

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

**Date:** Wednesday 31 March 2021  
**Time:** 4.00 pm  
**Meeting Room:** Council Chambers  
**Venue:** Horowhenua District Council  
Levin

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## Finance, Audit & Risk Committee

### OPEN AGENDA

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#### MEMBERSHIP

<b>Chairperson</b>	Mr Philip Jones	
<b>Deputy Chairperson</b>	Mrs Christine Mitchell	
<b>Members</b>	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	
<b>Reporting Officer</b>	Mrs Jacinta Straker	(Chief Financial Officer)
<b>Meeting Secretary</b>	Mrs Karen Corkill	

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

Full Agendas are also available to be collected from:  
Horowhenua District Council Service Centre, 126 Oxford Street, Levin  
Te Awahou Nieuwe Stroom, Foxton,  
Shannon Service Centre/Library, Plimmer Terrace, Shannon  
and Te Takeretanga o Kura-hau-pō, Bath Street, Levin



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**1 Apologies**

**2 Public Participation**

Notification 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](mailto: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, 24 February 2021**

**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 to 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.

# Infrastructure Development - Activity Update

File No.: 21/79

## 1. Purpose

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

## 2. Recommendation

- 2.1 That Report 21/79 Infrastructure Development - Activity Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

## 3. Key Highlights and Business Priorities

### 3.1 Foxton River Loop Regeneration – Stage One

#### 3.1.1 Progress update

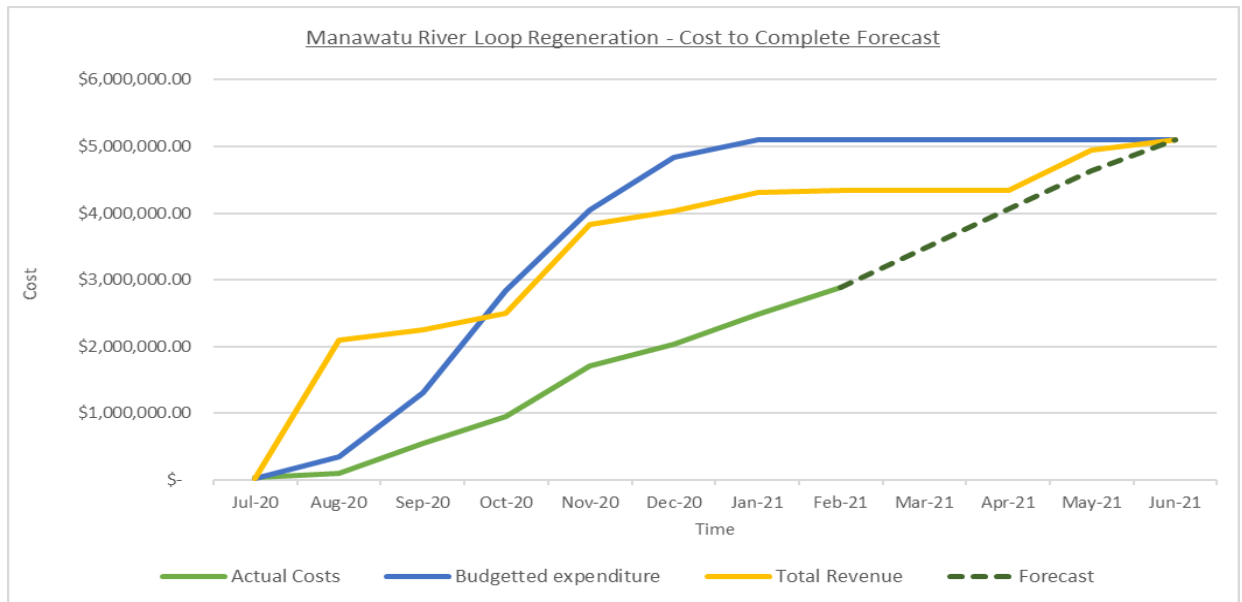
The Manawatu River Improvement Festival took place as planned on 27 February 2021. The general feeling among people was pride and celebration that this section of the river loop is useable once again, along with a clear desire to see the project carry on and deliver more stages of rejuvenation. Everyone is looking forward to the finished reserve complimenting the widened river. It was pleasing to see the heavy foot traffic throughout the local shops and the rest of Foxton throughout the day.

The day started with a dawn blessing by Ngāti Raukawa, followed by the unveiling of a historic anchor found in the Loop and restored by Save Our River Trust. A flotilla of vessels of all shapes and sizes made an impressive ceremonial entrance to the river loop to officially start off the day's festivities. Coley Street Primary and Foxton Primary Schools performed in the morning followed by musical entertainment in the afternoon. The two winners of our recent colouring competition from Coley Street School and St Mary's Primary School helped Mayor Bernie Wanden commemorate the Manawatu River Improvement Festival by planting flax in the reserve

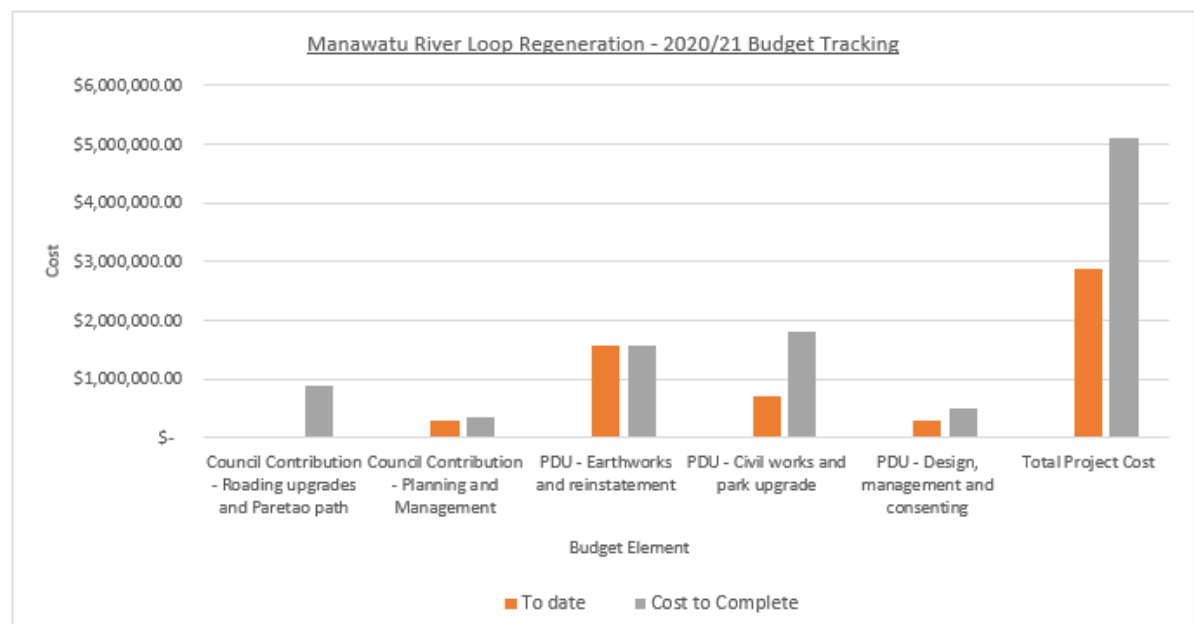


### 3.1.2 Financials

The graph below shows that we remain on track for completion of planned works by end of June 2021. We will be applying for the next payment instalment of \$600,000 from the Provincial Development Unit in May 2021 followed by our final instalment of \$260,000 in June after the completion of works.



Council’s contract with the Provincial Development Unit (PDU) required a co-fund provision of \$1.2M for design and project management costs and associated asset improvements to the river excavation and park upgrade. The tracking graph below summarises the various funding contributions and costs to complete. Project management and construction costs have continued to come in below original project allocations, thus allowing for a number of future elements to be brought forward and included in the scope of works.





Council's primary contribution is for roading and shared path improvements. That work is the last of the elements to be constructed and will include safety and pavement upgrades at the Clyde and Harbour Street intersection and the upgrade of Harbour Street south of Wharf Street. A new shared path will also be constructed along the river edge to connect the upgraded reserve to Paretao (Seaview Gardens)

### 3.1.5 Focus for next month

We are now in the final stages of the project. This month's focus is directed toward constructing a natural playground, shelters with barbeques, viewing platforms, and lighting in the park. We will also incorporate remnants of the old Whirokino Trestle Bridge as a hand railing element to the south of the park, as shown in the image below.



We are almost at planting season. We have planned a planting day on Friday 16 April 2021. This will involve Coley Street School, local hapu and residents of Foxton to commemorate the extraordinary work that has been done at the Foxton River Loop Reserve.

Chosen species to plant in the Foxton River Loop Reserve include a mix of native and exotic plants; Tī kōuka (Cabbage Tree), Kowhai, Pururi, Honey Locust, Golden Ash and Manuka. The proposal is for native trees to be planted toward the south end of the reserve by Te Awahou Nieuwe Stroom and deciduous trees towards the northern end of the reserve.

## 3.2 Crown Infrastructure Partners Enabling Infrastructure for Tara-Ika

### 3.2.1 Progress update

Work has continued on the trenched section of new sewer main on the north side of Queen Street, east of the SH57 intersection. We are on track for substantial completion of the new pipe by the end of March in line with the CIP contract milestone programme. Following testing and independent certification of the new pipe, Council will be entitled to its first milestone payment from the CIP grant funding.



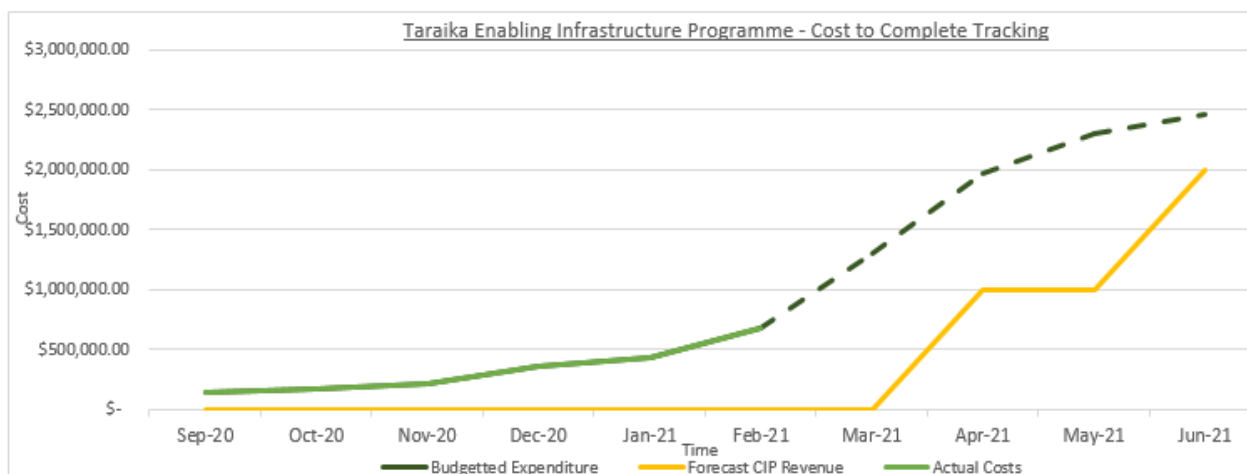
The next stage of pipe will involve re-lining a decommissioned concrete water pipe along Queen Street using trenchless technology. This approach will avoid open trenching through the busy SH57 intersection and will connect Tara-Ika to the existing network with sufficient capacity downstream of Queenwood Road. The liner is expected to be delivered by the end of March for installation in April.

Ahead of the re-lining our teams have installed new manholes, removed old valves and regraded a number of the pipe sections to achieve uniform crossfall.

### 3.2.2 Financials

An overview of the forecast expenditure to the end of this current financial year is provided below. Actual costs have continued to track in line with the forecast expenditure. Over the next couple of months the work programme will gain momentum with continued work at Queen Street and the investigation works for the new wastewater main in Tararua Road.

Receipt of our first grant funding payment is shown in April. There will always be a lag in our cost to complete tracking due to CIP revenue being paid in arrears on milestones.



### 3.2.3 Focus for next month

Lining the decommissioned concrete pipe using a specialist pipe-lining contractor.

Investigation and design will continue for Tararua Road's sewer main with construction to commence after the completion of Queen Street's sewer main (June 2021).

### 3.3 Foxton Beach Wharf

#### 3.3.1 Progress update

The Manawatū Foxton Beach wharf is located on Department of Conservation Land and the area is widely valued by the local community. The western end of the wharf requires repair to prevent further erosion and Council has assessed a range of repair options.

Over the past month, Council has met with the Department of Conservation and Horizons Regional Council to confirm the construction methodology and timeline for the works. Council has established an agreement with DOC under the provisions of the Conservation Act 1987, for the authorisation of the proposed repair work

Horizons has confirmed the proposed work as a permitted activity under the One Plan rule for a Maintenance Activity.

#### 3.3.2 Focus for next month

Physical works anticipated to commence in April/May, tide and weather dependent.

### 3.4 Fale Lotu Connections

#### 3.4.1 Progress update

The building contractor, Fair & Square Builders, continues to make excellent progress with this project.

A major milestone at the Free Church of Tonga was achieved this month. The church now has a new corrugated iron roof and exterior cladding. During the month they also delivered new joinery and lighting fixtures. Internal lining work has begun along with plastering and painting internal walls in the church. The Free Church of Tonga is on the home stretch and the site is looking great.



A site blessing was held at the Samoan Methodist Church on Tuesday 9 February before the works commenced the following day. The carpet was uplifted and the new vinyl flooring was installed. The team completed the demolition of the kitchen and bathroom and have started to re-frame for the extension to these areas.



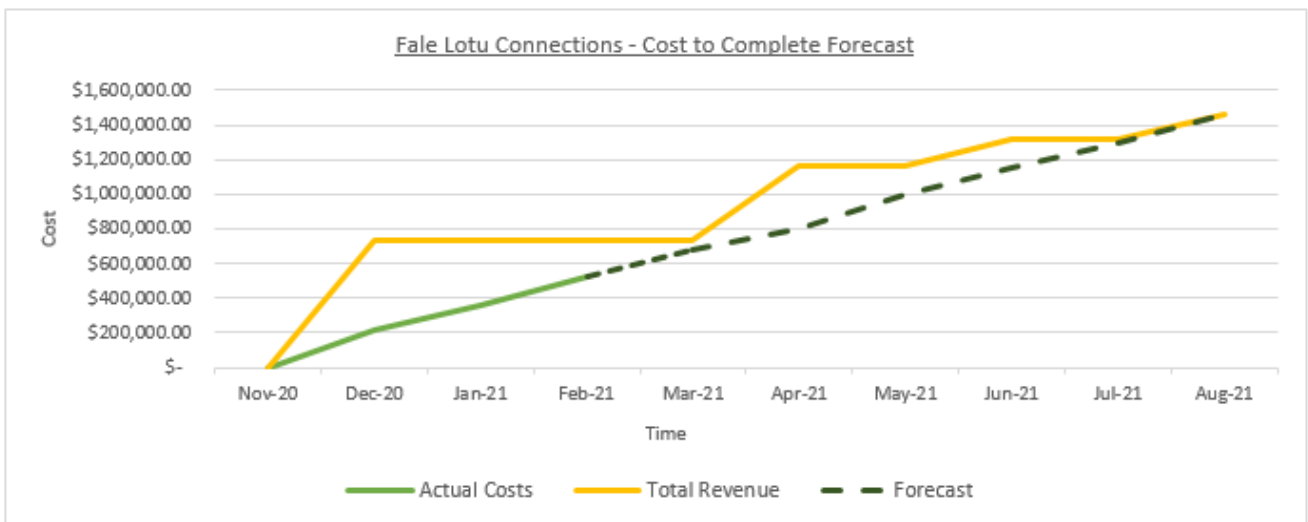
### 3.4.2 Financials

The graph below summarises the financial status of the project. We have continued to track in line with our forecasted expenditure. The actual costs have been accrued to 4 March 2021, due to the lag in contractor’s claims and payment certification process.

A 15% deposit was required from the contractor at the time of signing the agreement, this was paid during the month of December as shown in the graph below. The deposit has been split between the three churches based on their budgeted costs.

We intend to make our second instalment claim to the Provincial Development Unit in early April 2021. This will allow us to stay ahead of all future contractor monthly claims and continue to remain cash positive.

We still remain confident that all three churches will be completed by August 2021.



### 3.4.3 Focus for next month

The Free Church of Tonga has a lot planned for the next month. All internal lining and painting will be completed, as well as the installation of a heat pump and spouting. We expect to have the Church/Hall building completed by end of March. Work will then begin on the rear building for the fit out of the kitchen, sliding doors and a deck. We plan to have a reopening celebration for the Free Church of Tonga once the keys have been handed back to the Church in April.

At the Samoan Methodist Church contractors will continue to re-frame the kitchen and bathroom, the plumbing and electrical services will also be setup for these areas. The heat pump is also expected to be installed over the next month.

The Congregational Christian Church of Samoa will commence demolition work in April 2021, once the Free Church of Tonga Church/hall has been completed.

## 3.5 North East Levin Upgrade Project

### 3.5.1 Progress update

The North East Levin Upgrade project comprises two separable portions:

- Separable Portion 1

Road rehabilitation and widening and the construction of an upsized piped reticulation network along Roslyn Road to collect sewer and stormwater off neighbouring residential developments; and

- Separable Portion 2

Consenting and, if approved, construction of a new detention area at the corner of Roslyn and Fairfield Roads.

Higgins Contractors are making good progress on Separable Portion 1. The new wastewater mains and manholes are complete and are awaiting connection to the new wastewater pump station. We have encountered an unforeseen Chorus cable in Roslyn Road which has extended our pump station construction programme by two weeks. We also need to coordinate with Electra for working in proximity to power cables.

Higgins are making excellent progress with the new stormwater pipes. Work is underway trenching the new 1500mm diameter pipes.

We remain on track to be completed by mid-year. We thank the locals for their patience while we complete this important work.



### *Aerial image of Roslyn Road project*

With regard to Separable Portion 2, the hearing date for the stormwater attenuation scheme has now been confirmed for 26 May 2021 in Levin.

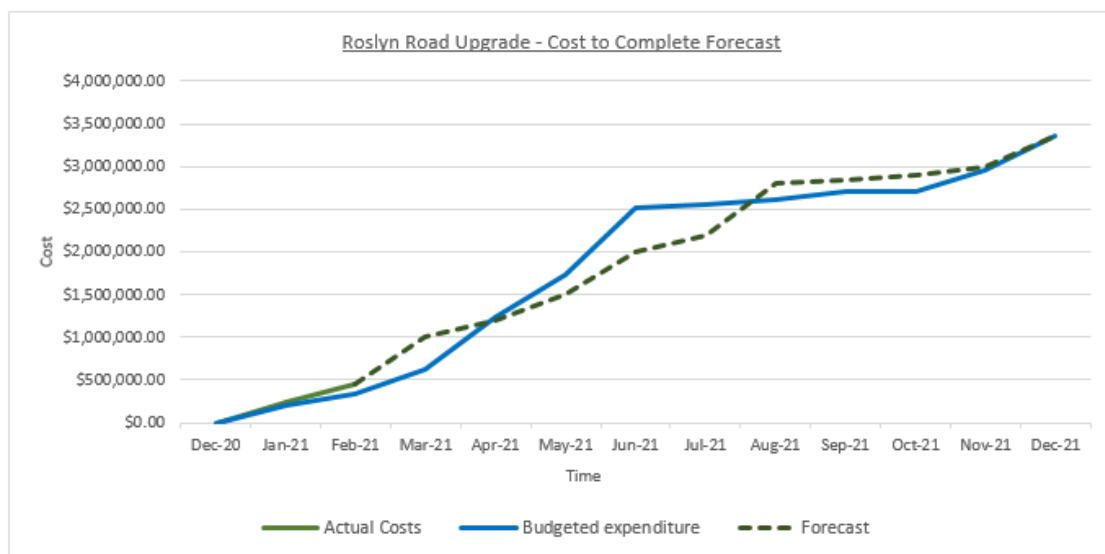
### 3.5.2 Financials

The chart below summarises the total project, including Separable Portions 1 and 2.

We have reforecast separable portion 1 for the latest risk with final payment claims now anticipated in July. Stormwater works on site got underway during March and Higgins have made better progress than anticipated. We have adjusted the forecast accordingly.

Separable Portion 2 budgets remain provisional until the consent is approved. At this stage, physical works are anticipated to commence during October.

The total cost to complete is still within the allocated budget.



### 3.5.3 Focus for next month

Completion/installation of the Waste Water pump station and continuation of 1500mm diameter storm water infrastructure within Roslyn Road.

### 3.5.4 Stakeholder commentary

The contractor undertook letter drops and is in constant contact with the residents that are affected, Council have received good feedback from the customers.

Communication to the general public has gone out via Council website, Facebook page and the local newspaper.

## Attachments

There are no attachments for this report.



### Confirmation of statutory compliance

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

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

decision.

### Signatories

Author(s)	Daniel Haigh <b>Principal Project Manager</b>	
Approved by	Brent Maguire <b>Group Manager - Infrastructure Development</b>	



# Infrastructure Operations - Activity Update

File No.: 21/91

## 1. Purpose

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

## 2. Recommendation

- 2.1 That Report 21/91 Infrastructure Operations - Activity Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

## 3. Key Highlights and Business Priorities

### 3.1 ROADING

#### Poads Road Bridge Replacement

##### Project Overview Summary

##### Overview

The existing Poads Road Bridge is in poor condition and it is no longer viable to cost-effectively maintain the bridge. The old bridge currently has a posted weight limit of 2,000kg, which is a lower level of service than that which is required for the agricultural land use of Poads Road. A condition assessment was conducted on the bridge in 2014. The assessment indicated the cost of maintaining the bridge would be similar to the costs of replacement.

This project will ensure safe access to Poads Road by replacing the existing bridge with a replacement bridge that is able to service all road-legal vehicles.

##### Design Selection

The bridge replacement was procured through Council's roading contract, with the contractor submitting several options for the design and price. Between the three presented options from the contractor, it was decided to go with the single-lane two-span bridge as the cheapest and best-value option.

The original budgeted value was \$950k and the preliminary price for construction of the single lane two span bridge was approximately \$500k.

##### Work to date

An on-site geotechnical investigation was undertaken in March 2019. The geotechnical data was used to develop a specimen design for the bridge replacement. Council worked closely with staff from Horizons Regional Council's River Management Team to determine efficient design and construction methodologies, which met the Resource Consent conditions. The Resource Consent for this work was then applied for by the contractor.

The final bridge design was completed and approved in January 2020. All the precast concrete sections were constructed off site. However, the original COVID-19 lockdown delayed the start of the on-site bridge construction and, as there is a certain window within which the work must be undertaken, the project was deferred for a year.

The on-site construction finally began in February 2021 and the project is progressing well.

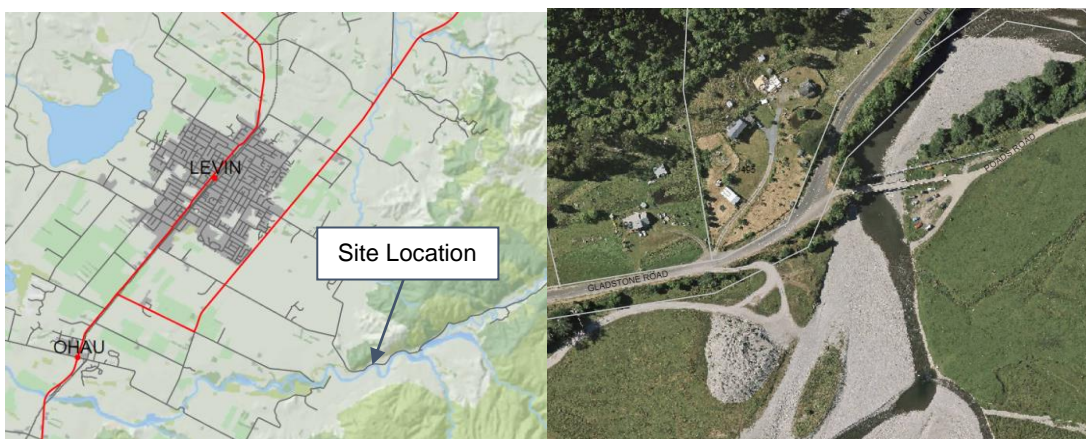


### Financials

	2018/19	2019/20	2020/21	2021/22	.....	Total
<b>Total expenditure</b>	\$90,000	\$205,000	\$355,000			\$650,000

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> <li>• Project has been procured through Road Maintenance Contract</li> <li>• Bridge construction underway</li> </ul>	<ul style="list-style-type: none"> <li>• Complete project within approved budget and acceptable timeframe</li> </ul>	<ul style="list-style-type: none"> <li>• Start of construction February 2021.</li> <li>• Completion of project by the end of April 2021</li> </ul>

### Overview of the site:



### 3.2 FOXTON WASTEWATER DISCHARGE UPDATE

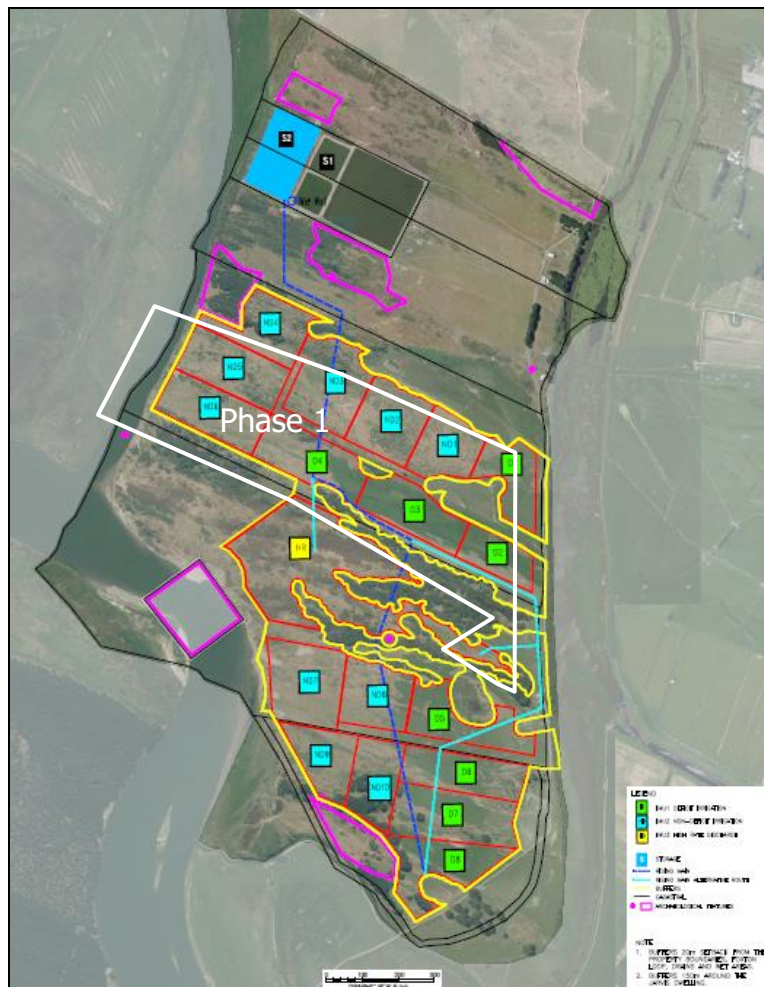
#### Project Update Summary

The opportunity arose to accelerate the completion of the Foxton Wastewater Treatment Plant Upgrade Project this financial year. To comply with the resource consent conditions, the physical work for the upgrade is required to be completed by 4 February 2022. There was a risk that if the contractors disestablished from site that the resource may not be available again in time to complete the project before the February deadline.

#### Overview of project:

The Foxton Waste Water Treatment Plant (WWTP) is a 3-pond system located south-west of Foxton between the two arms of Foxton Loop on rural land known as Matarakapa. The WWTP was constructed in 1976 with discharges of treated wastewater going into the western arm of Foxton Loop.

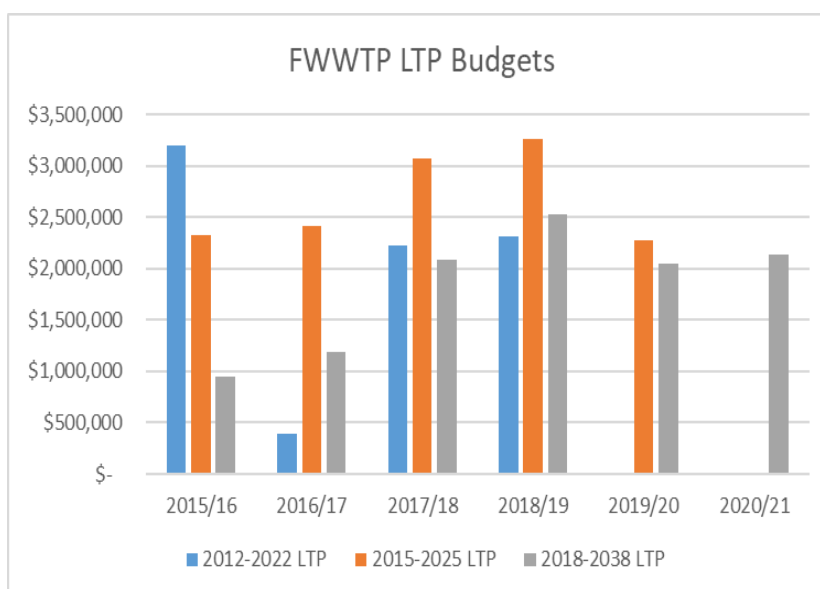
On 4 February 2019, the Environment Court granted consents to develop and operate a land discharge system to replace the Foxton Loop discharge. This allows irrigation of the area of farmland outlined in yellow on the map below and construction of a new storage pond (blue rectangle). The first phase of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



The preliminary concept work for this project started in 2011 as part of Council's strategy, which is based on Horizons One Plan Policy, that all treated effluent from the district's wastewater treatment plants, should be applied to land.

Following this initial phase, an original budget of \$8.131M was put in the 2012-2022 LTP for the project, with the budget spread across four years starting in the 2015/16 Financial Year (FY) through to the 2018/19 FY. Further scoping of the project prior to the 2015/16 FY indicated that the granting of the consent would take longer, and that the project would be more expensive than was originally envisaged. As such, when the 2015-2025 LTP was developed the budget was amended to \$13.355M, with the funding spread across five years starting in the 2015/16 Financial Year (FY) through to the 2019/20 FY.

However, the consent process took considerably longer, and the cost of this process was significantly higher than anticipated due to the Environment Court process. An updated project budget of \$10.952M was put in the 2018-2038 LTP, with the final year for the project being 2020/21. By that stage \$2.141M had already been spent in the 2015/16 and 2016/17 years alone. The consent was finally granted in 2018 and the cost spent on the project had grown to \$3.65M by the end of the 2018/19 FY.



Physical construction work for the project finally started in February 2020, with the Horowhenua Alliance being engaged as the head contractor, only for the COVID-19 pandemic lockdown to then cause disruption with the construction paused for one and a half months.

At the end of the 2019/20 FY a total of \$6.109M had been spent on the project. During the development of the 2020/21 Annual Plan it was still unclear what the long term effect of the COVID-19 pandemic was going to be on the project, as some of the materials required for the project were to be sourced from overseas. Early indications were that there could be significant delays. As the direction from Council was to reduce the capital spend for the Annual Plan, it was decided to put \$1.539M to complete Stage 1 in the 2020/21 AP and defer the remainder of the project budget for Stage 2 until the 2021/22 FY.

To comply with the resource consent conditions, the physical work is required to be completed by 4 February 2022. Based on the Annual Plan budget change, a programme was developed to deliver the completed project by the deadline. However, the programme is tight with little room for delays.

Despite the unprecedented nature of the COVID-19 event, the project has caught up with its initial programme and is now running ahead of schedule for the construction phase. Due to the fixed deadline for Council to comply with the consent conditions, it is considered that it would be prudent, if possible, to revert back to the original construction timeframe to ensure that the required work is completed in a timely manner. There is a risk that if the contractors disestablish from site that the resource may not be available again in time to complete the project before the February deadline.

To this end, the project management team worked to finalise the Stage 2 designs, update schedules and evaluate of the Stage 2 requirements to ensure that everything was in order if we were to accelerate the project. During this process, an updated geotechnical review of the design for the new storage pond highlighted that stronger pond walls were required to protect against earthquakes, than had been allowed for in the initial engineers estimates. This led to a design change and updated scopes/schedules were developed.

These changes identified that the amount which was signaled to complete the project in the 2018-2038 LTP budget is insufficient. A full review of the scope was then carried out to see whether some works could be deleted or deferred, and what options there were for achieving cost savings while still achieving full compliance with all resource conditions. One of the areas identified was in the area being irrigated. The consent requires an area of 63 hectares be irrigated and the project design had irrigation over 80 hectares, to cater for future growth. The 63ha is sufficient to accommodate the predicted growth for the short to medium period, so the construction of these 17 extra hectares will be deferred, until growth in Foxton dictates that an extension to the irrigation field is required.

Officers then explored the availability of the existing contractors to be able to complete the work sooner, rather than early next Financial Year. The contractors have indicated that they are available to complete the majority of the physical works for the project by the end of June 2021.

Pricing/estimates for the remaining physical works have been carried out and these updated costs are presented below. The project team have carried out a review of the pricing/estimates to confirm alignment with current known rates to ensure that value for money is being achieved.

The life to date cost for the project, to the end of February 2021, is \$7,629,286. That includes \$1,519,953 year to date from the 2020/21 budget of \$1,539,000. An approximate further \$3.9M is required to complete the physical works, \$2.9M this financial year and \$1.0M next year, including an allowance for contingency. This does increase the total project cost to \$11,529,286, \$576,870 over the \$10,952,416 signaled in the 2018-2038 LTP.

The Wastewater budget for this financial year has been reprioritised to reduce the effect of completing the work this financial year. Overall Council capital expenditure will not exceed the \$30.6 million amount set in the Annual Plan and, as such, will not have an effect on the amount of borrowings planned for the Financial Year.

### 3.3 HOROWHENUA ALLIANCE

The Horowhenua Alliance (HA) refocused on the requirements of COVID-19 protocols to ensure that the safety and wellbeing of staff and customers is kept forefront of everyone's mind. HA continues to track well in its Health & Safety performance measures.

HA is currently taking on a further three new staff and is utilising temporary staff and contractors. The Tara-ika project, utilising our key subcontractor Tatana, is progressing well and the HA has two to three staff working alongside Tatana staff for work experience and greater cooperation.

The Foxton Waste Water Pond project is progressing with HA working toward efficient and cost effective solutions to complete the project. Some Water Supply capital projects have been a focus of our team this month as the network in Shannon has had a number of recent faults (pipe bursts).

Water reports and measures meet prescribed standards with Engineers ever vigilant over quality and service.

#### **KPI Update**

HA completed all Water and Wastewater jobs within contracted timeframes. There were no stormwater events. Response times to site achieved within 28 minutes for both water and

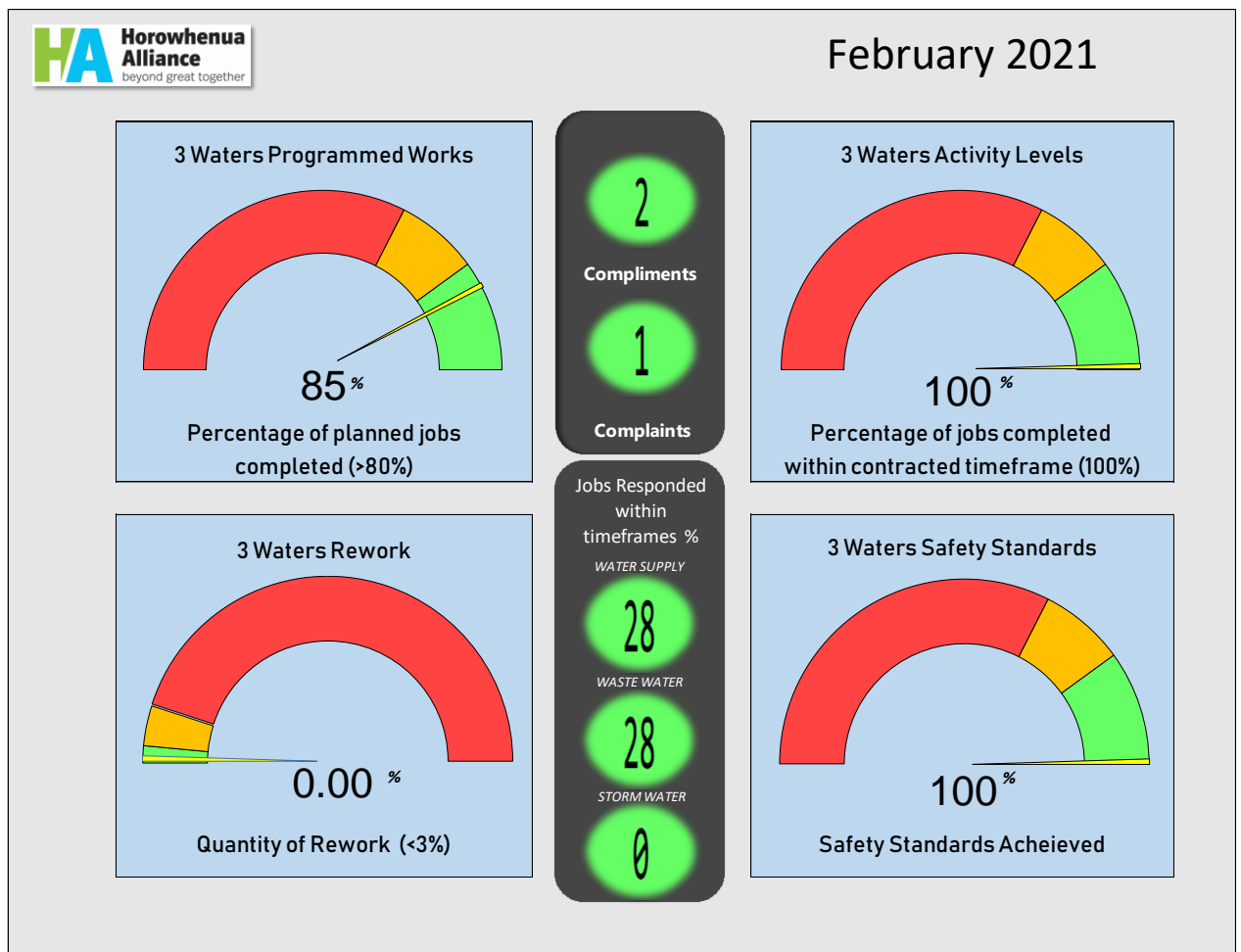
wastewater. February saw all safety standards met. There were no occurrences of rework in February.

HA received two compliments, one from a supplier with respect to timely and courteous service from administration staff and the other from a customer who phoned the HDC call centre to show appreciation of the operations team and the 'fantastic job' completed.

One complaint received about the lack of progress on Tokomaru WWTP fencing. The complainant was met with and the matter resolved.

No lost time injuries reported, and no plant damage.

Three Safety Behaviour Observations recorded, 13 Critical Control Inspection occurrences with four Critical Control Audits completed. There were no infringement notices or prosecutions.





### 3 Waters - Metric

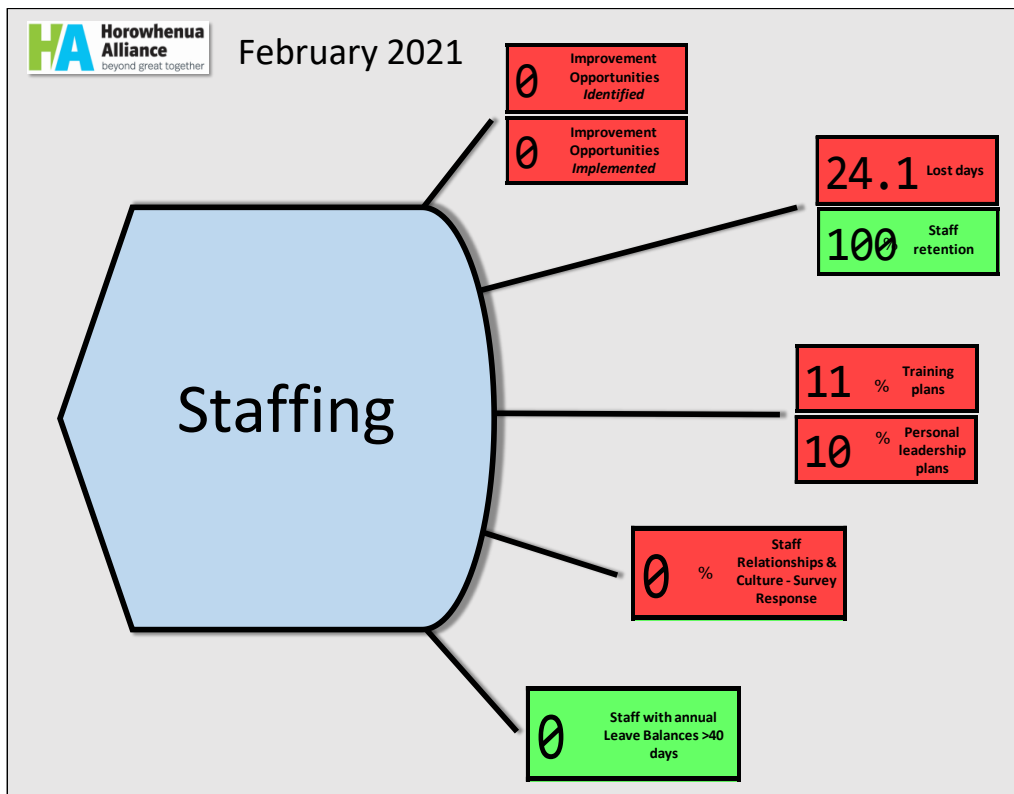
3 Waters - Compliments & Complaints (Customer Satisfaction)	Unit	Target
Total Number of Compliments	COUNT / CRM	0
Total Number of Complaints	COUNT	<22/100
WS - Reponse Time Frames Met	Minutes	< 60 minutes
WW - Reponse Time Frames Met	Minutes	< 60 minutes
SW - Reponse Time Frames Met	Minutes	< 60 minutes
Relationship Strength Measure	CRM Analysis	TBD

3 Waters Programmed Works	Unit	Target
WS Planned Activity	Count	Actual
WW Planned Activity	Count	Actual
SW Planned Activity	Count	Actual
<b>3 Waters Activity AVERAGE</b>	<b>Count</b>	<b>Actual</b>
WS Planned Activity ON HOLD	Count	Actual
WW Planned Activity ON HOLD	Count	Actual
SW Planned Activity ON HOLD	Count	Actual
<b>3 Waters Activity ON HOLD AVERAGE</b>	<b>%</b>	<b>&gt;20%</b>
WS Planned Activity COMPLETED	%	>80%
WW Planned Activity COMPLETED	%	>80%
SW Planned Activity COMPLETED	%	>80%
<b>3 Waters Activity COMPLETED AVERAGE *</b>	<b>%</b>	<b>&gt;80%</b>

3 Waters - Activity Levels	Unit	Target
WS Jobs Scheduled	Priority	P1-P3
WW Jobs Scheduled	Priority	P1-P3
SW Jobs Scheduled	Priority	P1-P3
<b>3 Waters Jobs Scheduled AVERAGE</b>	<b>Priority</b>	<b>P1-P3</b>
WS Jobs Completed	Resp. time / Hours	<1 - <8
WW Jobs Completed	Resp. time / Hours	<1
SW Jobs Completed	Resp. time / Hours	<1
<b>3 Waters Jobs Completed AVERAGE</b>	<b>Resp. time / Hours</b>	<b>&lt;1 - &lt;8</b>
WS Jobs Open	Resp. time / Days	< 3 days
WW Jobs Open	Resp. time / Days	>12
SW Jobs Open	Resp. time / Days	0
<b>3 Waters Jobs Open AVERAGE</b>	<b>Resp. time / Days</b>	
Total Jobs responded to in target timeframes *	Actual Count	100%

3 Waters - Safety Standards	Unit	Target
WS Water - Safety Standards Achieved	Actual Result	Achieve
WS Water - Satisfactory Service Delivered	Actual Result	< 6
WS Water - sustainable Service Supplied	Litres per Capity per	< 350 LPCD
WW Water - Reliable Wastewater Collection & Disposal	Actual Result	< 2
WW Water - Satisfactory Service Delivered	Count	< 22
WW Water - Safe Disposal of Waste Water	Actual Result	0
SW Water - An adequate storm water system	Flooding Events	< 5 per year
SW Water - An adequate storm water system	Connections	< 2/1000
SW Water - A sustainable storm water service	Actual Result	0
Customer Satisfaction Survey	Actual Result	> 84%
Safety Standards - Cumulative Total	Percentage	

3 Waters - Rework	Unit	Target
WS Quantity of Rework	%	<3%
WW Quantity of Rework	%	<3%
SW Quantity of Rework	%	<3%
<b>3 Waters Quantity of Rework AVERAGE</b>	<b>%</b>	<b>&lt;3%</b>
Reactive Maintenance *	%	<3%
Planned Maintenance *	%	<3%
Planned Renewals *	%	<3%
<b>3 Waters Quantity of Rework AVERAGE</b>	<b>%</b>	<b>&lt;3%</b>



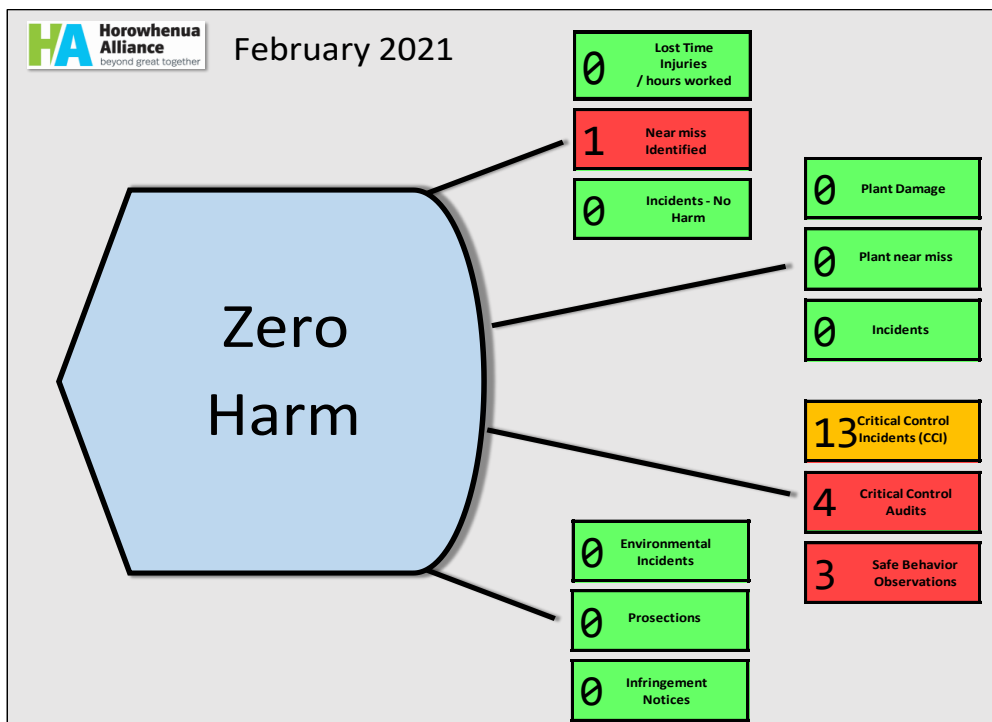
Horowhenua Alliance beyond great together

### People & Performance Metric

People & Performance	Unit	Target
Number of lost days / sick / absence	Days	< 265 days per
Number of Improvement Opportunities Identified	Number	2
Number of Improvement Opportunities Implemented	Number	1
Number of performance plans in place and aligned	Number	95%
Training plans in place and aligned to performance plan	Count	95%
Personal leadership plans in place	Count	95%
Staff relationships & Culture	Survey Response	80%
Staff retention within Reporting period	%	98%
Annual Leave Balances owing > 40 days	Count	0
Management Roles with succession planning in place	Count	95%



**Zero Harm**



Horowhenua Alliance Zero Harm Metric

Zero Harm - People & Performance	Unit	Target
Lost time injuries per hours worked *	Count	<5
Near miss identified (Opportunity)	Count	4
Incidents - No Harm *	Count	0
SBOs (Safe Behavior Observations)	Count	>10
Plant Damage *	Count	<7
Plant near miss *	Count	<2
Incidents *	Count	0
Environmental Incidents *	Count	0
Prosecutions *	Count	0
Prosecutions	Cost \$\$	0
Critical Control Inspections	Count	15
Critical Control Audits	Count	10
Infringement Notices *	Count	0
Infringement Notices	Cost \$\$	0

**Strategic Update – Projects**

- Septage works – Considerable works outstanding – including mechanical and electrical works. Striving to complete these works this financial year.
- Inlet Pipe – New pipe to provide resilience and future proof plant. Difficulty obtaining qualified Structural Engineer to peer review connection details (where pipe joins head works) has delayed works. Engineer now located and review being undertaken.
- Foxton Pond Desludging – Contractor scheduled to return in May, however, the return is contingent on completion of another contract. Any delays on contractor’s other works will delay ours.

**Major Capital Works for next Five Months**

- Levin Wastewater Treatment Plant
- Digesters –

- Both digesters require repair as cracked and leaking gas. Estimate of costs once digesters emptied and condition assessed.
- Preparing decommissioning and commissioning plans.
- Sludge Tank Roof – Consultant preparing fee and scope.
- Headworks – Main works complete. Step screen installation and electrical & mechanical works to complete.
- Septage works – Civil works progressing. Concrete pads for above ground tank and pump shed to construct. Pumps and tank to purchase. Pipe work to lay.
- Inlet pipe – Pipe purchased. Earthworks underway.

### **Additional Capital Works**

#### Water

- Tokomaru Water Treatment Plant Upgrade – To improve treatment process, provide resilience, and address concerns with existing plant. New shed constructed. Finalising scope, options and programme to transfer plant to new shed. Procurement of contractors underway.

#### Wastewater

- Tokomaru Treatment Plant Fencing – Fence location agreement reached with neighbour.
- Foxton Treatment Plant Fencing - Stage 2 scheduled for May dependant on pond completion.
- Bryce Street Pump Station – Install larger pumps to improve capacity for current and future demand. Larger pump station required, as current pump station inadequate. Preparing concept design.
- Smoke Testing - To assess condition of reticulation network in Shannon. Nearing completion.

#### Stormwater

- Levin Domain – To alleviate flooding and upgrade broken reticulation. Asset Management agreed concept design. Preparing detailed design. Works staged across this financial year and next for budget purposes.

### **Achievements**

#### This Year

- Flagstaff water reticulation renewal complete
- Karaka water reticulation renewal complete
- Queen Street West water reticulation section complete
- Rugby Street water reticulation renewal complete
- Stafford Street water reticulation renewal 50% complete
- Levin Wastewater Treatment Plant Headworks nearing completion
- Levin Wastewater Treatment Plant Septage roadworks completed
- Shannon Smoke Testing largely complete
- Foxton Wastewater Desludging - three geobags of sludge removed to date.
- Fencing at Waitarere, Foxton Beach and Shannon treatment plants completed. Levin and Tokomaru treatment plants 50% complete.
- Foxton Water Treatment Plant – Clarifier louvres constructed

### **Strategic Update – Operations**

A Second treatment operator has started and is working out well. HA are also recruiting a treatment position and when filled, HA staffing levels will be back to normal in the treatment area. Recruitment for reticulation staff via Downers Road/Water ready program is underway.

Maintenance figures for current financial period

- Water lateral repairs 101
- Toby Replacements 151
- Water mains repairs 15
- Meter installations 189
- New water connections 31
- New sewer connections 22

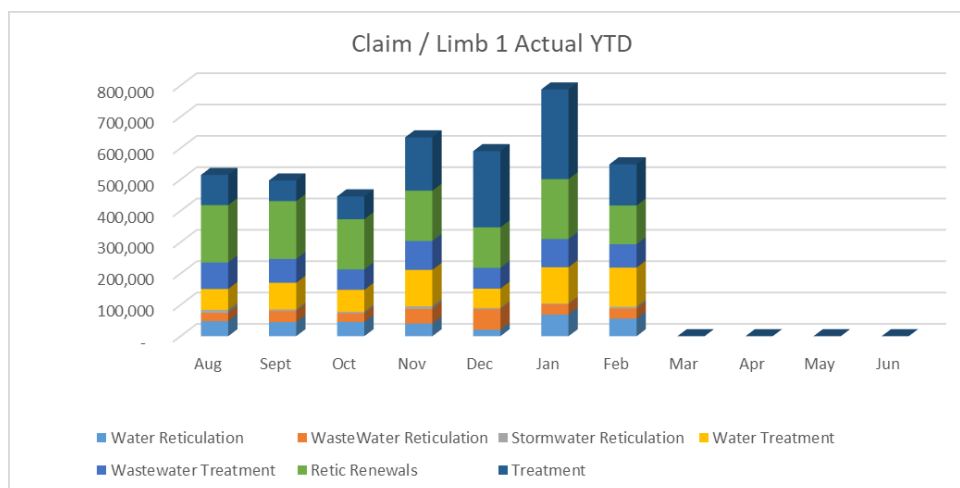
Council's Drinking Water Supply Monthly Compliance Report for January 2021 passed.

Online Compliance and Resource Consents all passed.

All SSP reports for February have been completed on time.

Level 2 water restrictions remain in place for Levin and Foxton. Foxton Beach remains at Level 1.

### **Financials**



### **3.4 FOXTON BEACH SURF LIFE SAVING CLUB UPGRADE**

#### **Background:**

The Foxton Beach Surf Life Saving Club is undergoing seismic strengthening, including a general upgrade to future proof and ensure that it is fit for purpose. The works include:

- Structural strengthening of the building.
- Upgrade to current standards for current fire exit, access and egress locations.
- Redesign and upgrade of public toilet facilities and club changing rooms.
- Upgrade of plumbing system.
- Widening of internal stairs and related relocation of existing first aid room.
- Installation of additional pre-fabricated toilet block in front of the existing building.

The project received external funding of \$806,632 from Surf Life Saving NZ (via Foxton Surf Life Saving Club).

#### **Necessary consents:**

- Building consent including amendment for Exeloo installation - received
- Resource consent (issued by HDC) – received
- Resource consent (issued by Horizons Regional Council) – received Draft and agreed on conditions

**Current situation construction:**

Following a public tender process, the company **W&W Construction** has been contracted to undertake the physical works. The works contract has a current contracted value of \$982,773.

**Essence design** has been contracted to provide the technical supervision and contract management.

Construction started on 15 March 2021 and the current expected completion of the project is 15 July 2021.

The following has been achieved so far:

- Site established (15 March 2021)
- Safe removal of Asbestos (16 -17 March 2021)
- Demolition of internal walls
- Prefabricated Exeloo ordered (15 March 2021 – estimated arrival time being the last week of June 2021)

**Next steps:**

- Continuation of the construction works.
- Further engagement with iwi to comply with resource consent conditions being:
  - o Site monitoring by Iwi
  - o Enhancement of site with cultural and historical aspects
  - o Establishment of accidental discovery policy
  - o Co-management of new building

**Attachments**





There are no attachments for this report.

**Confirmation of statutory compliance**

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

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

**Signatories**

Author(s)	Asli Crawford <b>Water &amp; Waste Services Manager</b>	
	James Wallace <b>Roading Services Manager</b>	
	Arthur Nelson <b>Parks and Property Manager</b>	
Approved by	Kevin Peel <b>Group Manager - Infrastructure Operations</b>	

# Eight Month Report 1 July 2020 - 28 February 2021

File No.: 21/93

## 1. Purpose

To present to the Finance, Audit & Risk Committee the financial report for the eight months to 28 February 2021.

## 2. Recommendation

- 2.1 That Report 21/93 Eight Month Report 1 July 2020 - 28 February 2021 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

## 3. Issues for Consideration

As included in the **attached** report.

## Attachments

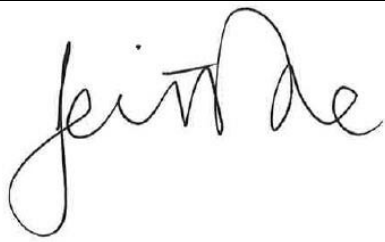
No.	Title	Page
A	Financial Reporting - Monthly Report - 28 February 2021 - FAR Committee	30

### Confirmation of statutory compliance

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

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

## Signatories

Author(s)	Jacinta Straker Chief Financial Officer	
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Approved by	Nicki Brady Deputy Chief Executive	
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# Eight Month Report

1 July 2020 - 29 February 2021



## Executive Summary

Total revenue	Total expenditure	Total surplus/(deficit)
<p><b>\$45.01m</b> is 9% more than the YTD budget of \$41.46m</p>	<p><b>\$41.57m</b> is 8% more than the YTD budget of \$38.60m</p>	<p><b>\$3.44m</b> is 20% (\$578k) more than the YTD budget of 3.25m</p>

The Council revenue for the year is higher due to the Council's success in securing funding from the Provincial Growth Fund. This has also resulted in higher capital and operational funding as the projects are completed.

Total Capital Spending	Grants and Subsidies (Capital and Operating)	Total net borrowings
<p><b>\$15.35m</b> is \$5.2m less than the YTD budget of \$20.2m</p>	<p><b>\$12.27m</b> is 21% more than the YTD budget of \$10.1m</p>	<p><b>\$94.57m</b> is 157% of budgeted operating income (financial strategy limit is 195%)</p>

The Council has completed \$15.35m towards the capital programme at the end of February and is forecasting to complete \$28.8m of the \$30.6m capital budget by the end of June. Variances within activity areas are explained within the report.

It is important to note that \$2.5m of the capital budget is forecast to be spent within the operating budget as it relates to work completed as part of the Manawatū Rover Loop project within the Manawatū river corridor. This is owned by the Department of Conservation, and so has been treated as an operating expense.

The additional grants and subsidies income primarily relates to additional income of \$731k received from the Provincial Growth Fund on behalf of the Free Church of Tonga, Samoan Methodist Church, and the Congregational Christian Church of Samoa received as part of the Fale Lotu Connections Project.

Below is a summary of the key grants that the Council has received this year. It should be noted that the Provincial Growth Fund Grants are paid on a milestone payment basis, in some cases across a number of years i.e. The Mahi Space which is \$400k across the 2020–2022 years. The graph below does not include the portion of the grant that relates to the 2021/22 year.

	Actual YTD \$000	Annual Plan YTD \$000	Variance YTD \$000	Annual Plan \$000	Year End Projection \$000	Variance \$000
<b>Capital funding from Provincial Growth Fund</b>	<b>(2,006)</b>	<b>(5,350)</b>	<b>(3,344)</b>	<b>(5,350)</b>	<b>(2,973)</b>	<b>(2,377)</b>
Manawatu River Loop - Capex	347	2,112	(1,765)	3,800	1,323	2,477
Queen St West upgrades	332	200	132	200	332	(132)
<b>Operational Funding from the Provincial Growth Fund</b>	<b>(3,629)</b>	<b>-</b>	<b>3,605</b>	<b>-</b>	<b>(3,852)</b>	<b>3,852</b>
The Mahi Space	121	-	121	-	131	(131)
Manawatu River Loop - Opex	2,477	-	2,477	-	2,477	(2,477)
Fale Lotu Connections	368	-	368	-	1,150	(1,150)
<b>Capital Funding from Three Waters Stimulus Fund</b>	<b>(2,173)</b>	<b>-</b>	<b>2,173</b>	<b>-</b>	<b>(2,173)</b>	<b>2,173</b>
Roslyn Road infrastructure upgrade	466	269	197	650	2,309	(1,659)
<b>Net Expenditure /(Funding)</b>	<b>(3,697)</b>	<b>(2,769)</b>	<b>3,964</b>	<b>(700)</b>	<b>(1,277)</b>	<b>577</b>

Jacinta Straker - Chief Financial Officer



## Operational Summary

Total revenue	Total expenditure	Total surplus/(deficit)
<b>\$45.01m</b> is 21% more than the YTD budget of \$37.24m	<b>\$41.57m</b> is 22% more than the YTD budget of \$33.98m	<b>\$3.44m</b> is 20% (\$578k) more than the YTD budget of 3.25m

### SUSTAINABILITY

#### Rates to operating revenue 60%

Rates revenue	\$26.04m
Operating revenue	\$43.72m

60% of operating revenue is derived from rates revenue. Rates revenue excludes penalties, water supply by meter and is gross of remissions. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives.

#### Balance budget ratio 105%

Operating revenue	\$43.72m
Operating expenditure	\$41.57m

Operating revenue should be equal or more than operating expenditure. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives. Operating expenditure includes depreciation and excludes loss on derivatives, landfill liability and loss on asset revaluations. Year to date revenue is 105% of operating expenditure.

#### Net Debt to total projected revenue (LGFA Cov.) 157%

Total net borrowing	\$94.6m
Total budgeted operating revenue	\$60.41m

With net borrowing of \$94.57m we are still under the set limit of 195% of operating revenue. Total net borrowing is external borrowing less cash at bank.

#### Interest to rates revenue (LGFA Cov.) 6%

Net Interest	\$1.66m
Rates revenue	\$26.04m

6% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue excludes penalties, water supply by meter and gross of remissions.

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<b>Interest to operating revenue (LGFA Cov.)</b>		<b>4%</b>
Net Interest	\$1.66m	
Operating revenue	\$43.72m	

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4% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received.

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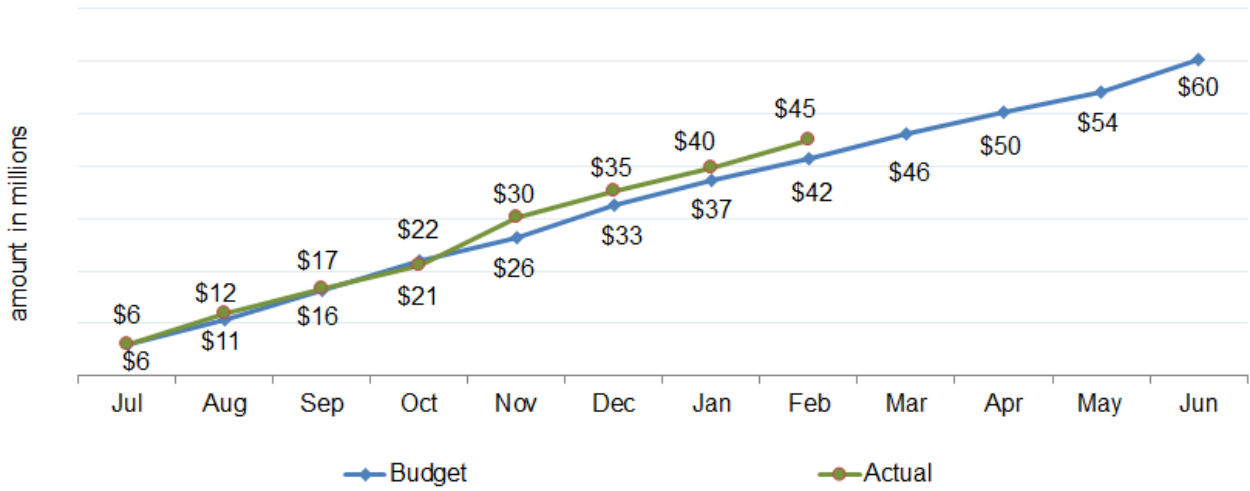
<b>Available financial accommodation to external indebtedness (LGFA Cov.)</b>		<b>111%</b>
Net debt	\$94.57m	
Undrawn committed facilities	\$10.00m	

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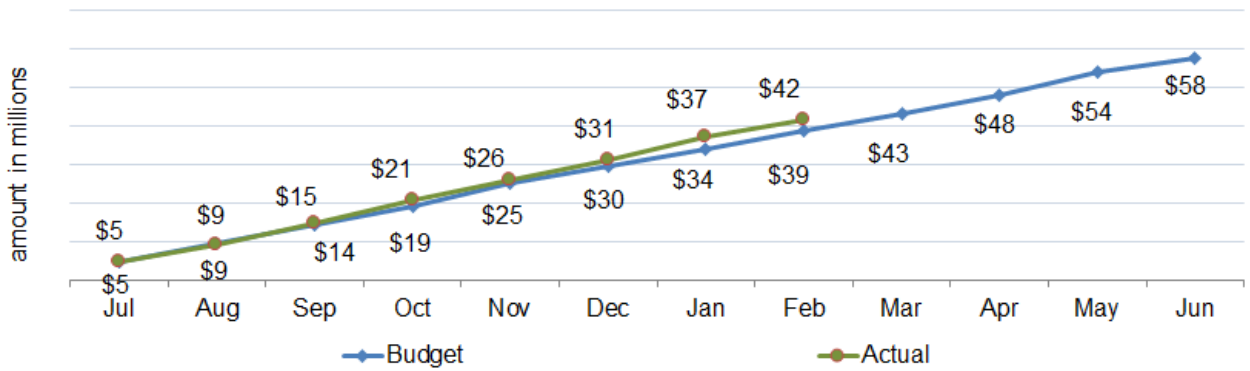
The committed bank facility enables us to borrow up to 111% of our current external debt immediately. The LGFA covenant minimum is 110%.

With regard to the available financial accommodation to external indebtedness (LGFA Covenant), the Council is currently working with LGFA to secure a further \$10m in facilities to increase liquidity and ensure ongoing compliance with our ratios given the increasing borrowings requirements signalled in the LTP.

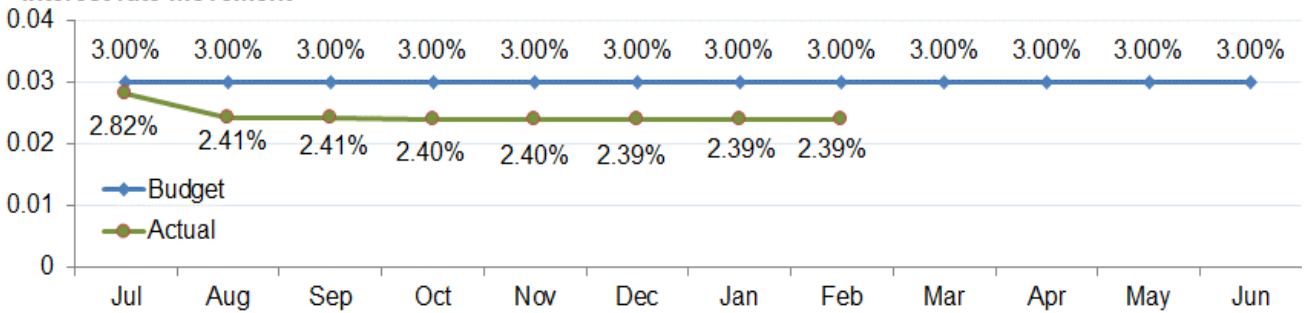
**Total Revenue \$m**



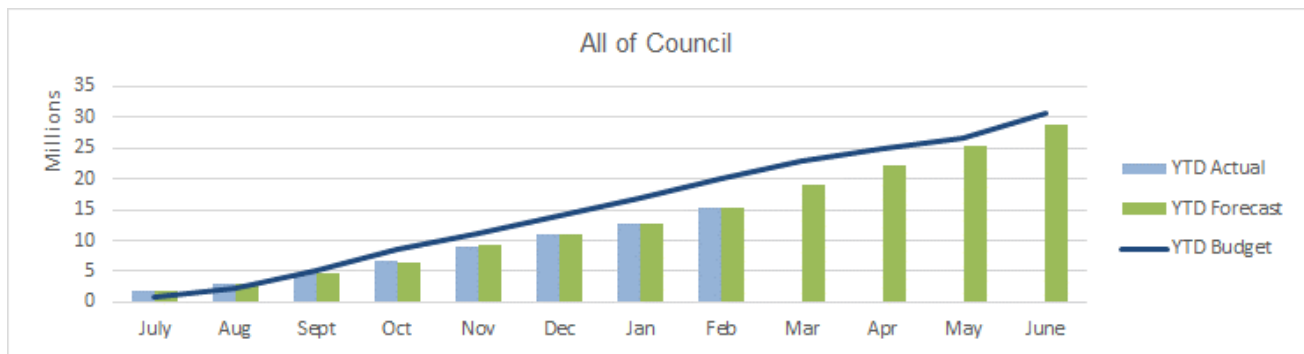
**Total Expenditure \$m**



**Interest rate movement**

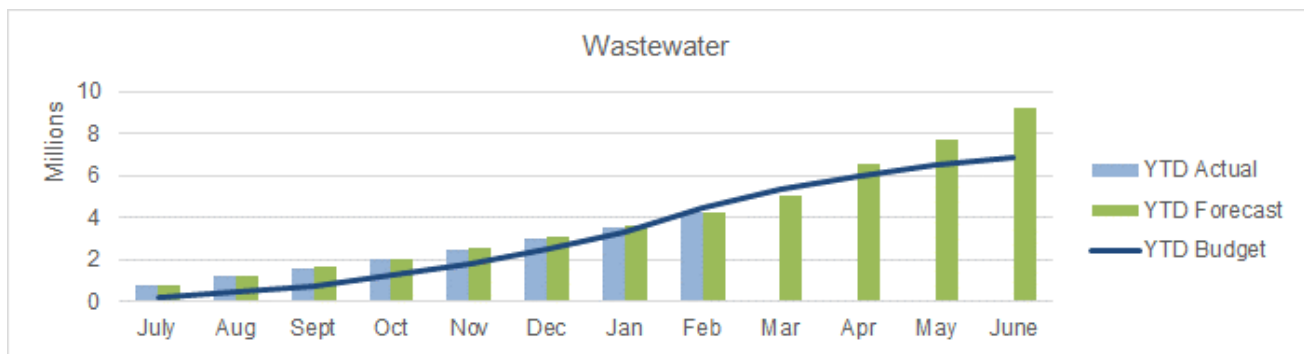


## Capital Expenditure Summary



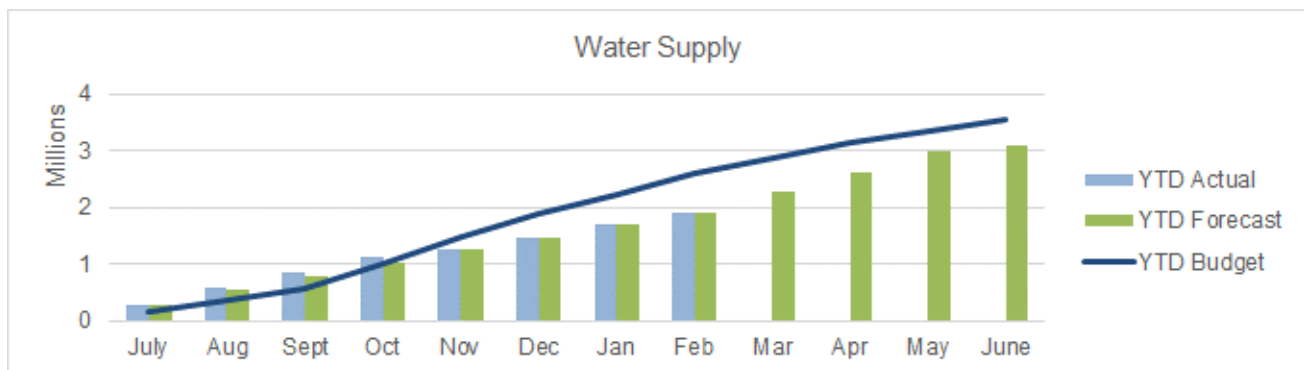
The Council has completed \$15.35m towards the capital programme at the end of February and is forecasting to complete \$28.8m of the \$30.6m capital budget by the end of June. Variances within activity areas are explained within the capital activity graphs below.

### Wastewater Activity



The additional expenditure of \$2.4m forecast in this activity relates to additional work being completed this year on the Foxton wastewater treatment plant. The additional expenditure within Wastewater is planned to be offset by reduced spending across other activities.

### Water Supply Activity

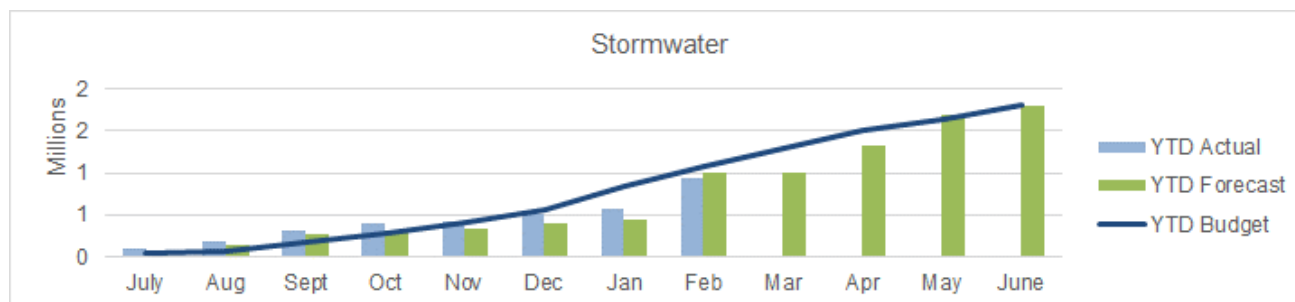


The Water Supply activity is currently underspent by \$707k and is forecast to be 452k underspent by the end of the year.

The lower spending YTD relates to lower reticulation renewals in Levin of \$120k. This is due to the Alliance focusing on wastewater for the first part of the year and now increasing the focus on water supply. There is also lower spending on new Levin development areas of \$448k.

The overall \$452k underspend forecast is reprioritisation of spending from the Levin Growth funding of \$778k less the amount required to fund additional reactive renewals of \$215k required in Shannon as a result of pipe bursts.

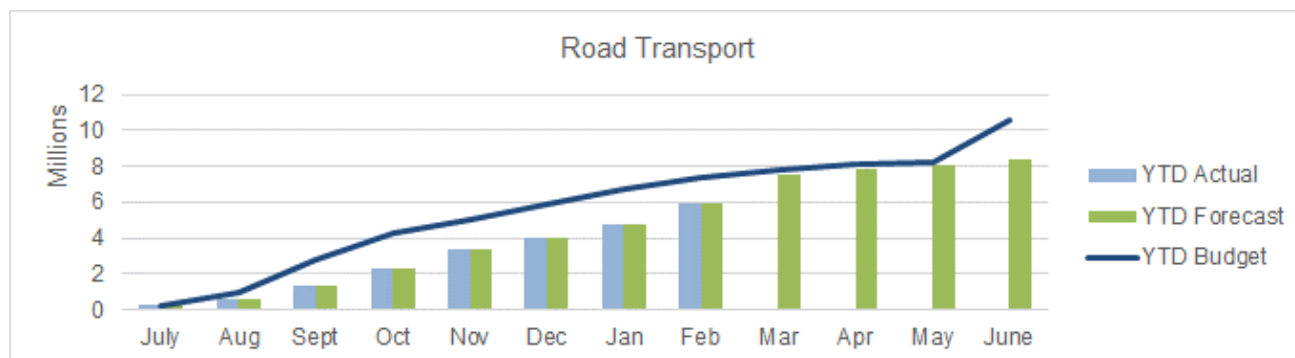
### Stormwater Activity



The Stormwater activity is currently underspent by \$140k and is forecast to be fully spent by the end of the year.

The lower spending of \$140k relates to the Foxton East Drainage Scheme \$302k. The project is being managed by Horizons. There is also lower spending on improvements to NE Levin of \$230k but the work is now contracted. These are partially offset by additional spending on districtwide Stormwater of \$172k and Roslyn Road.

### Road Transport Activity



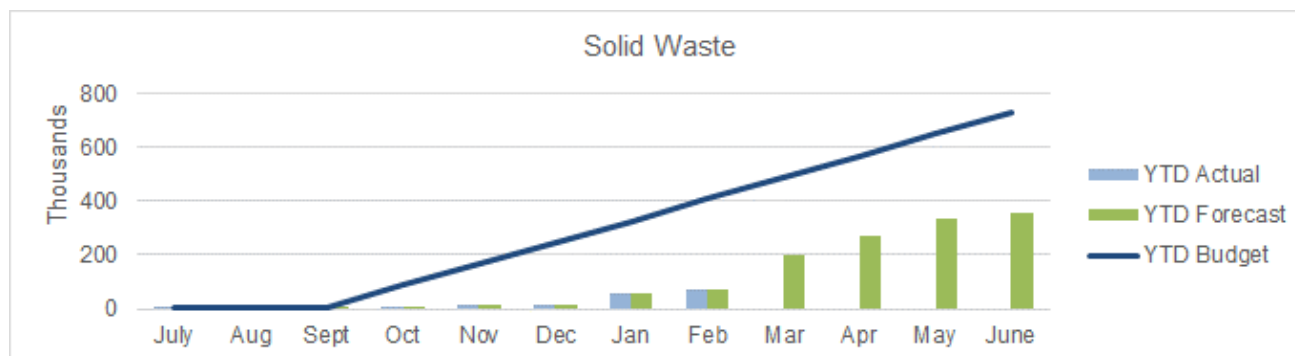
The Roothing activity is currently underspent by \$1.5m and is forecast to be \$2.2m underspent by the end of the year.

The lower spending so far relates to lower levels of roading improvement work completed year to date (\$240k). This is due to the inclusion of the PGF Queen Street projects early in the financial year, which were required to be completed first. However, it is anticipated that the Road Improvement budget will be largely caught up by year end.

The lower spending forecast at year end relates to a provisional budget for road improvements for O2NL (\$1.7m) which has not been required in the current year and, as such, has not been approved by NZTA. A further \$500k for improvements to rail crossings has also not been spent, as rail crossing projects are reliant upon business cases being submitted from KiwiRail, before the

funding is approved by Waka Kotahi (NZTA). To date no business cases have been received and no rail crossing upgrades are now expected to occur this financial year.

### Solid Waste Activity

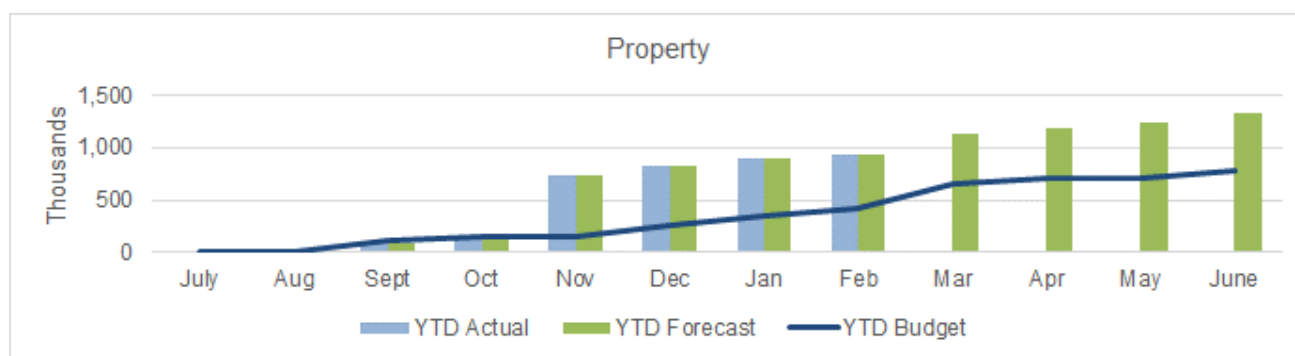


The Solid Waste activity is currently underspent by \$340k and is forecast to be \$376k underspent by the end of the year.

The lower spending of \$340k relates to less landfill development work being completed while the Project Management Group (PMG) seeks to find common ground in the operation of the landfill and investigations for early closure and remediation of the site. The PMG has Council, community and iwi representatives. It also has independent oversight from an independent project manager and technical experts.

The forecast lower spending on landfill development will be formally requested to be carried forward into 2021/22.

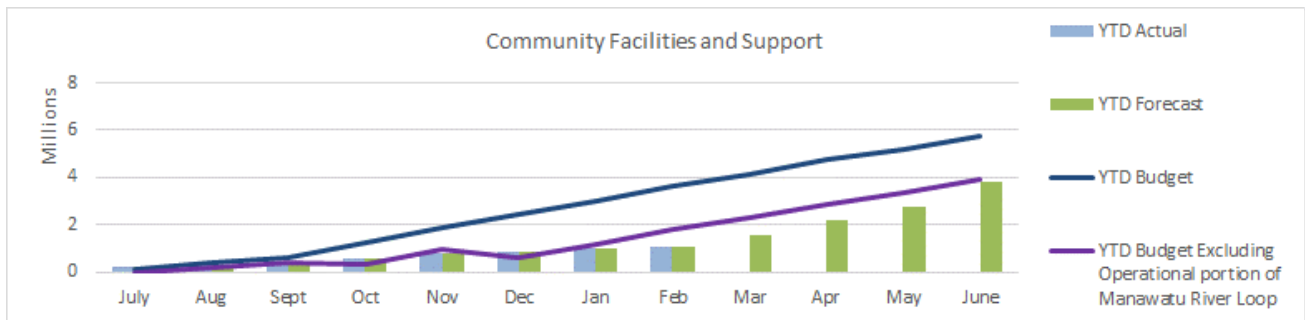
### Property Activity



The Property activity is currently overspent by \$509k and is forecast to be \$544k overspent by the end of the year.

The additional spending primarily relates to the purchase of strategic land at 28 Durham Street Levin. Additional borrowings will not be required however due to the Council receiving proceeds from the sale of the Roe St property to the Horowhenua Trust.

**Community Facilities Activity (includes a number of activities including Aquatics, Libraries and Community Centres, Parks, Reserves, Sportsgrounds and Cemeteries)**



The Community Facilities activity is currently underspent by \$2.5m and is forecast to be \$1.9m underspent by the end of the year.

The underspend so far relates mostly to the Foxton Futures project (\$2.1m). A significant portion of the project is related to the river, which is owned by the Department of Conservation, and so will be treated as an operating expense. The full amount to be treated with operating expense is \$2.5m.

## Statement of Comprehensive Revenue and Expense

Statement of Comprehensive Revenue and Expense As at 28 February 21								
	Annual Plan YTD Feb-21 \$000	Actual YTD Feb-21 \$000	Variance YTD 2021 \$000		Year End Projection 2021 \$000	Annual Plan 2021 \$000	Variance 2021 \$000	Notes
<b>Revenue</b>								
Rates Revenue	(26,067)	(26,043)	(24)	⊖	(39,614)	(39,684)	(70)	⊖
Operational Grants & Subsidies	(1,348)	(5,606)	4,258	⊕	(8,412)	(2,104)	6,308	⊕ 1
Finance Income	(100)	(10)	(90)	⊖	(150)	(200)	(50)	⊖ 2
Fees & Charges,	(2,873)	(2,669)	(204)	⊖	(4,212)	(4,551)	(339)	⊖
Other Revenue	(2,280)	(2,643)	363	⊕	(3,540)	(3,197)	343	⊕ 3
Gains on Disposal of Assets		(86)	86	⊕	(86)	-	86	⊕
<b>Total Revenue</b>	<b>(32,668)</b>	<b>(37,057)</b>	<b>4,389</b>	<b>⊕</b>	<b>(56,014)</b>	<b>(49,736)</b>	<b>6,279</b>	<b>⊕</b>
<b>Expenditure</b>								
Employee Benefit Expenses	10,645	9,820	825	⊕	15,911	15,771	(140)	
Finance Costs	1,858	1,670	188	⊕	2,702	3,202	500	⊕ 4
Depreciation and Amortisation	9,899	9,988	(89)	⊖	14,848	14,848	0	⊕
Other Expenses	16,197	19,246	(3,049)	⊖	27,417	23,892	(3,525)	⊖ 5
Loss on Disposal of Assets	-	842	(842)	⊖	842	-	(842)	⊖ 6
<b>Total Expenses</b>	<b>38,599</b>	<b>41,566</b>	<b>(2,967)</b>	<b>⊖</b>	<b>61,720</b>	<b>57,713</b>	<b>(4,007)</b>	<b>⊖</b>
<b>Operating (surplus) deficit before capital revenue and taxation</b>	<b>5,931</b>	<b>4,509</b>	<b>1,422</b>		<b>5,706</b>	<b>7,977</b>	<b>2,272</b>	
Capital Grants and Subsidies	(8,795)	(6,666)	(2,129)	⊖	(8,566)	(10,676)	(2,111)	⊕ 7
Vested Assets		(23)	23	⊕			-	⊕
Gain on Derivatives		(1,263)	1,263	⊕			-	⊕ 8
<b>Total (Surplus)/Deficit</b>	<b>(2,864)</b>	<b>(3,442)</b>	<b>578</b>		<b>(2,860)</b>	<b>(2,699)</b>	<b>161</b>	

**Note 1** Operational Grants and Subsidies **favourable** variance of \$4.3m. The significant activities that derive the operating grants and subsidies revenue relate to Community Facilities, Community Support and Road Transport.

The additional funding reported at 28 February January 2021, and forecast for the end of the year, relates to PGF funding received on behalf of Fale Lotu Connections for local church upgrades that Council is managing on behalf of the local churches (\$731k), The Mahi Space (\$250k) and the Manawatū River Loop at Foxton \$2.6m.

The additional forecast is due mostly to grants from the PGF for the upgrade of three churches and due to the PGF funding for the Manawatū River Loop at Foxton. Refer to the executive summary for a summary of the central government grant income forecast for the Council this year.

**Note 2** Finance income **unfavourable** variance of \$90k year to date and forecast variance of \$50k for the year, is due to not prefunding our loans as planned. This is offset by lower finance costs.

**Note 3** Other revenue **favourable** variance of \$363k. This primarily relates to additional revenue received in Regulatory as a result of increased building and development activity in the district. This trend is expected to continue for the year.

**Note 4** Finance Costs **favourable** variance of \$188k. This current and forecast year end reduction in finance costs relates to lower interest rates.

**Note 5** Other Expenses **unfavourable** variance \$3.0m as detailed below:



Note 5 Other Expenses	Annual Plan	Actual	Variance		Year End	Annual	Variance		Notes
	YTD Feb-21 \$000	YTD Feb-21 \$000	YTD Feb-21 \$000		Projection 2021 \$000	Plan 2021 \$000	2021 \$000		
Professional Services	2,809	3,591	(782)	⊗	6,252	4,282	(1,970)	⊗	5A
Materials	61	78	(17)	⊗	107	107	0	⊗	
Maintenance	9,758	11,793	(2,035)	⊗	16,287	14,683	(1,604)	⊗	5B
Grants Paid	344	311	33	⊙	571	670	99	⊙	
Utilities	715	640	75	⊙	1,014	1,113	99	⊙	5C
Communications	139	141	(2)	⊗	218	216	(2)	⊗	
Other Expenses	3,933	3,642	291	⊙	5,216	5,058	(158)	⊗	
Vehicle Expenses	81	75	6	⊙	115	129	13	⊙	
Treasury Expenses	66	72	(6)	⊗	166	163	(3)	⊗	
Labour Recoveries for Capex projects	(1,709)	(1,097)	(612)	⊗	(2,529)	(2,529)	0	⊙	5D
<b>Total Other Exepnses</b>	<b>16,197</b>	<b>19,246</b>	<b>(3,049)</b>	<b>⊗</b>	<b>27,417</b>	<b>23,892</b>	<b>(3,525)</b>	<b>⊗</b>	

Note 5A Professional services **unfavourable** variance of \$782k relates to:

- \$367k relates to some of the expenditure for the PGF funded phase 1 of the shovel ready Manawatū River Loop at Foxton project (total operational costs are \$2.8m). This project was originally budgeted as a CAPEX project however, a significant portion of the work is deemed to be OPEX.
- \$155k relates to additional spending in Regulatory for planning consultants which will be recovered through revenue.
- The landfill activity has incurred additional spending of \$278k which relates to:
  - Consulting fees and Project Management Group (PMG) expenses to meet the conditions of the HEKA landfill agreement, including the robust analysis required to inform the PMG on the decision of whether the landfill should close early and related requirements for remediation of the site (\$185k)
  - Consultancy fees for the preparation of a business case for the future of the landfill and its operations that include scanning wider aspects that affect Council and the community (\$93k).

Note 5B Maintenance costs **unfavourable** variance of \$2.0m. The significant activities that derive maintenance costs relate to Wastewater, Water Supply, Stormwater, Solid Waste, Road Transport and Community Facilities and Services.

The majority of the variance year to date and forecast is within Community Facilities and Services Reserves activity, and relates to expenditure for the PGF funded phase 1 of the shovel ready Manawatū River Loop at Foxton project. This project was originally budgeted as a CAPEX project however \$2.5m of the work is treated as operational as it related to work along the river which is owned by the Department of Conservation.

Note 5C Utilities **favourable** variance \$75k reflecting lower energy use in the water activities. This trend is expected to align to year-end projections.

Note 5D Labour recoveries for CAPEX projects **unfavourable** variance \$612k reflecting the lower capital project expenditure and staff time allocation than budgeted. It is expected to be on budget by year end.

- Note 6** This is due to the sale of some industrial land owned by Council in Roe Street Levin to the Horowhenua NZ Trust (HNZT) for economic development purposes.
- Note 7** Capital Grants and Subsidies **unfavourable** variance \$2.2m. The significant grants that derive the capital grants and subsidies are Road Transport, PGF funding including funding for the Manawatū River Loop at Foxton Project and Three Waters Stimulus Funding. Refer to the executive summary for a summary of the projects that are planned to receive central government funding.

The lower revenue is primarily due to the PGF funding for the Manawatū River Loop at Foxton project which was originally budgeted as a capital project, however \$2.5m of the work is treated as operational as it related to work along the river which is owned by the Department of Conservation and so the revenue has been recorded as an operating grant

- Note 8** Gain on derivatives **favourable** variance \$1.2m. Long-term interest rates have begun to rise meaning the some of the historical revaluation losses have been clawed back.

## Statement of Comprehensive Revenue and Expense by Activity

REVENUE	Annual Plan	Year to date (YTD)			Notes
	2020/21 \$000	Actual \$000	Budget \$000	Variance \$000	
<b>Significant Activities</b>					
Regulatory Sevices	(5,186)	(3,872)	(3,635)	237	1
Community Facilities and Services	(17,141)	(11,869)	(12,591)	(722)	2
Road Transport	(13,004)	(8,646)	(8,914)	(268)	3
Water Supply	(6,859)	(4,157)	(4,220)	(63)	
Wastewater Management	(7,486)	(4,799)	(4,720)	79	
Solid Waste	(2,990)	(1,950)	(1,981)	(31)	
Stormwater	(1,505)	(924)	(924)	0	
Treasury	(2,429)	(2,906)	(2,115)	791	4
Property	(1,317)	(883)	(729)	154	
Community Support	(2,779)	(1,870)	(1,859)	11	
Representation & Com. Leadership	(3,608)	(5,367)	(2,403)	2,964	5
<b>Total Activity Revenue</b>	<b>(64,304)</b>	<b>(47,243)</b>	<b>(44,091)</b>	<b>3,152</b>	
<b>Business Units</b>	<b>(22,818)</b>	<b>(14,120)</b>	<b>(15,135)</b>	<b>(1,015)</b>	
<b>Total Operating Revenue</b>	<b>(87,122)</b>	<b>(61,363)</b>	<b>(59,226)</b>	<b>2,137</b>	
EXPENDITURE	Annual Plan	Year to date (YTD)			Notes
	2020/21 \$000	Actual \$000	Budget \$000	Variance \$000	
<b>Significant Activities</b>					
Regulatory Sevices	5,186	3,090	3,475	385	6
Community Facilities and Services	13,354	11,582	9,142	(2,440)	7
Road Transport	9,730	5,949	6,507	558	8
Water Supply	7,125	4,781	4,801	20	
Wastewater Management	7,835	5,372	5,348	(24)	
Solid Waste	3,669	2,695	2,407	(288)	9
Stormwater	1,644	988	1,110	122	
Treasury	4,133	2,285	2,457	172	
Property	1,297	1,669	856	(813)	10
Community Support	2,778	1,864	1,940	76	
Representation & Com. Leadership	4,819	3,525	3,185	(340)	11
<b>Total Activity Expenditure</b>	<b>61,570</b>	<b>43,800</b>	<b>41,228</b>	<b>(2,572)</b>	
<b>Business Units</b>	<b>22,853</b>	<b>14,121</b>	<b>15,134</b>	<b>1,013</b>	<b>12</b>
<b>Total Operating Expenditure</b>	<b>84,423</b>	<b>57,921</b>	<b>56,362</b>	<b>(1,559)</b>	
<b>Operating (Surplus)/Deficit</b>	<b>(2,699)</b>	<b>(3,442)</b>	<b>(2,864)</b>	<b>578</b>	

- Note 1** Regulatory Services revenue **favourable** variance \$237k. The higher revenue is due to increased building activity.
- Note 2** Community Facilities and services revenue **unfavourable** variance \$722k. The lower revenue is due to the remaining portion of the \$3.8m PGF grant not yet being received as originally planned.
- Note 3** Road transport revenue **unfavourable** variance \$268k. The lower revenue is due to less Waka Kotahi (NZTA) funding being claimed as a result of less capital work being undertaken YTD, this is expected to recover by the end of the year.
- Note 4** Treasury Income **favourable** variance \$791k. The additional revenue is due to the gain on the interest rates swaps of \$1.2m.
- Note 5** Representation and Community Leadership income **favourable** variance \$2.964m. The significant reported variance relates to the first milestone payment of the PGF funded Fale Lotu Connections (\$730k) and Crown Infrastructure Funding (\$2.172m).
- Note 6** Regulatory Services expenditure **favourable** variance \$385k. The reported variance is a result of lower internal charges allocated to the Regulatory Services activity than projected.
- Note 7** Community Facilities and Services **unfavourable** variance of \$2.4m. Refer to notes **5A** and **5B** for the explanation which outlines the expenditure for the PGF funded phase 1 of the shovel ready Manawatū River Loop at Foxton project.
- Note 8** Roothing expenditure **favourable** variance \$558k. The reported variance relates to lower maintenance and consultant spending for the year so far.
- Note 9** Solid Waste expenditure **unfavourable** variance \$288k. The landfill activity has incurred additional spending of \$278k which relates to:
- Consulting fees and Project Management Group (PMG) expenses to meet the conditions of the HEKA landfill agreement, including the robust analysis required to inform the PMG on the decision of whether the landfill should close early and related requirements for remediation of the site (\$185k).
  - Consultancy fees for the preparation of a business case for the future of the landfill and its operations that include scanning wider aspects that affect Council and the community (\$93k).
- Note 10** Property expenditure **unfavourable** variance \$813k. This is due to the sale of some industrial land owned by Council in Roe Street Levin to the Horowhenua NZ Trust (HNZT) for economic development purposes.
- Note 11** Representation and Community Leadership **unfavourable** variance \$340k. This primarily relates to additional spending as a result of the funding from the Provincial Growth Fund on behalf of the Free Church of Tonga, Samoan Methodist Church, and the Congregational Christian Church of Samoa received as part of the Fale Lotu Connections Project.
- Note 12** Business Unit expenditure **favourable** variance \$1.0m. The reported variance is a result of lower personnel costs, in addition to lower costs for training and professional services so far this year.

## APPENDIX

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



## FAR Committee - Actions

File No.: 21/94

### 1. Purpose

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

### 2. Recommendation

- 2.1 That Report 21/94 FAR Committee - Actions be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

### 3. Issues for Consideration

As attached.

### Attachments



No.	Title	Page
A	Finance, Audit & Risk Committee - Officer Actions 2020	48

#### Confirmation of statutory compliance

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

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

### Signatories

Author(s)	Lisa Slade <b>Group Manager - People &amp; Culture</b>	
Approved by	Lisa Slade <b>Group Manager - People &amp; Culture</b>	

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

Date	Item/Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
29/07/20	20/291	<u>Monitoring Report – Audit Recommendations 20/08/2019</u>	Letter requested from Audit noting recommendations that have been cleared	Doug Law		24/03/21	Still awaiting report from Audit NZ
27/01/21			Response being pursued from Audit NZ.	Doug Law		In Progress	
			FAR Committee work programme for each month to be brought to the February FAR meeting	Nicki Brady		Complete	Draft FAR work programme included in 31 <sup>st</sup> March agenda.
26/08/20	20/89	<u>Risk Appetite</u>	In terms of the timeframe for reporting back on potential changes.	Steve Magi		Complete	Council Risk Appetite Statement was adopted by Council on 9 September 2020. The Auditor has not provided any substantive advice. Covid related risks are also now being reviewed via Audit reporting.
30/09/20	20/361		A site visit to be arranged for Elected Members to the Foxton Wastewater	Kevin Peel	March 2021	In progress	Visit rescheduled for Wednesday 24 March



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

Date	Item/Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
			Treatment Plan				2021
25/11/20	20/465	<u>Customer &amp; Strategy – Activity Update</u>	To provide further information with regard to current and future consenting activity – trends to be identified in the growth dashboard	Megan Leyland		In progress	Awaiting changes to reports and processes
27/01/21	20/584	<u>Health &amp; Safety Report</u>	Near miss reporting – further on this for the next FAR meeting	Tanya Glavas	April 21		
	20/566	<u>Six Month Report</u>	Reporting on how extra operational grants were dealt with in Council's books	Doug Law		In Progress	
24/02/21		<u>Public Participation</u>	Monthly Reporting – rather than the budget being adjusted, the forecast would be adjusted for clarity	Jacinta Straker	March 21	Completed	
	21/40	<u>Infrastructure Operations – Activity Update</u>	Agenda Page 33: – Monthly Compliance Reporting for Drinking	Kevin Peel	March 2021	In progress	Will be explained/updated in the Alliance's future monthly reports.

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

Date	Item/ Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
	21/41		Water Supply – Water Treatment – why N/A for FB, Levin and Shannon – Chemical Compliance Requirements – explanation of the acronyms				
<u>Seven Month Report</u>		Properties graph – page 55 – more detailed report requested	Jacinta Straker				
		Information on the sale of Roe Street property – originally an In Committee item – to be provided	David Clapperton	March 21	Completed	Reported to the 10 March 2021 Council meeting	
		Note 5A – unfavourable variances – Professional Services and Landfill activity - to be covered in more detail in next Financial Report	Jacinta Straker	March 21	Completed		

## 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 Draft Internal Audit Report - Year Ended 30 June 2019

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)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. s7(2)(f)(ii) - The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment.	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.

### C2 Draft Finance, Audit and Risk Committee Work Programme

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)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. s7(2)(f)(ii) - The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment.	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.