading to hearing and appeal costs.	4C/4L	High	Consultation and engagement with key stakeholders during submission period. Proceed quickly to pre-hearing to focus on RMA issues. Submissions closed with two in support.	4C/1L	Low
Service Delivery	Consent decision may include significant constraints on take at minimum flow.	4C/4L	High	Interrupted service delivery and extended water restrictions. Significant cost associated with storage to mitigate. Conditions sought by HDC will mitigate this risk, but this is yet to be agreed with Regional Council.	4C/3L	Significant

Risks Traffic Light Key

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Communication and Key Stakeholders:

Engagement is ongoing with Ngāti Whakare and a Cultural Impact Assessment has been commissioned. This was received end of 2019. Recommendations from the CIA were:

1. HDC agree to enable regular stream health and mātauranga Māori monitoring of the Tokomaru Awa, where possible with annual participation from ngā kura (Tokomaru and Shannon schools) to build intergenerational kaitiaki capacity;
2. HDC agree to resource the capacity of Ngāti Whakare and collaborate directly with the hapū to manage the Tokomaru water supply take and other activities at the Horseshoe Bend Reserve significant area/site;
3. HDC agree to resource Ngāti Whakare to collaborate with Council to develop communication (possibly signage or an information whare similar to Tū te Manawa) acknowledging the cultural significance of the Horseshoe Bend Reserve area; and
4. Regular meetings between HDC and Ngāti Whakare representatives are needed to progress and achieve these recommendations.”

TMI Rangitaane have been consulted and have provided a letter of support.

Written approval has been obtained from Department of Conservation, Fish and Game Council and a letter of support has been received from the District Health Board.

Submissions received were in support of grant of consent. No submissions were received in opposition.

Timeline:



Levin Wastewater Discharge

Project Overview Summary March 2020



Project objective:

The Levin Wastewater Discharge upgrade project aims to renew the consent to continue the discharge of wastewater to the property known as The Pot, at Hokio Sand Road, Levin. To achieve this objective, the irrigation regime including operation and infrastructure requires upgrading, and various mitigation measures require investigation for potential installation at The Pot or in close proximity to The Pot.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none">□HDC has prepared revised conditions based on submitters feedback.□The Hearing resumed on 5 March.□Number of submitters not happy with revised conditions, however, Ngati Raukawa Hapu have provided support for conditions and a 25 year term.•Irrigation upgrade programme underway.•Firewood contractor continuing to operate at site.	<ul style="list-style-type: none">•HDC is providing a Right of Reply following hearing (due 6 April), including revised conditions.•Work is continuing with submitters to refine conditions before 6 April.•Further pine planting.•Carry out weed management programme in preparation for planting in 2020.•Complete irrigation upgrade designs.•Irrigation automation approval required.	<ul style="list-style-type: none">•Automation irrigation design specifications completed April 2020•Decision on consent expected early May.•Further pine planting June 2020.•Waiwiri Stream and major drain planting with native vegetation June 2020

Overview of project:

- Located at the end of Hokio Sand Road, the property known as The Pot receives 100% of Levin's wastewater as irrigation.
- This wastewater discharge facility has been in operation since 1991 (1987 development and planting).
- Ownership includes half the property leased from Muaūpoko Land Trust and the other half owned by HDC. HDC also own the property to the east known as the Tucker block. The majority of this block currently leased for grazing.
- Currently the site is operated under resource consents 6610 and 6921 that expired December 2018.
- The consent application for renewal of the Levin wastewater discharge was submitted in June 2018.
- The consent application is supported by extensive investigations that began in 2012 to determine the effects of wastewater at the site after near 30 years of operation. The application includes 27 reports that detail the LWWLT and the effects it is having to the environment.
- A trial is being undertaken on 10 ha of the site to determine if irrigating wastewater onto Manuka/Kanuka dominated ecosystems will improve water quality in the Waiwiri Catchment. This trial is supported with funding from the Ministry for the Environment Freshwater Improvement Fund.
- The consent process is part of a larger programme looking at the management of the site, irrigation redevelopment, replanting, mitigation of impacts on water quality and future planning.

Work to date:

- Land discharge consent expired December 2018. Council is allowed to continue operating under the old consent conditions until a decision is made on the new consent application.
- Site investigations and data collation for consent renewal began in 2012.
- LEI coordinated groundwater, surface water, soil and ecology investigations and reporting for the consent; and assisted with consultation with the community.
- Consent lodged 22 June 2018 – publicly notified, submission period extended to a 5-month period, 18 submissions received, HDC has engaged experts to prepare evidence and participate in conferencing of issues ready for the hearing.
- This hearing date deferred from August 2019 to late October. This allowed for conferencing of the issues that the previous date did not. Support from submitters prior to the hearing for the proposed changes was not offered at the hearing. Commissioners provided Council an opportunity to go away and refine draft conditions with further discussion with submitters, and adjourned the hearing.
- Revised conditions provided to submitters and have been refined prior to hearing which was reconvened 5 March.
- Ngati Raukawa hapu supported revised condition on the basis of a 25-year term. Other submitters were less supportive. HDC working on further refinements of conditions to be included in their right of reply to be submitted 6 April.
- Irrigation has been fully reinstalled after the pine harvest and the upgrade is underway. This upgrade will match the proposed consent and include expansion of area and automation. A draft design has been prepared and is being reviewed in readiness for approval and then procurement.
- Five year ecosystem trial started at The Pot in 2018; environmental monitoring starting in 2019.
- Consent consultation initiated a catchment care group; this is continuing and will be further supported by requirements in the resource consent conditions.
- Harvest of pine trees was completed early February 2019.
- 20 ha of pines replanted 2018 with further native planting completed in 2019.
- Another 18 ha of pines and 3 ha native riparian are scheduled to be planted in 2020.
- The remainder of pines and natives planned for planting in 2021.

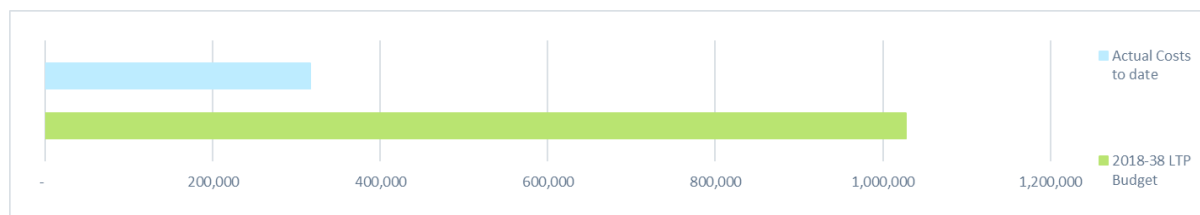
- Consent has been procured for northern adjacent neighbour to receive wastewater from The Pot; monitoring bores are being installed as required by consent and irrigation design has been initiated.

Financials:

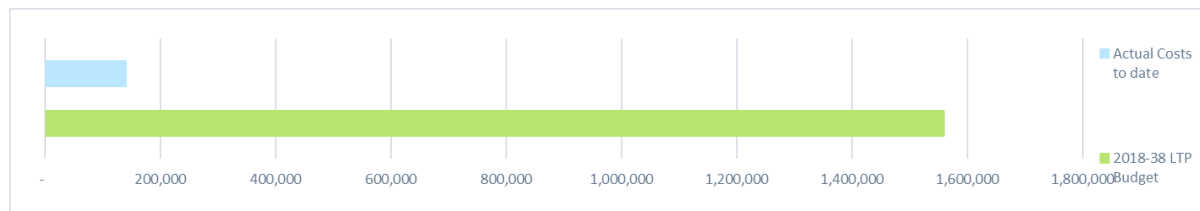
The funding arrangements are loan funded for the Strategic Upgrade part and reserve funded for the renewal port.

The proposed combined cost of the project is \$2,587,000 over the expected lifespan of the project.

Levin wastewater treatment plant – POT – (Renewal)



Levin wastewater treatment plant - Strategic upgrade POT – (LOS)



Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Community and iwi conflict with consent objectives.	R	Drawn out consent process, leading to community tension and additional costs.	Engagement with community has resulted in concerns incorporated into the revised conditions Establishment of a catchment care group	A	Small number of individual and group concerns
Financial	Exceedance of budget.	A	Short of funds across HDC.	Budget planning and tracking.	G	Minor variations to budget
Service Delivery	Difficult working conditions at The Pot with pine slash and weed growth.	A	Workers frustration. Inefficient practise. Health and safety risks.	Engagement of a site manager; additional staff and a firewood contractor.	G	Conditions are improving as a result of the controls.

Legal	Council hearing process.	R	Drawn out consenting process leading to significant costs.	Engagement with all parties involved. Detailed response to submissions. Conferencing to reduce issues. Develop conditions to address submitter concerns. Clear time schedule.	A	Unexpected issues may be raised. Lack of engagement and reluctance to accept facts.
	Appeal of consent decision	R	The decision likely to be received, including term may not be acceptable to HDC and/or submitters.	Engage with submitters to develop conditions that address their concerns and justify a longer term consent.	A	There remains uncertainty with some submitters and the potential of any decision being appealed.
Reputational	Appearance of The Pot without tree cover.	A	Judgement of The Pot without trees.	Expert advice for management and a planting plan. Prompt response to any concerns raised from individuals. Firewood contractor engaged.	G	Long term the issues will be resolved

Risks Traffic Light Key

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Communication and Key Stakeholders:

Consultation has been undertaken with the community about the re-consenting project for Levin wastewater land treatment at The Pot.

The consultation programme included the following avenues to exchange information:

- 11 Meetings since 2016 (18 different representative groups and individuals attended);
- Common web portal for sharing technical reports - Objective Connect;
- Update and invite emails;
- Report Summary Booklet (HDC, 2018:D2a); and

An extended submission period was provided. This resulted in 18 submissions received. The evaluation of the submissions has allowed for the issues to be addressed in the evidence and consequent consent conditions. Expert conferencing has been undertaken in September and provided a positive way forward towards the hearing between experts. What was thought to be community support prior to the hearing did not materialise at the hearing and the Hearing Commissioners invited Council to undertake further consultation. This has occurred and Ngati Raukawa hapu have provided support. Efforts are continuing with submitters to refine conditions and get their approval, particularly with Muaūpoko Tribal Authority.

Muaūpoko Land Trust are now receiving the monthly reports sent to the Regional Council from HDC on the Levin wastewater monitoring.

Timeline:

	Mar '20	Apr '20	May '20	Jun '20	Jul '20
<i>Reconvene consent hearing</i>					
<i>Hearings commissioner's decisions for consent</i>					
<i>Irrigation design reports completed.</i>					
<i>Pine and native planting 2020</i>					
<i>Trial monitoring and management</i>					
<i>Firewood contract</i>					

Foxton Wastewater Discharge

Project Overview Summary March 2020



Project Objective:

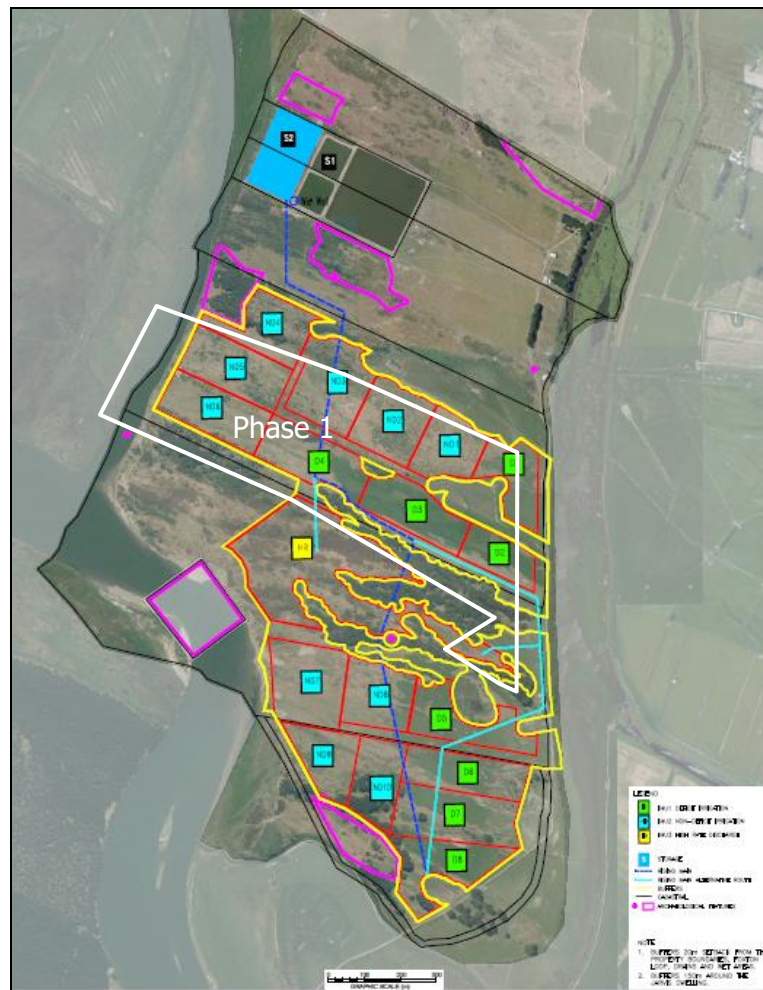
To cease the discharge to the Foxton Loop and implement a 100 % discharge to land (irrigation of farmland) of all treated wastewater from the Foxton WWTP prior to 4 February 2022.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"><input type="checkbox"/> Irrigation layout and design details have been finalised for the northern area of farmland.<input type="checkbox"/> Horowhenua Alliance are managing sub-contractors for constructing the first phase of irrigation and WWTP changes.<input type="checkbox"/> The farm is being fenced and stock water troughs installed prior to the installation of the irrigation pipes.<input type="checkbox"/> Materials have been ordered for delivery/construction beginning in March/April.	<ul style="list-style-type: none">• Management of multi-disciplinary team which is designing and constructing the new scheme.• Management of land owner and iwi relationships.• Co-ordination of complex range of systems and activities to ensure full integration of WWTP, irrigation, and farm operations.	<ul style="list-style-type: none">• Consents granted 4 February 2019.• Aiming for commencing the first phase of irrigation by May or June 2020.• Storage pond and the remainder of the irrigation will be built in 2020/21.• 4 February 2022 consent expiry deadline for completing irrigation and storage pond, and for ceasing discharge to Foxton Loop.

Overview of project:

- The Foxton WWTP is a 3-pond system located SW of Foxton between the two arms of Foxton Loop on rural land known as Matarakapa. The WWTP was constructed in 1976 and discharges treated wastewater into the western arm of Foxton Loop.

- On 4 February 2019 the Environment Court granted consents to develop and operate a land discharge system to replace the Foxton Loop discharge. This allows irrigation of the area outlined in yellow on the map below and construction of a new storage pond (blue rectangle). The first stage of the development to be completed for irrigation is outlined in white.



Work to date:

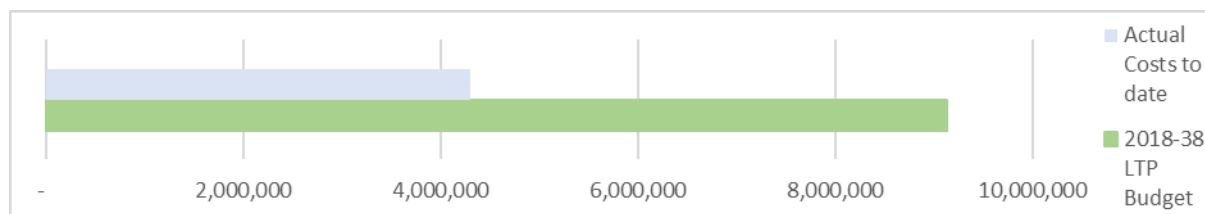
- The project management team continues to actively plan and co-ordinate activities, including contractual arrangements and health and safety requirements.
- Critical timeframes and complex tasks are being managed to minimise delays for commissioning the first phase of irrigation. Finalisation of contract documents has resulted in a delay of approximately 2 weeks, but this should not limit completion within the financial year as planned.
- A watching brief is being kept on the possible implications that import restrictions, and limitations to working conditions, created by the COVID-19 pandemic may have to the project delivery.
- There continues to be significant collaboration with the farmers.
- The farmers are preparing the pasture, installing stock water systems, and erecting fence posts for irrigation construction.
- Iwi have been kept up-to-date with developments and given opportunities for input, however, they are yet to respond regarding their observers to be utilised during construction.

- A review of the hydraulic engineering of the proposed irrigation system has confirmed that the design parameters and proposed components are appropriate for the anticipated irrigation volumes.
- Contracts for construction of the first phase of irrigation including the pump shed and wet well have been approved. Some aspects of the WWTP works including the relocation of the discharge channel to Foxton Loop are still being priced and their construction contracts will soon be confirmed with the successful parties.
- Components with long delivery times have been or are being ordered to ensure that construction is not delayed.
- The drawings of the WWTP modifications are being drafted to show all construction details.
- An Erosion and Sediment Control Plan for installing the first phase of irrigation has been amended to address feedback from Horizons and re-lodged with Horizons for certification. Irrigation construction management details have also been lodged for Horizons' certification. Similar Plans for the WWTP modifications and relocation of the discharge channel to Foxton Loop will soon be lodged with Horizons for certification.
- Planning is under way for the design and construction of the storage pond and WWTP bund repairs.
- Planning will soon be under way for the second phase of irrigation construction.

Financials:

The funding arrangements are loan funded.

The proposed cost of the project is \$9,123,206 over the expected lifespan of the project.



- Forecast budgets for a large number of tasks and infrastructure have continued to be refined as tasks are identified and formal cost estimates are developed by each of contractor. Actual costs to date have also been tracked against these estimates.
- Overall costs have risen from initial expectations but are still within the project's and Council's 2019/20 and 2020/21 budgets.
- The delays in obtaining resource consents, completing detailed designs, and then confirming contracts mean that funds will need to be made available in Council's 2021/22 budget when preparing the 2021-31 LTP; these funds were not spent in previous years and some of the budgeted funds were not carried forward during recent years' adjustments of Annual Plan budgets.

Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Landowner co-operation.	A	Delays to implementing project cause farm management conflicts.	Robust and frequent landowner engagement.	G	Concerns will be resolved.

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
	Contractor collaboration.	A	Clashing construction activities cause delays in commissioning irrigation. Reluctance to work together in future.	Robust and regular engagement with all contractors.	G	Collaboration will be achieved and all contractors will work together in future.
Financial	Delays mean that funds are not spent until next year.	G	Provision is not made for carrying funds forward to 2020/21.	Financial planning and on-going cost management.	G	Expenditure is not expected to change annual budgets.
	COVID-19 impact on project delivery	A	There is the potential of component import delays and staff illness/restrictions that delivery planned for this financial year is not achieved. There may be the need for contractor stand-down.	Import restrictions do not apply to all componentry, so as much work as possible should be completed. Guidance will be given to contractors to do as much as possible and to look after staff health.	A	There is still a risk that is largely outside the control of HA to deliver. There may be the need to consider force majeure protocols/obligations
Service Delivery	Resource or parts availability and timing cause delays.	A	Delays can compound, affect other contractors and farm management, and add to costs. This may be exacerbated by Covid-19 impacting on import delays.	Strong project and staff management controls. Provision of additional resources. Key components manufactured in NZ. Only limited (albeit critical) components imported.	G	Timing and costs will be acceptable.
	Delayed and fragmented contractor engagement causes delays.	A	Completion of WWTP works will determine when the initial irrigation system can be commissioned.	Strong project and contract management to ensure integration of contractor activities.	G	Timelines should not be affected significantly.
Legal	Additional consents may be required.	A	Additional consents can delay construction.	Ideally avoid triggering consents, otherwise identify and promptly seek all necessary consents.	G	Additional consents are unlikely to delay project.
	Horizons' compliance staff may not approve details of Management Plans.	A	Construction is delayed until all relevant Management Plans are certified by Horizons.	Collaborate closely with Horizons and relevant contractors to quickly resolve any issues. Provide draft Plans to Horizons with timelines.	G	Management Plans are unlikely to encounter any certification issues and any concerns will be rapidly resolved.
Reputational	Construction delays keep deferring dates of commissioning.	A	Delays suggest poor management, lack of resourcing, or inadequate capabilities. Landowners and the public lose their confidence in the ability of Council to deliver on time.	Strong project and contract management to ensure that delays are minimised and justifiable.	G	Delays do not harm Council's reputation. Landowners will take part in future Council projects.

Risks Traffic Light Key

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Communication and Key Stakeholders:

Council has been engaging with the landowners and relevant iwi since 2014. Relationships between all parties have generally been supportive and co-operative. The delays to the construction caused by consenting delays and then detailed design and contractual arrangements have caused some frustration and uncertainties of farm management planning for the landowners. However, direct involvement of the landowners and frequent communications have enabled them to adapt their farm management plans to the evolving timelines of the project. Discussions will be occurring regarding the need to manage potential COVID-19 implications.

Council has been engaging with the key designers and construction contractors to ensure that their designs, roles, and construction programmes are co-ordinated. The timing of each contract is interdependent on the timing of each of the other contracts, so it has been crucial for Council and the contractors to collaboratively develop their designs and timelines. Some key components have long lead-in times, so communication has been important for an understanding of those items and for obtaining approval to order them urgently.

Council has also been engaging with some Horizons staff regarding consent conditions and their expectations of construction methodologies, monitoring requirements, documentation requirements, and reporting. Horizons has given feedback on the Interim Operation and Management Plan (IOMP), Construction Management Plan (CMP), and Erosion and Sediment Control Plan (ESCP) for irrigation construction; Council has re-submitted an amended ESCP and a CMP addendum for their certification. Council and Horizons staff have discussed the consenting requirements for relocating the discharge channel to Foxton Loop. Compliance communications have also been actively maintained with Horizons staff.

Timeline:

	Feb '20	Mar '20	Apr '20	May '20
Construction Management Plans and Erosion & Sediment Control Plans	Submit to HRC for certification. Amend/update if requested.			
Wet well	Order materials	Install	Connect to WWTP	
Pump shed	Lodge building consent	Construct	Fit out interior	
WWTP connections to wet well	Reduce pond water levels if necessary	Construct and commission	Commission	
Install temporary discharge pipe from wet well to	Order materials	Construct	Construct and commission	

<i>Foxton Loop</i>				
<i>Irrigation development</i>	Order materials	Construct	Construct	Commission
<i>Storage pond and Phase 2 irrigation planning and scheduling</i>		Confirm pond location & size	Start developing detailed designs	Progress detailed design

Eight Month Report 1 July 2019 - 29 February 2020

File No.: 20/45

1. Purpose

To present to the Finance, Audit & Risk (FAR) Committee the financial report for the eight months ended 29 February 2020.

2. Recommendation

- 2.1 That Report 20/45 Eight Month Report 1 July 2019 - 29 February 2020 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	Eight Month Report February 2020	30
B	LGFA Covenant Compliance June 2019	38
C	Council Compliance with LGFA Financial Covenants June 2019	46
D	Growth Dashboard Report for Finance, Audit, Risk Committee (Mar 2020)	49

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	
Approved by	Nicki Brady Deputy Chief Executive	

Horowhenua
DISTRICT COUNCIL

Eight Month Report

1 July 2019 - 29 February 2020



Executive Summary

A. Trends and Activity of Interest

1. Resource Consenting

- 243 consents have been lodged as at 29 February 2020, compared to 181 at the same time last year.
- 100 subdivision consents approved as at 29 February 2020, compared to 70 at the same time last year.
- As at 29 February 2020 a total of 143 new allotments have been created as a result of s223 (approval of title plan) & 132 new allotments have been created as a result of s224 (completion of physical works) certificates being issued for subdivisions.

2. Building Consents

- Value of consents issued as at 29 February 2020 is \$87,425,676 compared to \$69,557,881 for the same period last year
- 467 consents issued as at 29 February 2020, compared to 435 for the same period last year.
- 154 new dwelling consents were issued as at 29 February 2020 compared to 157 for the same period in the 2018/2019 year.
- 476 building consents were lodged as at 29 February 2020 compared to 432 for the same period in the 2018/19 year.
- Consents have been issued for 188 New Residential Dwelling Units as at 29 February 2020. New residential dwelling units count each self-contained unit individually and include individual dwellings, multi-unit dwellings plus yard built and existing dwellings which are relocated onto a site.

YTD the level of Resource Consenting activity is higher than that was experienced over a similar period in 2018/19.

YTD the level of Building Consenting activity is higher than the same period in 2018/19, the number of consents issued for new dwellings is the same as at the same period last year.

B. Financial Performance – Operational Expenditure

Council shows a \$2.482m year-to-date (YTD) deficit against a budgeted YTD deficit of \$2.508m. It is 66% through the year and Council has spent 67.14% of the full year's budgeted expenditure and received 65.75% of the full year's budgeted income.

Roading capital subsidy income is under budget due to delays in capital projects. Most other variances are positive except Treasury where the fall in interest rates due to the Covid 19 virus have created a loss on derivatives of \$611k

C. Standard and Poors article on NZ Council's ability to carry growing debt – attached

D. LGFA Council compliance with covenants June 2019 - attached

Doug Law

Chief Financial Officer

13 December 2019

Statement of Comprehensive Revenue and Expense

As at 29 February 2019												
	Annual Report	Year End Projection	Annual Plan	Variance	Annual Plan YTD	Actual YTD	C/A % Actual to Budget	Variance		% of Total Bud %	Notes	
	2018/2019 \$000	2020 \$000	2020 \$000	2020 \$000	Feb-20 \$000	Feb-20 \$000		YTD 2020 \$000	Var/Bud %			
Revenue												
Rates Revenue	(38,562)	(40,211)	(40,099)	(112)	(26,371)	(26,812)	66.9%	☹️	(441)	2%	1.2%	
Grants & Subsidies	(5,524)	(6,609)	(6,462)	(147)	(4,337)	(3,062)	47.4%	☹️	1,275	-29%	-3.5%	1
Finance Income	(423)	(310)	(209)	(101)	(29)	(32)	15.3%	☹️	(3)	10%	0.0%	
Fees & Charges,	(5,355)	(4,818)	(5,110)	292	(3,237)	(3,346)	65.5%	☹️	(109)	3%	0.3%	
Other Revenue	(3,521)	(4,393)	(3,926)	(467)	(2,694)	(3,020)	76.9%	☹️	(326)	12%	0.9%	3
Development Contributions			-	-					-		0.0%	
Gain on Derivatives								☹️	-		0.0%	
Gain Disposal of Assets	(56)	(503)		(503)		(503)		☹️	(503)		1.4%	4
Investment (Gains)/Losses		(122)	(122)	(0)					-		0.0%	
Vested Assets	(453)		-	-					-		0.0%	
Total Revenue	(53,894)	(56,966)	(55,928)	(1,038)	(36,668)	(36,775)	65.75%	☹️	(107)	0%	0%	
Expenditure												
Employee Benefit Expenses	14,661	15,016	15,017	(1)	9,776	9,723	64.7%	☹️	(53)	-1%	-0.1%	
Finance Costs	3,607	3,767	3,870	(103)	2,276	2,061	53.3%	☹️	(215)	-9%	-0.5%	
Depreciation and Amortisation	14,383	14,448	14,448	(0)	9,632	9,723	67.3%	☹️	91	1%	0.2%	
Other Expenses	24,457	24,899	25,082	(183)	17,492	17,103	68.2%	☹️	(389)	-2%	-1.0%	2
Loss on Disposal of Assets	227	-	-	-					-		0.0%	
Revaluation Losses			-	-					-		0.0%	
Increase in Landfill Provision	1,298	-	-	-					-		0.0%	
Loss on Derivatives	975	-	-	-		611		☹️	611		1.6%	5
Total Expenses	59,608	58,129	58,417	(288)	39,176	39,221	67.14%	☹️	45	0%	0.1%	
Operating (surplus) deficit before taxation	5,714	1,163	2,489	(1,326)	2,508	2,446	98.3%		(62)	-2%	-2.5%	
Taxation		36		36		36			36			
Operating (surplus) deficit after taxation	5,714	1,199	2,489	(1,290)	2,508	2,482	99.7%		(26)	-1%	-1.0%	

Note 1 - Grants and Subsidies – Unfavourable variance \$1,275k, the significant variance being the capital subsidies which will be received as roading projects progress (i.e Queen St Roundabout)

Note 2A Professional Services – Favourable variance \$421k, the significant variances are noted below:

- Governance budgets underspent by:
 - Internal Audit delayed (commencing Feb 2020) \$45k
 - Legal fees \$41k
 - Sustainable growth budgets underspent by \$335k

Note 3 Other Revenue - favourable variance \$326k, the significant variances are noted below:

- Treasury special dividend from Civic financial services on sale of building \$127k
- Regulatory services trending above budget:
 - Building Consents income ahead of budget \$65k
 - Resource consent land use and subdivision income ahead of budget \$89k

Note 4 Gain on Sale of recent property sales \$503k

Note 5 Unrealised loss on derivatives (swaps) unfavourable variance of (\$611k)
This reflects the continued fall in interest rates currently being experienced which have recently fallen again reacting to the uncertain global economic conditions due to the economic effect of coronavirus (last month the loss was \$364k)

Note 2	Year End Annual			Annual Plan	Actual	% Actual to Budget	Variance			Notes	
	Projection	Plan	Variance	Annual Plan	Actual		YTD	YTD	% of		
	2020 \$000	2020 \$000	2020 \$000	YTD Feb-20 \$000	YTD Feb-20 \$000		2020 \$000	% Var/Bud %	Total Bud %		
Professional Services	5,613	5,296	317	3,441	3,020	57.0%	☺	(421)	-12%	-1.1%	2A
Materials	112	112	(0)	78	86	76.8%	☹	8	10%	0.0%	
Maintenance	14,146	15,002	(856)	10,093	10,592	70.6%	☹	499	5%	1.3%	
Grants Paid	676	611	65	358	381	62.4%	☹	23	6%	0.1%	
Utilities	1,178	1,180	(2)	786	717	60.8%	☺	(69)	-9%	-0.2%	
Communications	277	258	19	173	142	55.0%	☺	(31)	-18%	-0.1%	
Other Expenses	5,087	5,380	(293)	4,041	3,735	69.4%	☺	(306)	-8%	-0.8%	2B
Vehicle Expenses	183	181	2	129	90	49.7%	☺	(39)	-30%	-0.1%	
Treasury Expenses	189	199	(10)	101	75	37.7%	☺	(26)	-26%	-0.1%	
Labour Recoveries for Capex proje	(2,561)	(3,137)	576	(1,708)	(1,735)	55.3%	☺	(27)	2%	-0.1%	
Total Other Exepnses	24,899	25,082	(183)	17,492	17,103	68.2%	☺	(389)	-2%	-1.0%	

Note 2B Other Expenses – Favourable variance \$306k, the significant variances are noted below:

- Community Facilities
 - Efficiencies achieved in Library Services software arrangements an overall year end reduction is expected \$87k
 - Reserves rates expenses less than budgeted \$58k
- Infrastructural Operations
 - Software licence fees less than budgeted \$48k
- Property
 - Rates expense for Endowment property less than budgeted due to property sales in Forbes Rd \$118k
 - Rates expense (\$23k) and Insurance (\$39k) higher than budgeted due to delay in anticipated sales as per property strategy (\$62k)
- Wastewater lower insurance cost than budgeted \$108k
- Water Supply costs higher than budget (\$94k)
- Corporate services
 - software licence fees higher than budgeted (mainly IBIS) (\$63k)
 - cloud host fees lower than budgeted \$116k
- Solid waste management consent cost higher than budgeted (\$64k)

Statement of Comprehensive Revenue and Expense by Activity

As at 29 February 2019									
58.3%	A	C	D	E	F	G	H	I	J
REVENUE	Annual Plan 2019/2020 \$000	Year to date (YTD) This Year \$000		C/A % Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Bud Accounts
Significant Activities									
Regulatory Sevices	(4,657)	(3,430)	(3,261)	73.7%	😊	169	5.2%	0.3%	
Community Facilities and Ser	(13,557)	(8,758)	(8,950)	64.6%	😞	(192)	-2.1%	-0.4%	
Road Transport	(10,638)	(5,765)	(7,043)	54.2%	😞	(1,278)	-18.1%	-2.3%	1
Water Supply	(6,971)	(4,806)	(4,361)	68.9%	😊	445	10.2%	0.8%	2
Wastewater Disposal	(8,548)	(5,532)	(5,496)	64.7%	😊	36	0.7%	0.1%	
Solid Waste	(2,330)	(1,553)	(1,537)	66.7%	😊	16	1.0%	0.0%	
Stormwater	(1,324)	(844)	(836)	63.7%	😊	8	1.0%	0.0%	
Treasury	(3,411)	(1,814)	(2,039)	53.2%	😞	(225)	-11.0%	-0.4%	
Property	(1,495)	(1,554)	(879)	103.9%	😊	675	76.8%	1.2%	3
Community Support	(3,106)	(2,047)	(2,010)	65.9%	😊	37	1.8%	0.1%	
Representation & Com. Leade	(3,958)	(2,641)	(2,612)	66.7%	😊	29	1.1%	0.1%	
Total Activity Revenue	(59,995)	(38,744)	(39,024)	64.6%	😞	(280)	-0.7%	-0.5%	
Business Units									
	(23,200)	(15,022)	(15,479)	64.8%	😞	(457)	-3.0%	-0.8%	
Total Operating Revenue	(83,195)	(53,766)	(54,503)	64.6%	😞	(737)	-1.4%	-0.9%	
58.3%	A	C	D	E	F	G	H	I	J
EXPENDITURE	Annual Plan 2019/2020 \$000	Year to date This Year \$000		C/A % Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Bud Accounts
Significant Activities									
Regulatory Sevices	4,657	3,237	3,118	69.5%	😞	(119)	-3.8%	-0.2%	
Community Facilities and Ser	13,473	8,718	8,965	64.7%	😊	247	2.8%	0.4%	
Road Transport	10,348	6,238	6,947	60.3%	😊	709	10.2%	1.2%	4
Water Supply	6,910	4,874	4,629	70.5%	😞	(245)	-5.3%	-0.4%	
Wastewater Disposal	7,422	5,452	5,043	73.5%	😞	(409)	-8.1%	-0.7%	
Solid Waste	3,938	2,470	2,704	62.7%	😊	234	8.7%	0.4%	
Stormwater	1,519	1,078	1,026	71.0%	😞	(52)	-5.1%	-0.1%	
Treasury	4,025	2,801	2,388	69.6%	😞	(413)	-17.3%	-0.7%	5
Property	1,548	923	1,054	59.6%	😊	131	12.4%	0.2%	
Community Support	3,106	1,964	2,156	63.2%	😊	192	8.9%	0.3%	
Representation & Com. Leade	5,545	3,473	3,646	62.6%	😊	173	4.7%	0.3%	
Total Activity Expenditure	62,491	41,228	41,676	66.0%	😊	448	1.1%	0.8%	
Business Units									
	23,193	15,020	15,335	64.8%	😊	315	2.1%	0.6%	
Total Operating Expenditure	85,684	56,248	57,011	65.6%	😊	763	1.3%	1.3%	
Operating (Surplus)/Deficit	2,489	2,482	2,508		😊	26	-1.0%	0.05%	

Note 1 – Road Transport – Unfavourable variance of \$1,278, the Significant variances noted are:

- Capital Subsidies delayed, will be received as projects progress

Note 2 - Water Supply – Favourable variance \$445k, the significant variances noted are:

- Levin Water by meter above budget by \$320k
- Levin connection fees above budget by \$64k

Note 3 - Property activity – Favourable variance \$675k, the significant variances noted are:

- Gain on sale of assets (unbudgeted will continue for the year) \$502k
- Increase rentals on commercial property due to delays in sales \$114k
- Increased rentals on housing and grazing land \$26k

Note 4. Road transport – Favourable variance \$709k, the significant variances noted are:

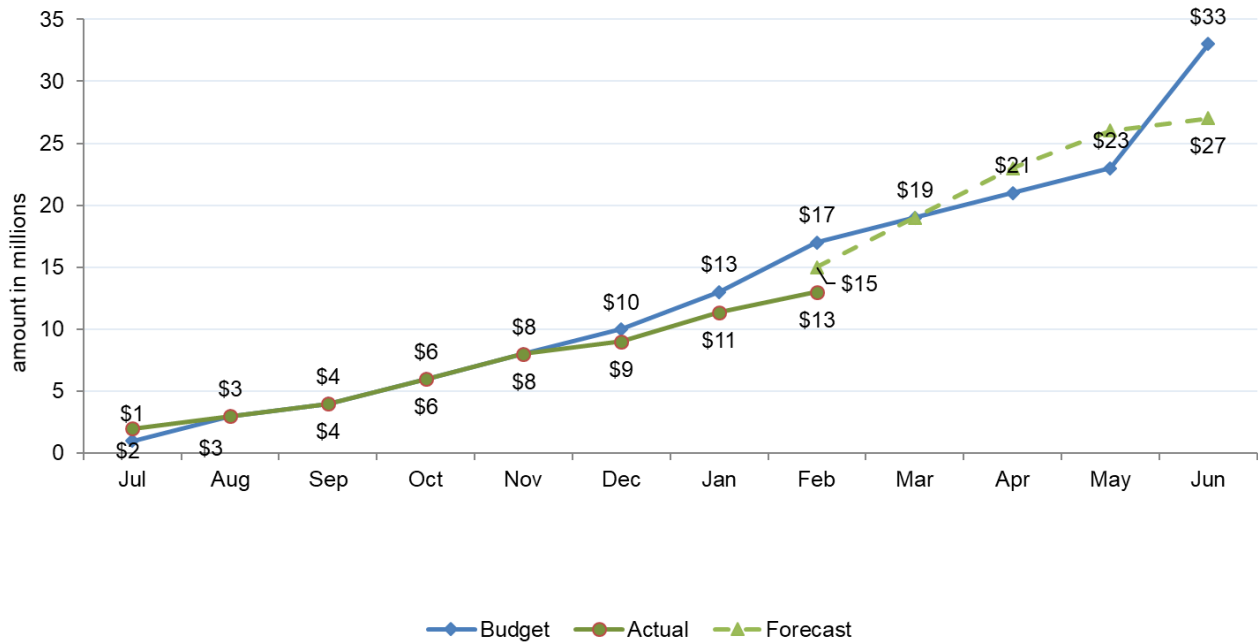
- A higher proportion of labour has been charged to capital projects resulting in lower Internal charges (trend likely to continue to year end) \$530k
- HITS project budgeted unlikely to progress in current financial year \$333k
- Maintenance budget higher than forecasted (\$148k)

Note 5 Treasury - Unfavourable variance \$413k, the significant variances noted are:

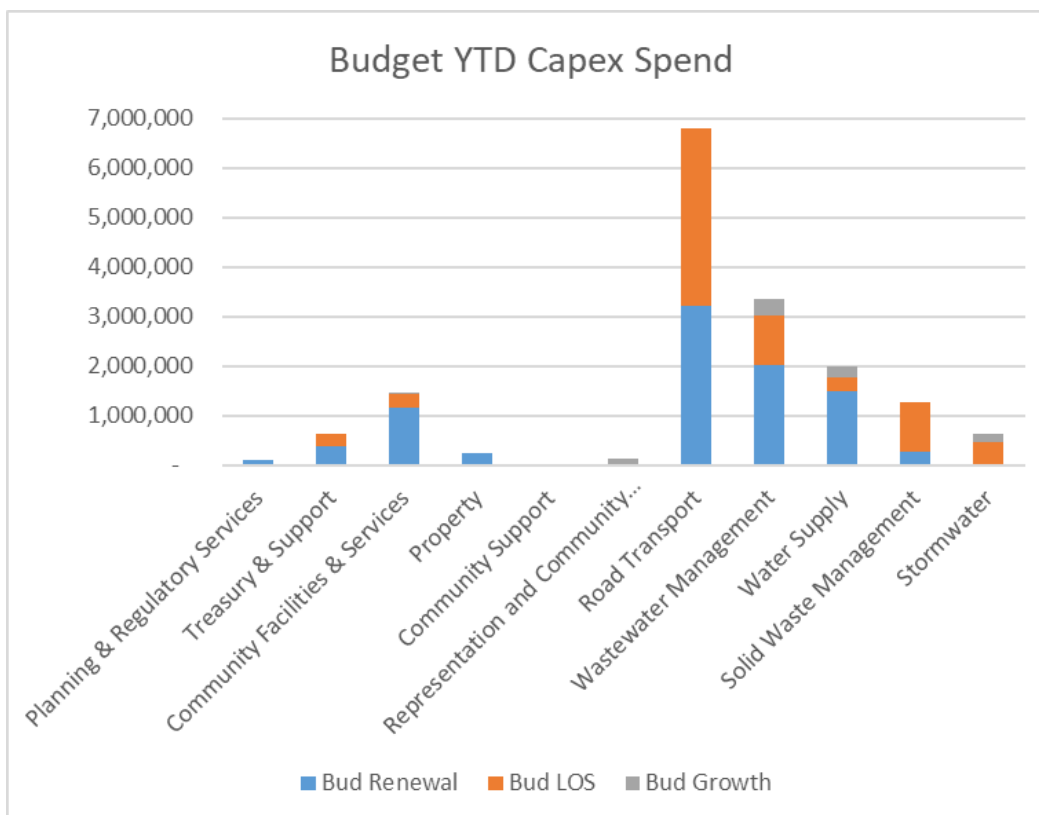
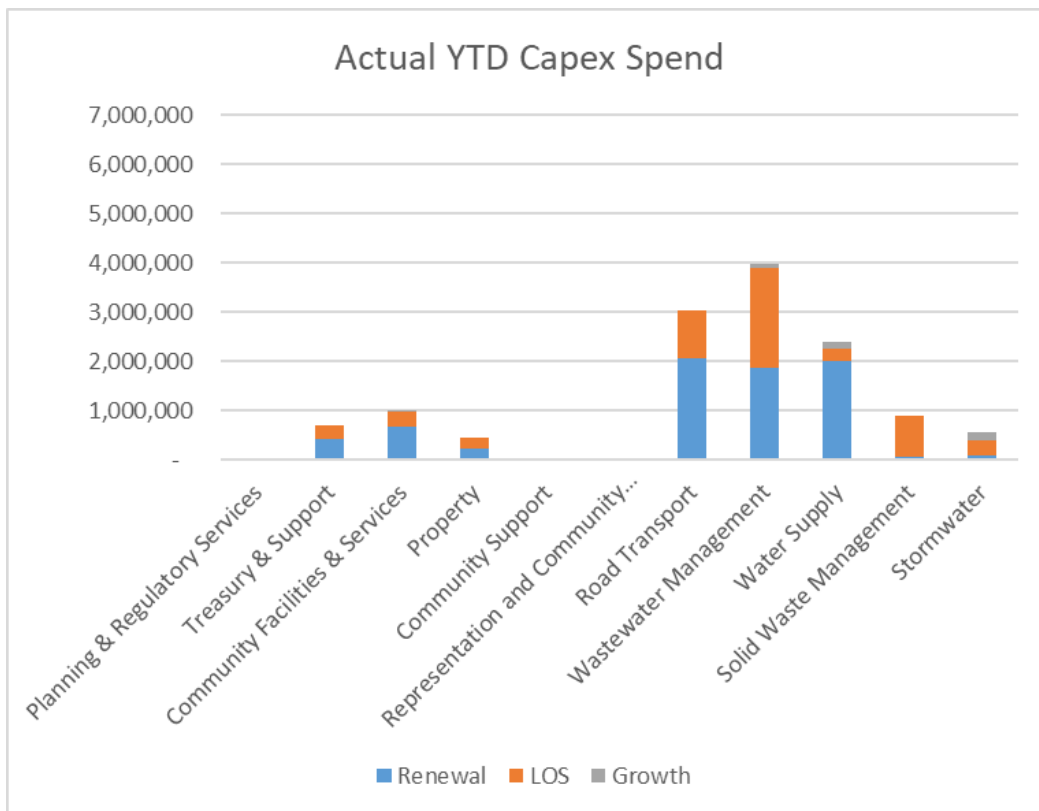
- Interest rate swap loss (\$611k)
- Tax expense on the Dividend (\$ 36k)
- External interest saving YTD of \$215K
- Lower bank fees of \$24k

Capital Expenditure Trends

Total Capital Expenditure



	Renewal	LOS	Growth	Total	Bud Renewal	Bud LOS	Bud Growth	Bud Total
Planning & Regulatory Services	6,465	-	-	6,465	96,000	-	-	96,000
Treasury & Support	432,206	266,020	-	698,226	386,746	236,164	-	622,910
Community Facilities & Services	664,399	303,968	20,278	988,645	1,157,940	279,137	20,000	1,457,077
Property	240,186	218,676	-	458,862	257,500	-	-	257,500
Community Support	-	23,439	-	23,439	-	-	-	-
Representation and Community Leadership	-	-	2,422	2,422	-	-	126,000	126,000
Road Transport	2,071,773	972,415	-	3,044,188	3,204,983	3,592,573	-	6,797,556
Wastewater Management	1,860,428	2,021,625	106,441	3,988,494	2,034,330	986,970	335,800	3,357,100
Water Supply	2,004,945	252,140	138,247	2,395,331	1,482,835	290,800	227,000	2,000,635
Solid Waste Management	71,266	826,507	-	897,772	260,672	1,001,000	-	1,261,672
Stormwater	78,645	323,907	155,517	558,069	16,500	448,402	175,098	640,000
Total	7,430,314	5,208,697	422,904	13,061,914	8,897,506	6,835,046	883,898	16,616,450





New Zealand Councils Can Carry Growing Debt

February 16, 2020

Key Takeaways

- We rate 23 New Zealand councils, which collectively account for the bulk of the country's local government debt. Credit quality has risen in the past five years reflecting stronger financial outcomes.
- Robust and effective fiscal management and high levels of fiscal flexibility are common credit strengths, while elevated debt burdens weigh on the credit quality of some councils.
- Many councils have budgeted for higher infrastructure spending. Though we expect spending to be well managed, larger outlays are eroding headroom at current ratings.

PRIMARY CREDIT ANALYST

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We continue to view as favorable the credit quality of New Zealand's local and regional governments, even as their debt burdens grow.

S&P Global Ratings has long-term issuer credit ratings on 23 local and regional governments (i.e., councils) in New Zealand, with ratings ranging between 'AA' and 'A+', nine of which have positive outlooks. Seven of these positive outlooks are connected with the positive outlook on the sovereign, with the remaining two for council stand-alone credit specific factors. None have negative outlooks.

Underpinning the high ratings--clustered in a three-notch band toward the top of our global ratings scale--is New Zealand's extremely supportive institutional and policy settings (see "Public Finance System Overview: New Zealand's Institutional Framework For Local And Regional Governments," published Nov. 12, 2018). This view of the institutional and policy settings recognizes that the local government system benefits from a stable policy environment, high levels of disclosure and transparency in reporting, and solid revenue and expenditure autonomy. While these sector-related factors are the cornerstone of our high investment-grade ratings, idiosyncratic factors differentiate our ratings. Table 1 provides a snapshot of our current scores and ratings.

Ratings have trended upward over the past five years (see chart 1). We have upgraded 10 councils since 2014, including Western Bay of Plenty District Council (Western Bay) twice. We last downgraded a council in July 2013, when we lowered our ratings on Christchurch City Council (Christchurch) to 'A+' from 'AA-' following the revocation of its building consenting powers and appointment of a Crown Manager. In December 2019, we upgraded Christchurch reflecting the recent global settlement between the council and the New Zealand sovereign, transferring key

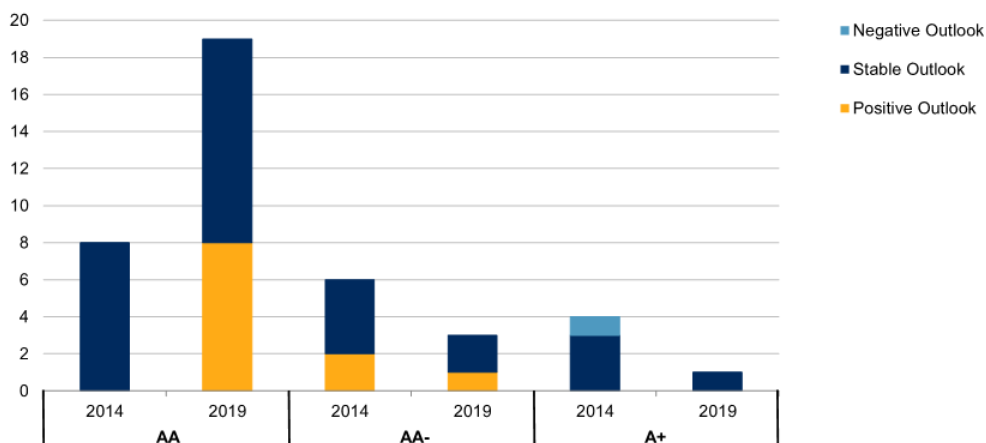
New Zealand Councils Can Carry Growing Debt

decision-making powers and major assets to the council.

We revised our outlooks on seven New Zealand councils to positive in January 2019 following our revision of the outlook on the New Zealand sovereign to positive. A further two councils--Western Bay and South Taranaki District Council (South Taranaki)--are on positive outlook for reasons related to their improving individual credit profiles, due to declining or stabilizing debt levels, narrowing after-capital deficits, and improving financial management.

Chart 1

Ratings Distribution And Breakdown 2014 Vs. 2019



Source: S&P Global Ratings.
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Wealthy National Economy With Regional Variations

New Zealand benefits from an open, prosperous, flexible, and resilient economy. We estimate New Zealand's GDP per capita to be around US\$40,700 in 2020. High national GDP per capita is a key supporting factor for the economies in which the New Zealand councils operate.

Among the councils that we assess with the strongest local economies are Auckland Council (Auckland), which governs New Zealand's largest and most economically vibrant city, along with Greater Wellington Regional Council and Wellington City Council (Wellington), which oversees New Zealand's affluent capital. In December 2019, we raised Christchurch's economic assessment to incorporate its improving economic viability and stability after the bulk of earthquake reconstruction has been finalized.

While New Zealand is a relatively small economy in a global context it still has a wide variance in wealth across councils. Some smaller, rural councils tend to have more concentrated economies,

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weaker socioeconomic or demographic profiles, or limited growth prospects because of stagnant or declining populations. Some are concentrated in agriculture, particularly dairy; horticulture; or oil and gas.

We observe weaker socioeconomic profiles than the national average across about 65% of our 23 rated New Zealand councils. These councils represent less than half of the country's population. There are a few characteristics we believe could place pressure on the councils' ability to raise rates revenues over the longer term through the generation of new ratepayers or passing rate increases. These characteristics include the low income levels and local GDP of some councils, slow population growth rates, or aging populations compared to the national average. The country's regional areas tend to attract residents moving from cities upon retirement due to their affordability, such as the three Bay of Plenty councils, Tasman District Council (Tasman), Horowhenua District Council, and Marlborough District Council (Marlborough), amongst others. Other regions have relatively slow population growth that lags the national average, such as Dunedin City Council, Hastings District Council (Hastings), and South Taranaki.

Another distinguishing feature is concentrated or volatile local economies, which make up around 39% of our rated portfolio. We believe some councils can be more vulnerable to downturns in the primary sector than the broader New Zealand economy, potentially impacting council revenues. For instance, we assess the three Bay of Plenty councils as having large kiwifruit industry exposure, while Hastings and Marlborough are other areas concentrated in horticulture. Taupo District Council's (Taupo) domestic tourism exposure, as seen by a large number of holiday homes, is another observable instance of industry concentration potentially affecting a council. Councils in the Taranaki region are also vulnerable to large exposures to oil, gas, and dairy.

Financial Management Is Consistently Strong

We consider the general standard of financial management in New Zealand to be very high, supported by minimum standards set by the Crown government. Our financial management assessments for New Zealand councils are a clear strength relative to global peers. New Zealand councils typically focus on their core responsibilities as outlined in the Local Government Act 2002. New Zealand councils don't tend to undertake riskier activities such as borrowing for financial or real estate investments as we observe in some other jurisdictions.

Each council is governed by a group of elected councilors and conducts local elections every three years. Political and executive management teams tend to respect their separate spheres of power and responsibilities. Councils demonstrate a culture of long-term planning and transparency. They are required to produce 10-year long-term plans every three years, annual plans (budgets) in the intervening years, and audited annual reports. Plans are subject to extensive community consultation. Long-term debt is incurred only for funding capital expenditure, with Crown agencies, such as the Auditor-General or Audit New Zealand, raising issues if it is not. All councils, except Auckland, are restricted from issuing foreign-currency debt, and all limit interest-rate risk on their borrowings. Given the long-standing nature of these rules and processes, we believe a material change in culture is unlikely. The New Zealand Local Government Funding Agency (the LGFA) requirements also supports debt and liquidity management for its 64 participating councils.

We previously considered a few councils to have satisfactory financial management, in the middle of our assessment range. We improved Christchurch's satisfactory financial management assessment in December 2019, reflecting the recent "global settlement" between the council and the sovereign around matters relating to the Christchurch earthquake, which transfers key decision-making powers and major assets back to the council. Historically, our view of the council had been mired by uncertainty over funding and issues with management. South Taranaki's

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management has also improved over the years and was behind its upgrade in 2017.

Significant Fiscal Disparities Due To Infrastructure Spending

All rated councils in New Zealand consistently post strong cash operating surpluses. This is in part because of their limited public policy mandate in the areas of public health, education, and social welfare--unlike many other systems such as in Australia, Europe, and the Americas where the local governments have broader responsibilities. However, many New Zealand councils have large or lumpy infrastructure programs, largely related to water supply, storm water, waste water, and roading, that result in relatively weak after-capital account positions.

Comparatively weak after-capital account deficits compared to international peers offset the strong operating surpluses and weigh on the budgetary performance for most New Zealand councils. Nevertheless, we consider the overall fiscal flexibility of most New Zealand councils to be strong in global comparison, in part supported by very strong flexibility within council budgets via rate increases and the ability to delay capital expenditure, and large investment funds held by some councils.

We forecast that some councils will record after-capital account deficits of as high as 30% of their total revenues over the next few years. In the latest 2020 annual plans, we observe that many councils are ramping up their capital spending to cater to growing populations, respond to new Crown government standards in areas such as water quality, replace aging infrastructure, or strengthen physical assets against natural disaster risks.

Councils often under-deliver on their capital expenditure budgets. This is due to a number of factors, including capacity constraints, lengthy approval processes for new projects, and, sometimes, poor planning. For many councils, we will typically apply a "haircut" of 10%-30% to their capital budgets in producing our own forecasts. As such, we typically do not expect growth in aggregate local government gross debt to be as large as that implied by projections in the most recent annual plans or long-term plans.

Most New Zealand councils have a high degree of fiscal flexibility, which supports their budgetary performance. This reflects their strong rate-collection powers. Many councils also have flexibility to postpone or reschedule a portion of their capital spending from year to year because capital expenditure comprises a large proportion of their total outlays compared with other systems. Some councils such as New Plymouth District Council (New Plymouth), South Taranaki, and Taupo hold large financial assets as a proportion of their revenue bases from previous asset sales such as their power companies. These assets provide councils with additional funding sources to support their budgets if needed.

We view a handful of our rated councils as having only a neutral level of flexibility compared to domestic and international peers. In these cases, we may see limited political will to increase general property rates, or a greater proportion of total group revenues are derived from subsidiary companies whose income streams may be subject to market forces or economic regulation. For some councils, we see difficulties in further delaying capital expenditure projects without adding to their infrastructure backlogs.

Liquidity Coverage Varies Depending On Investment Assets And Bank Facilities

The liquidity of New Zealand councils is mixed, in our view. Many councils hold very little cash or liquid assets as a proportion of their balance sheets. Many rely on committed bank facilities for

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working capital. We consider bank facilities to be less secure than cash reserves because banks have the discretion to change their terms and, in some cases, withdraw access to these facilities. Significant after-capital account deficits and maturing debt within the next year places pressure on the liquidity of a number of councils that are running sizeable infrastructure-related capital expenditure programs, hold small cash reserves, and leave the refinancing of upcoming debt until several months before maturity.

A few councils, such as New Plymouth, South Taranaki, and Taupo, manage relatively large investment funds formed from the proceeds of earlier sales of physical assets, such as council-owned electricity companies. They invest these funds in financial assets such as bonds and listed equities. Where we consider these funds to be liquid and accessible in a timely manner, they can support a council's liquidity coverage. However, we do haircut their value--up to 50%--depending on the underlying risk of the investments.

In recent years, we have observed many councils prefund upcoming debt maturities up to 18 months in advance and hold the proceeds in linked term deposits, taking advantage of a positive interest-rate differential between term deposit rates and the cost of borrowing. While prefunding may help to mitigate refinancing risk, it is unclear how councils would respond if the cost of carry were to turn negative. We believe some councils are engaging in prefunding primarily to make a small financial return, rather than to address refinancing risk, and this would see coverage weaken when yields change.

We consider that the LGFA provides local councils with strong access to a well-established source of external liquidity. This improves the liquidity of councils borrowing through the LGFA as it has lengthened the maturity profiles, and reduced borrowing costs, of New Zealand councils.

High Debt Burdens Relative To Other Rated Jurisdictions

Consistent with the principle of intergenerational equity, many councils use debt to fund part or all of their capital expenditure programs, rather than taxing current ratepayers more. This means New Zealand councils have some of the highest debt burdens among jurisdictions where we maintain public ratings.

Debt levels are also high because we assess gross debt levels, instead of the locally preferred measure of net debt used by New Zealand councils and LGFA. In our view, using net debt levels doesn't accurately represent the underlying credit risk faced by councils, further it would double count the benefit of any liquid assets as they are included our measure of liquidity.

While most debt burdens are high, we believe debt management is very strong in New Zealand with little interest rate risk as most councils fix the bulk of their debt. Further, no council, other than Auckland, has exposure to currency risk on its debt issuance. Auckland limits the amount of potential currency risk by hedging its exposure. For these reasons, New Zealand local governments are able to maintain credit ratings at levels higher than some international peers with the same level of debt. The vast majority of councils also have maturity limits in place to avoid large concentration of debt within any 12 month period.

Our debt assessments also incorporate debt of wholly owned subsidiaries such as Dunedin City Treasury Ltd., Dunedin City Holdings Ltd., WRC Holdings Ltd., Quayside Holdings Ltd., and Christchurch City Holdings Ltd. This is because we believe councils hold the ultimate responsibility for these entities, and provide financial support during periods of stress.

We view New Zealand councils' contingent liability risks to be low compared with their global peers. Nevertheless, we consider contingent liabilities to be significant enough to impact their debt burden for three entities: Bay of Plenty Regional Council (Bay of Plenty), Christchurch, and

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Tasman, Bay of Plenty's contingent liabilities reflect the size and business activities of Quayside Holdings Ltd. and the council's exposure to natural disasters, such as the floods that occurred in 2017. Christchurch's contingent liabilities reflect the council's earthquake risk and uncertainties associated with its large capital expenditure program. Our assessment for Tasman reflects the council's guarantee of up to NZ\$29 million over a loan to Waimea Water Ltd., and construction risks related to the Waimea Community Dam including potential cost overruns.

Sovereign Risk Factors

We revised our outlook on seven New Zealand councils to positive in January 2019 following our revision of the New Zealand sovereign outlook to positive. This is because these seven councils have stand-alone credit profiles higher than New Zealand's long-term foreign-currency rating. Nevertheless, we don't rate them higher than the sovereign because we believe that it is unlikely that any of the New Zealand councils could withstand a stress scenario better than the sovereign could.

Six years ago, Wellington was the only council to be capped by the sovereign ratings (see "Peer Comparison: New Zealand Councils Cluster Within A Narrow Investment-Grade Band," published April 8, 2013).

Table 1

Ratings Score Snapshot

Government	Foreign- and local-currency issuer credit ratings	Economy	Financial management	Budgetary performance	Liquidity	Debt burden
Auckland Council	AA/Stable/A-1+	1	1	4	1	5
Bay of Plenty Regional Council	AA/Stable/A-1+	3	1	2	1	5
Christchurch City Council	AA-/Stable/A-1+	1	2	4	2	5
Dunedin City Council	AA/Stable/A-1+	2	2	4	3	4
Greater Wellington Regional Council	AA/Positive/A-1+	1	1	2	1	4
Hastings District Council	AA/Stable/A-1+	3	2	3	2	4
Horowhenua District Council	A+/Stable/A-1	3	2	4	3	4
Hutt City Council	AA/Stable/A-1+	2	2	4	2	4
Kapiti Coast District Council	AA/Stable/A-1+	3	2	1	1	5
Marlborough District Council	AA/Positive/A-1+	3	1	2	2	2
Nelson City Council	AA/Stable/A-1+	3	2	1	2	3
New Plymouth District Council	AA/Positive/A-1+	2	2	2	1	3
Palmerston North City Council	AA/Positive/A-1+	2	2	2	2	4
Porirua City Council	AA/Stable/A-1+	2	2	2	1	3

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Table 1

Ratings Score Snapshot (cont.)

Government	Foreign- and local-currency issuer credit ratings	Economy	Financial management	Budgetary performance	Liquidity	Debt burden
South Taranaki District Council	AA-/Positive/A-1+	3	2	2	1	5
Tasman District Council	AA/Stable/A-1+	3	2	2	2	5
Taupo District Council	AA/Positive/A-1+	2	1	1	1	5
Tauranga City Council	AA-/Stable/A-1+	2	2	3	3	4
Waimakariri District Council	AA/Stable/A-1+	2	2	3	3	4
Wellington City Council	AA/Positive/A-1+	1	1	3	2	4
Western Bay of Plenty District Council	AA/Positive/A-1+	3	2	1	1	4
Whanganui District Council	AA/Stable/A-1+	3	2	1	1	4
Whangarei District Council	AA/Positive/A-1+	3	1	2	1	4

As Of Feb. 17, 2020.

Related Research

- Default, Transition, and Recovery: 2018 Annual International Public Finance Default And Rating Transition Study, Aug. 19, 2019
- Global Ratings List: Local And Regional Governments 2019, Aug. 3, 2019
- 2020 Outlook For Local And Regional Governments Outside The U.S., Nov. 18, 2019
- New Zealand Councils Remain Highly Rated Even As Debt Expands, June 25, 2019
- New Zealand Outlook Revised To Positive On Improving Fiscal Position; 'AA+' LC And 'AA' FC Ratings Affirmed, Jan. 31, 2019
- Public Finance System Overview: New Zealand's Institutional Framework For Local And Regional Governments, Nov. 12, 2018
- Peer Comparison: New Zealand Councils Cluster Within A Narrow Investment-Grade Band, April 8, 2013

This report does not constitute a rating action.

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Financial Covenant Outcomes - as at June 2019

Councils with credit rating	Credit Rating	Net Debt / Total Revenue <250%	Net Interest / Total Revenue < 20%	Net Interest / Rates <30%	Liquidity > 110%
Auckland Council	AA	165.5%	9.4%	19.4%	117.3%
Bay of Plenty Regional Council	AA	-57.5%	-3.7%	-9.6%	253.2%
Christchurch City Council	AA-	105.9%	6.6%	12.5%	125.5%
Greater Wellington Regional Council	AA	92.9%	4.6%	10.9%	143.9%
Hamilton City Council	AA-	124.3%	6.1%	9.1%	126.1%
Hastings District Council	AA	80.9%	3.2%	5.2%	112.6%
Horowhenua District Council	A+	163.3%	6.0%	8.3%	119.6%
Hutt City Council	AA	101.3%	4.0%	6.2%	131.5%
Invercargill City Council	AA+	17.1%	0.2%	0.4%	154.5%
Kapiti Coast District Council	AA	180.3%	9.1%	11.6%	137.7%
Marlborough District Council	AA	8.0%	0.9%	1.8%	156.9%
Nelson City Council	AA	74.8%	3.5%	5.4%	148.9%
New Plymouth District Council	AA	-149.8%	2.5%	4.0%	362.4%
Palmerston North City Council	AA	84.1%	4.1%	6.0%	135.9%
Porirua City Council	AA	92.5%	3.3%	5.1%	136.0%
Queenstown Lakes District Council	AA-	58.4%	2.3%	4.6%	183.1%
Rotorua District Council	AA-	144.4%	5.5%	8.1%	120.2%
Selwyn District Council	AA+	-61.7%	-2.0%	-3.6%	676.7%
South Taranaki District Council	AA-	-21.2%	-5.9%	-9.6%	236.3%
Tasman District Council	AA	100.1%	5.0%	9.2%	144.6%
Taupo District Council	AA	16.7%	5.0%	6.9%	222.5%
Tauranga City Council	AA-	166.7%	7.2%	11.1%	118.9%
Timaru District Council	AA-	29.4%	0.9%	2.1%	167.7%
Waimakariri District Council	AA	140.6%	5.5%	8.1%	120.6%
Waipa District Council	AA-	16.2%	0.2%	0.2%	158.2%
Whanganui District Council	AA	99.9%	4.2%	6.2%	138.8%
Wellington City Council	AA	100.6%	4.2%	7.2%	138.4%
Western Bay of Plenty District Council	AA	81.8%	5.6%	7.7%	154.2%
Whangarei District Council	AA	67.3%	4.0%	6.0%	148.8%

Unrated Councils	Net Debt / Total Revenue <175%	Net Interest / Total Revenue < 20%	Net Interest / Rates <25%	Liquidity > 110%
Ashburton District Council	38.4%	1.4%	2.5%	147.5%
Buller District Council	33.1%	-0.3%	-0.6%	211.1%
Central Hawkes Bay District Council	-15.7%	-0.1%	-0.1%	515.7%
Clutha District Council	-65.9%	-1.0%	-1.6%	783.3%
Environment Canterbury Regional Council	12.5%	0.4%	0.7%	142.7%
Far North District Council	34.7%	1.4%	2.0%	147.9%
Gisborne District Council	44.0%	1.8%	3.6%	133.1%
Gore District Council	48.8%	2.3%	3.4%	153.7%
Grey District Council	60.5%	3.0%	5.3%	155.3%
Hauraki District Council	83.2%	3.1%	4.0%	132.8%
Hawkes Bay Regional Council	-84.0%	1.3%	2.9%	340.2%
Horizons Regional Council	33.6%	1.4%	2.0%	125.4%
Hurunui District Council	65.6%	2.0%	4.8%	136.7%
Kaipara District Council	78.1%	4.6%	6.5%	126.5%
Manawatu District Council	121.0%	4.3%	6.6%	118.8%
Masteron District Council	79.7%	3.2%	4.9%	126.0%
Matamata Piako District Council	23.9%	1.6%	2.3%	172.9%
Northland Regional Council	-92.6%	0.4%	0.6%	411.5%
Opotiki District Council	20.8%	1.1%	1.6%	133.0%
Otorohunga District Council	1.6%	0.7%	1.1%	281.5%
Rangitikei District Council	-18.8%	-0.3%	-0.5%	406.4%
Ruapehu District Council	69.6%	2.8%	4.7%	111.5%
South Wairarapa District Council	31.4%	0.8%	1.2%	166.6%
Stratford District Council	55.1%	1.8%	2.8%	131.4%
Taranaki District Council	47.0%	1.5%	2.8%	133.0%
Thames Coromandel District Council	52.0%	2.3%	3.1%	126.7%
Upper Hutt City Council	48.9%	2.2%	2.8%	163.4%
Waikato District Council	53.8%	3.0%	4.5%	131.8%
Waikato Regional Council	-75.9%	-0.4%	-0.5%	644.6%
Waitomo District Council	115.3%	5.0%	8.3%	128.0%
Wairoa District Council	-11.4%	-0.8%	-1.9%	267.8%
West Coast Regional Council	-16.6%	2.3%	4.8%	244.8%
Westland District Council	58.6%	2.5%	4.4%	135.4%
Whakatane District Council	88.3%	3.9%	6.3%	123.0%

Growth Dashboard

March 2020



Horowhenua
2040 Vision

Overview of Horowhenua District

The Horowhenua economy continues to outstrip growth in the national economy. Our provisional estimate of GDP growth for the 2019 calendar year was 3.2%, well ahead of national growth of 2.3%.

Traffic growth, continues to increase by 2.0% over the year to December 2019. This compares with an increase of 1.7% in New Zealand.

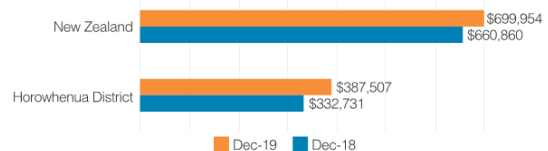
Consumer spending growth in Horowhenua (5.2%) remains well above the national growth rate (3.3%). Growth has been aided by strong employment growth in the district tracking down to 6.3% in December from 6.8% a year earlier. According to the 2019 Regional Economic Profile Horowhenua District added nearly 300 jobs over the year. The biggest contributors to growth were construction (68 new jobs), wholesale trade (45) and Public Administration and Safety (45).

Strong growth in demand for houses, and a lack of supply, have pushed the average house value up by 18% over the calendar year. The average house value is now nearly \$390,000 and housing affordability has been steadily declining despite falling interest rates.

Population growth in Horowhenua has exceeded national growth for four successive years. Waikawa Beach, Manakau, Ohau, Waitare Beach and Foxton Beach being the location of choice, seeing building and resource consent numbers increasing higher each year. The new non residential build value has reached a record high at \$21.8m showing that Horowhenua is not just the district of choice to live in but also the district of choice for commercial and industrial.

Average Current House Value

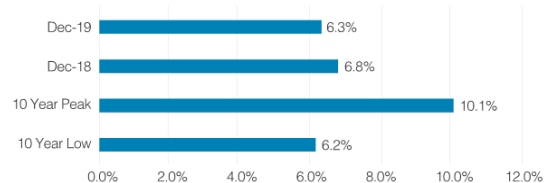
Average for 12 months to December 2019



The average current house value in Horowhenua District was up 17.8% in December 2019 compared with a year earlier.

Unemployment Rate

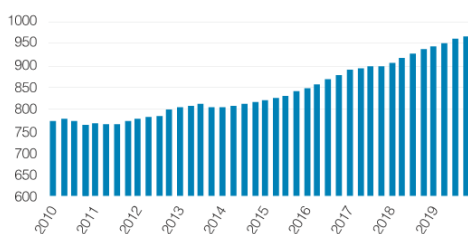
Annual Average (Horowhenua District)



The annual average unemployment rate in Horowhenua District is slowly tracking down to 6.3% in December 2019, down from 6.8% a year earlier.

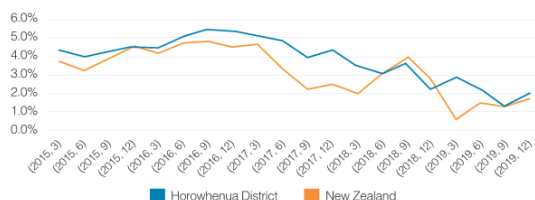
Gross Domestic Product

Annual level, Horowhenua District, \$m



Traffic Volume Growth

Annual Average % change (Horowhenua District)



Population

Urban Settlement Population (Census)	2013	2018	% Difference
Levin	13,935	15,096	8%
Ohau	756	879	16%
Manakau	678	831	23%
Kuku	333	342	3%
Waikawa Beach	102	132	29%
Hokiō Beach	198	183	-8%
Waitāre Beach	588	681	16%
Foxton	2,886	3,153	9%
Foxton Beach	1,626	1,881	16%
Shannon	1,080	1,224	13%
Mangaore	78	78	0%
Tokomaru	747	843	13%
Other	7,089	7,938	12%



Building Consents

Value of consents issued as at 29 February 2020 is \$87,425,676 compared to \$69,557,881 for the same period last year

154 new dwelling consents were issued as at 29 February 2020 compared to 157 for the same period in the 2018/2019 year.

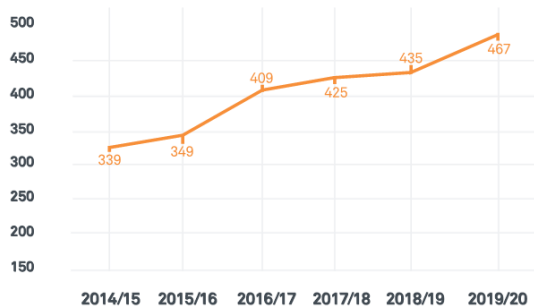
476 building consents were lodged as at 29 February 2020 compared to 432 for the same period in the 2018/19 year.

Consents have been issued for 188 New Residential Dwelling Units as at 29 February 2020. New residential dwelling units count each self-contained unit individually and include individual dwellings, multi-unit dwellings plus yard built and existing dwellings which are relocated onto a site.

YTD the level of Building Consenting activity is higher than the same period in 2018/19, the number of consents issued for new dwellings is the same as at the same period last year.

Building Consent Issued

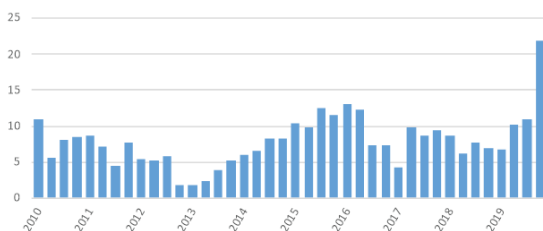
1 July - 29 February 2020 (Horowhenua District)



467 consents issued as at 29 February 2020, compared to 435 for the same period last year.

New Non Residential - Build Value

Annual Running Total \$m (Horowhenua District)



Non-residential building consents to the value of \$21.8 million were issued in Horowhenua District during the year to December 2019. The value of consents increased by 216% over the year to December 2019

Resource Consenting

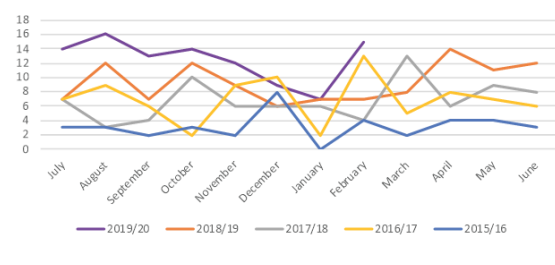
243 consents have been lodged as at 29 February 2020, compared to 181 at the same time last year.

As at 29 February 2020 a total of 143 new allotments have been created as a result of s223 (approval of title plan) & 132 new allotments have been created as a result of s224 (completion of physical works) certificates being issued for subdivisions.

YTD the level of Resource Consenting activity is higher than that was experienced over a similar period in 2018/19.

Subdivisions Consents Approved

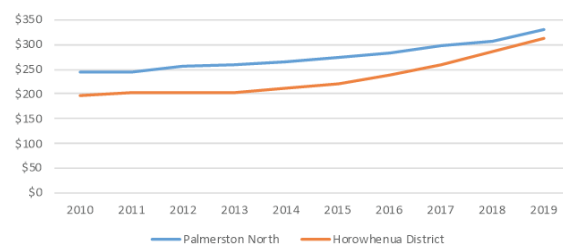
1 July - 29 February 2020 (Horowhenua District)



100 subdivision consents approved as at 29 February 2020, compared to 70 at the same time last year.

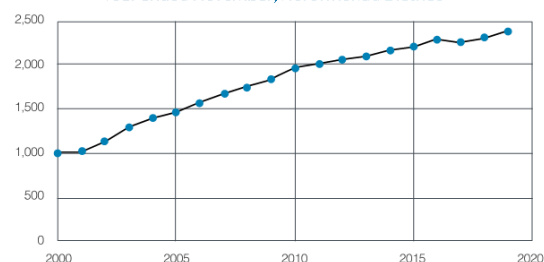
Annual Average Weekly Rent

Palmerston North vs Horowhenua District



Number of active rental bonds

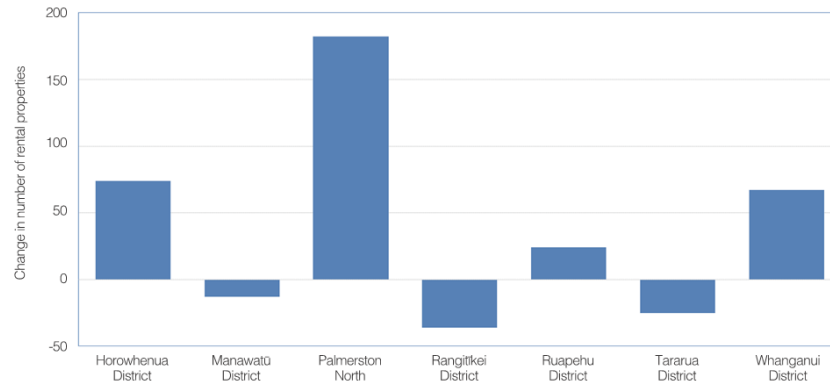
Year ended November, Horowhenua District



Number of bonds lodged with Tenancy Services.



Change in rental private sector housing stock between December 2016 and December 2018



Place of Work vs Place of Residence *Commuter habits within the Horizons Region*

2018 2013

Usual Residence	Ruapehu District	Whanganui District	Rangitīkei District	Manawatū District	Palmerston North City	Taranua District	Horowhenua District
Ruapehu District	5,061 / 4,458	9 / 30	12 / 18	0 / 6	0 / 42	0 / 0	0 / 0
Whanganui District	15 / 42	17,022 / 14,487	153 / 222	51 / 96	171 / 318	0 / 18	0 / 69
Rangitīkei District	66 / 129	264 / 402	5,454 / 4,497	309 / 408	366 / 495	0 / 9	12 / 21
Manawatū District	0 / 21	57 / 63	243 / 354	9,906 / 6,777	3,501 / 4,719	39 / 60	72 / 132
Palmerston North City	21 / 93	87 / 117	156 / 204	996 / 1,377	36,402 / 31,425	162 / 210	228 / 252
Taranua District	0 / 0	0 / 6	0 / 12	39 / 54	462 / 510	6,786 / 5,994	0 / 9
Horowhenua District	0 / 6	21 / 27	21 / 42	81 / 108	936 / 1,260	12 / 12	10,158 / 7,905

e.g. 21 people from Horowhenua District travelled to Whanganui for work in 2018.

Chart	Data Source	Timeframe
Gross Domestic Product	Infometrics - http://www.infometrics.co.nz/	Annual Average Dec 18 - Dec 19
Average Current House Value	Infometrics - http://www.infometrics.co.nz/	Dec 18 - Dec 19
Traffic Volume Growth	Infometrics - http://www.infometrics.co.nz/	Dec 18 - Dec 19
Unemployment Rate	Infometrics - http://www.infometrics.co.nz/	Dec 18- Dec 19
New Non Residential - Build Value	Stats NZ - http://archive.stats.govt.nz/infoshare/	Annual Total Dec 18- Dec 19
Place of Work vs Place of Residence	Stats NZ - http://archive.stats.govt.nz/infoshare/	Census 2013 to 2018
Population	Stats NZ - http://archive.stats.govt.nz/infoshare/	Census 2006 to 2018
Building Consents Issued	HDC Reporting	1 July - 29 February
Subdivision Consents Approved	HDC Reporting	1 July - 29 February
Annual Average Weekly Rent	Ministry of Business, Innovation, and Employment	January - November
Change in rental sector housing stock	Ministry of Business, Innovation, and Employment	December 2016 - December 2018
Number of active rental bonds	Ministry of Business, Innovation, and Employment	January - November



File No.: 20/87

Levin Aquatic Centre Hydroslide

Purpose

To present options for consideration on the future of the Levin Aquatic Centre Hydroslide.

1. Executive Summary

The atmospheric conditions in the main pool area and the Hydroslide are aggressive, with high humidity, higher ambient temperature, poor ventilation, and high concentration of corrosion-inducing anions.

Over time, this environment has caused significant corrosion to both structural and non-structural components of the stairwell and structure frame that supports the Hydroslide.

Investigation into the corrosion has identified that the:

- handrail posts, handrail infill panels, perforated floor plates and stair treads have reached a point where they have sustained non-recoverable corrosion and need to be replaced.
- stairwell stringers are generally in fair condition however showing signs of rust and should be stripped and recoated.
- steel access tower frame was found to be structurally adequate to support self-weight and live loading to current building codes. However, the engineer's assessment concluded that the steel access tower frame was inadequate under lateral loads from wind or seismic events to current building codes.

2. Recommendation

- 2.1 That Report 20/87 Levin Aquatic Centre Hydroslide be received.
- 2.2 That this matter or decision is recognised as not significant in terms of S76 of the Local Government Act.
- 2.3 That the Finance, Audit & Risk Committee recommends to Council that an additional capex budget of \$370,000 (excl gst) be included within the Aquatic activity to carry out repairs to the Hydroslide stairwell (Option 2) over the 2019/2020 and 2020/2021 financial years.

3. Background / Previous Council Decisions

Levin Aquatic Centre (LAC) opened in 1990. The Hydroslide opened in September 2001.

The Hydroslide steelwork did not have a secondary protective coating applied when built, and within 5 years of construction rust was identified. During 2007/2008 protective coating was added, with further stairwell and ventilation remedies completed in 2015.

The wider facility was redeveloped in 2016 to complete re-work of the ground floor area, renovating the toilets, showers and lockers, as well as upgrading the lobby, reception, shop and office area. A hydrotherapy spa pool was installed replacing the existing two spa pools, and tiles in the main pool were replaced. The existing covered area on the north side of the pool was upgraded to include a conservatory area leading to the outdoor area. New tiered spectator seating, and the social and storage space was extended.

The LAC Hydroslide is approaching 20 years old, with the last major works completed in 2008 and minor in 2015.

4. Discussion

- When comparing the monthly admission data at Levin Aquatic Centre from 01 July 2019 against the same period for the previous year, on average, there is a -10% difference in attendance per month.
- While it is difficult to determine if this is directly due to the closure of the Hydroslide, given the growth in other aquatic programmes, and the anecdotal feedback that we receive regarding the Hydroslide we can safely assume that the closure of the slide is a contributing factor.
- Officers do not recommend that Council invest in a brand new stairwell for the purpose of later relocation to a new facility in the future. This would mean that a new facility would essentially be designed around an existing stairwell structure, and require any new Hydroslide facility to resemble the current slide height and structure. There was general acknowledgement from Elected Members that the best place for consideration of a new Hydroslide facility is with the longer term strategy consideration for Aquatic and Recreation Facilities. On this basis, Officers have not concentrated on the option of a brand new purpose built Hydroslide solution, as that would be designed accordingly as part of any future state concept.
- It is not envisaged that a new aquatic/recreation centre in Levin would be opened in the next 10-15 years.
- Any level of service reinstatement of the Hydroslide functionality will need to extend the life of the asset for at least 15 years, and account for maintenance and repairs in annual budget planning.

5. Options

Option 1. Do nothing – remove the slide

There did not appear to be appetite from Elected Members about changing the level of service of Aquatics by removing the current Hydroslide facility permanently. Officers have profiled consequences of removing the Hydroslide from an income perspective, but have largely focused on the options Council has to reinstate the Hydroslide level of service in this context.

Option 2. Repair the existing Stairwell

- Rusted wall panels removed and replaced with new panels
- Existing steel structure removed, sandblasted, minor modifications made, and then hot dip galvanised and painted with a two-part epoxy paint
- Replacement of the stairs and balustrade.

Once repaired the slide tower and Hydroslide will last 20-30 years.

The current design with some modifications could accommodate a second Hydroslide, increasing capacity and breadth of appeal if required. Gaming or special effects could be retrofitted to the existing slide to increase patronage and appeal to a broader age range.

Option 3. Replace the Stairwell

Officers do not recommend that Council invest in a brand new stairwell for the purpose of later relocation to a new facility in the future. This would mean that a new facility would essentially be designed around an existing stairwell structure, and require any new Hydroslide facility to resemble the current slide height and structure.

5.1 Cost

Option	Cost Estimate
Option 1. Do nothing / remove the slide	\$250,000 (excl gst)
Option 2. Repair the Stairwell	\$370,000 (excl gst)
Option 3. Replace the Stairwell (composite product)	\$100,000 (excl gst) for removal of the existing stairwell, plus material-only quote of \$137,705 (excl gst). Labour, travel / disbursements and contingency additional.

5.1.1 Rate Impact

As the aquatic activity is a targeted rate, and additional capital budget is sought, this will have a rate impact. Financial modelling suggests this impact will be an extra \$0.77 per household, per annum.

5.2 Community Wellbeing

Participation in informal aquatic activities has benefits to the physical and mental health of the individual and hence to the wellbeing of the community as a whole.

The Hydroslide at Levin Aquatic Centre promotes healthy social interaction for a wide variety of users.

Individual users, families, community groups and visitors to Levin Aquatic Centre have expressed their disappointment when they have discovered that the slide is not currently in operation. Elected Members and Council Officers have fielded enquiries in respect to the Hydroslide and when it will be repaired. There is evidence from the community that this community asset should be repaired and reinstated.

5.3 Consenting Issues

There are no anticipated consenting issues arising.

5.4 LTP Integration

Council has completed Condition Assessments for Levin Aquatic Centre and Foxton Pool. This provides Council with information as to the remaining life of the assets, next required maintenance and the ongoing maintenance cycle out to 2036. This information will inform the 2021 LTP.

6. Consultation

There has been no formal consultation with the community to form the recommendation presented in this report by Council Officers. However, the community have continued to raise concerns and disappointment over the ongoing closure of the Hydroslide with Council Officers and Elected Members.

7. Legal Considerations

There are no Legal Requirements or Statutory Obligations affecting options or proposals.

8. Financial Considerations

This is reactive maintenance; the extent of the repair is not currently budgeted. Should Council support the recommendation of Council Officers the funding will be additional to the current Aquatic capital programme. As outlined above, financial modelling suggests this impact will be an extra \$0.77 per household, per annum.

9. Iwi Considerations

There are no Iwi considerations that would affect the recommendation of Council Officers outlined in this report.

10. Climate Change Considerations

There are no Climate Change considerations that would affect the recommendation of Council Officers outlined in this report.

11. Environmental Considerations

There are no Environmental considerations that would affect the recommendation of Council Officers outlined in this report.

12. Health & Safety Considerations

The Hydroslide at Levin Aquatic Centre has not operated over the past 12 months due to significant health and safety concerns in relation to the main stairwell.

Structural assessments have been completed on the stairwell and recommendations made in terms of repair. The repair costs are significant, exceed budget and are complex given the work space and the structure. The slide cannot be reopened until remediation work is completed.

13. Other Considerations

The Aquatics/Recreational Feasibility Study currently underway will provide an opportunity for a longer term collective view of Aquatic facilities throughout the Horowhenua District.

The outcome of the Feasibility Study will be a strategy for Aquatics and complimentary recreational community facilities. The strategy will provide Horowhenua District Council long term direction and rationale in regards to future investment and development of facilities.

The Feasibly Study will be completed to inform the Horowhenua District Council 2021 LTP.

14. Next Steps

The Hydroslide repair will be planned and implemented accordingly; with the aspirational goal of the slide opening in time for the Summer School Holidays (December 2020).

15. Supporting Information

Strategic Fit / Strategic Outcomes

Thriving Communities:

Our communities have a 'sense of place' that makes people feel proud to live here.

Our communities are inclusive, connected and have the opportunity to influence local outcomes and decisions.

Our communities have access to health, social and recreation facilities which enable people to enjoy positive healthy lifestyles.

An Exuberant Economy:

We provide opportunities for people of all ages and at all phases of life to enjoy a quality of living within our District that is economically sustainable and affordable.

Enabling Infrastructure

Our facilities and infrastructure services are planned and developed for each town or village in our District to meet current and future needs.

Risk Area	Risk Identified	Consequence	Likelihood	Risk Assessment (Low to Extreme)	Managed how
Financial	The repair cost runs over budget	Additional funding required	Unlikely	Low	Contingency built in to project.
Service Delivery	The remediation repairs are not able to be completed in the estimated timeframe.	Delays in opening the Hydroslide and public dissatisfaction.	Likely	Moderate	Regular open and transparent communication to internal and external stakeholders and user groups.
Reputational	Repairs do not stand the test of time and further significant work on the structure is required before the estimated maintenance timeframes.		Given the aggressive environment this risk is relevant to all remediation options.	Low	The preferred option addresses some of the challenges faced and makes improvements in line with industry best practice.

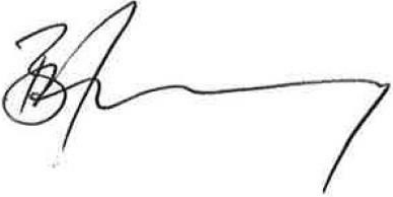

Confirmation of statutory compliance

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.

16. Appendices

There are no appendices for this report

Author(s)	Brent Harvey Community Facilities & Events Manager	
Approved by	Nicki Brady Deputy Chief Executive	

Exclusion of the Public : Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1 Strategic Land Purchase

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.