

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

Date: Wednesday 28 April 2021
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Committee

OPEN AGENDA

MEMBERSHIP

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

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

ITEM	TABLE OF CONTENTS	PAGE
PROCEDURAL		
1	Apologies	5
2	Public Participation	5
3	Late Items	5
4	Declarations of Interest	5
5	Confirmation of Minutes	5
6	Announcements	5
REPORTS		
7	Reports	
7.1	Health & Safety Report	7
7.2	Internal Audit Report - Year Ended 30 June 2019	15
7.3	Internal Audit Work Programme	41
7.4	Finance, Audit and Risk Committee Work Programme	43
7.5	Community Facilities - Activity Update	47
7.6	Infrastructure Development - Activity Update	53
7.7	Infrastructure Operations - Activity Update	67
7.8	Customer and Strategy - Activity Update	77
7.9	Treasury Report	87
7.10	Nine Month Report 1 July 2020 - 31 March 2021	101
7.11	Chief Executive Report - Public Participation	143
7.12	FAR Committee - Actions	145

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 Open & In Committee Meeting minutes Finance, Audit & Risk Committee, 31 March 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.

Health & Safety Report

File No.: 21/138

1. Purpose

To provide an update to the Finance Audit and Risk (FAR) Committee on health and safety matters at Horowhenua District Council for the three-month period January to March 2021.

2. Recommendation

- 2.1 That Report 21/138 Health & Safety Report 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	HS - Health and Safety Report for FAR Committee January - March 2021	8

Confirmation of statutory compliance

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

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

Signatories

Author(s)	Tanya Glavas Health & Safety Advisor	
Approved by	Lisa Slade Group Manager - People & Culture	

Horowhenua District Council

Health & Safety Report

1 January – 31 March 2021

FAR Committee Meeting 28 April 2021

Key Highlights for this quarterly report:

- MWLASS SafePlus Audit for Health and Safety was completed for Horowhenua District Council on 24 and 25 March 2021. SafePlus is a health and safety improvement toolkit for businesses launched in 2017. It was developed jointly by WorkSafe New Zealand, ACC and the MBIE. SafePlus offer a Government-endorsed model of what 'good' health and safety practices look like. MWLASS engaged assessors from Working Wise Limited, who completed the first SafePlus audit for the MWLASS at the end of 2018, to complete the audit for 2021. SafePlus Assessment looks at workplace health and safety culture and focuses on leadership, risk management and worker engagement. The assessment is also going to cover a deep dive on three risks.
 - Mental Wellbeing
 - Working Alone
 - PCBU Interactions/activities

Discussion with the Auditor at completion of the two days indicate HDC has improved from Developing, to Performing in the areas assessed. A report is expected by the end of April 2021.

- People Behaviour has been added to the Critical Risks register for health and safety.
- COVID-19 Auckland moved to Alert Level 3 and the rest of New Zealand to Alert Level 2 on 14 February 2021 at 11.59pm. Alert Levels moved down one level on 17 February, then all of New Zealand back to Alert Level 1 on 22 February 2021.
- COVID-19 Auckland moved to Alert Level 3 and the rest of New Zealand to Alert Level 2 on 28 February 2021 at 6am. Alert Levels moved down one level on 7 March, then all of New Zealand moved back to Alert Level 1 on 12 March 2021.

LEAD INDICATORS

1. Health & Safety training/inductions

1 October – 31 December 2020	Mandatory/ Optional	Attende Report	Percentage Completed
First Aid Training (Role specific) Ongoing Refresher & Full course	Mandatory/Optional	3	100%
Peoplesafe Induction (New staff)	Mandatory	14	100%
Health & Safety Induction (New Staff)	Mandatory	14	100%
Training Defibrillator Session	Optional	24	As scheduled
Health and Safety Representative Stage 1 Training	Mandatory	0	100%
Occupational Health - Hepatitis A&B Vaccinations	Optional – Identified staff	0	Next Hep vaccinations Scheduled July 2021

All Aquatics employees complete H&S Induction and first aid training	Mandatory		100%
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2. Emergency Evacuation Drills (2 per year)

Levin Aquatic Centre	Completed this quarter
Te Awahou Nieuwe Stroom	Completed this quarter
Foxton Heated Pool	Completed this quarter
Te Takeretanga o Kura-hau-pō	Completed this quarter
Council's Main Office	Completed this quarter

3. Health & Safety Contractor Register Process (Pre-qualification of Contractors)

Contractor Numbers	Qualified this Quarter	Pending this Quarter	Expired this Quarter	Qualified last Quarter	Pending last Quarter	Expired last Quarter
58 Qualified	11	6	1	10	7	2
78 Total						

4. Health & Safety Committee (HSC) – Health and Safety at Work (Worker Engagement, Participation, and Representation) Regulations 2016

- Monthly meetings completed (February and March)
 - Objective from the annual plan has been carried across two meetings to develop a clear set of messages around health and safety that is delivered by the Leadership Team. Discussion has been actively participated in to agree to a series of messages delivered monthly.
 - Discussion on near miss events and reporting. Planning for communication programme across HDC
 - Updated monthly H&S office audit checklist have been completed. This document is completed by staff members each month and cover reviews of different areas of Council workplaces. (eg. Civic Building reception and basement, Animal Control).

5. Risk Management – Health and Safety at Work Act 2015 (Section 30)

From the register, the health and safety Critical Risks for Council have been identified.

- As a result of the discussion held between staff and the Auditor for the Worksafe Health and Safety Audit, People Behaviour has been re-evaluated and added to the critical risk register in health and safety. People Behaviour can affect staff in any situation when carrying out their work and the unpredictable nature of people's behaviour is considered a very high risk.

Critical Risk	Risk/Hazard	Control Action
Contractors and Sub Contractors	Accident, injury or death on site. Prosecution by Worksafe	H&S pre-qualification of contractors. Communicating H&S obligations between the PCBU's

		<p>H&S inductions of contractor onto site at beginning of jobs.</p> <p>H&S audits of worksites during or at end of contract.</p>
Working Alone	<p>Physical harm.</p> <p>Communication difficulties.</p>	<p>Working Alone Policy and supporting risk management documents.</p> <p>External visits to be scheduled and communicated with team and/or Manager.</p> <p>Book in/book out system.</p> <p>Cell phones to remain hand held/or on person during visits.</p> <p>Pre-assessment risks identified.</p> <p>Buddy system utilised.</p> <p>Staff member can decline to attend visit/site alone if they have safety concerns.</p> <p>Manager to reassess requirement of lone visits</p>
Moving stock off the road	<p>Traffic hazards</p> <p>Communication difficulties</p> <p>Physical harm</p>	<p>Vehicles fitted with hazard utilities (lights, reflective signs, road cones)</p> <p>Hi vis clothing to be worn (vest, jacket, pants)</p> <p>Staff to put own safety ahead of animal safety.</p> <p>Risk assessment to be completed at beginning of job.</p> <p>Request assistance (Police, Higgins, Main Security, NZTA) if required.</p> <p>Contact phone numbers in vehicles and on cell phones for easy access.</p> <p>Traffic control training.</p>
Confined spaces	<p>Asphyxiation, inhalation, drowning, crush or impact injuries, concussion, mental pressure, death</p>	<p>Certified and trained staff/contractors only to enter identified confined spaces.</p> <p>Confined space procedures to be followed at all times.</p> <p>Emergency plan to be established and known to all parties prior to entry of confined space.</p> <p>Standby people are present, trained and aware of their specific tasks in the event of an emergency (safety person)</p> <p>Equipment and PPE must be suitable and operational to the relevant standard and within certification inspection dates (gas detection and tripod).</p> <p>Assess and identify staff in emotional distress.</p>

<p>Driving/vehicle related events</p>	<p>Vehicle accidents Environmental risks – road quality</p>	<p>Staff operating vehicles must have valid drivers' licence suitable to the type of vehicle they are operating.</p> <p>Drivers to attend training if required.</p> <p>Staff to be familiar with and adhere to the requirements of Council's Vehicle User Policy and Code of Conduct relating to vehicle use at all times.</p> <p>All incidents (including infringements) are reported to direct line Manager immediately after staff safety is confirmed.</p>
<p>People Behaviour</p>	<p>Abusive People / Physical or verbal abuse/ mental harm / psychological harm</p>	<ol style="list-style-type: none"> 1. Staff must carry out pre assessment using all tools/data prior to site visit to ensure Officer is as knowledgeable as possible re site. 2. Staff must keep their outlook calendars/scheduler up-to-date with site visit location and expected timeframe. 3. Hi vis clothing and PPE must be worn appropriate to the situation; including but not limited to HDC issued warrant, cell phone, steel cap boots, regulation hardhats, ear muffs, gloves, face masks, body worn camera. 4. Cell phones are to be on hand at all times with immediate link to Police – 111 for use as required. 5. Buddy system to be used for any situation deemed a potential for escalation or to place officer at risk. 6. Staff to assess on-site situation on arrival, and throughout visit as necessary (maintaining continuous situational awareness). 7. Staff to utilise de-escalation techniques where possible and remove self from situation immediately if feel unsafe. 8. All incidents (including those where staff members have felt unsafe) are reported to direct line Manager immediately and entered into Peoplesafe straight away. Staff to discuss next steps with their Manager. 9. EAP services available for staff at any time to assist with managing difficult situations or critical events.

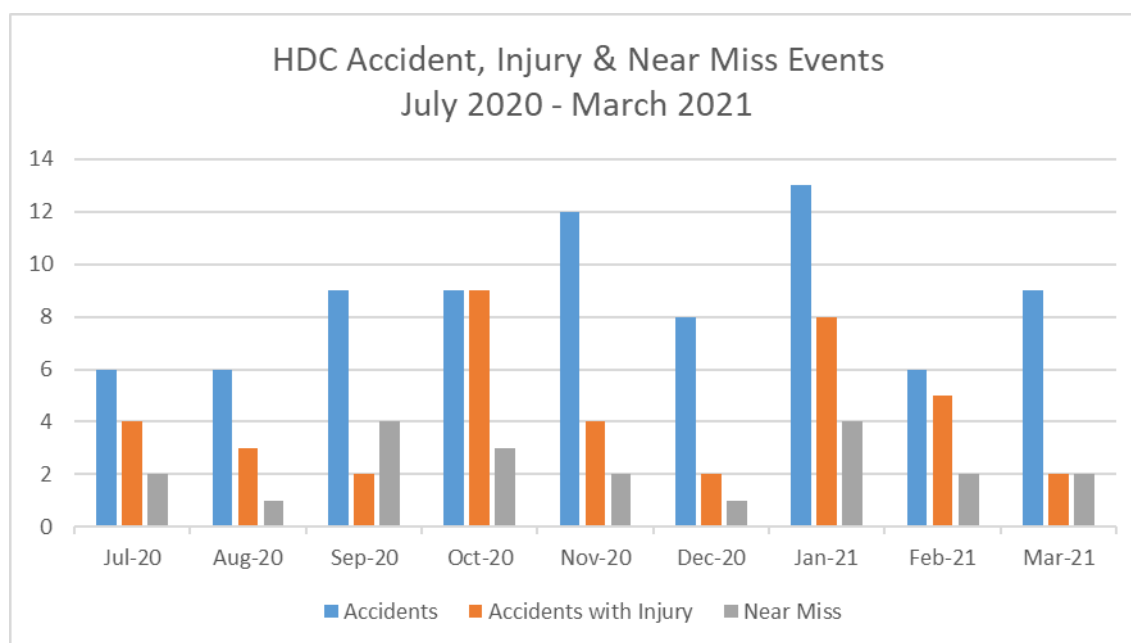
6. COVID-19

- All of New Zealand is at Alert Level 1 at time of report.
- All new employees receive a COVID-19 hygiene and protocol induction as part of the health and safety induction.

- An example of how our Organisation has the capability to adjust during the changing Alert Levels was the 9pm Saturday night call by the Prime Minister to move up Alert Levels, so that our district was moving into Alert Level 2 at 6am on Sunday morning. Aquatics opened at 8am Sunday morning fully set up for Alert Level 2 with the safe operating procedures in place ready for the public to enter.

7. LAG INDICATORS

Table 1



*Horowhenua District Council experienced **no** Worksafe notifiable events in this quarter.*

Of note: accidents over the quarter involved 12 faecal or vomit in a pool instances and 10 low level slips and bumps at aquatic centres. Two accidents with injury have involved immediate reviews and improvements being implemented. One in a roading aspect and one in cleaning processes.

Near miss incident reporting was discussed at the last FAR Committee meeting. Discussion and planning for communication of what is a near miss has been developing for all HDC staff through the Health and Safety Committee and the Health and Safety Advisor.

This quarter has seen eight near miss events reported across all areas of HDC. One has resulted in an immediate response of a refresher training plan for staff. There has been no process changes required as a result of the reports.

HEALTH AND SAFETY EVENTS THIS QUARTER

Contractor Incident:

What happened?	Actions Taken Immediately	Communication	Moving Forward	Completed – Update February 2021
<p>09/09/2020 8.05am. Road work site at intersection of Queen Street and Tiro Tiro Road Levin.</p> <p>Contractor employee was stabbed by member of the public after verbal/physical altercation.</p>	<ul style="list-style-type: none"> The injured person (IP) was immediately taken by another worker to the Horowhenua Medical Centre for assessment/treatment. The incident was reported to Police. The work site was shut down and isolated pending arrival of the Police. Branch Manager stayed with IP while transported to Palmerston North Hospital by ambulance for further assessment and treatment. 	<ul style="list-style-type: none"> Branch Manager contacted Horowhenua District Council as PCBU to inform of the incident. HDC staff visited site once operating again. Site working again and morale good. Branch Manager kept Group Manager up to date during the day. Branch Manager briefed Contract Manager on status of IP and worksite once back from hospital. IP was admitted to hospital overnight for observation. Received stitches to wound. 	<ul style="list-style-type: none"> HDC received RADAR incident report from Contractor on 23/09/2020. Worksafe notified about the incident. The incident is now a police investigation with a view of pursuing a prosecution. Offence - Wounding with intent to GBH (stabbing/cutting weapon) 	<ul style="list-style-type: none"> Police have investigated and criminal charges will be pursued against the young men for high level offences. Contractor's procedure (Remove, Isolated or Lone working) that includes controls for a confrontation by a member of the public, but the procedure was not in context to the site where the incident occurred. This has been reviewed to be included in site JSEA's going forward. Toolbox training in risk controls for dealing with confrontational or aggressive members of the public completed

Report by Tanya Glavas, Health & Safety Advisor

Internal Audit Report - Year Ended 30 June 2019

File No.: 21/157

1. Purpose

For the Internal Auditor (Rachael Dean) on behalf of CKS Audit Limited to present the Finance, Audit and Risk Committee (FAR) with the Final Internal Report undertaken on Horowhenua District Council's compliance with Procurement policies and procedures (excluding Roading) during the year ended 30 June 2019.

2. Recommendation

- 2.1 That Report 21/157 Internal Audit Report - Year Ended 30 June 2019 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That as recommended by the Internal Auditor, the Finance, Audit & Risk Committee recommends that the Horowhenua District Council takes the appropriate steps to formally ratify the procurement of services through the Horowhenua New Zealand Trust, to include the whole of life procurement cost of \$2,100,000 and the first instalment of \$375,000 paid in October 2018.

3. Background/Previous Council Decisions

The Finance, Audit and Risk Committee reviews the Internal Audit report as part of monitoring Council's performance.

4. Issues for Consideration

- CKS Audit Limited performed a review of compliance with procurement policies and guidelines, excluding roading, for the year ended 30 June 2019. Roading procurement was excluded as it was considered unnecessary as the activity is already subject to review by Waka Kotahi/New Zealand Transport Agency ("WKNZTA").
- The agreed period in review was 01 July 2018 to 30 June 2019 as at the time of the review commencing (February 2020), this was the most recent complete financial year.
- The review commenced in February 2020; however due to COVID-19 disruption lockdowns and the effect on Horowhenua District Council ("HDC") staff workloads, the review was paused until November 2020.
- In January 2021, CKS Audit Limited was instructed by the Chief Executive Officer to prepare a draft report on findings and, in discussion with the Chair, Finance, Audit and Risk Committee, this was to be tabled In-committee at the 31 March 2021 meeting.
- At the 31 March 2021 meeting (In-committee) the Draft Report was tabled. Committee members asked questions and sought clarification from the Auditor.
- The FAR Committee did not seek any amendments to the Internal Audit Report recommendations. The Auditor identified minor grammatical changes which would be made as part of her report finalisation.
- Committee members sought to recommend ratification of the arrangement with Horowhenua NZ Trust (HNZT) at the April FAR Committee meeting when the Auditor's Final Report was tabled to ensure appropriate steps for formal ratification at the subsequent Council meeting.

- The FAR Committee sought for Officers to create a monitoring report of the Auditor's recommendations. The FAR Committee Chair requested that the monitoring report was tabled quarterly following adoption of the Auditor's Final Report.
- The FAR Committee requested Council's appointed Internal Auditor, Rachael Dean, to attend the April FAR Committee meeting to present her Final Report.

Attachments



No.	Title	Page
A	HDC Internal Audit Procurement Report - Final Version - 15 April 2021	17

Confirmation of statutory compliance

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

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

Signatories

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

Internal Audit Project

*Review of Horowhenua District Council's
compliance with Procurement policies and
procedures, excluding roading, during the year
ended 30 June 2019*

April 2021

Contents

Contents	2
Executive Summary	3
Introduction and background.....	5
Approach and Work Done	7
Detailed Findings	9
1. Procurements over \$1.0 million (“Complex Procurement over \$200,000”)	9
2. Procurements between \$200,000 and \$1.0 million (“Complex Procurement over \$200,000”)..	14
3. Procurements between \$100,000 and \$200,000 (“Complex Procurement up to \$100,000”)	16
4. Procurements between \$30,000 and \$100,000 (“Simple Procurement”)	17
5. Procurements less than \$30,000 (“Low Value Procurement”)	19
6. IWI Partnerships	19
7. Identification of Staff Purchases.....	22
8. Purchase Orders One-up Authorisation Process	22
Appendix A – HDC Distribution List	24
Appendix B – Ratings Definitions.....	25
Appendix C – For information: recent procurement/expenditure related good practice reports from the Office of the Auditor-General.....	25

Executive Summary

CKS Audit Limited performed a review of compliance with procurement policies and guidelines, excluding roading, for the year ended 30 June 2019. The agreed period in review was 1 July 2018 to 30 June 2019 as at the time of the review commencing, this was the most recent complete financial year.

The review included all procurements over \$100,000, a sample of procurements less than \$100,000; and two selected from the four IWI partnerships. Roading procurement was excluded, as we were advised it was considered unnecessary as roading was already subject to review by the New Zealand Transport Authority ("NZTA").

Details of the strata and samples selected are reported under each section on Approach and Work Done.

The review commenced in February 2020, however due to COVID-19 disruption lockdowns and the effect on Horowhenua District Council ("HDC") staff workloads, the review was paused in quarter two. In November 2020 we were requested to prepare a draft report on our findings, as they currently stood. At the time of pausing the review, a considerable amount of work had been done on the larger procurements and less on the smaller amounts. Additional information which has been provided since the first draft is now incorporated into the findings in this document.

We were advised that there were no emergency procurements in the period under review.

For the Horowhenua New Zealand Trust we were unable to locate documentation approving the two transactions below. For compliance with policy, we recommend ratification to confirm:

- approval by Council of the whole of life procurement cost of \$2,100,000; and
- approval by Council of the first installment of \$375,000 paid in October 2018. Applying the total value rule in the procurement guidelines makes the relevant value the total potential value of the contract which was \$2,100,000 hence requires a higher level of approval than that which applies to the \$375,000 alone.

The approval for the awarding of the provision of solid waste services by Northland Waste included a condition that the Chief Executive report back to Council once the final negotiations of the contract had been completed. We understand this reporting back occurred, however we have not been able to locate any documentation to support this occurring. We recommend that acknowledgement of this condition having been met, be formally ratified by Council.

We would like to commend the focus we noted throughout our onsite work regarding continuous improvement in controls. Examples of this include: the introduction of one-up authorisations; the increased focus on ensuring suppliers provide purchase order numbers; and the review of the delivery of economic development services.

Our test work identified some examples of authorisations exceeding delegated authorities, for example due to later additions of extra expenditure moving the total value of the procurement to a higher level than the approver's delegated authority. As noted above, improved authorisation controls were introduced from 1 July 2019 and will reduce the potential for this to occur going forward. However, the changes to date may

not prevent authorisations being able to exceed delegated authorities in all circumstances. For example, due to later additions to an original procurement or the use of multiple purchase orders for what is essentially the same procurement. As such some further refinement to this process could be expected.

The use of purchase orders did not always occur and ideally would be standard procedure for all procurements to ensure all expenditure is correctly authorised prior to it being committed to by HDC. This would also enable timelier and more accurate estimates of all commitments to be reported when required for management purposes. We have been advised that since the period covered by this review systems have been tightened up with respect to increased use of purchase orders. We support this and recommend (unless in limited circumstances it is impractical and then this be documented), that the use of purchase orders become the norm.

Some conflict-of-interest documentation is being completed. However, we recommend that as well as recording identified conflict of interests, documentation should also record the review has been completed, noting there were none. This provides evidence that any potential conflicts were considered, should it ever be necessary to demonstrate this.

Challenges for staff in locating some documentation was evident during our test work. This could be due to there being no documentation and/or because filing processes made it difficult to locate when requested. Assuming the latter, this may indicate some level of review may be beneficial over the document management/ filing systems, both documented procedure and how procedure is being applied in practice.

Establishment of performance measures (such as use of performance scorecards), and monitoring of performance is occurring with some procurements, for example; the Horowhenua Alliance Agreement. The management of lwi partnerships in particular could benefit from this also to assist staff manage outputs and timeliness of progress. However, a cost/benefit approach should be applied to the frequency and detail of all such monitoring / reporting. Performance (contract) monitoring is important as if for some reason, some matter is called into question at a later date; record of this work provides evidence that council was managing outputs and progress in a timely manner. This control reduces the risk of possible reputational damage to Council, and / or financial loss.

We would like to thank the staff of HDC, and the Chairperson of the Audit and Risk Committee, for their friendly support and assistance provided to us during this review.

This report was finalised on 15 April 2021.

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Introduction and background

It is our understanding that HDC consider there are sufficient good reasons under the Local Government Official Information and Meetings Act 1987 to enable information pertaining to this review to be withheld from public access.

The agreed internal audit scope by the Audit and Risk Committee of HDC for the year ended 30 June 2019 was a review of compliance with Procurement policies and guidelines, excluding roading, during the year ended 30 June 2019. Other exclusions are noted in the Objective and Scope section below.

The review commenced in February 2020, however due to COVID-19 disruption both the lockdowns and the effect on HDC staff workloads, the review was paused in quarter two. At the end of 2020 we were requested to report on our findings as they currently stood. At the time of pausing the review a considerable amount of work had been done on the larger procurements and less on the smaller amounts.

HDC procurement guidelines categorise procurements as Low Value, Simple, or Complex. Complex procurements are further subdivided into those between \$100,000 and \$200,000 and those over \$200,000.

As well as the dollar value, the degree of risk is also considered when determining if procurement is Low Value, Simple or Complex.

HDC procurement guidelines state that:

- value is the total potential value of the contract that is, if it is valued at \$25,000 per annum and it is a three year contract then the procurement value is \$75,000;
- risk will be assessed through a simple questionnaire for all procurement valued over \$30,000;
- the option to use panel and preferred supplier arrangements exists across all categories; and
- HDC will consider each procurement activity on its merits, for example there will be no value in open competition in cases of limited supply or specialist suppliers.

The table below summarises requirements by procurement category, as stated in the procurement guidelines.

Procurement Categories	Description	Procurement Procedures	Additional Guidance
Low Value Procurement	Up to \$30,000 and little or no risk.	In most cases the goods or services will be provided by a preferred supplier or sourced via the standard process of assessing three quotes.	Direct award to a new supplier on receipt of complying quote ¹ . Direct award to a pre-approved, preferred or panel supplier on receipt of complying quote ² .
Simple Procurement	Greater than \$30,000 but less than \$100,000 and	The standard procedure is three quotes from preferred or panel suppliers, but managers may recommend another	Direct award to a pre-approved, preferred or panel supplier on receipt of complying quote. Closed ('Limited Invitation') competitive

¹ Low value procurement only.

² Low value or simple procurement only.

	some risk.	model (e.g. an open tender or direct award to a high performing supplier).	process.
Complex Procurement (1)	High risk and/or procurements valued at over \$100,000 and up to \$200,000.	Procurement plan endorsed by the Procurement Review Group ³ and approved by the appropriate delegated authority.	Closed ('Limited Invitation') competitive process.
Complex Procurement (2)	High risk and/or procurements valued at over \$200,000	Procurement plan endorsed by the Procurement Review Group and approved by the appropriate delegated authority.	Open competitive process ('Public Tender').

HDC procurement guidelines also:

- require all members of an evaluation team to sign and submit a conflict-of-interest declaration prior to the commencement of evaluation;
- require all procurement plans developed and approved to be recorded on a central procurement register.
- state that a central contract register has been established to record key details of contracts including the contract number.
- state that no goods or services will be ordered without raising a purchase order except in the case of emergencies. Emergency purchases will have a PO raised as soon as practicable but before any invoice is submitted.
- state that all contracts with a value greater than \$200,000 (or lower if directed by the delegated authority) must be reviewed by HDC solicitors if a standard industry contract⁴ has not been used.
- state that staff managing suppliers with contracts valued at more than \$100,000 or with terms longer than one year will be required to submit regular summary contract and supplier performance reports to the Procurement Review Group (PRG). The frequency will be agreed at the procurement planning stage but likely to be six monthly for term contracts or at the 25%, 50%, 75% and 100% completion stages for other contracts: and
- state that HDC will not issue contracts for the provision of goods and services with an initial term longer than five years, unless specifically approved by the appropriate delegated authority (including 3rd party agencies such as NZTA when appropriate). Term contracts will include the provision to negotiate an extension (at HDC's absolute discretion), for a period no longer than the original term.

HDC Conflicts of interest Policy states:

- Council staff must identify, disclose, assess and manage any potential conflict of interest.

³ "The group established by the Senior Management Team to manage the overall governance of procurement. All procurement above \$100,000 must be endorsed by the group as well as any procurement which is deemed to be high risk." The responsibilities of the Procurement Review Group also include: "approval of requests for variations to the procurement process; reviewing potential conflicts of interest related to procurement and approving exemptions to using preferred suppliers on grounds of better value for money". *Extract: HDC Procurement Policy, version approved July 2019.*

⁴ For example: "NZS3910 / 3915 / 3916 / 3917 – NZ standard contract (reviewed 2013) and used for construction and maintenance".

- it is the prerogative of senior management to make a decision as to whether a conflict exists and how it is to be managed, however there must be discussion with the staff member involved, actions must be reasonable and consideration must be given to the HDC Conflicts of Interest policy; and
- with respect to the ability to benefit third parties:
 - all financial or contractual decision making will align with the procurement policy; and
 - all parties tendering for contracts with HDC, or submitting quotes, proposals or Expressions of Interest that may result in a contract, are required to disclose in a covering letter the interest, involvement or association of any Council employee or Councillor with the tenderer or submitter.

Objective and Scope

The period chosen by HDC for review was the financial year ended 30 June 2019. At the time of commencement of the review (February 2020), HDC considered that there had been no material change to the procurement processes and practices since 1 July 2019 and up to the date of this report, other than for implementing a one-up approval process for purchase orders. It was also preferred to sample from a complete financial year. The one-up approval process for purchase orders was a control strengthening procedure that is further discussed in Detailed Finding 8; below.

The scope of the review was compliance with HDC Procurement Policy and Procedures.

The following were excluded from the scope of the review:

- roading;
- on-going supplier relationship management other than reviewing for presence of performance measures to enable monitoring to occur and inquiry regarding reporting to PRG or other relevant person or group, for procurements over \$100,000;
- All of Government contracts;
- set up of Preferred Supplier panels;
- koha; and
- Elected Members' conflicts of interest.

The review also comments on any other matters considered useful to report on at this time.

Approach and Work Done

The approach for this review included the following:

- reviewing relevant sections of HDC's Procurement Policy. NB: The Procurement policy refers to 15 statutes and 11 HDC policies as supporting the Procurement Policy. With the exception of the Conflict of Interest policy and Delegations Register, these documents have not formed part of this review;
- reviewing relevant sections of HDC's Procurement Guidelines;
- reviewing relevant financial delegation sections of the HDC Delegations Register;

- reviewing relevant sections of HDC's Conflicts of Interest Policy;
- making inquiries into the processes and procedures for identifying staff private purchases;
- scanning the purchase order register for the period 1 July 2019 to February 2020 for evidence of implementation of the 'One-up' approval policy introduced on 1 July 2020;
- examining samples from the period 1 July 2018 to 30 June 2019 from the populations below. At the time of the review starting, that is quarter one 2020, this was the most recent completed financial year. The population data provided to select the samples from was the purchase order register for the year ended 30 June 2019, combined with inquiry regarding the existence of procurements greater than \$200,000 and with IWI partnerships. The samples selected are set out below:
 - **Procurements over \$1,000,000.** Three were reviewed. Two of these were the only two procurements over \$1,000,000 located in the initial sample. The third, the Horowhenua New Zealand Trust, was originally selected as part of the sample between the \$200,000 to \$1,000,000 stratum. However, it was noted that the contract value was over \$1,000,000 during our review work, so was reclassified as procurement over \$1,000,000.
 - **Procurements between \$200,000 and \$1,000,000.** All three located were reviewed.
 - **Procurements between \$100,000 and \$200,000.** Once roading and procurements that had been captured in another stratum were excluded, seven procurements remained. All were reviewed.
 - **Procurements between \$30,000 and \$100,000.** Eleven transactions were randomly selected for review. When reviewing the eleven we observed that two of the samples had a second purchase order for the same service from the same supplier dated on the same day. These two transactions were added to our sample making a total sample size of thirteen.
 - **Procurements up to \$30,000.** A sample of 20 transactions was randomly selected. Roading was excluded.
 - Two of the four **Memorandum of Partnerships with Iwi** were selected for review.
 - Five staff purchases.
- We were advised that there were no emergency procurements in the period in review.
- Roading transactions, which were to be excluded from the review, were identified based on a combination of the description of the work and the roles⁵ of the staff who requested and/or who approved the purchase orders.
- Meetings and emailing with key personnel to gather further information and obtain explanations as needed.
- Sighting evidence.

⁵ Based on the organisation chart provided by HDC management.

Detailed Findings

1. Procurements over \$1.0 million (“Complex Procurement over \$200,000”)

Rating: Necessary

What we Found

Our inquires, and examination of the purchase order register, identified three suppliers with transactions of more than \$1.0 million during the year under review. All three procurements were reviewed.

Three Waters Operations Maintenance and Renewals Horowhenua Alliance Contract - awarded to Downer.

No issues were noted regarding:

- the procurement process followed;
- the carrying out of a risk assessment;
- the existence of a procurement plan;
- the recording of the contract on the procurement register;
- the recording of the contract on the contracts register;
- the authorisation of the level of spend. It is noted that the awarding of the Horowhenua Alliance to Downer was approved by Council;
- the term of the contract; and
- the existence of signed conflict of interest/ bias declaration forms.

Purchase orders are not used. The Horowhenua Alliance submits a monthly claim to HDC and is not provided with purchase order numbers.

With respect to a legal review, the procurement plan states “not applicable or internal legal review”.

The requirement from parties tendering, submitting quotes and so on; to supply cover letters disclosing potential conflicts due to relationships with Council employees or Councillors, if any, did not occur direct to HDC with this procurement as the RFP process was project managed by The Integral Group Ltd⁶. As noted above, conflict of interest/bias declaration forms have been completed by the ROI/RFP⁷ Evaluation Team Members

The contract documentation contains a number of items that relate to performance. Some are listed below:

- the In-Committee Council Minutes dated 26th April 2017 included statements that:
 - there would be various KPIs that would be monitored on a monthly basis;
 - a consultant had been engaged to audit the contract.
- the Procurement Plan referred to a performance score card being developed to ensure that all service levels set by Council are achieved and the parties would be measured against

⁶ Consulting Company

⁷ Registration of Interest/ Request for Proposal

these;

- The Alliance Agreement states that an annual statement will be prepared comparing costs paid and overheads against the target outturn cost⁸. These costs are audited by the auditor and agreed by the Principles Group⁹ ("PG").

No issues were noted regarding the existence of:

- monthly reporting;
- preparation of an annual statement; and
- annual audits.

A performance score card has not yet been developed however we understand this is on the agenda at the Horowhenua Alliance Principals Group Workshop on 22 and 23 March.

Recommendation

That procurement plans state whether a legal review was carried out or not. Where a legal review is deemed not applicable, the reason for this should be stated. This provides an audit trail of a considered decision being made and why it was deemed not necessary, should evidence of this be needed.

Management Comment

Agreed. We have made this clearer on both the simple and complex procurement plans to ensure officers record if a legal review or opinion has been carried out and if a legal opinion has not been carried out, then these reasons need to be documented. This has also been added to the new Procurement manual and will be picked up in our training programme.

Provision of Solid Waste Services by Northland Waste (trading as Low Cost Bins)

No issues were noted regarding:

- the carrying out of a risk assessment;
- the presence of a procurement plan;
- the recording of the contract on the contracts register;
- the carrying out of a legal review;
- the use of purchase orders.

We have been advised that the procurement plan was included on the procurement plan register.

The procurement process varied from the HDC Procurement Guidelines with respect to the term of the contract. The original contract was for seven years and allowed for two possible renewals of two years each. This differed from the guidelines both in respect to the initial term being more than five years and, if both renewals were taken up, the contract would exceed the maximum term of ten years by one year also. We were advised that there were good commercial reasons for the periods chosen. The recycling aspect of the contract required specialised collection trucks. The seven-year contract enabled a sufficient period of time for the depreciation of the trucks, which reduced the cost burden that would have resulted in trying to depreciate the trucks over a shorter

⁸ The estimated amount agreed by the parties i.e. HDC and Downer and is the sum of: total target cost estimates, off-site overheads, on-site overheads, gainshare/painshare potential and profit.

⁹ The PG is made up of two senior representatives from the parties i.e. HDC and Downer.

period of time. We were also advised that the inclusion of two renewal periods allowed enough time to complete a request for proposal (“RFP”) process, required as the waste management sector is complex, especially for the Horowhenua district.

It was noted that Council approved the awarding of the Solid Waste Services contract to Northland Waste. This approval included a condition that the Chief Executive report back to Council once the final negotiations of the contract had been completed. We have not sighted any evidence of this reporting having taken place, however we have been advised that this reporting took place in a briefing or workshop.

The Procurement Plan included a conflict of interest disclosure form from one of the members of the evaluation team. No other documentation was sighted regarding conflicts of interest either from members of the evaluation team, related parties; or in the form of cover letters, disclosing potential conflicts (due to relationships with Council employees or Councillors, from parties tendering, submitting quotes and so on). Note that the requirement for a cover letter as per the conflict of interest policy does not specify that a letter should be provided if no such relationships exist. However, omission could also mean this requirement had not been completed.

With respect to performance monitoring, we were advised that no supplier performance reports had been submitted to the PRG and that performance is managed via regular contact with the contractor and is tracked largely through the Statement of Service Performance (“SSP”)/group monthly reports.

Recommendations

- The ‘reporting back to Council’ condition of the original approval having being met should be ratified by Council.
- Where an approval is conditional on a later event, for example reporting back to Council, formal processes should be in place to record a condition or conditions being met. Without written records there is no robust evidence that the condition has been met.
- All potential conflict of interests, including record of review being completed and establishing that there are none, should be captured in writing as part of the procurement process and filed with the other contract and tender documentation.
- The requirement in the Conflict of Interest Policy for all parties tendering to disclose in a covering letter any interest as stated in the policy, should also require a statement from those parties where there are no such conflicts.
- If it is not already occurring now, performance monitoring be formally documented to ensure that evidence could be produced, should this ever be necessary.

Management Comment

Discussion should occur with Council with regards to their expectations of ratification as the report back was covered by the Chief Executive however as noted occurred within a briefing. Bullet points 2-5 will be highlighted in the Officers procurement training programme to ensure these recommendations are noted under our continuous improvement.

Horowhenua New Zealand Trust (“HNZT”) – Procurement of the Delivery of Economic Development Services

The initial steps in the above procurement required the establishment of a charitable trust, that is, HNZT and then the outsourcing by HDC to HNZT of the delivery of economic development services. The whole of life cost of the procurement of the delivery of economic services was \$2,100,000 excluding GST.

Of the two documents integral to the above process, that is, the *Deed of Charitable Trust* for HNZT, and the *Economic Development, Monitoring and Information Provision Agreement* (EDMIPA), the former had been prepared by a legal firm. With respect to the second document, we noted the statements in reports¹⁰ to the Finance Audit & Risk Subcommittee and to Council were that the PRG’s agreement to the execution of the EDMIPA included:

- that the Chief Executive had confidence in the legal advice and Audit New Zealand advice regarding process; and
- that execution was subject to a Council resolution to confirm the whole of life procurement costs.

The reports also noted that legal advice was received in advance of establishing the trust and developing the EDMIPA and that all legal considerations have been addressed. We have sighted two documents containing legal advice with respect to the Collaboration Deed, later renamed the EDMIPA.

No issues were noted regarding the provision of legal input.

We located two reports to elected members on the Procurement of Services via HNZT, one dated 27 February 2019 to the Finance Audit & Risk Sub-committee; and one to Council dated 25 December 2018. The purpose of these reports was to seek a Council resolution to confirm the whole of life cycle procurement costs as stipulated in the EDMIPA. We were advised the report dated 25 December 2018 would have been moved to that date from another date and ‘parked’ as there was not an intention to have a meeting on Christmas Day. We were further advised that the 25 December 2018 report to Council was then moved to the Finance Audit & Risk Subcommittee on 27 February 2019. However, we were unable to locate a Council minute approving the \$2,100,000 and understand from further inquiries that it appears the report was not subsequently included on a Council agenda, hence there may not be a Council minute approving the \$2,100,000 (being the whole of life procurement cost.)

A procurement plan had been prepared.

At time of writing we had not had any documentation provided to us on the following matters:

- a record of a procurement plan on the procurement plan register;
- a record of a contract on the contracts register;
- any information regarding recording of conflicts of interest. We understand there was a declaration of interest made by an elected member. Elected Members’ conflicts of interest are outside of the scope of this review.

¹⁰ These are the reports dated 27 February 2019 and 25 December 2018 in the later paragraph.

Two installments of the \$2,100,000 total were paid in the period under review. A purchase order was raised for the first installment of \$375,000 paid in October 2018. There was no purchase order raised for the second installment of \$187,500 paid in May 2019.

It was noted in the reports dated 27 February 2019 and 25 December 2018, that the payment of \$375,000 was made to HNZN to ensure the continuity of service delivery in the interim. This payment was also made prior to the preparation of the reports dated 25 December 2018 and 27 February 2019 seeking a Council resolution to confirm the whole of life costs of \$2,100,000. HDC procurement guidelines state that value is the total potential value of the contract and is not restricted to the value in a 12 month period, which may be less. Applying the total value rule would make the value \$2,100,000 not \$375,000 and therefore would appear to have exceeded the delegated authority of the Chief Executive as at October 2018.¹¹

The reports of 27 February 2019 and 25 December 2018 advise that the EDMIPA provides for an annual review of performance and levels of service. The reports also include the provision that the performance of economic development remains as a statement of service performance measure and as such, reporting against performance will continue to come to Council along with the quarterly updates etc. We scanned the three month report to Council for the period 1 July to 30 September 2020 that formed part of the public part of the agenda of the Council meeting on 11 November 2020. We did not locate any obvious service output reporting of economic development activity/EDMIPA.

Schedule One of the EDMIPA outlines the activities to be delivered by HNZN. Quantifiable measures are not included; however, the schedule does include expectations as to the degree of effort to be applied to each activity. The four expectations are: "None, Some, Quite a bit and Lots".

On 23 September 2019 HNZN provided the Chief Executive with a Year in Review Summary for the period 5th October 2018¹² to 30 June 2019. This report contained some activities that has been quantified. For example, land purchase for a business park, "Business After Five" sessions and provision of data. However, the report does not align activities completed with the activities listed in Schedule One.

Sections 4.5 to 4.8 of the EDMIPA outline the process for an annual review of the Schedule of Services. We have sighted an undated¹³ Schedule One outlining the services to be provided for the period 1 October 2019 to 30 September 2020. The updated Schedule One is a high-level report and does not contain quantifiable measures as to how performance of the activities will be assessed, except with respect to ways in which reporting may occur. The section on reporting includes, but is not limited to: bi-annually to elected members (via a briefing or public meeting); an annual Year in Review Summary Report to Council and six weekly meetings between the Mayor and HDC Chief Executive and the HNZN Chair and Chief Executive. At the time of writing, enquiry had not been

¹¹ A new delegations register was adopted by Council on 26 June 2019. This does enable the Chief Executive to exceed the \$1,000,000 in situations where 'whole of life' (e.g. multiyear) contract costs exceed that limit provided that corresponding 'whole of life' (multiyear) budgets have been established by an approved Long Term Plan and those costs are within those budgets. The reports of 27 February 2019 and 25 December 2018 advise that the EDMIPA reflects the services and budgets contained in the 2018-2038 LTP. We have not sighted a similar provision in the Delegations register applicable as at October 2018.

¹² Date of commencement.

¹³ Report is on the header of HDC and HNZN

made as to which of the above had occurred. We have also sighted a Schedule of Services for the period 1st October 2020 to 30th September 2021. The content is substantially the same as the year ended 30th September 2020.

In September 2020 Council reviewed its Economic Development Strategy. One of the drivers for this review was a perception that there may be areas for improvement in both defining priorities and measuring and monitoring outcomes. A review was undertaken by Giblin Group and their report highlighted a need to develop an Economic Development Action Plan with clear priorities and a tighter performance framework. We understand the report will be on the final draft for Council by 31 March.

Recommendations

- If the approval by Council of the whole of life procurement cost of \$2,100,000 has not yet been documented then priority be given to the ensuring this approval is formally ratified/recorded.
- The processes for documenting approvals such as the Council one in the bullet point above should be reviewed to prevent a re-occurrence of the omission to approve or to ensure the approval is readily locatable.
- If not already done: the \$2,100,000 in October 2018, being the financial amount, which applies using the procurement guidelines total value rule, be formally ratified by Council.
- For completeness, if not already done, the procurement plan be included on the procurement plan register.
- For completeness, if not already done, that agreements such as the EDMIPA be included on the contracts register.
- Conflict of interest declarations, including establishing that there are none should be captured in writing and filed with the other HNZT documentation.
- HDC consider expanding the existing use of purchase orders, so their use includes all transactions such as payments to organisations such as HNZT. Where exceptions are clearly practical, for example payments to the IRD, they could be detailed as part of a purchase order policy.
- A follow-up review on performance monitoring could be scheduled/carried out, a year to 18 months after any changes have been made as a result of the Giblin Group work.

Management Comment

Bullet points 1-3 should be discussed by Council with regards to their expectation of formal ratification. The procurement plan and current contract are both included in Councils registers. Bullet points 7 and 8 are noted.

2. Procurements between \$200,000 and \$1.0 million (“Complex Procurement over \$200,000”)

Rating:

What we Found

We identified three suppliers with transactions of \$200,000 and \$1,000,000. All three procurements were reviewed.

Scanpower New line, Foxton Wastewater Treatment Plant

An open competitive process was not possible for this procurement as Electra (the local power distributor and operator), only accept installation of new 11 kV power lines from two certified contractors. Those contractors are Electra's own line works and maintenance department, and Scanpower. We were advised that repeated attempts to obtain a quote from Electra met with no response leaving HDC with a sole supplier procurement situation. Due to the lack of choice regarding the supplier, a procurement plan was not prepared.

We were advised it took a year from receiving an estimate from Scanpower to confirming quote. This provides an example of the complexity involved in this type of procurement.

There were no issues with the authorisation of the amount of the original contract price of \$213,251 excluding GST, however a subsequent variation of \$1,800 excluding GST appears to have been authorised by an employee whose role did not have sufficient delegated authority to authorise the variation.

There were no issues with the term of the contract.

A purchase order had been raised.

The contract was not recorded on the contracts register.

At time of writing we had not sighted any declarations regarding conflicts of interest. We were advised that there effectively was no choice about the choice of contractor. Accepting this limitation, a process to identify and allow for HDC to manage its employees with respect to any potential conflict of interest, could still have occurred.

There has not been a legal review that we are aware of, however a range of legal matters were covered as part of the procurement process including the need for easements to be registered over the Wastewater Treatment Plant and neighbouring farms. The two farmers affected and HDC all signed a legal agreement that the lines would be installed and that the lines and poles would be owned by Electra, at no cost to Electra. Also, an easement in Electra's favour would be registered on the property owners' land titles before the installation commenced.

No explicit performance measures were identified in the contract. However, due to the nature of this procurement and heavy regulation in the industry, both safety and quality risks are mitigated. For example, Scanpower's design for the lines installation had to be pre-approved by Electra's experts before commencing the works and ultimately Electra would not turn on the electricity until the new lines had been fully constructed and tested to the required standards.

Recommendation

Even in the situation where there is only one available supplier, a process to identify and allow for potential conflicts of interest should still occur. This enables evidence that any potential conflicts were identified and how they were managed.

Management Comment

Noted. This has been made clearer in Council's new procurement manual and as part of Councils continuous improvement approach to procurement and will be factored into Officer procurement training programmes.

Horizons Regional Council: Foxton Wastewater Treatment Plant

The four transactions between \$200,000 and \$1,000,000 included an amount of \$239,169 excluding GST. This was not a procurement as such, but the final settlement cost to Horizons Regional Council in relation to the Foxton Waste-water Consenting and Court process. The negotiations carried out resulted in a reduction in the final cost to HDC of \$115,000 excluding GST.

The policies and procedures that relate to procurements were not relevant to this amount and we have no findings to report on this matter.

Recommendations

That the above is noted.

Management Comment

Noted.

Spark Digital – LANcare

During the period under review we located eight transactions to Spark Digital – LANcare, in the purchase order register. These were grouped into three categories. These categories along with the total for each, are listed below. As the eight payments total over \$200,000 they have been included in this section of the report.

The LANcare Managed services transaction for \$118,314 had the transaction type, Standing Purchase Order ("SPO"). We were advised that an SPO is issued for items that are of a recurring nature, such as monthly charges, and removes the requirement to raise an individual purchase order for each of the recurring payments.

The LANcare Block Support total of \$73,920 for included an amount of \$53,760.00, which also was transaction type SPO.

As at time of this report documentation had been sighted for all of the LANcare transactions with the exception of the \$118,314.46 referred to earlier being Spark Digital LANcare Managed Services. The purchase order number for this transaction was 115146 and the date, 2/7/2018.

A minor variance was noted with the payments being made under the LANcare Platinum Agreement. The amount on the monthly fees table was \$13,230.04 however the amount being paid was \$13,146.04, \$84 less.

Recommendation

The systems and processes (and how these are applied in practice) for filing documentation, whether electronic or hardcopy, be reviewed so as to enable documents to be quickly located when needed.

Management Comment

Noted.

3. Procurements between \$100,000 and \$200,000 (“Complex Procurement up to \$100,000”)

Rating:

What we Found

We reviewed a sample of seven transactions. Four were single transactions that exceeded \$100,000 while the other three in the sample exceeded the \$100,000 spend level, due to multiple invoices for the same procurement. For example, we located twelve transactions for professional services from *Daniel O'Regan Strategic Communications* which totaled \$133,408 excluding GST and nine transactions for Levin Stormwater Consenting work done by *Good Earth Matters Consulting Ltd* which totaled \$117,921 excluding GST.

At time of writing, we had not had documentation provided to us regarding the procurement processes followed for any of the seven transactions in the sample of procurements between \$100,000 and \$200,000.

Invoices matching the transaction amount on the purchase order register were located for three in the sample. A fourth transaction had an invoice for a slightly lesser amount. Two invoices had purchase order numbers.

The population from which the sample was drawn was the year ended 30 June 2019. We have been advised that more recently systems have tightened up with respect to increased use of purchase orders both internally and via invoices being returned by HDC Accounts Payable to suppliers with a request for a purchase order number. We have not carried out a review of the period from 1 July 2019.

The authorisation of the level of spend was within the delegated limit for all the transactions.

Recommendations

- If the reason for not been able to locate procurement process documentation is because the processes are not being followed then it may be timely to review the processes to seek a more workable balance between:
 - ensuring necessary controls are in place;
 - ensuring that there is an audit trail evidencing the operation of these controls; and
 - the practical realities of the day to day activities of HDC staff.
- If documentation evidencing the completion of the processes in the procurement guidelines does exist but is difficult to locate, then it may be timely to review the document management/ filing systems in use. Possible actions to take and matters to consider in such a review could include: doing a user survey and get user feedback; the electronic database design itself including search facilities; indexing and maximizing the reporting capability; levels of support from the supplier; and whether additional training would be beneficial.
- That the use of purchase orders becomes ‘the norm’. Where exceptions to this are clearly practical, departure from use be detailed as part of a purchase order policy.

Management Comment

Noted. The new Procurement Manual and Policy have picked up on these recommendations. This will be highlighted in our ongoing training programmes.

4. Procurements between \$30,000 and \$100,000 (“Simple Procurement”)

Rating: Necessary

What we Found

We reviewed a sample of thirteen transactions. Of these, eleven were randomly selected for review. When reviewing the eleven we observed that two of the sample had a second purchase order for the same service from the same supplier dated on the same day. These two transactions were added to our sample making a total sample size of thirteen.

At time of writing we had not had documentation provided to us regarding: risk assessments; use of preferred suppliers; conflicts of interest checks; use of standard industry contracts or recording of any contracts on the contracts register.

Invoices matching the transaction amount on the purchase order register were located for five in the sample. A progress payment for part of the transaction amount was located for a sixth transaction. Of these six transactions, purchase order numbers were only able to be definitely linked to three.

The authorisation of the level of spend was within the delegated limit for nine of the thirteen transactions.

One of the two pairs of transactions that were to a same supplier on the same day was within the delegated limit, if the expenditure was OPEX but not if it was CAPEX. The delegated limits for the role that had authorised the purchase order were different for OPEX and CAPEX. These were transactions to Green Infrastructure Services Limited for a feasibility study for wastewater supply to Ohau. There were no issues with the delegated limit for the second pair of transactions to the same supplier on the same day.

For the remaining two transactions we did not have sufficient information at the time of writing to report on whether were they were within the delegated limits of the authorisers. The two transactions were: a monthly payment to Leith Consulting and a payment described as “Partial Payment - Digital Display Replacement...” to CSG Technology Limited.

Refer also Detailed Finding 8. *Purchase Orders One-up Authorisation process*. This control improvement which was made after the period in this review, may already be reducing the potential for spend to exceed delegated limits.

Recommendations

- The recommendations in Detailed Finding 3 regarding documentation and the use of purchase orders also apply to procurements between \$30,000 and \$100,000.
- That processes be put in place to ensure authorisations are not exceeding delegated authorities either due to later additions to an original procurement or arising from the use of multiple purchase orders.

Management Comment

Noted. The new Procurement Manual and Policy have picked up on these recommendations. This will be highlighted in our ongoing training programmes.

5. Procurements less than \$30,000 (“Low Value Procurement”)

Rating: Necessary

What we Found

We reviewed a sample of 20 transactions all of which were selected randomly.

At the time of writing we had not received documentation regarding: use of preferred suppliers; conflicts of interest checks or whether three quotes were obtained.

The use of the simple questionnaire to assess risk is not required for procurements under \$30,000. At the time of writing we had not obtained any information regarding how Low Value Procurements that were at a higher level of risk than “little or none”, would be identified.

A shortform agreement¹⁴ had been used for one of the transactions.

Invoices matching the transaction amount on the purchase order register were located for thirteen in the sample.

The authorisation of the level of spend was within the delegated limit for nineteen of the twenty transactions. The remaining transaction was for an amount of \$5,156 excluding GST, however the delegated level of the role authorising the transaction was \$5,000 excluding GST¹⁵.

Recommendations

The recommendations in Detailed Findings 3 and 4 regarding documentation, the use of purchase orders and authorisations not exceeding delegated authorities, also apply to procurements of less than \$30,000.

Management Comment

Noted. The new Procurement Manual and Policy have picked up on these recommendations. This will be highlighted in our ongoing training programmes.

6. IWI Partnerships

Rating: Necessary

What we Found

HDC has partnership agreements with four IWI. The scope of this review required that two of these be reviewed.

Te Kotahitanga o Te Iwi o Ngā ti Wehi Wehi (Ngati Wehi Wehi)

We sighted the following documentation and transactions:

- 12/11/2012. Signed Memorandum of Partnership (“MoP”). The MoP provided for a first review at the 12 months anniversary then two yearly reviews from then on;
- 19/2/2016. An appendix to the MoP which providing for \$10,000 financial contribution for

¹⁴ The ACENZ IPENZ Shortform Agreement for Consultant Engagement

¹⁵ Based on the \$ amount for that role in HDC Delegations register updated in October 2017. NB The delegated amount for this role in the register which applied from 1 July 2019 was \$10,000.

- the year 1/7/2015 to 30/6/2016;
- Agenda/ Minutes/ Hui:
 - 17/6/2014. Review Hui. Minutes of the previous quarterly meeting on 10/3/2014 were moved as a true and correct record. The Minutes also noted that an updated work programme had been attached;
 - 8/9/2014. Review Hui. Minutes of the previous quarterly meeting on 17/6/2014 were moved as a true and correct record. The next hui was noted as being on 1/12/2014. The Minutes also noted that an updated work programme had been attached;
 - 8/12/2014 One page Agenda/ Hui-a-Marama: Review meeting. No supporting papers located;
 - 25/2/2016. Quarterly meeting. Has the heading Minutes, however has no content and the document has the appearance of a template that has been prepared to go with the agenda which would be filled in later to form minutes; and
 - 22/3/2016 One page Agenda/ Hui-a-Marama: Quarterly meeting. No supporting papers located.
 - Work programmes:
 - 2013/14. Work programme. Cover note then work programme report. Columns for Objectives, Initiatives and Measures. The work programme contains considerable detail with Actions, Updates and some Completion Dates included in the "Measure" column; and
 - 2016. Work programme. Has columns for Objectives, Initiatives, Measures and Dates Completed. The Initiatives and Objectives columns have content however there is no information in the Measures Column. In the "Date Completed" column completion dates are noted for three of the four items listed under Objective 7 – Projects. We are not certain if these are target completion dates or actual completion dates.
 - Documentation relating to payments of \$10,000. The invoices dated 24/11/2014 and 15/11/2017 had the narration "Fee for Service re Te Kotahitanga o Te Iwi Ngati Wehi Wehi as per signed MoP 12 November 2012. The purchase orders in July 2018 had the narration MoP grant/ Annual Payment 2018-19:
 - 24/11/2014. Ngati Wehi Wehi Invoice. \$10,000:
 - 15/11/2017 (for period to June 2017). We located two invoices with the same invoice number but with some differences in the other details and with different bank accounts to pay into:
 - 06/07/2018. Purchase order 115241. Te Iwi O Ngati Tukorehe Trust Memorandum of Partnership Grant - 2018/19. \$10,000: and
 - 12/07/2018. Purchase order 115301. Te Iwi O Ngati Tukorehe Trust Partnership Annual Payment - 2018/19 Year \$10,000.

It was noted that there were two purchase orders for \$10,000 for the 2018/19 year making the total approved for payment \$20,000. At the time of writing we had not had documentation provided to us supporting an increase from the \$10,000 as per the 19 February 2016 document, to \$20,000 in 2018/19.

At the time of writing we had not had documentation provided to us to support \$10,000 annual payments continuing after the 1/7/2015 to 30/6/2016 year nor for the payment of funds for the years prior to and including the year ended 30/6/2015.

The 2012 MoP stated that it would be reviewed by both organisations initially at the first anniversary and beyond that on a 2-yearly basis. At the time of writing we had not had documentation provided to us related to either a first review at 12 months or subsequent two yearly reviews.

The section on resourcing in the MoP states that each financial year an appropriate fee will be agreed for services as described and larger projects shall be agreed on a case by case basis. At the time of writing the only information located regarding fees additional to the payment information listed above, was the 19/2/2016 appendix to the MoP referred to earlier which provided for a \$10,000 financial contribution for the year 1/7/2015 to 30/6/2016.

The MoP provided for "larger projects" whose resourcing and fee would be agreed on a case by case basis. We have not located any information regarding projects, if any, that occurred.

With the exception of the information noted earlier under the heading, Work programmes, we have located no information on services provided, or how outcomes were to be measured and how, or to whom and when these results were to be reported.

Te Mauri O Rangitaane O Manawatu

We sighted the following documentation and transactions:

- 8/1/2001: MoP signed with Te Kaunihera Kaumatua O Raingitaane Ki Manawatu;
- 8/8/2001: MoP signed with Tanenuiarangi Manawatu Incorporated;
- 8/10/2008: MoP signed with Tanenuiarangi Manawatu Incorporated and Te Mauri O Rangitaane O Manawatu. The document included provision for the payment by HDC of \$5,000 for the year ended 30/6/2009 for services provided. The document further stated that resourcing of any larger projects would be agreed on a case by case basis; and
- 28/5/2015. A letter from the Chief Executive of HDC to the Chief Executive of Te Mauri O Rangitaane O Manawatu confirming HDC being supportive of rolling over the MoP for three years to 2018, with no changes. It was noted in the letter that the MoP had been due for review in 2014. The document attached to the letter was the 2008 MoP.

No other information regarding this Iwi partnership was provided to us, for example:

- payments made;
- documentation supporting payments other than the \$5000 for the year ended 30/6/2009;
- services provided, work programmes or performance measures;
- annual meetings to determine projects to be undertaken in the next 12 months and to review progress on projects already underway, as provided for in the MoP.

Recommendations

- The recommendations in Detailed Finding 3 regarding documentation and the use of purchase orders, apply to all Iwi Partnership agreements.
- Evidence of the authorisation of all payments, including changes in amounts, should be documented and readily accessible.

- A process occurs to ensure that certain matters in the Iwi partnership agreements such as periodic performance review and reporting / monitoring against performance measures, occur on a timely basis and this be documented.
- That the inclusion of performance measures and regular monitoring of outputs and progress, occur. A cost/benefit approach be applied to the frequency and detail of such reporting.

Management Comment

Noted. The new Procurement Manual and Policy have picked up on these recommendations. This will be highlighted in our ongoing training programmes. Council discussion should occur with regards to the Auditors recommendations on inclusion of future performance measures under the partnership umbrella with Iwi and the expectations of such reporting.

7. Identification of Staff Purchases

What we found

Purchase orders for staff purchases are entered into the system by the Management Accountant and given a value of \$1.00. When the invoice arrives and its total dollar amount is entered into the system by the Finance Officer - Accounts Payable, a price variance message is generated. This is because the system has recorded the 'approved amount' as \$1.00. The price variance message goes to the management accountant who then carried out the necessary follow-ups and advises the Finance Officer - Accounts Payable if/when the invoice is okay to pay.

There were no issues with the five staff transactions reviewed. Two of the purchase orders were not used and were cancelled. The remaining three were charged via debtors as private purchases.

Recommendations

That the above is noted.

Management Comment

Noted.

8. Purchase Orders One-up Authorisation Process

What we found

On 1 July 2019 HDC introduced a control improvement to the authorisation of purchase orders. From that date the approver of the purchase order needed to be 'One-up' from the requestor of the purchase order. Although this process was not in place during the year of review, because the issue of people being able to authorise their own purchase orders had been addressed, we did not review or make any recommendations regarding the purchase order authorisation process that was being followed during the period under review.

We reviewed the application of the control improvement of "one-ups", by scanning the purchase order register for the period 1 July 2019 to 28 February 2020, looking for any instances of the requestor and the approver being the same person. Of the 2729 purchase orders we scanned which had a requestor and an authoriser, we located one dated 2 September 2019 which appeared to have the same person as both the requestor and the authoriser. This purchase order was investigated and it was found to have been a user error.

Recommendation

That the above is noted.

Management Comment

Noted.

Appendix A – HDC Distribution List

Draft copy, for management comment

Philip Jones - Chair Audit and Risk Committee

David Clapperton - Chief Executive Officer

Final copy, including management comment

HDC Finance Audit and Risk Committee

Appendix B – Ratings Definitions

Individual finding ratings

Rating	Explanation
Priority	Needs to be addressed urgently. These recommendations relate to a significant deficiency that exposes the Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, generally within six months These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, generally within 6 to 12 months These recommendations relate to areas where the Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

Appendix C – For information: recent procurement/expenditure related good practice reports from the Office of the Auditor-General

Below for information are two procurement/expenditure related good practice reports issued recently by the Office of the Auditor-General:

1. Managing conflicts of interest: A guide for the public sector - June 2020"; and
2. Controlling sensitive expenditure: Guide for public organisations - October 2020

Internal Audit Work Programme

File No.: 21/160

1. Purpose

For the Internal Auditor (Rachael Dean) on behalf of CKS Audit Limited to present possible areas of interest for Council to consider in setting its next Internal Audit Work Programme.

2. Recommendation

- 2.1 That Report 21/160 Internal Audit Work Programme be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Background/Previous Council Decisions

The Finance, Audit and Risk Committee sets the Internal Audit Work Programme and reviews reports conducted as part of monitoring Council's performance.

At the 31 March 2021 Finance, Audit and Risk (FAR) Committee meeting, the Chair sought for Rachael Dean to attend the April 2021 meeting to discuss areas that CKS Audit Limited could assist Council with in its future Internal Audit Work Programme.

CKS Audit Limited has noted that following the Finance, Audit and Risk Committee discussion that to determine what internal audit work will add the most value for Horowhenua District Council, it requires the organisational and risk knowledge and experience of the Senior Management Team. CKS Limited also noted that once key areas have been determined for internal audit work, they then need to be prioritised.

4. Issues for Consideration

- The two extracts below from the Institute of Internal Auditors Australia's Internal Audit Good Practice Guide for the Public Sector¹⁶, summarise the core purpose of internal audit:
 - Internal audit contributes to success, positive change and innovation by delivering assurance, insight and advice.
 - Internal audit contributes the most value when it is relevant, objective, attentive to risk and opportunity, and future focused.
- Internal audits cover a wide range of systems and topics including but not limited to: compliance; financial; IT; operational and projects. Research done by CKS Audit Limited late 2018/early 2019 sought to identify areas of particular concern to local bodies. That information has been updated to provide some generic suggestions as to where internal audit may add particular value for Horowhenua District Council over the next 12 to 24 months.
- Internal Audit plans often include systems that are audited after the lapse of a particular period in time, even if no significant system or risk changes have occurred to trigger a review. Procurement, payroll, cash handling and sensitive expenditure are examples of types of reviews that tend to fall into this category.
- Procurement was the type of internal audit of most interest identified in our 2018/19 work and has continued to remain an area of focus for internal audit and the Office of the

¹⁶ Effective Internal Auditing in the Public Sector – A Good Practice Guide 2020. Institute of Internal Auditors, Australia

Auditor General (OAG). Procurement internal audits range from very targeted reviews such as arrangements to engage consultants to the full range of procurements carried out by a council. Some other areas of particular interest were:

- Payroll
- Sensitive expenditure¹⁷
- Cash Handling processes and controls
- Fraud awareness and controls
- Conflicts of interest¹⁸

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)	David Clapperton Chief Executive	
Approved by	David Clapperton Chief Executive	

¹⁷ NB: a new guide was issued by the OAG - October 2020

¹⁸ NB: a new guide was issued by the OAG - June 2020

Finance, Audit and Risk Committee Work Programme

File No.: 21/158

1. Purpose

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

2. Recommendation

- 2.1 That Report 21/158 Finance, Audit and Risk Committee Work Programme be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That the Finance, Audit & Risk Committee receives the Finance, Audit and Risk Committee Work Programme.

3. Background/Previous Council Decisions

- In November 2020 the Finance, Audit and Risk Committee requested, via the Chair, an outline of a work programme for consideration.
- A draft work programme was prepared by Officers for initial consideration of the Chair of the Finance, Audit and Risk Committee in January 2021.
- In January 2021 the Internal Auditor confirmed that the Draft Internal Audit Report would be completed for Council consideration at the 31 March 2021 meeting.
- Following discussion with the Chair, Finance, Audit and Risk Committee, it was agreed that the Draft Internal Audit Report and Draft Work Programme be discussed in parallel In-Committee at the 31 March 2021 meeting.
- At the 31 March 2021 meeting it was agreed that the proposed FAR work programme would be presented for adoption at the April 2021 meeting.

4. Issues for Consideration

The Work Programme tabled does not include:

- Reporting outcomes which may be agreed as part of The Horowhenua Alliance Principals Group discussions.
- Confirmation of the area of focus and timing for the next Internal Audit. The Internal Audit Programme is included within the agenda of the April 2021 Finance, Audit and Risk Committee meeting. The overarching Finance, Audit and Risk Work Programme discussion must occur in parallel, in conjunction with the Internal Auditor being present at the April meeting. Direction can be provided to areas of focus that may be considered by the Finance, Audit and Risk Committee and appropriate timing.
- Additional focus areas which have been discussed by the Finance, Audit and Risk Committee through workshops in the course of the LTP preparation.

The Draft Work Programme includes:

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

Attachments

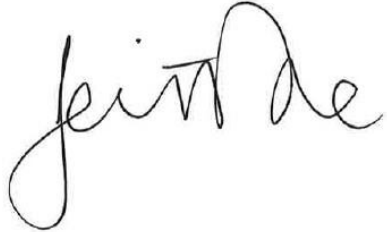

No.	Title	Page
A	FAR Work Programme	45

Confirmation of statutory compliance

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

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

Signatories

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

DRAFT Finance Audit and Risk Committee (FAR) Work Programme 2021/2022

January	February	March	April	May	June	July	August	September	October	November	December
Audit NZ (LTP)	Audit NZ (LTP)	Health and Safety Report	<i>Audit NZ Interim</i>	Audit NZ (LTP)	<i>Audit NZ Interim</i>	<i>Audit NZ Interim</i>	Audit NZ Annual Report Final Audit	Audit NZ Annual Report Final Audit	Audit NZ Annual Report Final Audit	Health and Safety Report	
Health and Safety Report	Health and Safety Report	Activity Reports	Health and Safety Report	Health and Safety Report	Health and Safety Report	Health and Safety Report	Health and Safety Report	Health and Safety Report	Health and Safety Report	Activity Reports	
Activity Reports	Activity Reports	Financial Report (February)	Activity Reports	Activity Reports	Activity Reports	Activity Reports	Activity Reports	Activity Reports	Activity Reports	Financial Report (October)	
Quarter Financial Report (December)	Financial Report (January)	Bancorp Treasury Report	Quarter Financial Report (March)	Financial Report (April)	Financial Report (May)	Quarter Financial Report (June)	Financial Report (July)	Financial Report (August)	Quarter Financial Report (September)		
		Draft FAR Work Programme	Finalised FAR Work Programme	Bancorp Treasury Report		Standard and Poors Credit Rating Assessment	Standard and Poors Credit Rating Report	2020/21 Annual Report (Draft)	Affordability Assessment		
		Draft Internal Audit Report	Finalised Internal Audit Report	Finalised Internal Audit Work Programme		Treasury Bancorp presentation	Bancorp Treasury Report	<i>AON Insurance Workshop (Meeting date to be confirmed)</i>			
			Draft Internal Audit Work Programme	2020/21 Annual Report							
				<ul style="list-style-type: none"> Audit Engagement Letter Project Plan 							
				2019/20 Audit Management Letter							

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

- Risk Reporting
- Full Review Revenue and Financing Policy including rating review
- Zero-based Budgeting

Community Facilities - Activity Update

File No.: 21/137

1. Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects and activities being undertaken within Community Facilities which form part of the Communities, Partnerships and Business Group.

2. Recommendation

- 2.1 That Report 21/137 Community Facilities - Activity Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Project Implementation Review

Levin Aquatic Centre Hydroslide Stairwell and runout repairs

A Post Implementation Review (PIR) was conducted upon completion of the Hydroslide project. The purpose of this review was to:

- evaluate whether project objectives were met
- determine how effectively the project was run
- ensure that the organisation receives the utmost possible benefit from the project
- learn lessons for application in future projects.

Project Overview

The key objectives of the Hydroslide project were to repair and address the structural deficiencies in the stairwell and slide runout at Levin Aquatic Centre (LAC).

Over time, the harsh aquatic environment had caused significant corrosion to both structural and non-structural components of the stairwell and structure frame that supports the slide.

Investigation into the corrosion identified that the:

- Handrail posts, handrail infill panels, perforated floor plates and stair treads had reached a point where they have sustained non-recoverable corrosion and need to be replaced.
- Stairwell stringers were 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.
- Slide runout had failed and posed a significant health and safety concern to staff and the public. This failure resulted in the immediate closure of the slide.

The scope of the work included:

- Rusted wall panels removed and replaced with new panels
- Existing steel handrails removed and resurfaced
- Installation of fibreglass steps with rubber non-slip surface and safety coloured nosing
- Fibreglass drip tray underneath the steps to catch treated water (all dripping water from slide riders is contained in decking and stairs and runs downstairs to runout sump at bottom)
- Installation of pultruded fibreglass grating landings
- Fibreglass balustrade panels to achieve entrapment regulations and to contain water
- Existing steel structure removed, sandblasted, minor modifications made, and then hot dip galvanised and painted with a two-part epoxy paint
- Internal slide joints resurfaced and fibre glassed
- Removal and replacement of the run out chute

- Repairs of the balance tank

Assumptions and Constrains

- Work would be primarily awarded to local contractors
- Levin Aquatic Centre would remain open throughout the construction period
- The true condition of the steel would not be known until it had been sandblasted and inspected by engineers

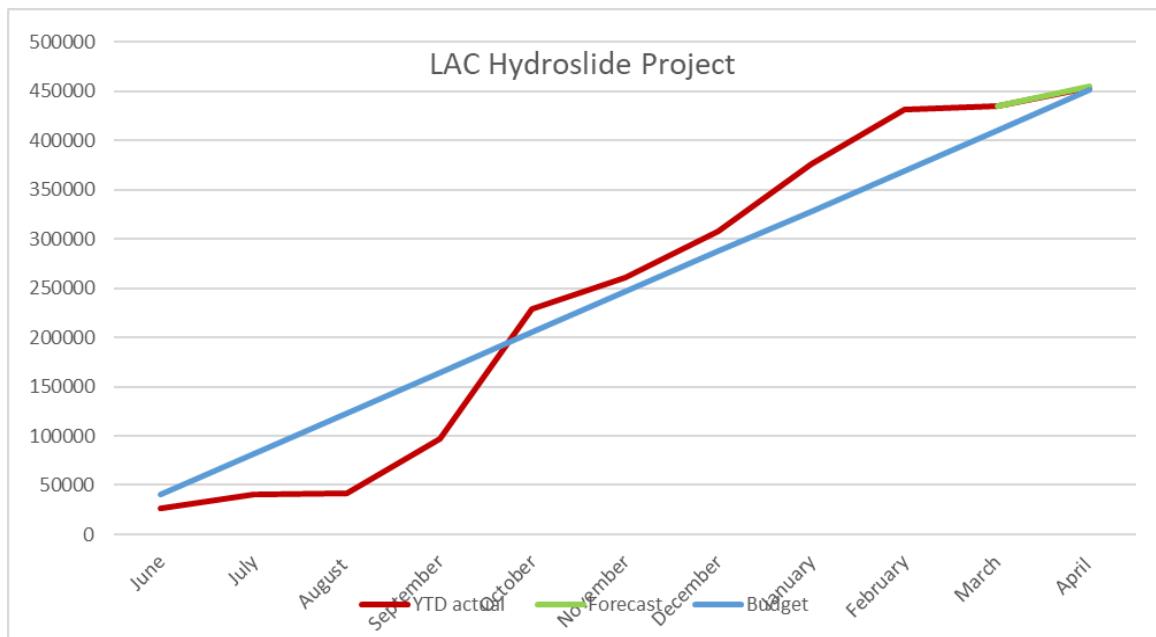
Pre-construction

- The stairwell was designed by New Wave Hydrosides and Aquatics who are one of few Hydroslide Specialists in New Zealand.
- Calibre Consulting provided a structural assessment and recommendations on the existing stairwell.
- Elected Members approved additional budget in order to carry out the repairs.
- Local contractors were identified to undertake the required work with the Lead Contractor being New Wave Hydrosides and Aquatics.

Project Deliverables

Planned Deliverable	Actual Deliverable	Comments / Summary / Lessons learnt
<p>Scope</p> <ul style="list-style-type: none"> • Balustrades and stair treads removed • Removal of the structure cladding and services to allow access to the steel frame • Removal of all steel from site to be sandblasted and inspected by engineers • Steel structure repaired, hot dip galvanised and painted in 2-part epoxy paint • Steel structure installed on site • New bondor cladding installed • HVAC and electrical services reinstalled • Fibreglass stair treads and balustrades installed • New supporting structure for the chute installed • New chute and grating installed • Slide recommissioned 	<ul style="list-style-type: none"> • Achieved as planned 	<ul style="list-style-type: none"> • Additional out of scope work was identified as the project progressed. • Confusion occurred with the removal and reinstallation of the piping to the starter and who was responsible. • Clear communication re: use of existing contractors / providers existed, and local contractors were successfully utilised where able.
<p>Design</p> <ul style="list-style-type: none"> • Improved design to limit contaminated water contact with the steel structure 	<ul style="list-style-type: none"> • Achieved as planned 	<ul style="list-style-type: none"> • Some challenges arose in fitting the steps to the structure which created longer timeframes.

Planned Deliverable	Actual Deliverable	Comments / Summary / Lessons learnt
		<ul style="list-style-type: none"> Steps meet code in respect to anti slip requirements however testing is occurring with use of a rubber surface on the first flight of steps.
<p>Procurement</p> <ul style="list-style-type: none"> Procurement plan submitted and signed off by the procurement review group 	<ul style="list-style-type: none"> Achieved as planned 	<ul style="list-style-type: none"> Local contractors identified and used throughout the project.
<p>Schedule</p> <ul style="list-style-type: none"> Commencement of project in July 2020 Completion of project in March 2020 	<ul style="list-style-type: none"> Slight overrun time 	<ul style="list-style-type: none"> High winds in November 2020 resulted in project delays due to lifting the cladding and steel. Supply issues impacted receipt of steps and slower than anticipated time taken to install due to twisted steel components. All delays communicated across project team and reported back through FAR Committee.
<p>Financials</p> <ul style="list-style-type: none"> Initial budget was \$451,401 \$363,978.75 for the stairwell \$87,425.25 for the runout 	<ul style="list-style-type: none"> At the time of writing this report the final invoice had not been received. However the anticipated final cost is \$455,000 which is approximately \$4000 over the initial budget. 	<ul style="list-style-type: none"> Out of scope works to be removed from project budget line. Extra time taken for step install and additional scaffolding hireage on site contributed to overrun.



Construction Management

Planned Deliverable	Actual Deliverable	Comments / Summary / Lessons learnt
Risk <ul style="list-style-type: none"> • Winter weather • Cost overrun • Reputational • Construction delays • Unforeseen site conditions 	<ul style="list-style-type: none"> • No additional risk was identified during the project 	<ul style="list-style-type: none"> • All risks were managed effectively to achieve the project deliverables and deadlines.
Quality <ul style="list-style-type: none"> • Superior finish with long term durability • Visually appealing 	<ul style="list-style-type: none"> • Achieved as planned 	<ul style="list-style-type: none"> • Constant monitoring and guidance to contractor led to the desired outcome.
Site Management <ul style="list-style-type: none"> • Work site complies with the Health and Safety Act 2015 • Risk management plans and Specific Site Safety Plans accurate and available • HDC staff, contractors and subcontractors inducted into the site 	<ul style="list-style-type: none"> • Work site was isolated from the public • Risk management plans and Specific Site Safety Plans were available • HDC staff, contractors and subcontractors were inducted into the site • Minimal disruptions to service delivery • Fumes, dust and noise were managed effectively 	<ul style="list-style-type: none"> • Subcontractors inducted onto the site. • Some follow up with contractors to ensure the appropriate notifications had been filed (working at heights and hot works permit). One instance HDC staff stopped work until evidence of permit.

Planned Deliverable	Actual Deliverable	Comments / Summary / Lessons learnt
<p>Resource</p> <ul style="list-style-type: none"> The design of this project was carried out by New Wave Hydrosides and Aquatics The construction monitoring of this project was done by HDC staff and communicated via the FAR Committee 	<ul style="list-style-type: none"> Delivered as planned 	<ul style="list-style-type: none"> Decisions on design adjustments improved speed of decisionmaking to suit onsite conditions.
<p>Commissioning</p> <ul style="list-style-type: none"> Assess the condition of the equipment and service, repair or replace Run the Hydroslide to test all areas are functioning Identify areas that need attention and sort 	<p>There were a number of out of scope issues that presented when the Hydroslide was restarted specifically:</p> <ul style="list-style-type: none"> The hydraulic pump had failed and was replaced with a new pump The water feed (treated water) to the balance tank had split pipe. The leak was located underground in the grass area adjacent to the Hydroslide. There was no way of knowing this until the Hydroslide was turned on. The return pump required a new mechanical seal. Non return valves were fitted to the return pipes to ensure the pump stayed primed. The water level of the balance tank had to increase to ensure the balance tank had enough water on start up. 	<ul style="list-style-type: none"> The commissioning of the slide was challenging largely due to unanticipated issues and time pressures for contractors, the process felt somewhat rushed. This is a learning for any further projects. Due to the period of time in which the Hydroslide had been out of action, the Aquatic management team had never directly operated the Hydroslide and therefore training and process development was undertaken during the commissioning period.

Other Lessons Learnt

- It is evident that the open and timely communication principle of this project (with all affected parties) had a significant benefit on overall outcomes and led to the successful delivery of the project.
- There was some out of scope work discovered via issue management across the duration of the project including urgent work on the external slide supports.
- A potential health and safety risk was identified at the top of the Hydroslide when customers step up onto the slide starter. This has since been rectified.
- COVID-19 alert level change at the tail end of the project resulted in the opening event postponement which was disappointing for the entire project team. This timing, however,

enabled a soft launch of the Hydroslide to occur, which provided extensive opportunity for the project team to test all areas to achieve ultimate operational outcomes.

- The tail end of the project timing was condensed as a result of earlier project timing overruns (i.e. high winds) as a result although the slide was operational, the site itself was not left as tidy as it could have been; the contractor has acknowledged this.

Conclusion

- The project was successfully delivered with the desired objectives.
- The Hydroslide is fully operational and is functioning as it should.
- The stairwell design is a significant improvement on the previous design. The design and the fibreglass steps were showcased at a recent capability day by New Wave Hydroslides and Aquatics.
- The new stairwell is visually appealing and contributes positively to the aesthetics of the facility.
- The community clearly value the Hydroslide. The official opening proudly in support of Neighbours Day on 27 March 2021 was extremely popular and anecdotal feedback has been overwhelmingly positive.
- Since commissioning the Hydroslide there has been a noticeable increase in birthday party bookings; an example is a recent weekend accommodating three bookings on the same day.
- Council Officers along with the lead contractor and local contractors (The Project Team) at the outset of the project developed clear expectations with regards to effective working relationships and communication. This provided a sound platform throughout the project and in particular during challenging times to ensure the ultimate outcomes were not compromised.
- The Project Team were dedicated to the principles of the project and consistently upheld these.

Attachments

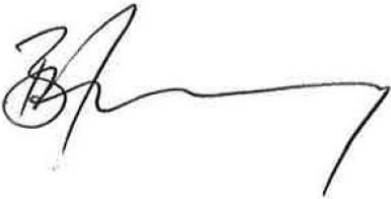

There are no attachments for this report.

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

Infrastructure Development - Activity Update

File No.: 21/155

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 21/155 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

We are working towards substantial completion of the Foxton River Loop Regeneration project by the end of June 2021.

Over the last month three new weather shelters have been constructed. The new barbeques, benches, bike racks and picnic tables have also been installed. We have also prepared the groundworks for the playground equipment, awaiting its arrival to site.



Construction has started on the road safety improvements at the corner of Clyde and Harbour Street as well as the new access and carpark near the Foxton River Loop Hall (the Red Shed). The majority of roading elements should be completed by mid-May 2021, weather permitting.

The planting subcontractor, Recreational Services, has commenced a further harrowing and re-sowing of the patchy areas of the park.

A community planting day was held on Friday 16 April. Coley Street School (pictured below), Save Our River Trust, local hapū and residents helped the project team plant a mix of native and exotic plants. It was a great day out for everyone involved.



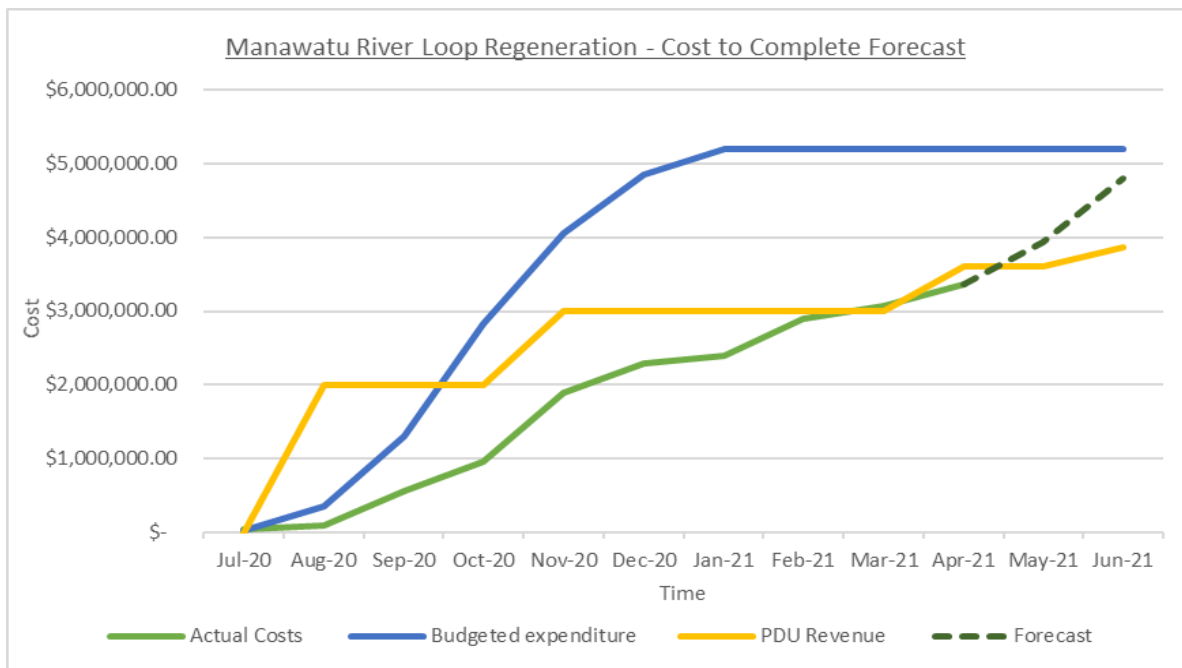
3.1.2 Financials

The graph below summarises the project's cash flow and cost to complete forecast.

Construction costs have continued to come in under original project budget. Primarily due to our efficient and well mitigated bulk earthworks. This has allowed a number of future planned park and landscaping elements to be bought forward and included within the project scope. The net result has been a more linear expenditure profile. The road works about to get underway will see expenditure ramp up toward June 2021.

The approximate \$400K gap between the forecast and budget at June 2021, shown below, is due to the long lead procurement of additional park amenity elements such as the viewing platforms, public toilets and lighted pou. By necessity this amount will be completed in the early stages of the next financial year.

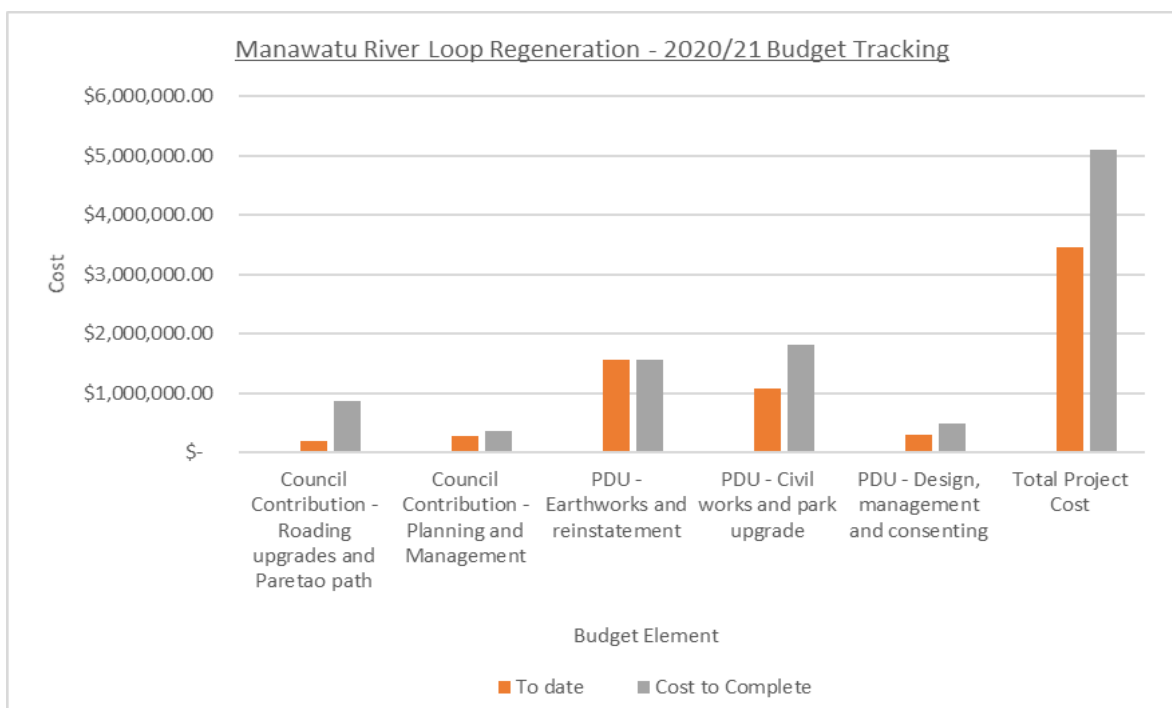
We remain on track with our forecasted expenditure to achieve substantial completion of the project by the end of June 2021, excepting the long lead procurement elements.



3.1.3 Funding Contributions

The histogram below summarises the current status of the Provincial Development Unit and Council’s co-contribution elements.

Council’s contribution for roading upgrades will ramp up over the coming month as work is completed on the improvements at the Clyde and Harbour Street intersection. We will also begin the construction of the new shared pathway and an upgrade of Harbour Street south of Wharf Street.



3.1.4 Payment Claim

We have received a further \$600K instalment from the Provincial Development Unit in early April. We have one final payment instalment of \$260k which will be requested at the time of project completion.

3.1.5 Focus for next month

Activity on site and adjacent local road network will increase over the next month with planned work starting on Harbour Street south of Wharf Street and the pathway link to Paretao Gardens.

We will continue with soft landscaping and install the remainder of the bollards on the southern and northern ends of the reserve. A section of handrail from the old Whirokino Trestle Bridge will be installed as a feature at the southern end of the park.

We will also commence constructing the playground elements. This will include an obstacle course, swings, a climbing net, timber stilts, slide and fort. We have included all these elements to enhance the user experience for a wide range of age groups.



3.1.6 Risk and Mitigation

Availability of specialist resourcing is typically challenging at this time of year with the rush to complete works before the winter months. To help mitigate this risk we have divided the upcoming roading works into smaller discrete packages of work to give us access to a wider pool of contractors. At this time, the shared path, kerbs and nibs, dig outs and pavement overlays will be split up and sub-contracted separately. May and June will see numerous contractors on site.

3.2 Crown Infrastructure Partners Enabling Infrastructure for Tara-Ika

3.2.1 Queen Street Sewer Progress Update

Open trenching has continued for the new sewer main at Queen Street East. We have installed a number of junctions on the new main to provide for future house connections from properties on the north side of Queen Street East. We are on track for completion of the new sewer main by the end of April 2021, weather permitting. This will allow final as-built and engineer's certification ahead of the first milestone claim from CIP.

We have also had a specialist pipe-lining contractor on site since the start of April completing the trenchless sections of the sewer main. This involves the lining of a decommissioned concrete water pipe along Queen Street, from east of SH57 to Queenwood Road. The image below shows the ribbon-like HDPE liner being fed into a machine which spirals and interlocks

the liner to form a heavy duty 'pipe inside a pipe'. This approach has meant we avoided open trenching through the SH57 intersection. We are progressing well ahead of the scheduled 30 June milestone date, allowing us to make an earlier than planned payment claim to CIP.



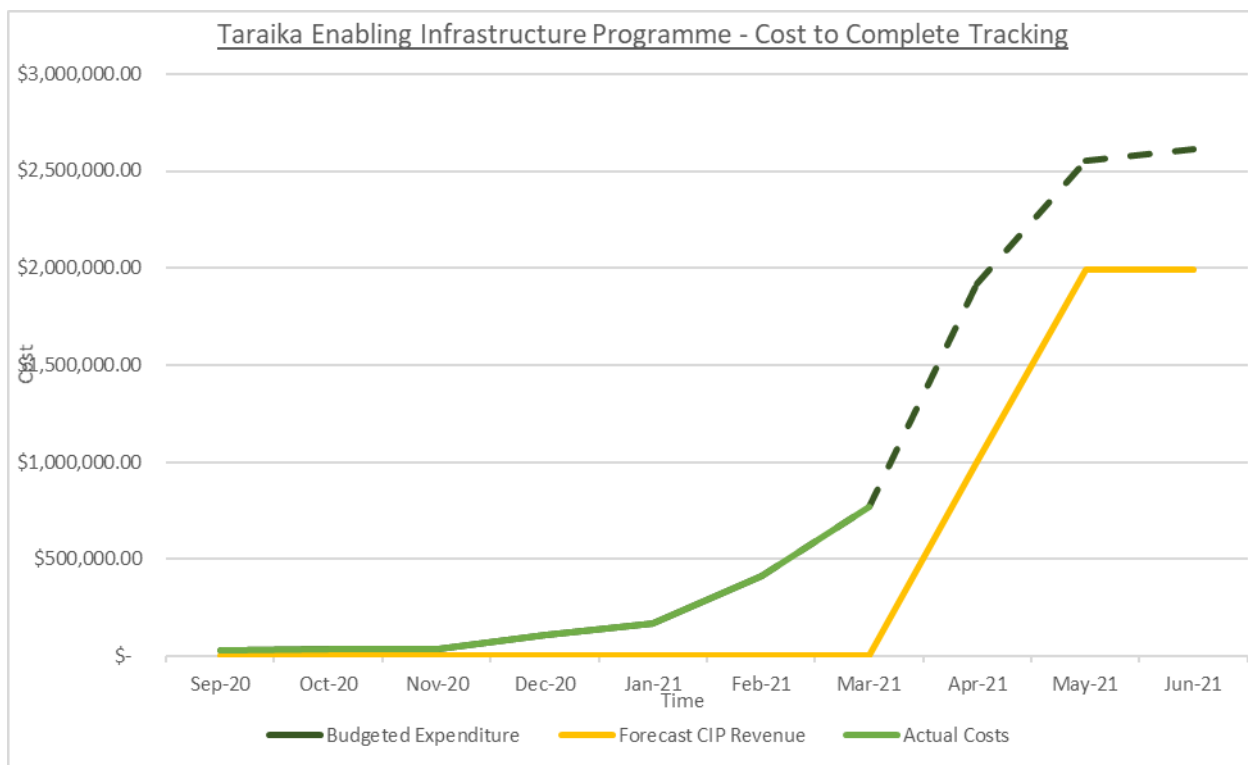
3.2.2 Financials

An overview of the forecast expenditure to the end of the financial year is provided below. We continue to track against the forecast budget. The budgeted expenditure to year end is a combination of CIP grant funding and Council's co-funding contribution drawn from the LTP.

The practical completion of the Queen Street sewer works next month will enable us to claim \$1.991M from the grant funding revenue. The lag between the actual costs and CIP revenue is due to the revenue only becoming claimable upon practical completion of each successive stage.

Concurrently, this month we commenced the planning and design for the upgraded sewer main along Tararua Road as well as the first stage of on-site (pre O2NL) stormwater attenuation. Subject to those works proceeding to schedule, our next \$2.0M CIP grant funding claim is available during the first quarter of the next financial year.

At the time of writing we have not finalised our detailed forward year works programme. We will report the broader financial outlook to next month's FAR Committee meeting.



3.2.3 Focus for next month

All Queen Street trenching and lining works are scheduled for completion by end of April. The focus next month will be to connect the new sewer main into the existing network at Queenwood Road, completion of final reinstatement, pressure testing, as-builts and certification. We also plan to bring the current sewer across from Redwood Grove to the new main. This will allow the decommissioning of an existing pump station once the new main becomes operational.

Initial designs are also being worked through for a new sewer main in Tararua Road and associated upgrades of the existing network on Cambridge Street. We are targeting a start of construction works circa August 2021.

3.2.4 Risk

No new risks arising this month. Works are straightforward and proceeding to plan.

3.3 Fale Lotu Connections

3.3.1 Free Church of Tonga

Great progress has been made at the Free Church of Tonga in the past month. The halls concrete flooring has been grinded and sealed. The carpet has also been laid in the chapel. The lining and painting has been completed in both the chapel and hall building, including patch work in the kitchen area. In the back building we have stripped the back wall and made an opening for a new sliding door as a consequence of the damaged timber framing. The Free Church of Tonga project is coming to an end and we expect to hand over the keys by the end of April.

The team has done a huge amount of work over the last few months, evidenced by the before and after photos below.



Fig 1. Free Church of Tonga before (Exterior)



Fig 2. Free Church of Tonga after (Exterior)



Fig 3. Free Church of Tonga before (Hall Interior)



Fig 4. Free Church of Tonga after (Hall interior)

3.3.2 Samoan Methodist Church

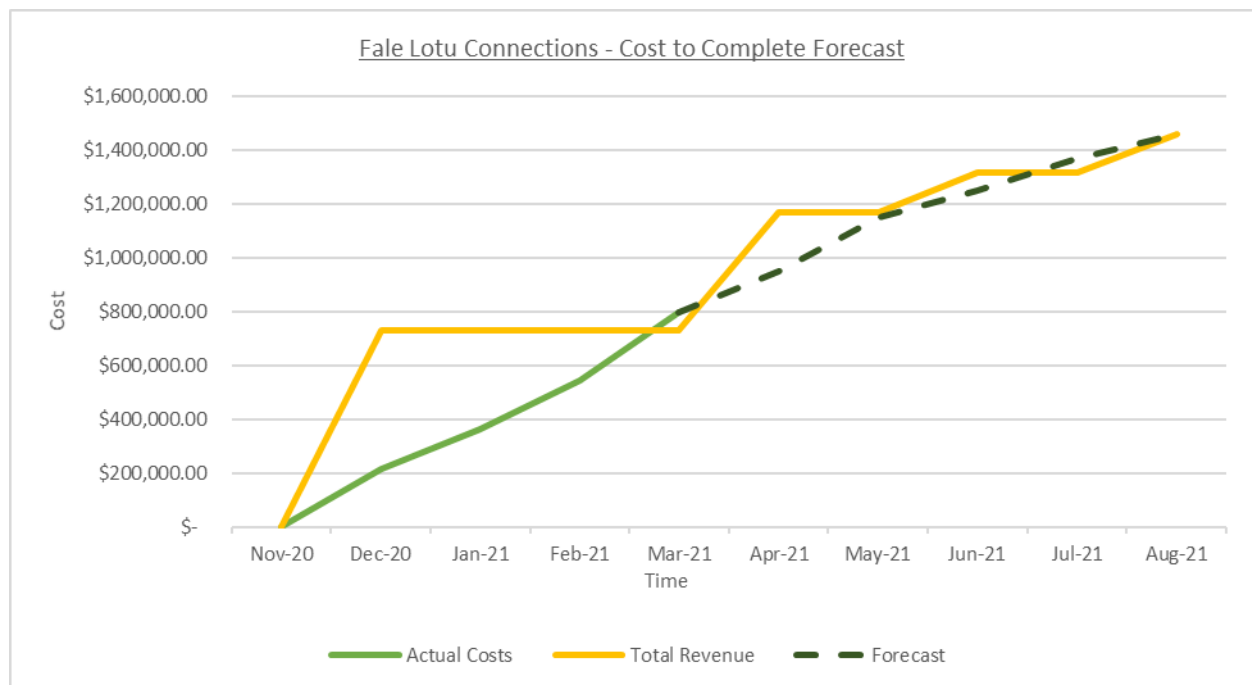
At the Samoan Methodist Church we have continued reframing the kitchen and bathroom. This has now been completed, lining works have started and will be completed by the end of April. We have completed the demolition of the internal ramp and built a new external ramp at the back of the hall. Electrical cabling and plumbing services for the kitchen and bathroom areas has been set up.

3.3.3 Congregational Christian Church of Samoa

A prayer took place at the Congregational Christian Church of Samoa on Wednesday 14 April before the demolition works commenced.

3.3.4 Financials

An overview of the forecast expenditure to the end of the project is provided in the chart below. Actual costs have been accrued to 7 April 2021 due to the lag in contractor claims and internal payment certification process. The actual costs include the 15% deposit for advanced purchase of building materials required under the contract agreement. This has been split between the three churches based on their indicative costs.



3.3.5 Risk and Contingency

This month we incurred a small overspend against cash flowed revenue. Works at the Free Church of Tonga incurred some of the project's contingency fund. The original building elevation was too low to the ground level necessitating the construction of a new channel drain around the perimeter to drain surface water away. An additional pipe was connected to the existing storm water spouting as the channel drain was not sufficient to cope with the rainfall.

We are still carrying sufficient contingency for completion of the two remaining churches.

3.3.6 Payment Claim

We will be applying for our second instalment payment of \$440K from the Provincial Development Unit at the end of April, shown in the graph above. Thereafter we expect to track closely against the cash flow until project completion.

3.3.7 Focus for next month

At the Free Church of Tonga we will finish the driveway and path works, install the sliding door in the kitchen and complete the deck. This will complete all the works under the contract. On Saturday 1 May we will hold the official re-opening of the Church starting with an opening prayer and blessing.

At the Samoan Methodist Church we will focus on finishing the internal lining, installation of the vinyl flooring and completing the electrical and plumbing works for the kitchen and bathroom areas. Internal doors are also expected to be installed over the next month. We expect works to be completed by the end of May 2021.

Demolition and prep works will continue at the Congregational Christian Church of Samoa allowing relocation of the kitchen to the back of the building.

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

3.4 North East Levin Upgrade Project

3.4.1 Background

The North East Levin Upgrade project comprises two separate projects:

- Project One involves the rehabilitation and widening of Roslyn Road and the renewal (including upsizing for growth) of a piped reticulation network to collect sewer and stormwater off neighbouring residential developments; and
- Project Two involves consenting and, if approved, construction of an improved stormwater detention area at the corner of Roslyn and Fairfield Roads.

3.4.2 Project One Roslyn Road Upgrade

Steady progress is being made on the Roslyn Road upgrade project. Over the last month we have constructed:

- a new wet well and wastewater pump station (refer images below),
- Four manholes and 300m of gravity sewer pipe
- 290m of the 1500mm diameter stormwater pipe plus two large manholes (refer images below)

The new sewer and stormwater pipes are expected to be completed by the end of April, weather permitting. The stormwater pipes will be connected into the existing outlet at the corner of Roslyn and Fairfield Roads. The roading upgrade will commence in the first week of May.

We have received positive feedback from affected owners along Roslyn Road. The site team are regularly talking with affected owners on progress and changes to the traffic controls.

The programmed works remain on track for the expected mid-year completion.



Roslyn Road new wastewater pump station, before (left) and after (right)



New 1500mm diameter stormwater pipe installation

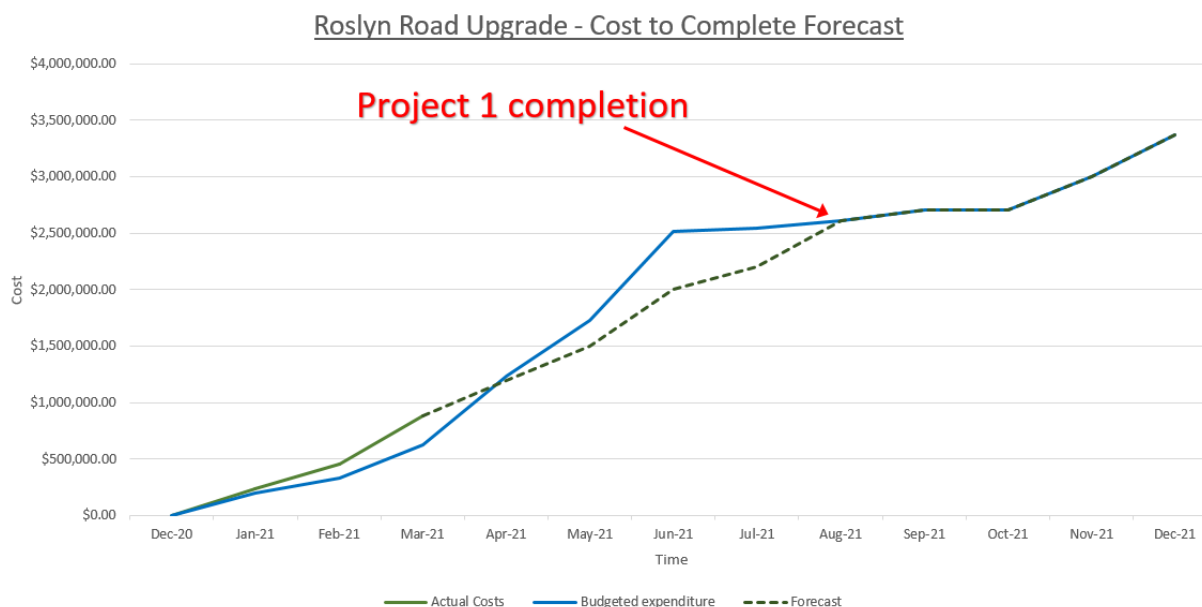
3.4.3 Project Two – Consenting the proposed attenuation area

Works toward the consent process for the proposed stormwater attenuation area are progressing under direction of the Regional Council. The hearing for Council’s application is scheduled for Wednesday 26 May 2021. Council is directed to provide its expert evidence to Horizons no later than Friday 7 May 2021.

3.4.4 Financials

The chart below summarises the total project, including budget allocations for Projects One and Two. Noting that the budget for the Project Two attenuation area remains provisional pending the outcome of the consent. For the purposes of the financial report, we have assumed that if consented, works on the attenuation area would commence during October 2021.

The forecast cost to complete for Project One is tracking within budget. The original budget set some 12 months ago assumed a shorter construction period and more intense activity on site between March and May. Subsequent (industry-wide) issues with the availability of building materials, wet weather, unforeseen utilities clashes has meant we have ‘smoothed’ the productivity on site to match reality. That is reflected in higher spend than anticipated during March, balanced against lower spend than anticipated next month.



3.4.5 Focus for next month

Next month we will complete the underground pipework and confirm all the tie-in points in relation to existing services, roading and ground levels. This includes completion and commissioning testing of the electrical components for the new wastewater pump station.

Preparation of the new pavement and road widening will commence next month. Traffic controls and road closures will remain in place throughout.

3.4.6 Risk and Opportunity

No new risks arising this month. We have sourced all required materials and resolved the clash between the sewer pump station and the telecommunications ducting. As works proceed toward completion we are becoming less likely to encounter major risks. Weather remains a key determinant to the finishing date.

The undeclared risk means we have a portion of unused contingency. We have taken an opportunity to use that contingency to enhance our localised stormwater overland flow management. We are constructing an additional underground drainage path along Roslyn Road where the former open drain used to be. This open drain will be filled in as part of the road widening and replaced with kerb and channel. So as part of the in-fill process we are also laying a collection pipe to help pick up overland flow at source and pipe it along Roslyn Road to the existing Fairfield Road stormwater main. This will help spread the overland flow, slow down the velocity and trickle feed into the SW main as was occurring previously with the open drain.

This opportunity will help the overall stormwater catchment management

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 Principal Project Manager	
Approved by	Brent Maguire Group Manager - Infrastructure Development	

Infrastructure Operations - Activity Update

File No.: 21/153

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 21/153 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 Roothing

3.1.1 Poads Road Bridge Replacement - Project Update

Background

The old Poads Road Bailey Bridge was in poor condition and it was no longer viable to cost-effectively maintain the bridge. The old bridge had a posted weight limit of 2000kg, which is a lower level of service than that 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.

The benefit of replacing the bridge, rather than maintaining it, was that a replacement bridge would be full Class 1 and, as such, be able to service all road-legal vehicles. This project also ensured continued safe access for people accessing the Tararua range hiking track at the end of Poads Road.

Procurement

Initially, Council had some early engagement with consultants for the bridge replacement. However, following some market investigation by the Roothing Team it was decided that it would be far more cost effective to get the bridge built under a design & build agreement, rather than using consultants to design the bridge and manage the project.

As such, the bridge renewal was procured through Council's Road Maintenance Contract, utilising their project managers, with three separate bridging sub-contractors submitting options, in a competitive tender process, for the design and construction of the bridge. Of the three presented options from the sub-contractors, it was decided to go with a single-lane two-span bridge as the most cost effective, best-value option.

This procurement process was effective in acquiring the best option in this situation. For future projects, Council will consider using this procurement process again if similar benefits can be realised.

Previous work

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.

Work over the last month

The new bridge was open for traffic at the beginning of April. The old bridge is being disassembled and taken off the site. The contractor is on track to complete the project on time and on budget with finishing the final touches on approaches.



Old bridge down for disassembling



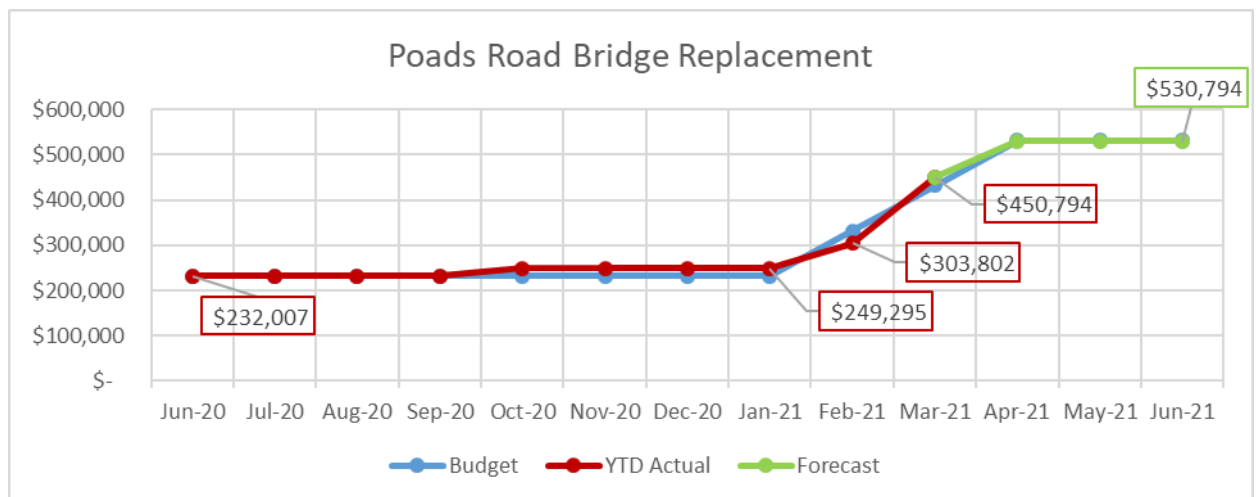
New bridge with completed riprap rock protection on the eastern abutment



The new bridge open for traffic – The old bridge's abutments are visible next to the new bridge

Financials

During the early planning phase of this project, following initial conversations with consultants, the original budgeted value was \$950k. However, the early contractor engagement undertaken by the Roding Team, along with the procurement method, saw the cost estimate drastically reduced with the updated project budget for the construction of the single lane, two span, bridge being \$532k. \$232k was spent in the 2019/20 year and a budget to complete of \$300k in this financial year. The project is forecast to be completed on budget.



3.1.2 Shannon School - Grey Street - Project Completion Update

Background

Safety improvements and traffic calming treatments were identified on Grey Street, outside Shannon School, to address concerns due to the high speed traffic environment, parking issues associated with school traffic, the failing pavement, shortcomings of the existing pedestrian crossing and general pedestrian accessibility along Grey Street.

The School is located right next to the State Highway 57 and Grey Street intersection. The scope of work was planned from SH57 - Grey Street Intersection to Shannon Memorial Hall (120m). The traffic counts on Grey Street near the Shannon School has an Annual Average Daily Traffic count of 791.

Work Completed

The construction works were programmed for, and largely completed, within the 2020 Christmas holidays, so as to not affect normal school operation.

A full pavement rehabilitation was carried out to address the failing pavement surface on Grey Street from Shannon Memorial Hall to SH57.

The 21m wide road was narrowed down to 3.5m lane widths with a 3m wide median to lower the speed environment. Angle parking was installed on both sides of road to also act as a traffic calming measure.

To make the crossing safer for school children, the previous pedestrian crossing, with just traffic islands in the centre, was replaced with kerb extension and a raised crossing with a fence around central islands.

To improve the pedestrian accessibility, the old 1.5m wide footpath was upgraded to 2m wide from the school to SH57.

Following these improvement works, as part of the Roothing Team's footpath programme, a 2m wide footpath has also been installed on north side of Grey Street (where no footpath previously existed) to further enhance the safety in this area. This new footpath goes from Vogel Street and connects into the new improvement works outside Shannon school. Upgrades to the storm water provision were also carried out as part of these works.

Before



After



Project Overview



Pedestrian Crossings



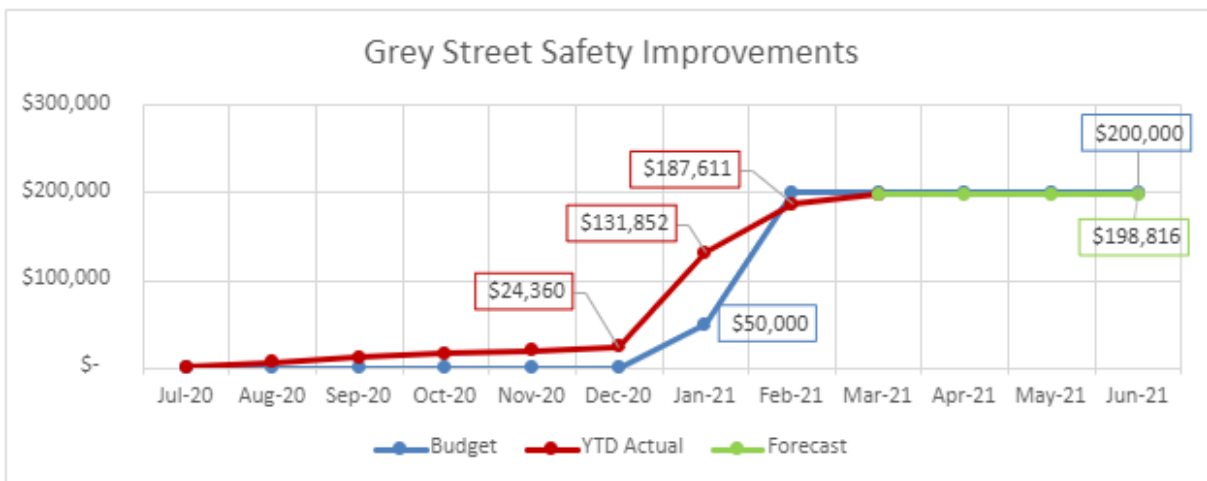
Pavement Rehab and New Line Marking Layout



New Footpath along Grey Street

Financials

The allocated budget, from the wider Minor Improvements budget, for the project was \$200,000 and the project was completed under-budget for \$191,151.



3.1.3 Waitarere Beach Road Rehabilitation & Improvements (Stage 2) Completion Update

Background

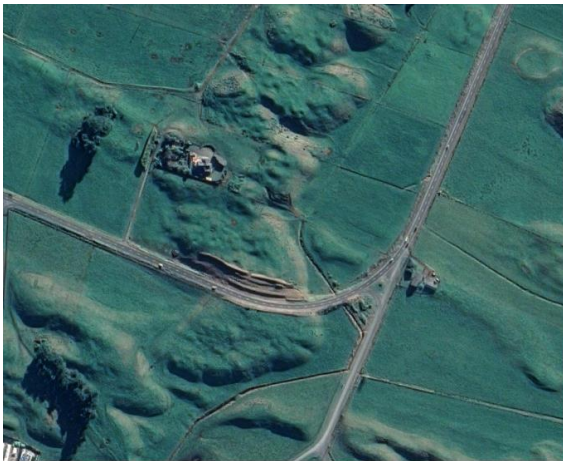
Waitarere Beach Road provides the main access to the Waitarere Beach community and carries a large amount of traffic, particularly during summer and holiday periods. The section of road between RP 2.48 – 4.14 had multiple pavement failures and a concerning crash history on Bagrie’s Corner

In 2017, HDC conducted a site investigation of the issue. The outcome of the investigation resulted in a recommendation for full pavement rehabilitation, road widening, curve improvement and intersection safety improvement.

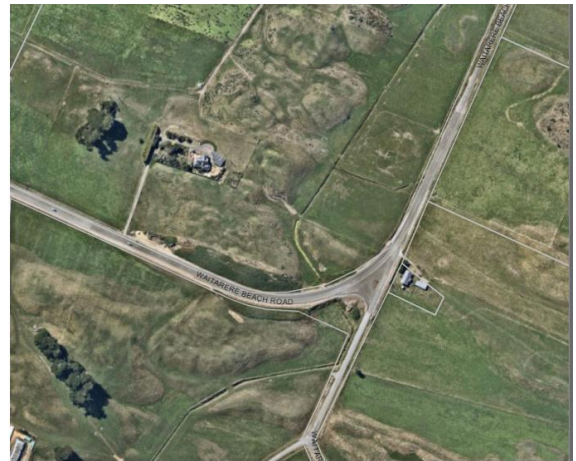
Work Completed

The Waitarere Beach Road rehabilitation was done in 2 stages. The first stage was from RP 3.50 to 4.14, which involved shoulder widening of about half a meter each side, pavement gravel overlay and earthworks. For the second stage, both the road’s horizontal and vertical

geometry was improved. The road level along RP 2.8-2.98 was dropped by 2.5 meters and the horizontal curve eased, thus improving site visibility distances.



Before



After

Contractor availability and resourcing meant that the project got underway later than planned and took slightly longer than anticipated. This delay had no affect no the project costs and most work was still completed prior to the summer busy period.

Financials

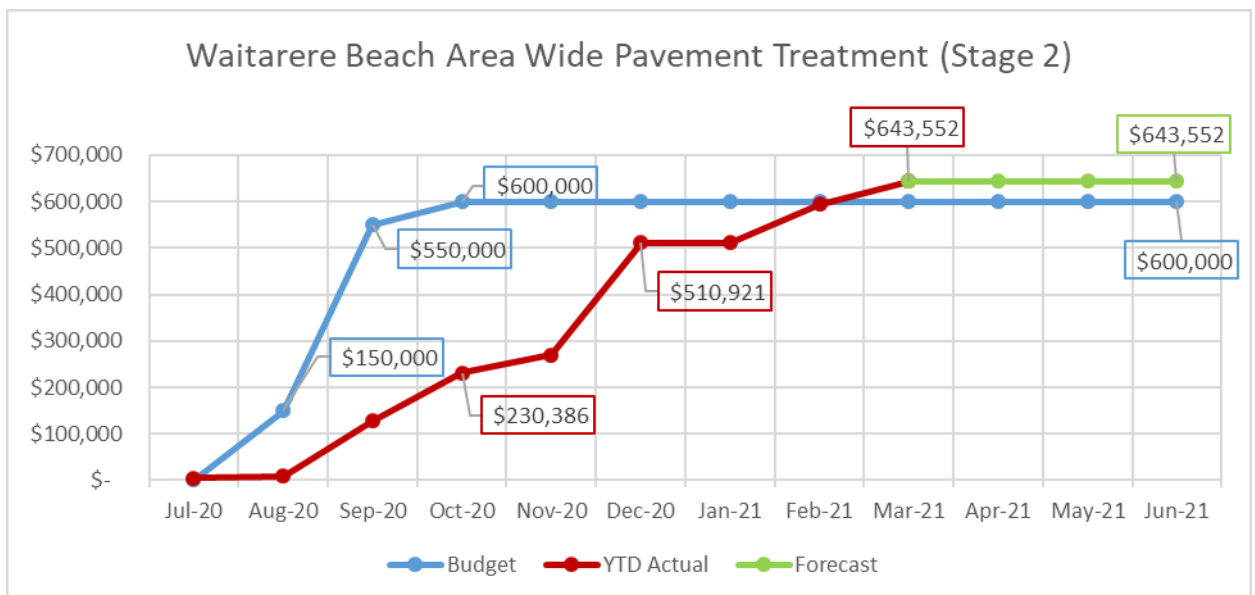
Project Budget (Stage 2): \$600,000

Consisting of:

\$150,000 of the Seal Road Rehabilitation budget (renewals) and;

\$450,000 of the Road Improvement Budget (Level of Service Improvements)

Total project expenditure: \$643,552 (7% overspend)



3.1.4 Andrews St & Queen St Traffic Calming - Project Completion Update

Background

In 2019, the HDC Roding team received concerns from several residents in the Andrews Street and Queen Street vicinity of Foxton Beach regarding high speed and reckless driving along Andrews Street. The residents were concerned about the safety of pedestrians and cyclists who frequent this road (especially the children). Council's Roding Team carried out traffic counting on Andrews St, which confirmed the concerns raised. The highest speed was 84km/hr, with 24% of the traffic travelling above 60km/hr on this 50km/hr speed zone. These findings prompted the HDC Roding team to investigate, design and install traffic calming measures along Andrews St and the adjacent Queen St.

Work Completed

The works involved construction of traffic island build-outs and pedestrian refuges as well as wide medians marked with reflective paint. A mini mountable roundabout was also constructed at the Forbes Rd/Andrews St Intersection. Safer crossing points for pedestrians were provided along Andrews St, together with a number of chicanes installed on Queen St to slow speeding traffic.

This project was supposed to commence in early 2020; however, it was delayed due to COVID-19. The project finally got underway following winter, in late October 2020, and was completed in March 2021.

A post completion review, including updated traffic counts, will be undertaken over the next couple of months to ascertain the effectiveness of the traffic calming measures.



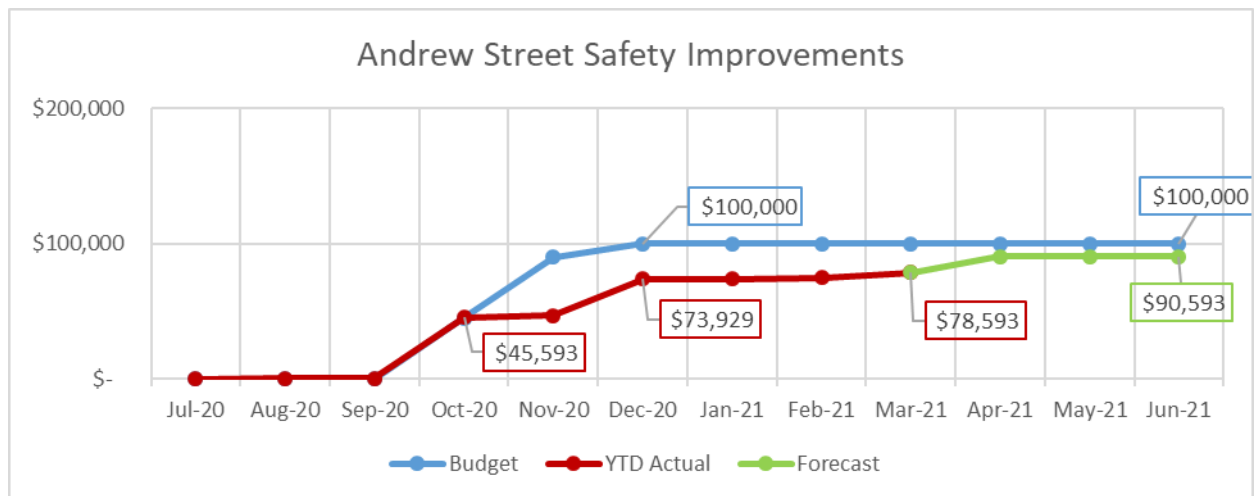
Pedestrian Refuges on Andrews St



Traffic island build-outs and mountable roundabout on Andrews St

Financials

The total budget for the project was \$100,000.00, with the actual cost for completion being under-budget at \$90,546.00. A variance of just under \$10,000, or 9.4%.



3.2 Three Waters

3.2.1 Water New Zealand National Performance Review

The National Performance Review is an annual, voluntary performance comparison of drinking water, wastewater and stormwater service provision in New Zealand. This process is co-ordinated by Water New Zealand, an independent not-for-profit organisation representing water professionals and organisations.

This year's review covers two Council Controlled Organisations and 40 of 64 territorial authorities. National trends in drinking water, wastewater and stormwater are summarised in the report from the July 2019 to June 2020 Financial Year.

With regards to Horowhenua District Council's data, in the vast majority of the data sets Council's performance is very close to the median demonstrating that we are performing in a very similar manner to our peers. The reports states that Council can celebrate the facts that customer complaints are trending down and that Council's response times are very good.

There are a few minor outliers where it is clear that different reporting measures have been used by the different organisations or incorrect data has been used. For example, the report states that 41 contracted employees are utilised to provide services, which is 3 times the national average, a figure which is incorrect. Kapiti Coast District Council have zero and Wellington Water only a third of the employees than what is indicated for HDC.

Another error in the report is the statement that Council has not tested any fire hydrants in the last 5 years as is required by the New Zealand Fire Service Firefighting Water Suppliers Code of Practice. The Horowhenua Alliance do test the fire hydrants and are up to date with their testing regime.

A copy of the National Performance Review report is **attached**.

3.3 HOROWHENUA ALLIANCE

Unfortunately, due to flooding in the Alliance's offices, the March edition of the Horowhenua Alliance Monthly Report was unable to be completed in time for inclusion in this report.

Attachments



No.	Title	Page
A	Water NZ - National Performance Review - HDC - 2019/2020 (<i>Under Separate Cover</i>)	77

Confirmation of statutory compliance

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

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

Signatories

Author(s)	James Wallace Roading Services Manager	
Approved by	Kevin Peel Group Manager - Infrastructure Operations	

File No.: 21/92

Customer and Strategy - Activity Update

1. Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects and activities being undertaken within the Customer and Strategy portfolio of Council.

2. Recommendation

- 2.1 That Report 20/465 Customer and Strategy - Activity Update be received.
- 2.2 That this matter or decision is recognised as not significant in terms of S76 of the Local Government Act.

3. Key Highlights and Business Priorities

Building

- 3.1 Over 99.6% of building consents granted year to YTD to the end of March have been processed within statutory timeframes. Two consents out of the 561 processed to the end of March, went over the statutory timeframes. Both were due to administration errors.
- 3.2 The Building Consent Authority (BCA) IANZ accreditation re-assessment has been a key focus for the team over the last few months. The assessment was carried out from 19-22 April 2021, and at the time of writing this report the outcome of the assessment was not known yet.

Planning

- 3.3 Approximately 98% of land use consents have been processed within statutory timeframes YTD as at the end of March 2021.
- 3.4 Approximately 95% of subdivision consents have been processed within statutory timeframes for the YTD to the end of March 2021.
- 3.5 A new senior level planner started working for us on 1 April 2021. Recruitment for Resource Management Planners is ongoing. The aim is to build the internal team capacity and capability that can sustainably manage the planning consent activity levels and reduce the current reliance on external contractors.

Parking

- 3.6 Parking wardens were very busy in the month of March, having issued 610 tickets for the month. This is the highest number of tickets issued in one month since May 2018.

Earthquake-prone buildings

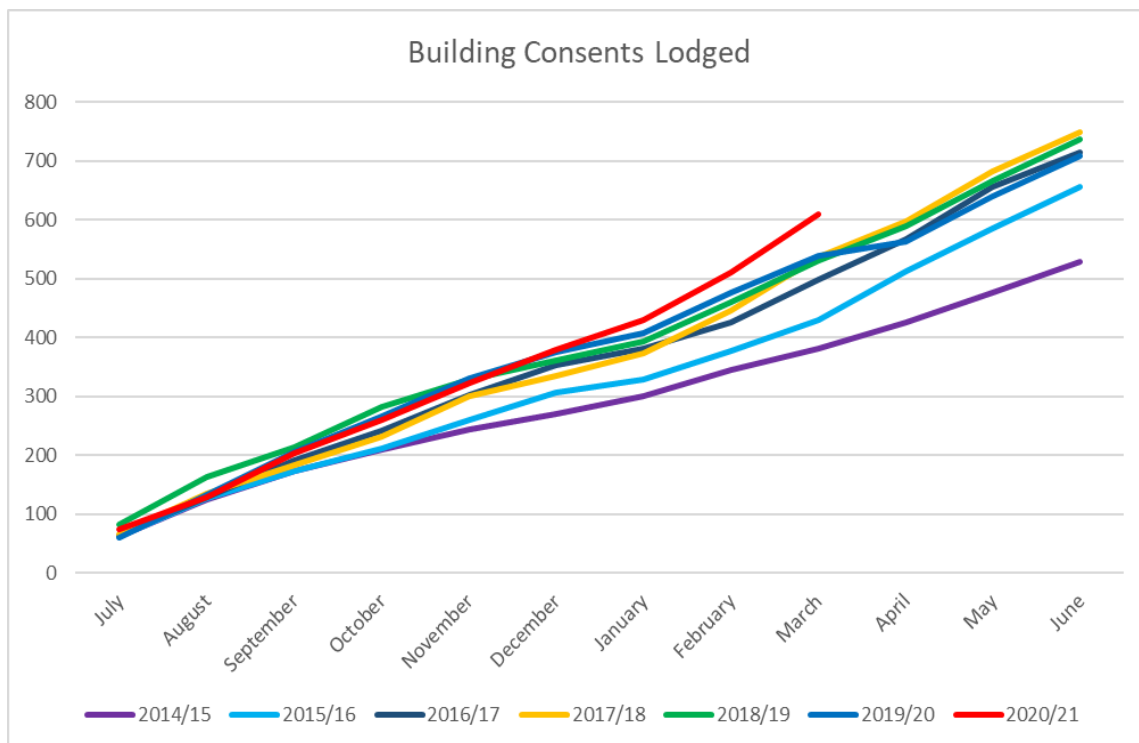
- 3.7 In March 2021, earthquake-prone building notices (EPB Notices) were issued to building owners of 17 buildings in Levin. Sixteen of the buildings issued with EPB Notices are situated on Oxford Street, and the one other building on Queen Street. These buildings are now legally required to display the issued notices. It also means the timeframes for when strengthening needs to be undertaken for these buildings has started. Some landowners have already made contact with Council officers confirming that the strengthening work will not be economically viable for them to undertake.

4. Trends

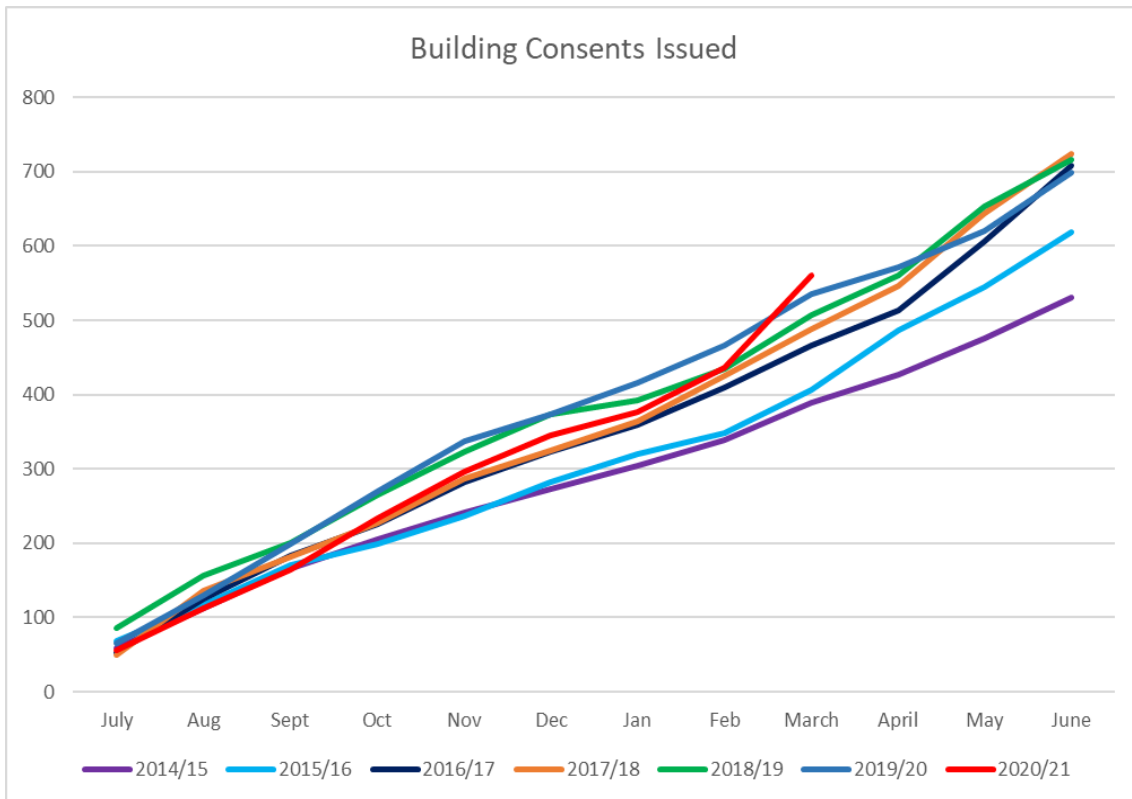
4.1 Building consent trends based on data from July 2020 to March 2021 are as follows:

	YTD to 31 March 2021	YTD to 31 March 2020	Trend
No. of building consents lodged	609	538	↑11.7%
No. of building consents issued	560	536	↑4.3%
No of new dwelling consents issued	184	173	↑6.0%
No of new dwelling units consented	228	213	↑10.5%
Value of building consents issued	\$94,317,534	\$95,748,972	↓1.5%
No. of inspections completed	4,429	3,882	↑12.4%
No. of enquiries about building control functions	1,319	952	↑27.8%

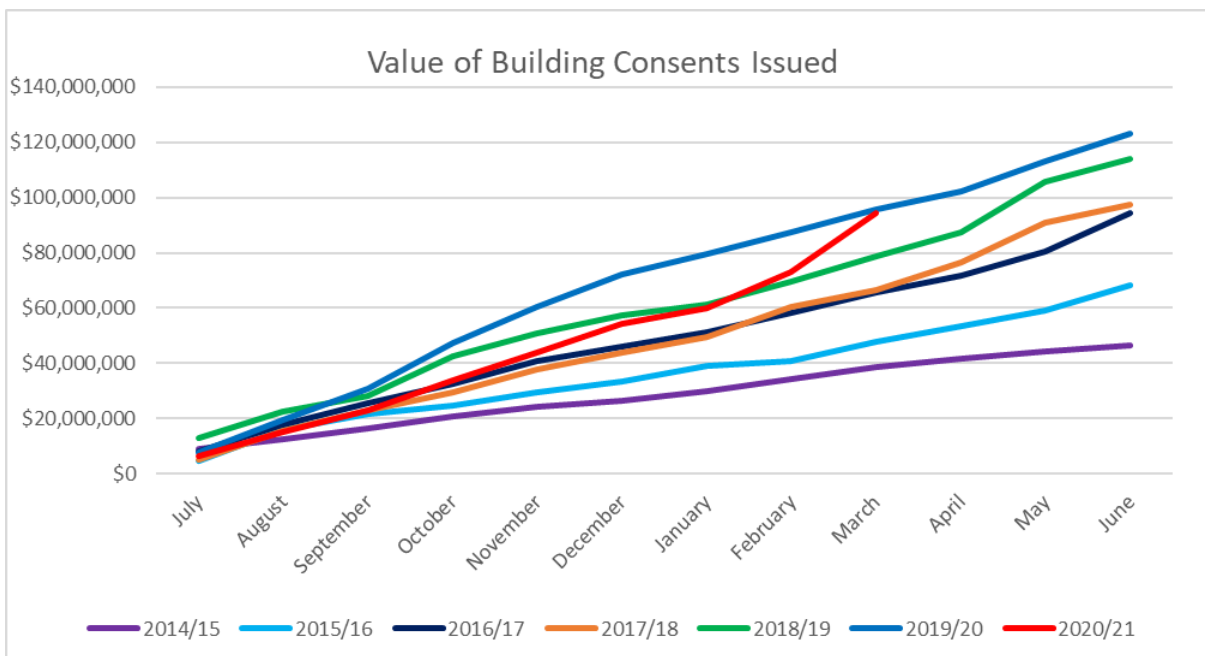
The number of building consents lodged, issued and inspected have increased compared to the similar period over the previous financial year. This indicates that by the end of the 2020/21 year we may have a record number of building consents issued and inspections completed. It is noted the New Zealand went in to Level 4 Lockdown on 25 March 2020, so the 2020 YTD figures above would have only just included the very first few days of the impact of the lockdown period.



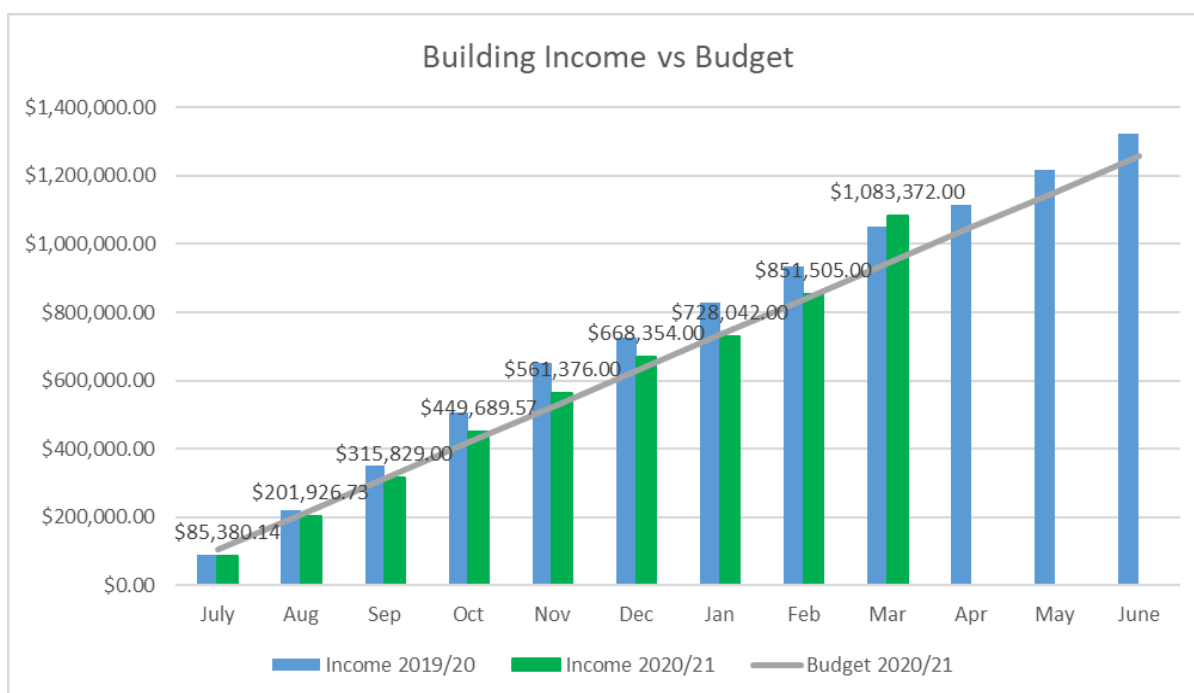
The chart above shows the cumulative totals of building consents lodged. So far this financial year the number of consents lodged is higher than the same period over the previous six years. March 2021 saw a record high for the number of Building consents lodged in a single month with 94 lodged.



The chart above shows the cumulative total of the number of building consents issued. So far this financial year the number of consents issued is higher than the same period for the over the previous six years. The month of March 2021 included a significant achievement for the Building Team with the issuing of 123 building consents, this is the highest number issued in a single month over the previous six years.



The chart above shows the cumulative total of the value of building consents issued. So far this financial year the value of consents issued is lower than the same period last year. A steady increase since January 2021 has seen the gap close significantly between 2019/20 and 2020/21.



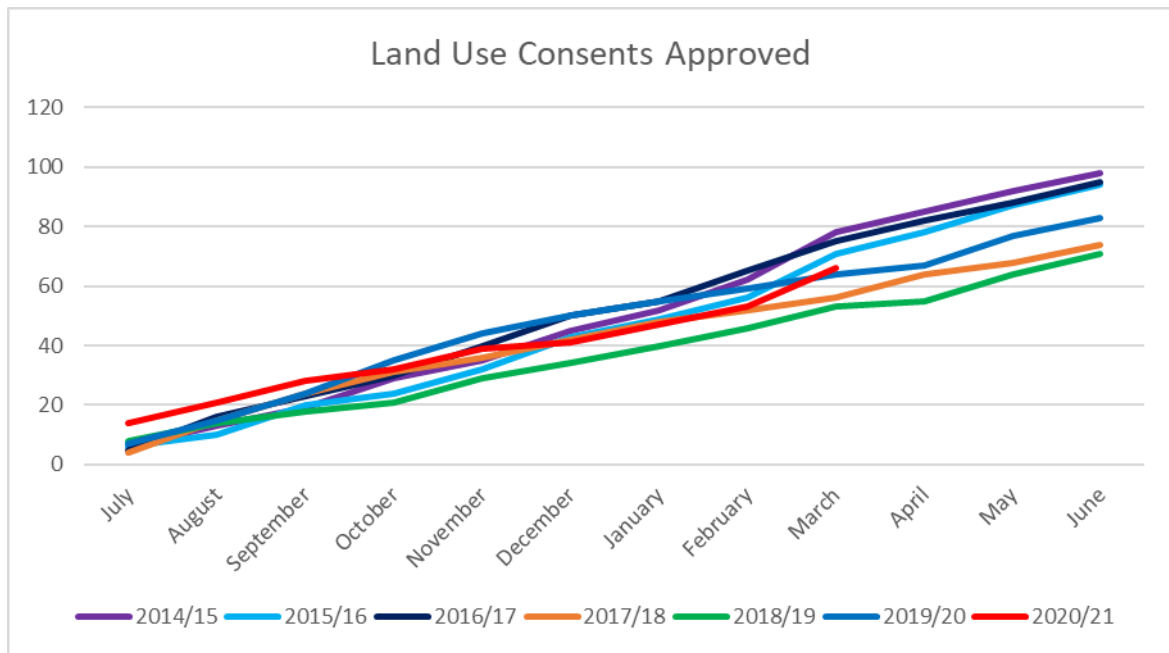
The chart above shows the Building Income against the budget for 2020/21 and a month by month comparison against the previous financial year. Building consent income is over approximately \$140K above the budgeted figure for the end of March 2021. This is over \$33,000 above the income received over the same period last year. This is the first time since the start of the financial year that 2020/21 is tracking ahead of 2019/20.

Consents issued for new dwelling units are used as a proxy to track supply of new houses in the District. The Long Term Plan 2021-41 currently being developed and consulted on includes a new forecasting assumption of 265 new dwelling units between July 2020 June 2021. Using this assumption and an average of 22 new dwellings per month to achieve this level of 265 new dwelling units, at the end of March 2021 the assumption anticipated 198 new dwelling units. With consents currently issued for 213 new residential dwelling units the supply is tracking above the forecasting assumption.

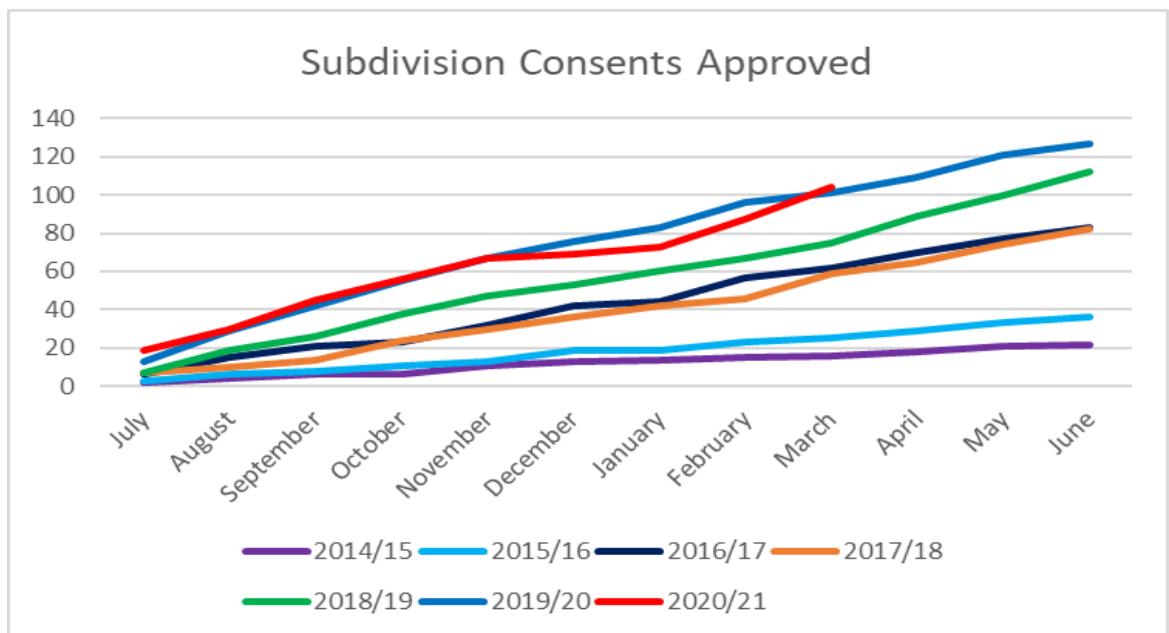
4.2 **Planning (resource consenting) trends based on data from July 2020 to March 2021 are as follows:**

	YTD to 31 March 2021	YTD to 31 March 2020	Trend
No. of resource consent applications lodged	200	216	↓8.0%
No. of subdivisions consents approved	104	101	↑2.9%
No. of land use consents approved	66	64	↑3.0%
No. of new allotments created at 223 stage	318	162	↑49.0%
No. of new allotments created at 224 stage	243	140	↑42.4%
No. of enquiries about resource consenting activity	1,668	974	↑41.6%

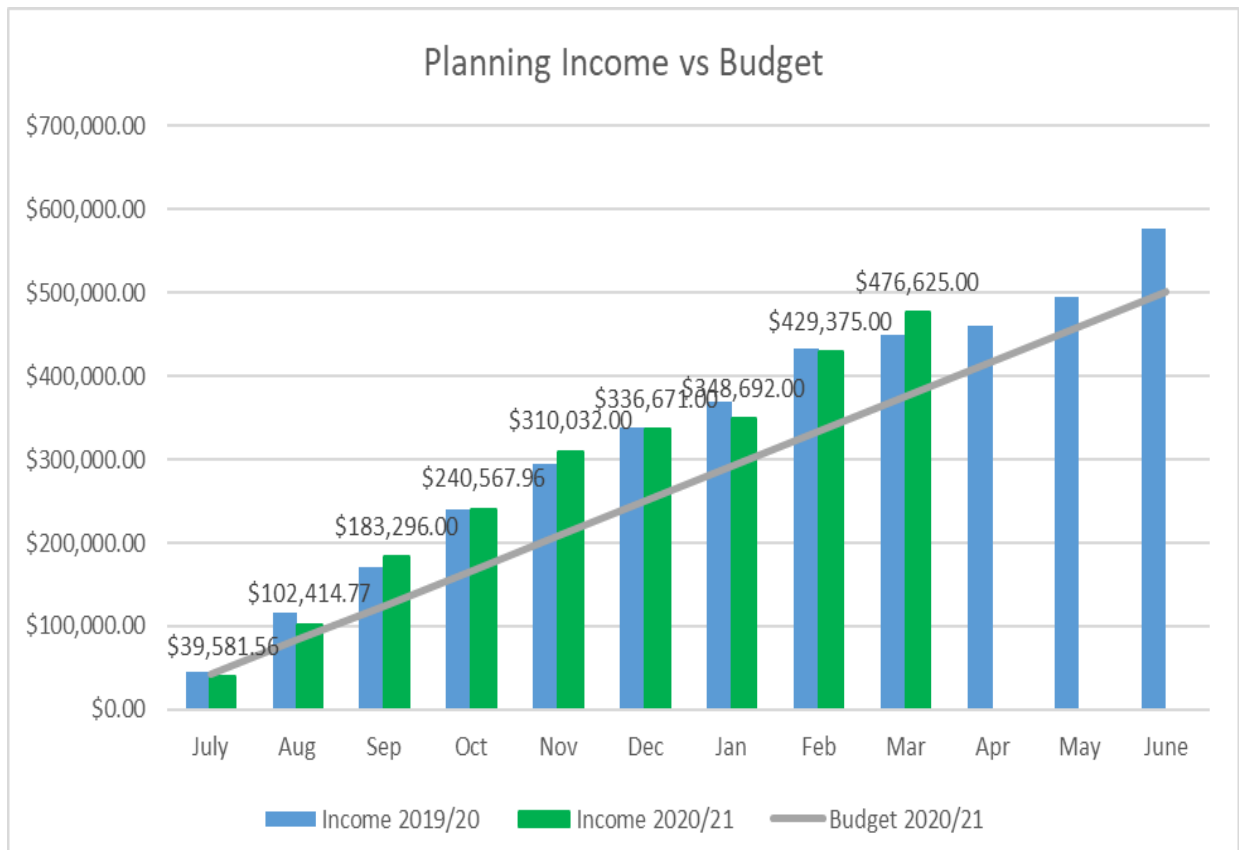
So far this financial year, the total number of resource consents lodged is lower than the same period in the 2019/20 year; however, the number of subdivisions and land use consents approved YTD is approximately 3% higher than the same period last year. There has also been an increase in the complexity of consent applications received recently, with more consents being processed on a Limited Notified basis as applicants are showing signs of taking on greater risk and seeking great levels of non-compliance.



The chart above shows the cumulative total of land use consents approved. So far this financial year the number of land use consents approved is slightly lower than previous financial years.



The chart above shows the cumulative total of subdivision consents approved. So far this financial year the number of subdivision consents approved is slightly above than last year (2019/20) and is tracking well above the prior years.



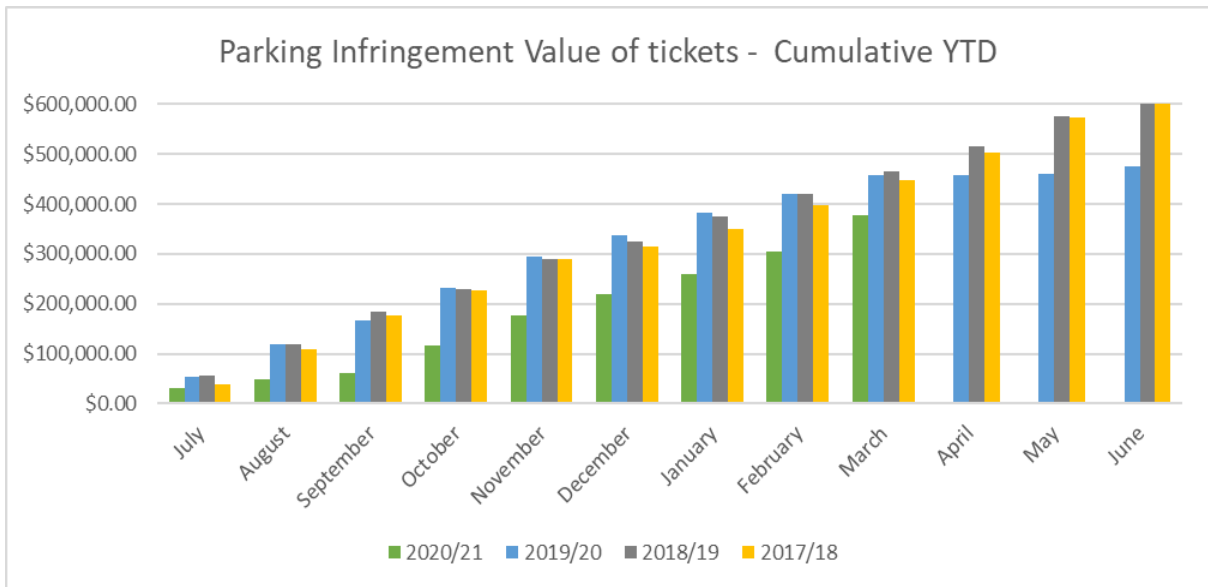
The chart above shows the planning income against the budget for 2020/21 and a month by month comparison against the previous financial year. Income for this activity is currently approximately \$100K ahead of the budgeted figure for 2020/21. Income YTD is approximately \$27K higher than the same period for the 2019/20 year.

4.3 Parking

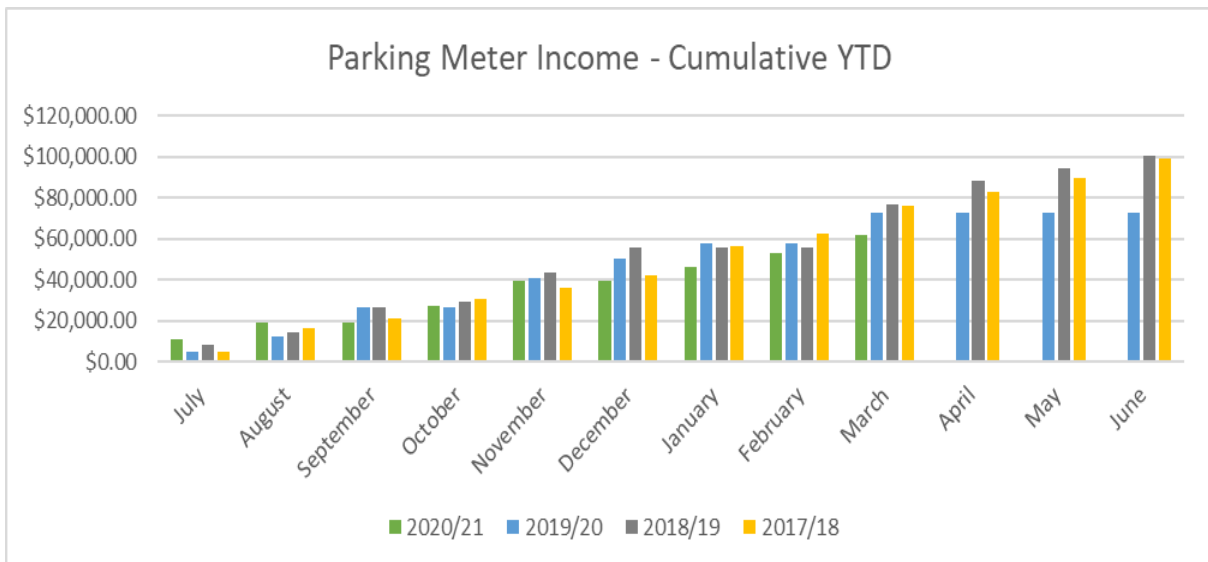
	YTD to 31 March 2021	YTD to 31 March 2020	Trend
No. of infringements issued	3,767	3,820	↓1.4%
Value of infringements issued	\$377,210	\$458,332	↓17.7%
Parking meter income received	\$61,901	\$72,443	↓14.6%
Infringement income collected by Ministry of Justice	\$169,122	\$221,482	↓23.6%
Value of infringements cancelled	\$75,660	\$93,034	↓18.7%

So far this financial year our Parking Wardens have issued 53 less infringements than the number issued during the same period last year, a decrease of 1.4%.

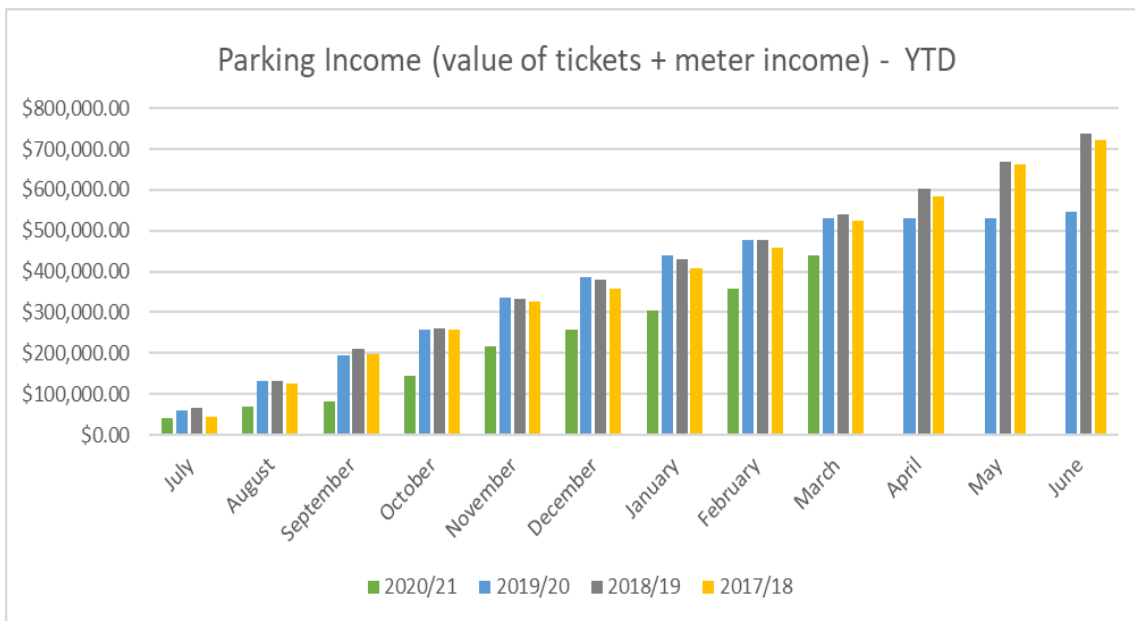
As reported previously, the infringement value of tickets continues to track lower than previous years reflecting the impact of the time extensions provided by Waka Kotahi NZTA for car registrations and warrants of fitness, which coincidentally also reflects in the value of infringements cancelled compared to previous years.



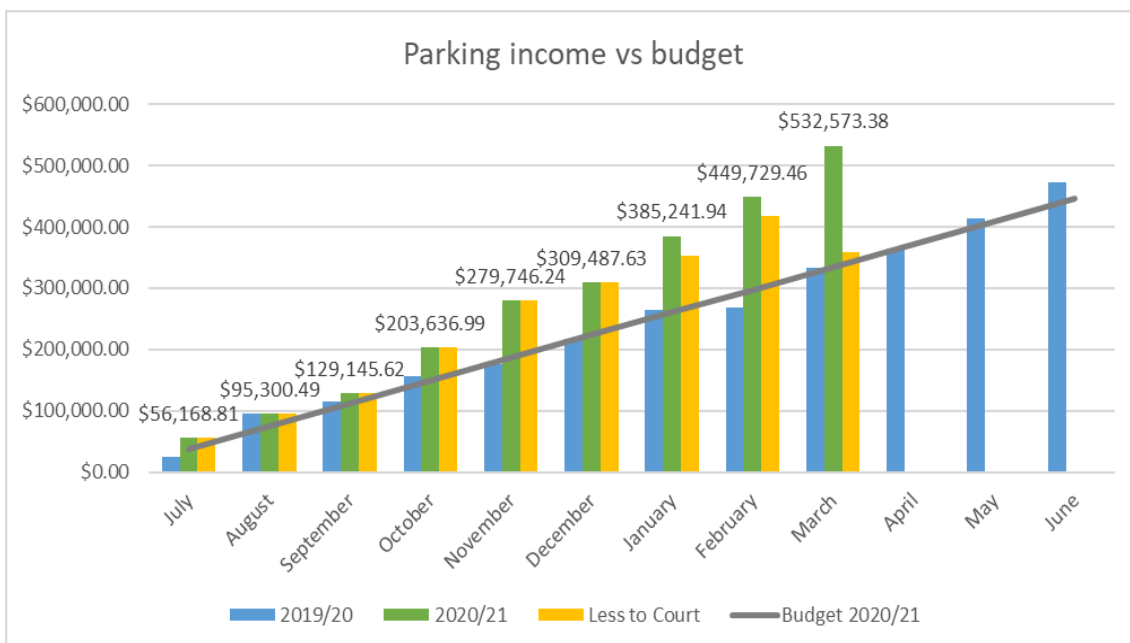
The chart above shows the cumulative month-by-month comparison against the previous three financial years for the parking infringement value of tickets.



The chart above shows the monthly cumulative comparison against the previous three financial years for the parking meter income.



The chart above shows the month by month comparison against the previous three financial years for the parking income based on the value of tickets and meter income.



The chart above shows the Parking Income against the budget for 2020/21, a month by month comparison against the previous financial year, and the difference in amounts collected versus sent to court for collections.

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.

5. Appendices

There are no attachments for this report.

Author(s)	Megan Leyland Consents Manager	
	Vaimoana Miller Compliance Manager	
Approved by	David McCorkindale Group Manager - Customer & Strategy	

Treasury Report

File No.: 21/42

1. Purpose

To present to the Finance, Audit & Risk (FAR) Committee the Bancorp Treasury Report for the March 2021 quarter.

2. Recommendation

- 2.1 That Report 21/42 Treasury Report be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Background/Previous Council Decisions

This Quarterly Treasury Report is produced by Council's Treasury Advisors, Bancorp Treasury Services Limited, for the benefit of Senior Management and Council.

4. Issues for Consideration

Global central banks were taking a "let's wait and see" approach to the post COVID recovery. Most were stating that the Official Cash Rates (OCR) will stay at current levels for longer. None are now suggesting that the rate should reduce. Most are also predicting 2024 for inflation to be within policy ranges although they see a "blip" in inflation for a short period.

"...banks highlighted the risks to their respective recoveries and, as such, they retained all of their stimulatory options. They all emphasised that they are prepared to let inflation overshoot for an extended period of time, although they do not anticipate hitting their inflation and employment targets until 2024."

New Zealand Interest rates have begun to increase, especially long dated interest rates. Refer to the interest rate chart on page 3 and commentary on the last paragraph on page 4.

Council has not borrowed or repaid any debt during the quarter. However, with the refinancing of the \$16m CP (Commercial Paper) and other interest rate resets on FRNs (Floating Rate Notes) Council's cost of funds has increased by 2 basis points to 2.41% from 2.39% on 31 March. However, with the refinancing of a FRB (Fixed Rate Bond) maturing on 17 May, Council's cost of funds will decrease again in that month. The forecast capital spending suggests that Council may need to borrow an additional \$5m before the end of the year to bring total gross borrowings to \$111m.

Attachments

No.	Title	Page
A	Bancorp Treasury Report March 2021	89



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)	Doug Law Chief Financial Officer	
Approved by	Nicki Brady Deputy Chief Executive	

CONFIDENTIAL

TREASURY REPORT

FOR



**HOROWHENUA
DISTRICT
COUNCIL**

AS AT

31 MARCH 2021



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

CONTENTS

1. MARKET ENVIRONMENT.....	1
1.1 GLOBAL MARKETS OVERVIEW (AS AT 31 MARCH 2021)	1
1.2 NEW ZEALAND MARKET OVERVIEW (AS AT 31 MARCH 2021)	2
1.3 LOCAL AUTHORITY SECTOR	3
2. FUNDING.....	5
3. DEBT AND HEDGING PROFILE.....	7
4. POLICY COMPLIANCE (AS AT 31 MARCH 2021).....	9

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.

1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (AS AT 31 MARCH 2021)

Interest rates were the centre of attention for much of the March quarter as the successful vaccine rollout in the US has re-focused attention on economic re-openings, enhanced growth and an increase in inflationary expectations. This drove international interest rates back to pre-COVID-19 levels, and steepened bond and interest rate curves, as market participants attempted to front-run the data. Meanwhile, the Dow Jones and the S&P500 equity indexes reached record highs yet again at the end of the quarter. The Nasdaq even closed the month in positive territory as fund managers re-balanced portfolios away from tech and towards those stocks that will ultimately benefit from a re-opening of the US economy.

In March, the Federal Reserve ("Fed") sharply ramped up its expectations for economic growth stating, *"following a moderation in the pace of the recovery, indicators of economic activity and employment have turned up recently,"* although they maintained there will be no change in rates until 2024 as per Fed Chairman, Jerome Powell's, statement that *"inflation may rise this year on base effects/demand, but the impact on inflation won't be very large or persistent."* With US GDP expected to grow 6.0-8.0% in 2021, it will be interesting to see if the Fed maintains this narrative.

The Fed, the Reserve Bank of Australia ("RBA"), and the Reserve Bank of New Zealand ("RBNZ"), essentially all sung the same tune. Simply put, all three central banks highlighted the risks to their respective recoveries and, as such, they retained all of their stimulatory options. They all emphasised that they are prepared to let inflation overshoot for an extended period of time, although they do not anticipate hitting their inflation and employment targets until 2024.

With the successful implementation of the US vaccine roll-out heightening the expectations of reopening of the US economy, bond markets have spent 2021 solely focusing their attention on the reflation trade. This has seen the US curve become the lead driver for interest rate curves globally, forcing yields higher and curves steeper, regardless of the likelihood of central bank hikes. The 10 year US bond yield finished the March quarter at 1.72%, up sharply from the December quarter closing level of 0.93%.

In China, the National People's Congress announced an annual GDP growth target of *"above 6.0%,"* and pledged to keep the unemployment rate below 5.5%, while the Chinese Premier, Li Keqiang, reiterated that *"we need to seek a balance between growth, income, and employment, and we cannot pursue economic growth based on high energy consumption and heavy pollution."* Interestingly, the World Bank predicted that China would outperform the USA again this year with its forecast suggesting the Chinese economy will expand by 8.1% in 2021, which fits in with the PBoC's forecast that China will grow between 5.0% and 5.7% over the next 5 years.

1.2 NEW ZEALAND MARKET OVERVIEW (AS AT 31 MARCH 2021)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
31 Dec 2020	0.25%	0.27%	0.28%	0.36%	0.54%	0.74%	0.99%
31 Mar 2021	0.25%	0.35%	0.48%	0.66%	1.10%	1.54%	1.91%
Change	0 bps	+8bps	+20bps	+30bps	+56bps	+80bps	+92bps

The RBNZ's February *Monetary Policy Statement* ("MPS") was broadly in line with market expectations, but not dovish enough to reverse the trends we have seen in interest rate and FX markets. The RBNZ expects a short term unsustainable period of rising inflation before the stimulatory sugar rush wears off in 2021, with inflation underperforming until 2024. Therefore, the positive numbers we have seen in the employment and inflation space recently have been 'looked through' by the RBNZ, and it will wait for sustainable levels in its mandate before changing its stance on interest rates.

The February MPS implied that short term rates are not going anywhere until sustainable levels of inflation and employment are reached, which is, based off the RBNZ forecasts, sometime in 2024. However, the long end of the yield curve is at the mercy of international bond market and has continued its strong upwards rally as the 10 year swap rate reached 2.19%, a level not seen since June 2019.

Ultimately, central banks are not playing into the markets hands and are happy to let the market, in our opinion, get carried away. At some stage, central banks will start to upgrade their CPI and interest rate expectations, or bond markets will have to self-correct. It is interesting to note that, while the Fed, RBA and RBNZ expect an uplift in inflation in the coming months, all of them expect a correction later in the year. From the RBNZ's perspective, even at its most aggressive, it only anticipates inflation reaching 2.5%, which is hardly overshooting its 1.0%-3.0% band.

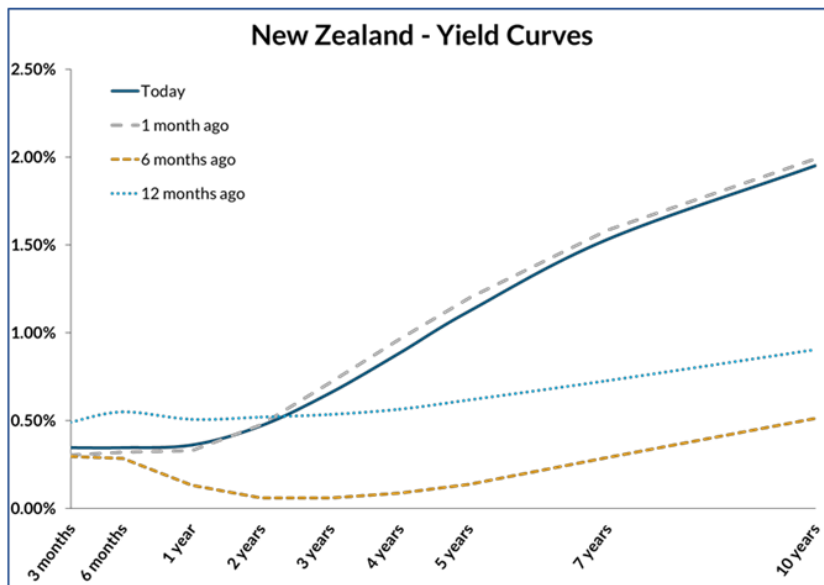
The December quarter GDP showed a surprising 1.0% drop in economic activity during the quarter to give an annual fall of 0.9%. At the industry level, seven out of sixteen industries declined. The two largest contributors to the drop were construction, retail trade and accommodation. Both industries saw strong September 2020 quarter results. Falls in construction services, commercial building, and infrastructure were partially offset by continued growth in residential building activity.

Markets were ignited when the Government announced a series of measures aimed at diluting the housing market squeeze by targeting investors. These included the extension of the Bright-line test from 5 to 10 years, and the 4-year phase out of interest deductibility on investment properties. However, while investors are just one contributing factor, the domestic

market remains short on 80,000 houses, and this is the issue that will ultimately need to be resolved.

These changes knocked the fixed income and currency markets, with the perception that a reduction in investor activity in the housing market will ultimately reduce the need for the RBNZ to lift interest rates. This saw the futures market reduce the pricing of a 25 bps hike in July 2022 from 100% to 60%, while the belly of the swaps curve, the 4 and 5 year rates, immediately fell 8 points. The 10-year swap rate, which topped out at 2.19% at the end of February, fell to a low of 1.72%, but has since climbed and finished the quarter at 1.91%. In amongst this, with long-end yields starting to grind higher, and the domestic financial system awash with cash, it has been a little surprising to see 3-month BKBM firm to 0.35%.

The following chart shows the changes in the shape of the yield curve over the past year, with the change most pronounced over the last six months.



1.3 LOCAL AUTHORITY SECTOR

Listed on the following page are the credit spreads and applicable interest rates as at 31 March for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Horowhenua District Council (“HDC”) could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP) Rate	FRB
3 month CP	0.20%	0.55%	N/A
6 month CP	0.20%	0.55%	N/A
May 2021	0.32%	0.67%	0.63%
April 2022	0.38%	0.73%	0.73%
April 2023	0.40%	0.75%	0.84%
April 2024	0.46%	0.80%	1.09%
April 2025	0.51%	0.86%	1.36%
April 2026	0.55%	0.91%	1.66%
April 2027	0.64%	0.99%	1.89%
April 2029	0.65%	1.00%	2.35%
April 2033	0.80%	1.15%	2.86%
April 2037	0.84%	1.19%	3.25%

Margins for LGFA debt decreased over the March quarter with markets awash with cash. The decrease in floating rate debt has been offset by an increase in the 3 month BKBM rate to 0.35%. However, there have been sharp increases in the yields for fixed rate bonds, especially at the longer end of the curve with the 2029 yield up from 1.59% to 2.35%, the 2033 up from 2.02% to 2.86% and the 2037 up from 2.45% to 3.25%.

2. FUNDING

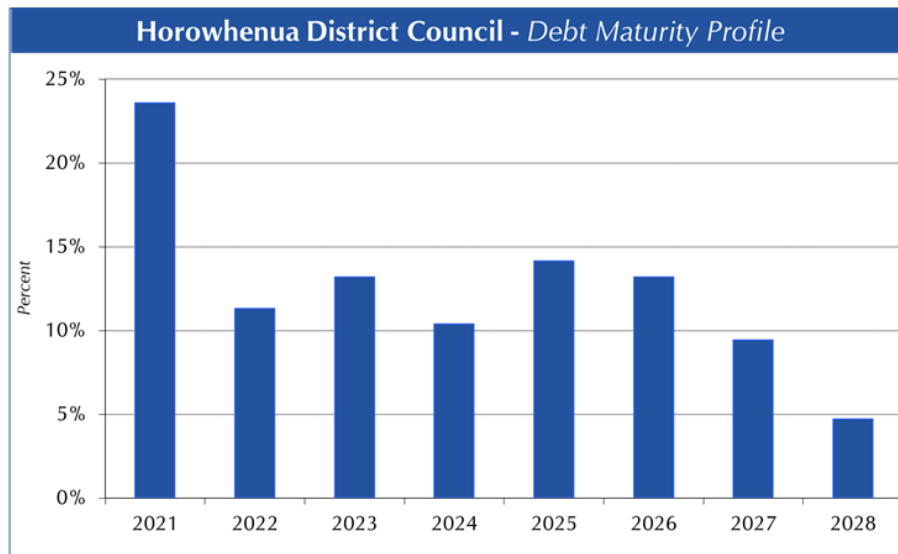
As at 31 March 2021, HDC had \$106.0 million of external debt, comprising of a combination of CP, FRBs and FRNs, all sourced from the LGFA. Details of HDC's debt at 31 March 2021 are as follows:

Instrument	Inception	Maturity	Rate	Margin	Amount
CP	Jun-20	15-Apr-21	0.4602	20 bps	16,000,000
FRB	May-13	15-May-21	4.565%	79 bps	5,000,000
FRN	May-13	15-May-21	1.1425%	84 bps	4,000,000
FRN	July 18	14-Apr-22	0.775%	50 bps	9,000,000
FRN	May-15	18-May-22	0.705%	42.5 bps	3,000,000
FRB	Nov-14	15-Apr-23	5.1336%	81 bps	4,000,000
FRB	Aug-19	15-Apr-23	1.48%	55 bps	4,000,000
FRN	Feb-18	15-Apr-23	0.855%	57.5 bps	6,000,000
FRB	Apr-17	15-Mar-24	3.72%	63 bps	4,000,000
FRB	Mar-19	15-Apr-24	2.52%	54 bps	3,000,000
FRB	May-17	15-May-24	3.76%	58 bps	4,000,000
FRB	Mar-17	15-Apr-25	4.2046%	77 bps	3,000,000
FRN	Mar-20	15-Apr-25	1.09%	81 bps	5,000,000
FRN	May-15	19-May-25	0.77%	49 bps	7,000,000
FRB	Mar-19	20-Mar-26	3.38%	78 bps	9,000,000
FRB	Jul-16	15-Jul-26	3.37%	84 bps	5,000,000
FRN	Aug-19	15-Apr-27	1.04%	76 bps	5,000,000
FRB	Aug-20	15-Apr-27	1.655%	86 bps	5,000,000
FRB	Aug-20	15-Apr-28	1.675%	88 bps	5,000,000
				TOTAL	\$106,000,000

The were no maturities during the March quarter and no new debt was raised during the quarter.

As at 31 March, HDC had no drawings under its BNZ \$10.0 million Customised Average Rate Loan facility that expires in November 2022.

HDC's current debt maturity profile (excluding the BNZ facility) is depicted in the graph on the following page which indicates a good spread of maturities between 2021 and 2028. Additionally, HDC is compliant with Section 4.6 of the Liability Management Policy ("LMP"), which governs HDC's funding risk management activities.



3. DEBT AND HEDGING PROFILE

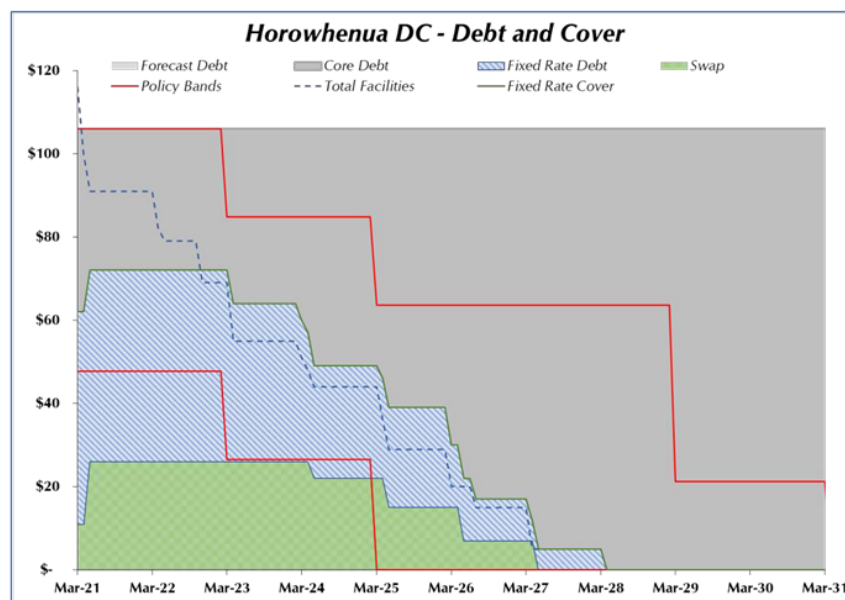
As at 31 March 2021, HDC had \$106.0 million of debt, and two current interest rate swaps and two forward starting interest rate swaps, as follows:

Start Date	Maturity Date	Rate	Amount
18-Feb-13	18-May-24	4.015%	\$4,000,000
18-May-15	18-May-25	4.75%	\$7,000,000
17-May-21	15-May-26	2.15%	\$8,000,000
17-May-21	17-May-27	2.25%	\$7,000,000
		TOTAL	\$26,000,000

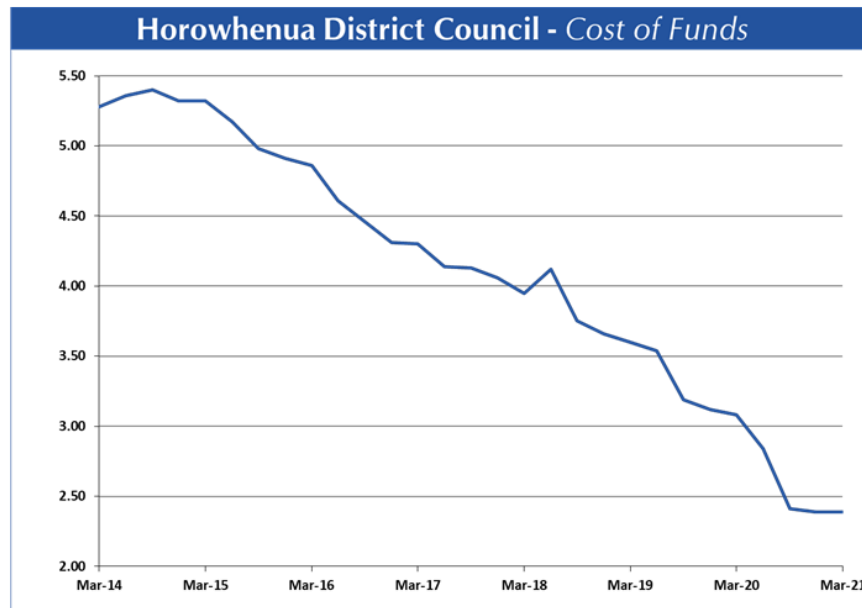
Section 4.3 of the LMP details the Fixed Rate Hedging Percentages that HDC shall adhere to in the management of its debt.

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0-2 years	45%	100%
2-4 years	25%	80%
4-8 years	0%	60%
8+ years	0%	20%

The debt and hedging profiles incorporating these parameters are depicted in the following graph. This shows that as at 31 March 2021, HDC was compliant with Section 4.3 of the LMP. The graph also incorporates the maturity profile of the debt facilities which is indicated by the dotted blue line.



HDC's cost of funds (inclusive of the bank line fee) as at 31 March 2021 was 2.39%, unchanged from the end of December. The cost of funds exclusive of the bank line fee was 2.37%. HDC's cost of funds remains lower (in many cases noticeably so) than the large majority of its peers in the local government sector, indicating the success of its funding and interest rate risk management programme over the last several years. The cost of funds dating back to March 2014 is depicted in the following graph.



4. POLICY COMPLIANCE (AS AT 31 MARCH 2021)

	Yes/No
<i>Have all transactions been entered into compliance with policy?</i>	√
<i>Are the fixed rate hedging percentages within policy control limits?</i>	√
<i>Is HDC maintaining liquidity within policy control limits?</i>	√
<i>Are all counterparty exposures within policy control limits?</i>	√
<i>Is HDC compliant with the financial covenants contained in the LMP</i>	√

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Nine Month Report 1 July 2020 - 31 March 2021

File No.: 21/161

1. Purpose

To present to the Finance, Audit & Risk Committee the financial report for the nine months to 31 March 2021

2. Recommendation

- 2.1 That Report 21/161 Nine Month Report 1 July 2020 - 31 March 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

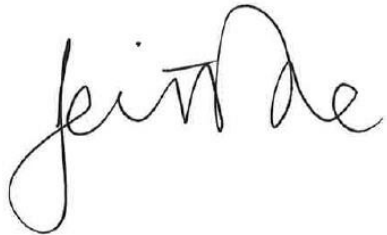
No.	Title	Page
A	Financial Reporting - Monthly Report - 31 March 2021 ~ FULL DRAFT - Not Achieved Measures	102

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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Horowhenua
DISTRICT COUNCIL

Nine Month Report

1 July 2020 - 31 March 2021



Executive Summary

Total revenue \$50.37m is 35% more than the YTD budget of \$37.24m	Total expenditure \$45.82m is 35% more than the YTD budget of \$33.98m	Total surplus/(deficit) \$4.55m is 23% (\$757k) more than the YTD budget of 3.25m
--	--	---

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 revenue as the projects are completed.

Total Capital Spending \$18.39m is \$5.0m less than the YTD budget of \$22.9m	Grants and Subsidies (Capital and Operating) \$13.41m is 8% more than the YTD budget of \$10.5m	Total net borrowings \$98.96m is 157% of budgeted operating income (financial strategy limit is 195%)
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The Council has completed \$18.4m towards the capital programme at the end of March 2021 and is forecasting to complete \$31.8m compared to a \$30.6m capital budget by the end of June 2021.

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 River Loop project within the Manawatū river corridor. This is managed operationally by the Department of Conservation, and so has been treated as an operating expense.

In addition, the Council is also receiving a significant amount of additional external revenue through grants and subsidies to help fund the capital and operational work programme. In total Council is planning to receive an additional \$5.6m this year. On the following page of this report is a summary of the key grants that the Council has received this year and the related expenditure.

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 with financial milestones 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
Capital funding from Provincial Growth Fund	(2,778)	(1,550)	1,228	(1,550)	(2,973)	1,423
Manawatu River Loop - Capex	533	-	(533)	-	1,476	(1,476)
Queen St West upgrades	1,562	1,550	(12)	1,550	1,550	0
Operational Funding from the Provincial Growth Fund	(3,471)	-	3,471	-	(4,053)	4,053
The Mahi Space	141	-	(141)	-	325	(325)
Manawatu River Loop - Opex	2,477	-	(2,477)	-	2,477	(2,477)
Fale Lotu Connections	807	-	(807)	-	1,251	(1,251)
Funding from Three Waters Stimulus Fund	(2,173)	-	2,173	-	(2,026)	2,026
Operational projects	61	-	(61)	-	394	(394)
Capital projects	910	-	(910)	-	1,632	(1,632)
Capital Funding from Crown Infrastructure Partners	-	-	-	-	(1,991)	1,991
Tara-Ika infrastructure development	738	-	(738)	-	2,599	(2,599)
Net Expenditure /(Revenue)	(1,194)	-	1,194	-	660	(660)



Jacinta Straker - Chief Financial Officer

Operational Summary

Total revenue	Total expenditure	Total surplus/(deficit)
\$50.37m is 35% more than the YTD budget of \$37.24m	\$45.82m is 35% more than the YTD budget of \$33.98m	\$4.55m is 23% (\$757k) more than the YTD budget of 3.25m

SUSTAINABILITY

Rates to operating revenue 60%

Rates revenue	\$29.49m
Operating revenue	\$49.12m

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 107%

Operating revenue	\$49.12m
Operating expenditure	\$45.82m

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 107% of operating expenditure.

Net Debt to total projected revenue (LGFA Cov.) 164%

Total net borrowing	\$98.96m
Total budgeted operating revenue	\$60.41m

With net borrowing of \$98.96m we are still under the set limit of 195% of operating revenue. Total net borrowing is external borrowings less cash at bank.

Interest to rates revenue (LGFA Cov.) 6%

Net Interest	\$1.89m
Rates revenue	\$29.49m

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.

Interest to operating revenue (LGFA Cov.)		4%
Net Interest	\$1.89m	
Operating revenue	\$49.12m	

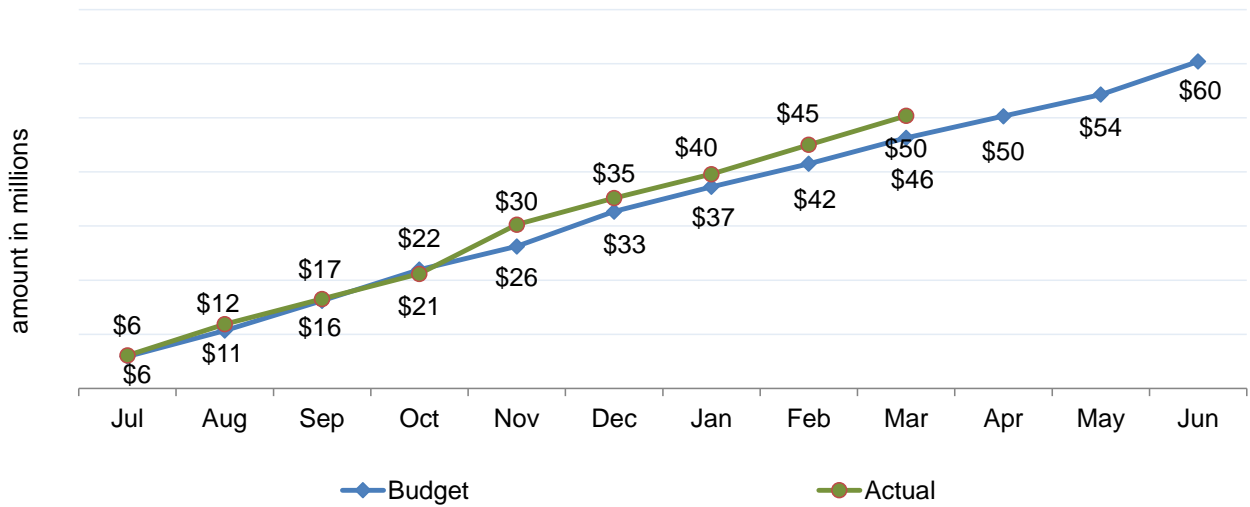
4% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received.

Available financial accommodation to external indebtedness (LGFA Cov.)		110%
Net debt	\$98.96m	
Undrawn committed facilities	\$10.00m	

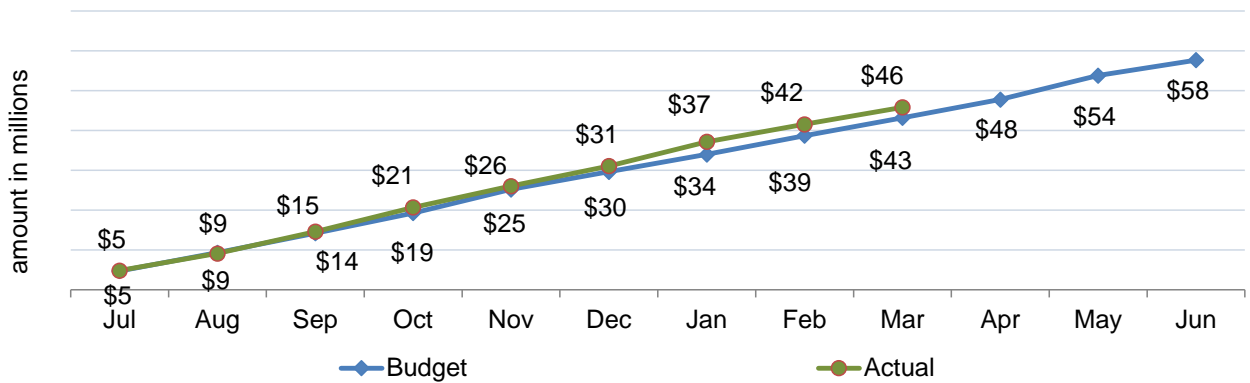
The committed bank facility enables us to borrow up to 110% of our current external debt immediately. The LGFA covenant minimum is 110%.

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.

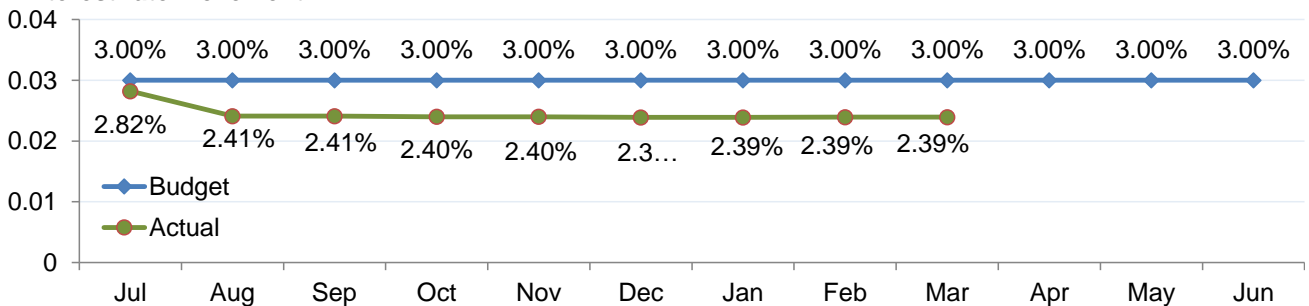
Total Revenue \$m



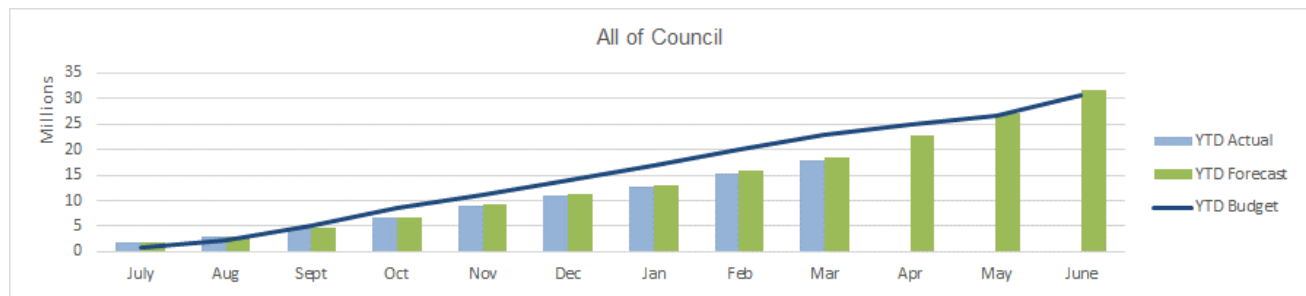
Total Expenditure \$m



Interest rate movement



Capital Expenditure Summary

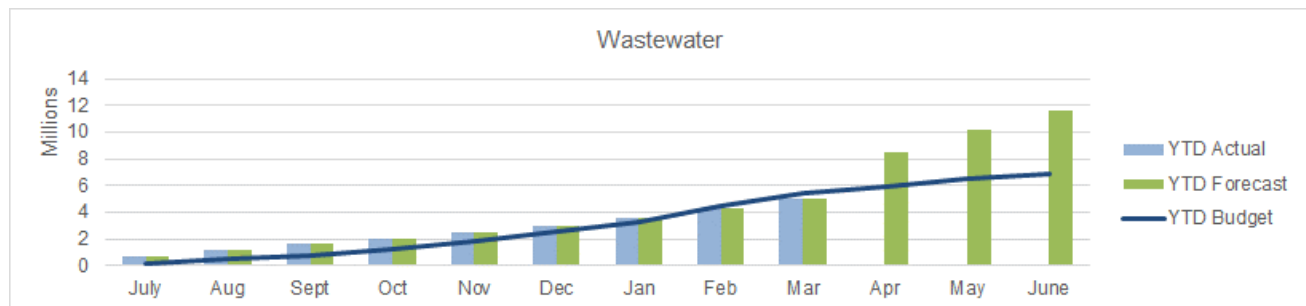


The Council has completed \$18.4m towards the capital programme at the end of March and is forecasting to complete \$31.8m compared to a \$30.6m capital budget by the end of June 2021.

Overall the Council is planning to carry forward approximately \$1m into the 2021/22 year.

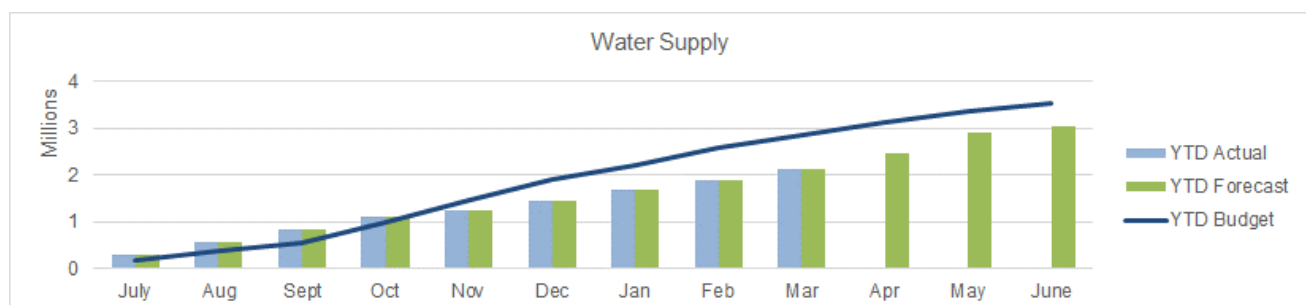
Variiances within activity areas are explained in the capital activity graphs below:

Wastewater Activity



The additional expenditure of \$4.3m forecast in this activity relates to additional work being completed this year on the Foxton wastewater treatment plant of \$3.1m, as well as expenditure on Tara-Ika of \$2.5m which is not included in the budget. The Tara-Ika project however will receive \$1.9m of funding from the Crown. The additional expenditure on the Foxton wastewater treatment plant is planned to be offset by reduced spending across other activities.

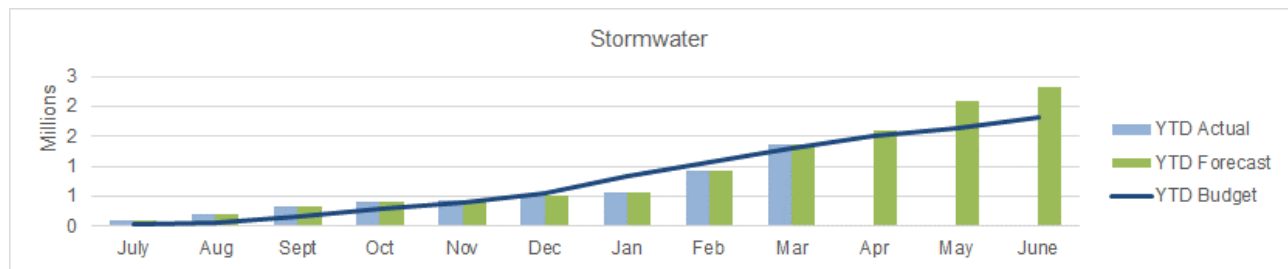
Water Supply Activity



The Water Supply activity is currently underspent by \$735k and is forecast to be \$514k underspent by the end of the year.

The lower spending YTD and forecast, relates to lower spending on new Levin development areas of \$537k. The focus has been on completing work in the Wastewater activity for the Tara-Ika growth area. Overall the water activity is forecast to be \$514k underspent to offset additional expenditure required in Wastewater.

Stormwater Activity

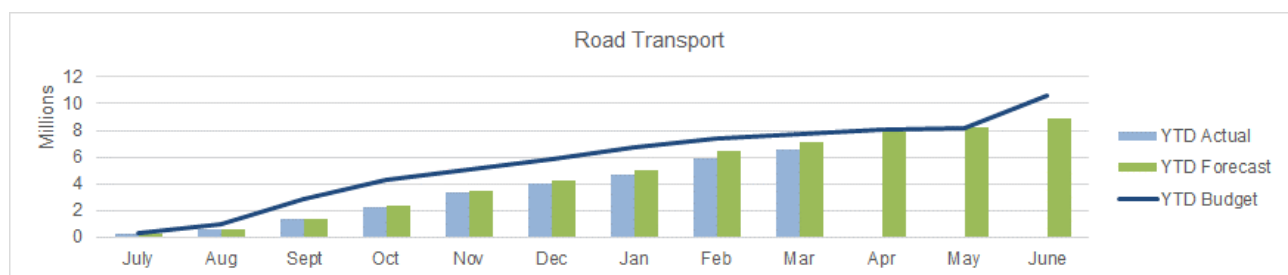


The Stormwater activity is currently overspent by \$68k and is forecast to be overspent by \$756k at the end of the year.

There is additional spending forecast of \$1.6m for Roslyn Road but this will be funded externally through the Three Waters Stimulus Fund.

The Foxton East Drainage Scheme is being managed by Horizons and had not progressed as planned. The remaining budget of \$435k will need to be carried forward into the 2021/22 year.

Road Transport Activity

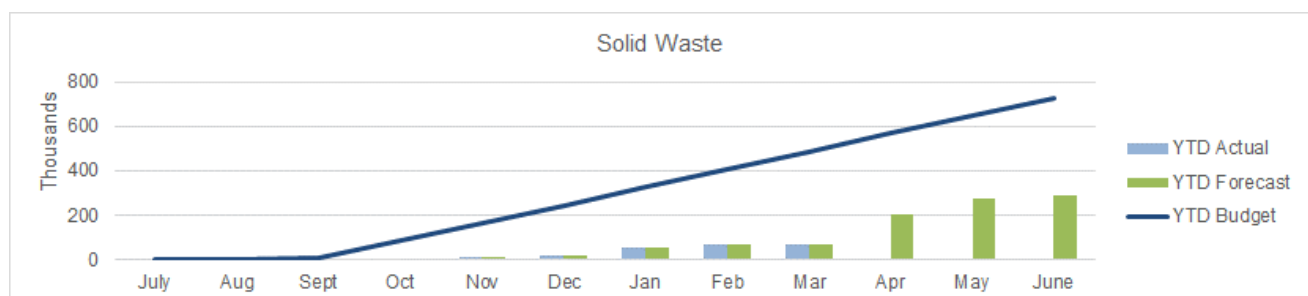


The Roothing activity is currently forecast to spend its core budget by the end of the year.

The \$1.7m underspend compared to budget relates a provisional budget for road improvements for Ō2NL (\$1.7m) which has not been required in the current year and, as such, has not been approved by Waka Kotahi 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.

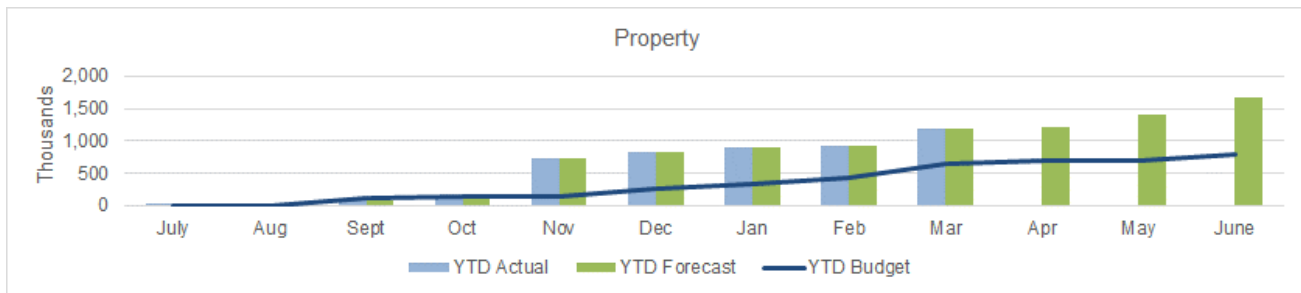
Solid Waste Activity



The Solid Waste activity is currently underspent by \$418k and is forecast to be \$438k underspent by the end of the year.

The forecast lower spending of \$438k on landfill development is planned to be carried forward into the 2021/22 year.

Property Activity

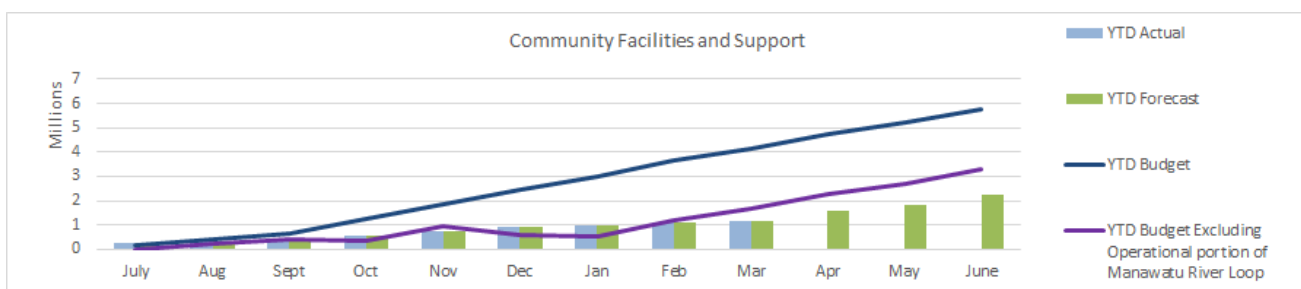


The Property activity is currently overspent by \$534k and is forecast to be \$876k overspent by the end of the year.

The additional spending primarily relates to the purchase of strategic land at 28 Durham Street Levin (\$675k). Additional borrowings will not be required however due to the Council receiving \$1.9m in proceeds from the sale of the Roe St property to the Horowhenua NZ Trust.

It is anticipated that there will be additional spending this year of \$807k for the Foxton Beach Surf club (total project spending of \$1.25m). This additional amount will be funded by a grant from the surf club. Overall it is estimated that the total project cost will be \$1.485m. This will mean that \$150k will be completed next year.

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 \$2.0m underspent by the end of the year.

The underspend so far relates mostly to the Foxton Futures project (\$2.0m). A significant portion of the project is related to the river, which is the responsibility of 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.

Within this activity there is also additional expenditure planned for the Foxton Beach Wharf Project. This will be partially funded by the Department of Conservation and by the Foxton Beach Freeholding account. This project will be completed in early 2021/22.

Statement of Comprehensive Revenue and Expense

	Annual Plan YTD Mar-21 \$000	Actual YTD Feb-21 \$000	Variance YTD 2021 \$000		Year End Projection 2021 \$000	Annual Plan 2021 \$000	Variance 2021 \$000		Notes
Revenue									
Rates Revenue	(29,703)	(29,487)	(216)	⊖	(39,614)	(39,684)	(70)	⊖	
Operational Grants & Subsidies	(1,512)	(5,562)	4,050	⊕	(7,452)	(2,104)	5,348	⊕	1
Finance Income	(150)	(11)	(139)	⊖	(150)	(200)	(50)	⊖	2
Fees & Charges	(3,431)	(3,244)	(187)	⊖	(4,236)	(4,551)	(315)	⊖	
Other Revenue	(2,508)	(2,877)	369	⊕	(3,625)	(3,197)	428	⊕	3
Gains on Disposal of Assets		(86)	86	⊕	(86)	-	86	⊕	
Total Revenue	(37,304)	(41,267)	3,963	⊕	(55,163)	(49,736)	5,428	⊕	
Expenditure									
Employee Benefit Expenses	11,877	10,877	1,000	⊕	15,001	15,771	770	⊕	
Finance Costs	2,123	1,897	226	⊕	2,702	3,202	500	⊕	4
Depreciation and Amortisation	11,136	11,226	(90)	⊖	14,848	14,848	0	⊕	
Other Expenses	17,914	20,973	(3,059)	⊖	29,179	23,892	(5,287)	⊖	5
Loss on Disposal of Assets	-	842	(842)	⊖	842	-	(842)	⊖	6
Total Expenses	43,050	45,815	(2,765)	⊖	62,572	57,713	(4,859)	⊖	
Operating (surplus) deficit before capital revenue and taxation	5,746	4,549	1,197		7,408	7,977	569		
Capital Grants and Subsidies	(9,017)	(7,853)	(1,164)	⊖	(10,973)	(10,676)	297	⊕	7
Vested Assets		(23)	23	⊕	-	-	-	⊕	
Gain on Derivatives		(1,226)	1,226	⊕	-	-	-	⊕	8
Total (Surplus)/Deficit	(3,271)	(4,553)	1,282		(3,565)	(2,699)	866		

Note 1 Operational Grants and Subsidies **favourable** variance of \$4.1m. The significant activities that derive the operating grants and subsidies revenue relate to Community Facilities, Community Support and Road Transport.

The additional revenue received, 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 (\$1.2m), The Mahi Space (\$400k), the Manawatū River Loop at Foxton (\$2.5m) and the Three Water Stimulus Funding (\$393k).

Note 2 Finance income **unfavourable** variance of \$139k 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 \$369k. 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 \$226k. This current and forecast year end reduction in finance costs relates to lower interest rates. The interest expense is forecast to be \$500k.

Note 5 Other Expenses **unfavourable** variance \$3.1m as detailed below:

Note 5 Other Expenses	Annual Plan	Actual	Variance		Year End	Annual		Notes	
	YTD	YTD	YTD		Projection	Plan			Variance
	Mar-21 \$000	Mar-21 \$000	Mar-21 \$000		2021 \$000	2021 \$000			2021 \$000
Professional Services	3,154	4,372	(1,218)	⊖	7,112	4,282	(2,830)	⊖ 5A	
Materials	72	84	(12)	⊖	127	107	(20)	⊖	
Maintenance	10,891	12,631	(1,740)	⊖	16,914	14,683	(2,232)	⊖ 5B	
Grants Paid	389	321	68	⊕	575	670	95	⊕	
Utilities	807	651	156	⊕	967	1,113	147	⊕ 5C	
Communications	157	158	(1)	⊖	218	216	(2)	⊖	
Other Expenses	4,192	3,839	353	⊕	5,356	5,058	(298)	⊖	
Vehicle Expenses	88	79	9	⊕	116	129	13	⊕	
Treasury Expenses	75	76	(1)	⊖	166	163	(3)	⊖	
Labour Recoveries for Capex projects	(1,911)	(1,238)	(673)	⊖	(2,372)	(2,529)	(157)	⊖ 5D	
Total Other Expenses	17,914	20,973	(3,059)	⊖	29,179	23,892	(5,287)	⊖	

Note 5A Professional services **unfavourable** variance of \$1.2m relates to:

- \$807k relates to spending the grant 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. The total amount forecast to be spent and received in grants this year is \$1.3m
- \$160k relates to additional spending in Regulatory for planning consultants which will be recovered through revenue.
- The landfill activity has incurred additional spending of \$274k which relates to:
 - Consulting fees and Project Management Group (PMG) expenses to meet the conditions of the Hōkio Environmental Kaitiaki Alliance (HEKA) landfill agreement, including the robust analysis required to inform the PMG on the decision of whether the landfill should close early and related requirements for remediation of the site (\$240k).
 - 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 (\$45k).

Note 5B Maintenance costs **unfavourable** variance of \$1.7m. The significant activities that derive maintenance costs relate to Wastewater, Water Supply, Stormwater, Solid Waste, Road Transport and Community Facilities and Services.

The variance year to date and forecast is primarily within Community Facilities and Services Reserves activity, and relates to \$2.5m of 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 \$156k 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 \$673k reflecting the lower capital project expenditure and staff time allocation than budgeted. It is expected to be \$157k below budget at 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 \$1.2m. 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 precis of the projects that are planned to receive central government funding.

The lower revenue reported relates primarily to \$2.5m of the funding for the Manawatū River Loop at Foxton (\$2.5m) reporting within operating grants and subsidies.

A significant portion of the project is related to the river, which is the responsibility of the Department of Conservation, and so the PGF funding received for this portion of the project will be treated as an operating expense.

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	
Significant Activities					
Regulatory Sevices	(5,186)	(4,202)	(4,034)	168	1
Community Facilities and Services	(17,141)	(13,569)	(13,671)	(102)	2
Road Transport	(13,004)	(9,375)	(9,626)	(251)	3
Water Supply	(6,859)	(4,796)	(5,047)	(251)	4
Wastewater Management	(7,486)	(5,690)	(5,529)	161	
Solid Waste	(2,990)	(2,199)	(2,226)	(27)	
Stormwater	(1,505)	(1,120)	(1,040)	80	
Treasury	(2,429)	(3,144)	(2,495)	649	5
Property	(1,317)	(976)	(820)	156	6
Community Support	(2,779)	(2,148)	(2,088)	60	
Representation & Com. Leadership	(3,608)	(5,667)	(2,703)	2,964	7
Total Activity Revenue	(64,304)	(52,886)	(49,279)	3,607	
Business Units	(22,818)	(15,627)	(16,867)	(1,240)	
Total Operating Revenue	(87,122)	(68,513)	(66,146)	2,367	
EXPENDITURE	Annual Plan	Year to date (YTD)			Notes
	2020/21 \$000	Actual \$000	Budget \$000	Variance \$000	
Significant Activities					
Regulatory Sevices	5,186	3,468	3,896	428	8
Community Facilities and Services	13,354	12,230	10,066	(2,164)	9
Road Transport	9,730	6,613	7,314	701	10
Water Supply	7,125	5,335	5,381	46	
Wastewater Management	7,835	5,974	5,969	(5)	
Solid Waste	3,669	3,059	2,686	(373)	11
Stormwater	1,644	1,096	1,243	147	
Treasury	4,133	2,583	2,799	216	
Property	1,297	1,750	928	(822)	12
Community Support	2,778	1,941	2,126	185	
Representation & Com. Leadership	4,819	4,284	3,601	(683)	13
Total Activity Expenditure	61,570	48,333	46,009	(2,324)	
Business Units	22,853	15,626	16,866	1,240	
Total Operating Expenditure	84,423	63,959	62,875	(1,084)	
Operating (Surplus)/Deficit	(2,699)	(4,554)	(3,271)	1,283	

Note 1 Regulatory Services revenue **favourable** variance \$168k. The higher revenue is due to increased building activity.

Note 2 Community Facilities and Services revenue **unfavourable** variance \$102k. The lower revenue is due to the remaining portion of the PGF grant not yet being received as originally planned.

- Note 3** Road Transport revenue **unfavourable** variance \$251k. The lower revenue is due to less Waka Kotahi NZTA funding being claimed relates a provisional budget for road improvements for Ō2NL (\$1.7m) which has not been required in the current year and, as such, has not been approved by Waka Kotahi NZTA. A further \$500k for improvements to rail crossings has also not been spent.
- Note 4** Water Supply income **unfavourable** variance \$251k. The lower revenue is due to lower levels of metered water use than anticipated.
- Note 5** Treasury Income **favourable** variance \$649k. The additional revenue is due to the gain on the interest rates swaps of \$1.2m.
- Note 7** Representation and Community Leadership income **favourable** variance \$2.7m. The significant reported variance relates to the first milestone payment of the PGF funded Fale Lotu Connections (\$731k) and Three Waters Stimulus Funding (\$2.173m).
- Note 8** Regulatory Services expenditure **favourable** variance \$428k. The reported variance is a result of lower internal charges allocated to the Regulatory Services activity than projected.
- Note 9** Community Facilities and Services **unfavourable** variance of \$2.2m. 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 10** Roothing expenditure **favourable** variance \$701k. The reported variance relates to lower consultancy spending of \$375k and lower internal charges of \$240k.
- Note 11** Solid Waste expenditure **unfavourable** variance \$373k. The landfill activity has incurred additional spending which relates to:
- Consulting fees and Project Management Group (PMG) expenses to meet the conditions of the Hōkio Environmental Kaitiaki Alliance (HEKA) landfill agreement, including the robust analysis required to inform the PMG on the decision of whether the landfill should close early and related requirements for remediation of the site (\$240k).
 - 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 (\$45k).
- Note 12** Property expenditure **unfavourable** variance \$822k. 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 13** Representation and Community Leadership **unfavourable** variance \$683k. 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 \$1.2m. The reported variance is a result of lower personnel costs, in addition to lower costs for training and professional services so far this year.

Statement of Financial Position as at 31 March 2021

	Council Actual 31 Mar 2021 \$000	Council Budget 30 June 2021 \$000	Council Actual 30 June 2020 \$000
Assets			
Current assets			
Cash and cash equivalents	12,040	13,049	15,892
Debtors and other receivables	5,847	6,766	6,593
Other financial assets	375	-	375
Non-current assets held for sale	4,010	5,360	4,011
Total current assets	22,272	25,175	26,871
Non-current assets			
Plant, property and equipment			
- Operational assets	55,175	49,908	56,727
- Infrastructural assets	473,330	481,592	471,107
- Restricted assets	59,883	51,466	60,177
Intangible assets	1,231	811	1,479
Forestry assets	1,090	942	1,090
Commercial property	-	-	-
Other financial assets:			
- Investments CCO's & similar entities	249	204	204
- Investments in associates	1,691	16	16
- Other	592,649	1,585	1,691
Total non-current assets	614,921	586,524	592,491
Total assets	614,921	611,699	619,362
Liabilities			
Current liabilities			
Payables and deferred revenue	10,679	9,643	13,972
Provisions	30	30	30
Employee benefit liabilities	990	899	1,060
Derivative Financial instruments	-	378	465
Borrowings and other financial liabilities	35,000	24,000	35,000
Total current liabilities	46,699	34,950	50,527
Non-current liabilities			
Provisions	6,425	4,811	6,425
Employee benefit liabilities	207	167	207
Borrowings and other financial liabilities	71,000	92,062	71,000
Derivative financial instruments	2,289	1,819	3,050
Other	15	176	100
Total non-current liabilities	79,936	99,035	80,782
Total liabilities	126,635	133,985	131,309
Net assets	488,286	477,714	488,053
Equity			
Retained earnings	249,417	257,132	245,387
Revaluation reserves	229,258	210,531	233,055
Other reserves	9,611	10,051	9,611
Total equity	488,286	477,714	488,053

Funding Impact Statement for Whole of Council as at 31 March 2021

	LTP Budget 2021 \$000	Annual Report Actual 2020 \$000	AP YTD Budget Mar 2021 \$000	Actual YTD Mar 2021 \$000	Variance YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	10,869	10,501	7,725	7,688	(37)
Targeted rates	31,942	29,886	21,978	21,800	(178)
Subsidies and grants for operating purposes	1,511	1,998	1,512	5,734	4,222
Fees and charges	5,385	4,857	3,431	3,244	(187)
Interest and dividends from investments	214	370	156	15	(141)
Local authorities fuel tax, fines, infringement fees, and other receipts	3,706	4,006	2,502	2,872	370
Total operating funding (A)	53,627	51,618	37,304	41,353	4,049
Applications of operating funding					
Payments to staff and suppliers	37,225	40,538	29,792	31,855	2,063
Finance costs	4,988	3,343	2,123	1,897	(226)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	42,213	43,881	31,915	33,752	1,837
Surplus (deficit) of operating funding (A-B)	11,414	7,737	5,389	7,601	2,212
Sources of capital funding					
Subsidies and grants for capital expenditure	4,634	3,039	9,017	7,681	(1,336)
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	10,775	10,000	6,994	-	(6,994)
Gross proceeds from sale of assets	-	5,302	3,750	3,046	(704)
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	15,409	18,341	19,761	10,727	(9,034)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	3,043	759	1,500	1,079	(421)
- to improve the level of service	12,257	10,308	12,137	9,122	(3,015)
- to replace existing assets	11,523	12,023	9,319	7,592	(1,727)
Increase (decrease) in reserves	-	2,867	2,195	259	(1,936)
Increase (decrease) of investments	-	121	-	276	276
Total applications of capital funding (D)	26,823	26,078	25,150	18,328	(6,822)
Surplus (deficit) of capital funding (C-D)	(11,414)	(7,737)	(5,389)	(7,601)	(2,212)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	14,867	14,516	11,136	11,226	90

Statement of Cashflow as at as at 31 March 2021

	Council Actual 31 Mar 2021 \$000	Council Budget 30 June 2021 \$000	Council Actual \$ 30 June 2020 \$000
Cashflow from operating activities			
Cash was provided from:			
Revenue from rates	29,004	39,684	40,985
Other revenue	19,319	20,528	15,613
Interest received	83	200	373
Net GST movement	1,482	-	226
Total cash provided	49,888	60,412	57,197
Cash was disbursed to:			
Suppliers, services and employees	35,716	39,663	39,544
Interest paid	2,053	3,202	3,455
Net GST movement	-	-	-
Total cash disbursed	37,769	42,865	42,999
Net cash flow from operating activity	12,119	17,547	14,198
Cashflows from investing activities			
Cash was provided from:			
Proceeds from asset sales	(2,118)	5,000	5,301
Proceeds from investments	-	-	-
Total cash provided	(2,118)	5,000	5,301
Cash was disbursed to:			
Purchases of investments	29	-	120
Purchase of assets	13,824	30,607	21,968
Total cash disbursed	13,853	30,607	22,088
Net cash flow from investing activity	(15,971)	(25,607)	(16,787)
Cashflows from financing activities			
Cash was provided from:			
Loans raised	26,000	23,325	67,000
Total cash provided	26,000	23,325	67,000
Cash was disbursed to:			
Repayment of public debt	26,000	14,000	57,000
Total cash disbursed	26,000	14,000	57,000
Net cash flow from financing activity	-	9,325	10,000
Net increase (decrease) in cash held	(3,852)	1,265	7,411
Add opening cash brought forward	15,892	11,770	8,481
Closing cash balance	12,040	13,035	15,892
Closing balance made up of cash and cash equivalents	12,040	13,049	15,892

Statement of Rates Debtors

Rate Zone	Assessment Count	Assessments Matching Criteria	% Matching Criteria	Total Rates Due	Year to Date Rates Due	Instalment 1 Due	Instalment 2 Due	Instalment 3 Due	Penalties Arrears	Prior Year Arrears
Cancelled Assessment	527	13	2%	\$133,528	\$21	\$0	\$0	\$0	\$21	\$133,507
Foxton	1,278	106	8%	\$172,161	\$99,983	\$16,478	\$23,429	\$45,511	\$14,564	\$72,178
Foxton Beach	1,612	106	7%	\$205,761	\$119,480	\$15,454	\$21,106	\$54,371	\$28,547	\$86,280
Hokio Beach	187	30	16%	\$217,638	\$27,378	\$7,249	\$7,309	\$9,853	\$2,967	\$190,260
Levin	7,586	511	7%	\$517,178	\$459,528	\$62,526	\$99,501	\$248,473	\$49,880	\$57,650
Manakau	86	4	5%	\$5,495	\$3,959	\$443	\$1,301	\$1,666	\$549	\$1,536
No Charges	503		0%							
Non Rateable	129	6	5%	\$7,935	\$1,999	\$256	\$359	\$1,250	\$136	\$5,936
Ohau	152	9	6%	\$11,437	\$8,759	\$1,682	\$1,861	\$3,898	\$1,318	\$2,679
Rural	2,160	136	6%	\$358,586	\$95,184	\$14,995	\$18,769	\$40,185	\$21,684	\$263,402
Rural Lifestyle	2,820	201	7%	\$223,821	\$158,511	\$19,239	\$33,235	\$82,082	\$23,955	\$65,310
Shannon	683	91	13%	\$169,745	\$100,130	\$15,310	\$22,662	\$37,978	\$24,177	\$69,615
Tokomaru	164	14	9%	\$9,906	\$9,759	\$1,123	\$1,489	\$5,949	\$1,199	\$147
Utilities	17		0%							
Waikawa Beach	231	13	6%	\$11,351	\$9,159	\$830	\$1,542	\$5,278	\$1,509	\$2,192
Waitare Beach	995	49	5%	\$32,798	\$32,798	\$2,667	\$6,908	\$20,243	\$3,161	\$0
Totals as at 31 March 2021	19,130	1,289	7%	\$2,077,340	\$1,126,647	\$158,251	\$239,471	\$556,738	\$173,666	\$950,692
Totals as at 31 March 2020	18,931	1,470	8.00%	\$2,445,104	\$1,231,693	\$152,891	\$259,611	\$646,514	\$171,705	\$1,213,411

Notes and Comments

- This report excludes assessments with total arrears under \$99 and assessment with credit balances.
- The total arrears of \$950,695 are for total arrears over \$99 as at 31 March 2021. This is a 22% reduction from the prior year.

Statement of Sundry Debtors

Category	Total Invoiced YTD March	% Outstanding	Total Outstanding	Current Outstanding	31 - 60 days Outstanding	61 - 90 days Outstanding	Over 90 days Outstanding	Doubtful Debts Provision
Current debtors								
Aquatic Centre	61,780	23.87%	14,748	10,498	1,743	56	2,452	3,088
Building - Exempt Work	15,151	12.89%	1,953	360	1,593	0	0	
Building Consents	1,521,778	11.17%	170,034	127,535	1,235	0	41,264	1,819
Building Fee - BWOF	32,347	17.64%	5,705	1,890	635	160	3,020	630
Cemeteries	172,867	18.11%	31,298	24,573	6,665	60	0	
Dogs - Debt Collection	2,150	21.77%	468	0	0	0	468	
Dogs Arrange to pay	9,942	20.55%	2,044	390	40	30	1,584	
Dogs Pre Payments	290	5.17%	15	0	0	0	15	
General	8,768,740	9.92%	869,856	813,968	17,270	1,215	37,403	1,295
Health Accreditation Renewals	71,670	18.59%	13,325	5,925	2,650	2,175	2,575	3,038
Hire	46,489	17.63%	8,196	4,227	0	0	3,969	3,643
On Charges	333,569	40.94%	136,566	126,993	2,223	0	7,350	
Rental income Annual			592	0	0	0	592	
Resource Consent Fees	591,774	8.68%	51,367	3,720	25,189	0	22,458	11,432
Rubbish Bags	197,980	22.07%	43,700	24,700	1,900	3,800	13,300	
Swimming Pools	12,710	37.73%	4,795	1,395	930	310	2,160	150
Te Awahou	16,962	25.62%	4,345	2,413	633	360	939	
Te Takere	31,958	13.99%	4,470	1,747	369	0	2,354	
Trade Waste	1,022,909	39.86%	407,748	407,496	252	0	0	
Water Septage - Septic Tank Disposal	41,827	16.06%	6,716	3,752	2,964	0	0	
Total current debtors	12,952,893	13.73%	1,777,939	1,561,580	66,291	8,166	141,902	25,095
Non current debtors								
Development Contributions			25,796	0	0	0	25,796	25,796
Rental Income Monthly	382,265	19.06%	72,864	1,365	16,255	2,660	52,584	52,584
Total non-current	382,265	25.81%	98,660	1,365	16,255	2,660	78,380	78,380
Total as at 31 March 2021	13,335,158	14.07%	1,876,600	1,562,945	82,546	10,827	220,282	103,475

Total as at 31 March 2020			989,653	320,592	303,833	18617	346,611	
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Statement of Loans by Parcel

Loan parcels	Maturity Date	Interest Rate	Opening balance	Raised	Repaid	Closing balance
Due within a year						
LGFA CP	18 Dec 20	0.5550%	16,000,000	-	16,000,000	-
LGFA CP	15 Apr 21	0.4602%		16,000,000	-	16,000,000
LGFA FRN	17 May 21	1.1025%	4,000,000	-	-	4,000,000
LGFA Bond	17 May 21	4.5650%	5,000,000	-	-	5,000,000
LGFA Bond	17 May 21	5.9852%	5,000,000	-	5,000,000	-
LGFA Bond	17 May 21	5.8516%	5,000,000	-	5,000,000	-
Total due within a year			35,000,000	16,000,000	26,000,000	25,000,000
Due within 2 - 5 years						
LGFA FRN	14 Apr 22	0.7650%	9,000,000	-	-	9,000,000
LGFA FRN	18 May 22	0.7050%	3,000,000	-	-	3,000,000
LGFA Bond	15 Apr 23	5.1336%	4,000,000	-	-	4,000,000
LGFA FRN	15 Apr 23	0.8450%	6,000,000	-	-	6,000,000
LGFA Bond	15 Apr 23	1.4800%	4,000,000	-	-	4,000,000
LGFA Bond	15 Mar 24	3.7200%	4,000,000	-	-	4,000,000
LGFA Bond	15 Mar 24	3.7600%	4,000,000	-	-	4,000,000
LGFA Bond	15 Apr 24	2.5200%	3,000,000	-	-	3,000,000
LGFA Bond	15 Apr 25	4.2046%	3,000,000	-	-	3,000,000
LGFA FRN	15 Apr 25	1.0800%	5,000,000	-	-	5,000,000
LGFA FRN	19 May 25	0.7700%	7,000,000	-	-	7,000,000
LGFA Bond	20 Mar 26	3.3800%	9,000,000	-	-	9,000,000
Total due within 2 - 5 years			61,000,000	-	-	61,000,000
Due after 5 years						
LGFA Bond	15 Jul 26	3.3700%	5,000,000	-	-	5,000,000
LGFA FRN	15 Apr 27	1.0300%	5,000,000	-	-	5,000,000
LGFA Bond	15 Apr 27	1.6550%	-	5,000,000	-	5,000,000
LGFA Bond	15 Apr 28	1.6750%	-	5,000,000	-	5,000,000
Total due after 5 years			10,000,000	10,000,000	-	20,000,000
Total			106,000,000	26,000,000	26,000,000	106,000,000

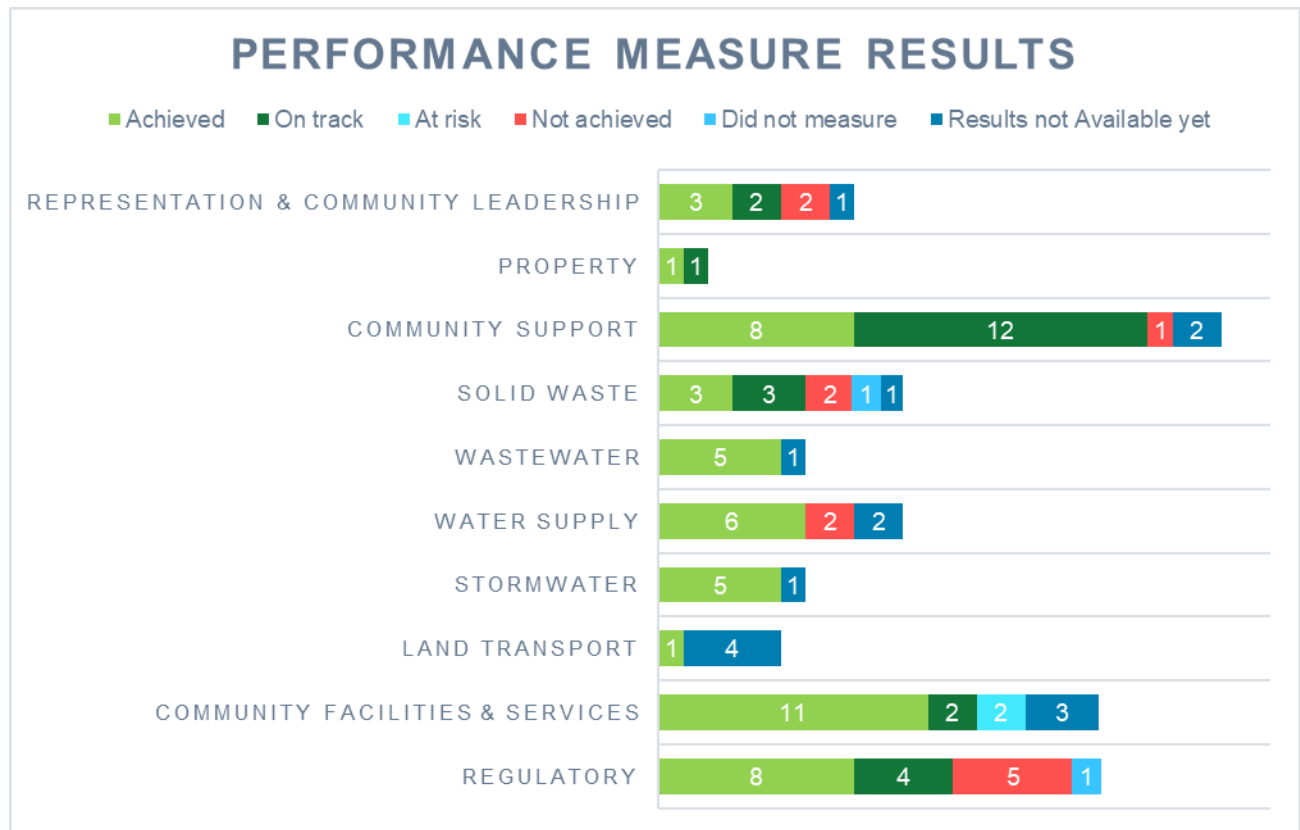
Notes and Comments

Our weighted average interest rate is 2.39% at 31 March 2021, which is unchanged from the prior quarter.

Statement of Loans by Activity

Activity	External Loans as at 31/3/2021 \$000	Internal Loans as at 31/3/2021 \$000	Total Loans as at 31/3/2021 \$000	AP Year 3 Budget 2020/21 \$000	Interest Allocated YTD \$000	Loans as at 30/06/2020 \$000
Land Transport	2,800	191	2,991	2,688	52	2,495
Shared Pathways	900	24	924	784	16	788
Stormwater	8,300	12	8,312	7,902	167	8,044
Water supply						
Water Levin	11,800	34	11,834	11,287	249	12,029
Water Shannon	1,100	73	1,173	1,197	25	1,197
Water Foxton	1,200	10	1,210	1,239	26	1,234
Water Foxton Beach	300	28	328	330	7	332
Water Tokomaru	400	33	433	525	9	442
Total for water supply	14,800	178	14,978	14,577	316	15,234
Wastewater Disposal						
Wastewater Levin	11,400	50	11,450	12,535	230	11,104
Wastewater Shannon	7,600	39	7,639	7,822	161	7,794
Wastewater Foxton	8,100	90	8,190	5,694	147	7,116
Wastewater Foxton Beach	200	70	270	216	5	230
Wastewater Tokomaru	800	78	878	1,004	18	847
Wastewater Waitarere	400	73	473	429	8	376
Total for wastewater disposal	28,500	399	28,899	27,700	569	27,467
Solid Waste						
Landfill	4,400	25	4,425	4,688	93	4,508
Recycling	2,400	48	2,448	2,934	41	1,963
Total Solid Waste	6,800	72	6,872	7,622	134	6,471
Community Facilities & Services						
Aquatic Centres	4,200	1	4,201	4,327	89	4,285
Reserves	2,200	61	2,261	2,751	46	2,197
Sports grounds	1,300	70	1,370	1,438	28	1,375
Cemeteries	700	32	732	691	14	687
Beautification	0	45	45	56	1	46
Libraries/ Community Centres	10,400	62	10,462	10,688	221	10,675
Halls	200	23	223	228	5	228
Toilets	400	43	443	510	9	452
Total for Community Facilities & Services	19,400	337	19,737	20,690	413	19,945
Properties						
General properties	3,700	27	3,727	3,188	64	3,103
Council building	5,400	56	5,456	5,418	115	5,567
Total for Properties	9,100	83	9,183	8,606	180	8,670
Other activities						
Information Technology	1,700	80	1,780	1,677	35	1,681
District/strategic planning	3,400	70	3,470	4,227	76	3,650
Animal control	0	25	25	26	1	25
Treasury	10,300	0	10,300	21,000	246	13,200
Total for other	15,400	175	15,575	26,930	357	18,556
Total Gross Debt	106,000	1,472	107,472	117,500	2,203	107,670
Less Cash and Cash equivalents	7,035		7,035	13,049		15,892
Net Debt	98,965	1,472	100,437	104,451		91,778

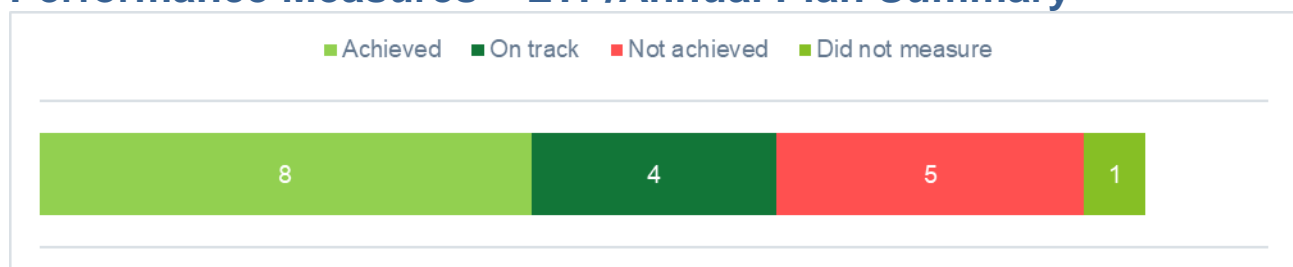
Performance Measure Results



PLANNING AND REGULATORY

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	2,115	2,213	1,753	1,752	(1)
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	9	9	7	6	(1)
Local authorities fuel tax, fines, infringement fees, and other receipts	2,760	2,860	2,275	2,444	169
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	4,884	5,082	4,035	4,202	167
Applications of operating funding					
Payments to staff and suppliers	434	475	333	418	85
Finance costs	2	5	2	1	(1)
Internal charges and overheads applied	4,368	4,521	3,518	3,004	(514)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,804	5,001	3,853	3,423	(430)
Surplus (deficit) of operating funding (A-B)	80	81	182	779	597
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	42	(23)	(17)	(1)	16
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	42	(23)	(17)	(1)	16
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	2	-	-	-	-
- to replace existing assets	117	58	27	12	(15)
Increase (decrease) in reserves	3	-	139	766	628
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	122	58	166	778	613
Surplus (deficit) of capital funding (C-D)	(80)	(81)	(182)	(779)	(597)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	79	79	44	44	-

PLANNING AND REGULATORY Performance Measures – LTP/Annual Plan Summary



REGULATORY SERVICES - Performance Measures Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	CM9 Ref
Resource Consenting					
RS1	Processing of applications under the Resource Management Act (RMA) 1991.	Applications under the RMA will be processed within statutory timeframes.	Achieve	<p>Not Achieved</p> <p>As at 31 March 2021, 200 consents have been approved YTD for Land Use, Subdivision and Boundary Activities and "other", 97% were approved within statutory timeframes.</p> <p>Six (6) resource consents were approved outside of statutory timeframes. This has been due to high volume of applications received compared to the number of staff and contractors available to process applications. Two (2) new resource management planners have been appointed this year and recruitment of staff is ongoing.</p>	D21/42904
Building Consenting					
RS2	Carry out Building Consent Authority functions including enforcement of legislation relating to construction of buildings and structures.	Number of months in which all building consent applications are processed within 20 working days or less.	12	<p>Not achieved</p> <p>As at 31 March 2021, 557 building consents were granted YTD, 99% within statutory timeframes.</p> <p>This measure has been achieved for eight (8) out of nine (9) months YTD.</p> <p>One (1) consent was processed outside the statutory timeframe in November, this was due to an administrative error. A new staff member has been appointed to the Support Officer role that has been vacant from August to November; this will provide the capacity to carry out appropriate checks to ensure the same error does not occur again in future.</p>	D21/42878

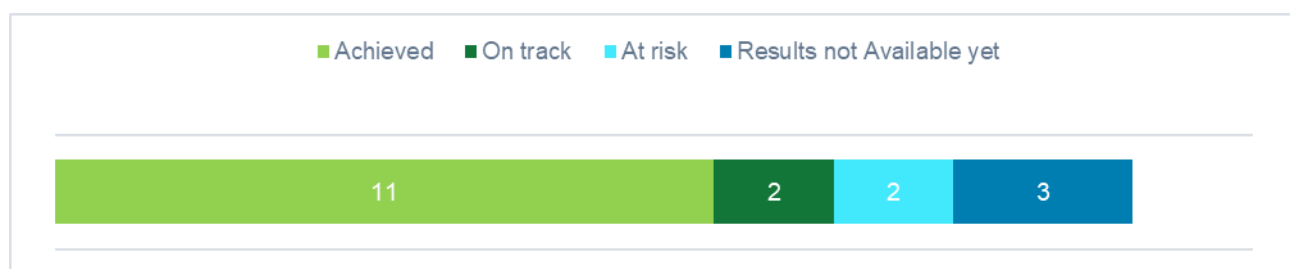
REGULATORY SERVICES - Performance Measures Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	CM9 Ref
Environmental Health					
RS4	Food safety – Food businesses are monitored to ensure compliance with legislation.	Food businesses operating under the Food Act 2014 are verified at the frequency determined by the Food Regulations 2015.	Achieve	Not Achieved As at 31 March 2021, 103 Food businesses operating a MPI template food control plan were verified. It was identified in March that 1 verification was not completed in January as was meant to be. The measure has been achieved for eight (8) out of nine (9) months YTD.	D19/69467
Resource Management Compliance					
RS12	Monitoring of District Plan requirements, resource consent compliance and complaints.	Known and reported instances of non-compliances with the District Plan and any resource consents will be responded to within five working days.	Achieve	Not Achieved As at 31 March 2021, The RMA monitoring and compliance role is currently vacant and although the wider Compliance Team are assisting with responses, the timeframe of 5 working days has not always been achieved.	D20/187900
RS13		All resource consents that are required to be monitored for the year are monitored for compliance with conditions.	Achieve	Not Achieved As at 31 March 2021, 49 resource consents received monitoring during the year; however, as the RMA monitoring and compliance role has been vacant since December 2020, no new monitoring has occurred since December 2020.	

Community Facilities

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	5,163	5,439	3,813	3,811	(2)
Targeted rates	7,094	7,306	4,929	4,927	(2)
Subsidies and grants for operating purposes	14	14	3	2,913	2,910
Fees and charges	1,665	1,734	1,114	896	(218)
Local authorities fuel tax, fines, infringement fees, and other receipts	214	211	11	43	32
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	14,150	14,704	9,870	12,590	2,720
Applications of operating funding					
Payments to staff and suppliers	9,403	9,615	6,486	8,606	2,120
Finance costs	1,037	1,192	504	413	(91)
Internal charges and overheads applied	2,326	2,422	1,883	1,937	54
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	12,766	13,229	8,873	10,956	2,083
Surplus (deficit) of operating funding (A-B)	1,384	1,475	997	1,634	637
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	3,800	956	(2,844)
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	3,091	345	434	(208)	(642)
Gross proceeds from sale of assets	-	-	-	18	18
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	3,091	345	4,234	766	(3,468)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	26	37	-	-	-
- to improve the level of service	843	463	3,116	266	(2,850)
- to replace existing assets	3,551	1,259	1,193	921	(272)
Increase (decrease) in reserves	55	61	922	1,213	291
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	4,475	1,820	5,231	2,400	(2,831)
Surplus (deficit) of capital funding (C-D)	(1,384)	(1,475)	(997)	(1,634)	(637)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	1,165	1,249	1,194	1,284	90

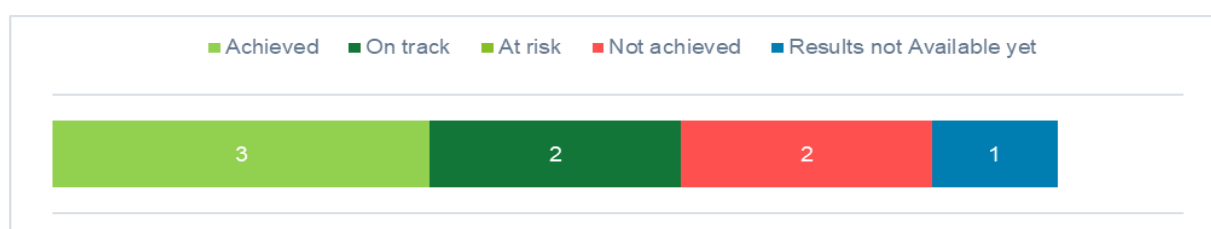
COMMUNITY FACILITIES AND SERVICES Performance Measures – LTP/Annual Plan Summary



REPRESENTATION AND COMMUNITY LEADERSHIP

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	505	575	30	30	-
Targeted rates	3,625	3,898	2,673	2,672	(1)
Subsidies and grants for operating purposes	-	-	-	731	731
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	91	2	-	62	62
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	4,221	4,475	2,703	3,495	792
Applications of operating funding					
Payments to staff and suppliers	1,419	1,296	1,150	1,817	667
Finance costs	117	134	92	76	(16)
Internal charges and overheads applied	3,074	3,224	2,359	2,391	32
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,610	4,654	3,601	4,284	683
Surplus (deficit) of operating funding (A-B)	(389)	(179)	(898)	(789)	109
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	2,173	2,173
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	330	203	911	(136)	(1,047)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	330	203	911	2,037	1,126
Applications of capital funding					
Capital expenditure					
- to meet additional demand	1	-	-	1	1
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	(60)	24	13	1,247	1,234
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	(59)	24	13	1,248	1,235
Surplus (deficit) of capital funding (C-D)	389	179	898	789	(109)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	13	14	-	-	-

REPRESENTATION AND COMMUNITY LEADERSHIP Performance Measures – LTP/Annual Plan Summary



REPRESENTATION AND COMMUNITY LEADERSHIP– Performance Measures Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	RM8 Ref
RCL2	Council provides open, accessible processes to local government.	LGOIMA requests responded to within 20 working days.	Achieve	<p>Not Achieved</p> <p>As at 31 March 2021, 176 LGOIMA requests had been received 137 were processed on time 11 were sent late 27 remain open: 16 on time; 11 late – 3 have extensions 1 was withdrawn During March, 0 responses had extensions/were overdue</p>	
RCL7	Council's planning documents meet statutory requirements and have unqualified audit opinions.	The Annual Report will include an unqualified audit opinion.	Achieve	<p>Not Achieved</p> <p>The Annual Report was adopted on 17 December 2020. However, the report was qualified due to audit unable to verify the completeness of SSP data which was collected by PNCC.</p>	D20/109758

COMMUNITY SUPPORT

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	2,471	2,540	2,054	2,053	(1)
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	28	28	33	43	10
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	134	137	1	53	52
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	2,633	2,705	2,088	2,149	61
Applications of operating funding					
Payments to staff and suppliers	1,247	1,276	1,236	1,105	(131)
Finance costs	1	1	12	-	(12)
Internal charges and overheads applied	1,370	1,414	868	828	(40)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	2,618	2,691	2,116	1,933	(183)
Surplus (deficit) of operating funding (A-B)	15	14	(28)	216	244
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(1)	(1)	5	-	(5)
Gross proceeds from sale of assets	-	-	-	7	7
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(1)	(1)	5	7	3
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	5	6	2
- to replace existing assets	-	-	-	3	3
Increase (decrease) in reserves	14	13	(28)	214	242
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	14	13	(24)	223	247
Surplus (deficit) of capital funding (C-D)	(15)	(14)	28	(216)	(244)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	13	12	9	9	-

COMMUNITY SUPPORT Performance Measures – LTP/Annual Plan Summary



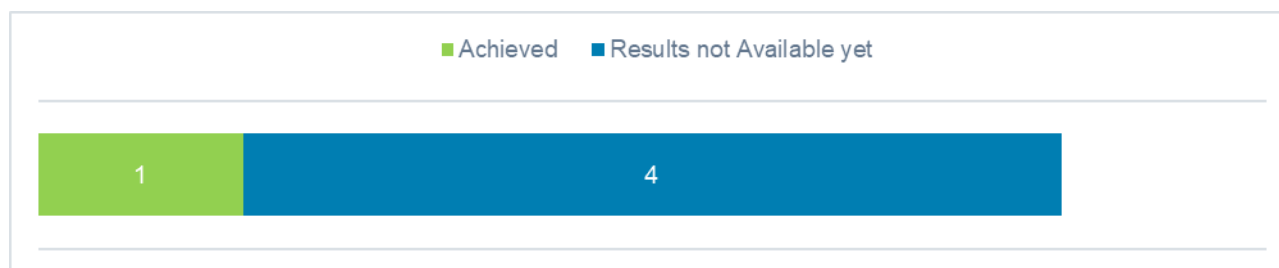
COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan (Emergency Management) – Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	RM8 Ref
CS2	Council maintains a functional EOC and trained staff.	Civil defence and emergency management assessment of readiness and capability.	100% of Council staff with EOC roles	<p>Not Achieved</p> <p>As at 31 March 2021, due to a lack of training opportunities for new staff to gain Emergency Management competencies, legacy impacts of COVID-19, and the late 2020 vacancy of the Emergency Management Officer position.</p>	

LAND TRANSPORT

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	3,486	3,681	2,720	2,719	(1)
Subsidies and grants for operating purposes	1,436	1,468	1,476	2,035	559
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	359	365	214	191	(23)
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	5,281	5,514	4,410	4,945	535
Applications of operating funding					
Payments to staff and suppliers	2,593	2,653	2,602	2,214	(388)
Finance costs	185	277	85	68	(17)
Internal charges and overheads applied	961	988	736	439	(297)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	3,739	3,918	3,423	2,721	(702)
Surplus (deficit) of operating funding (A-B)	1,542	1,596	987	2,224	1,237
Sources of capital funding					
Subsidies and grants for capital expenditure	4,308	4,634	5,217	4,430	(787)
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,835	1,970	1,713	632	(1,081)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	6,143	6,604	6,930	5,062	(1,868)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	3	3
- to improve the level of service	4,209	4,693	5,216	3,808	(1,408)
- to replace existing assets	3,458	3,535	2,718	2,804	86
Increase (decrease) in reserves	18	(28)	(17)	671	688
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	7,685	8,200	7,917	7,286	(631)
Surplus (deficit) of capital funding (C-D)	(1,542)	(1,596)	(987)	(2,224)	(1,237)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	5,143	5,305	3,891	3,891	-

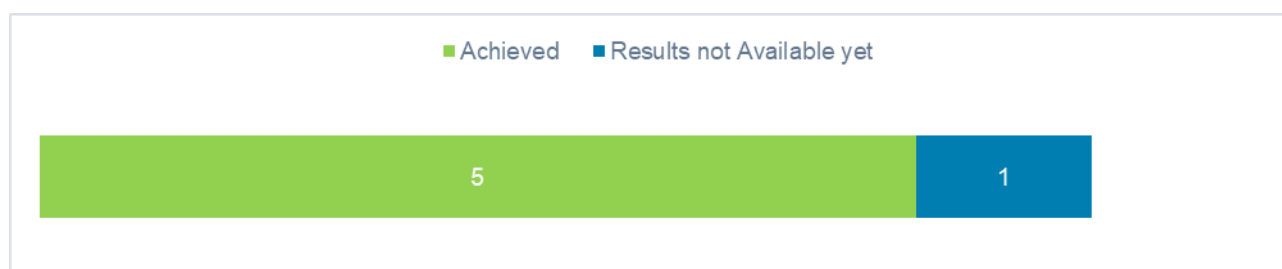
LAND TRANSPORT Performance Measures – LTP/Annual Plan Summary



STORMWATER

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	1,331	1,417	1,040	1,039	(1)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	92	95	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,423	1,512	1,040	1,039	(1)
Applications of operating funding					
Payments to staff and suppliers	421	432	323	127	(196)
Finance costs	412	462	193	167	(26)
Internal charges and overheads applied	98	102	232	307	75
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	931	996	748	601	(147)
Surplus (deficit) of operating funding (A-B)	492	516	292	438	146
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	81	81
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,006	780	1,014	268	(746)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1,006	780	1,014	349	(665)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	285	245	352	73	(279)
- to improve the level of service	1,050	905	931	1,299	368
- to replace existing assets	75	98	74	7	(67)
Increase (decrease) in reserves	88	48	(50)	(592)	(542)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	1,498	1,296	1,306	787	(519)
Surplus (deficit) of capital funding (C-D)	(492)	(516)	(292)	(438)	(146)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	657	690	495	495	-

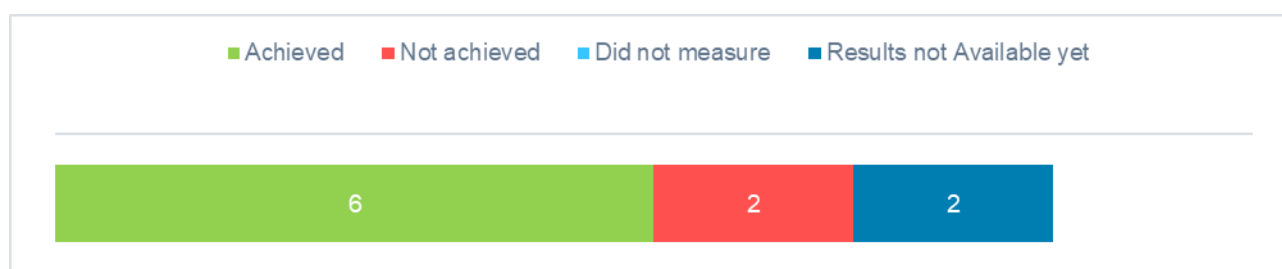
STORMWATER Performance Measures – LTP/Annual Plan Summary



WATER SUPPLY

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	6,748	6,925	4,950	4,757	(193)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	126	129	96	37	(59)
Local authorities fuel tax, fines, infringement fees, and other receipts	122	117	-	2	2
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	6,996	7,171	5,046	4,796	(250)
Applications of operating funding					
Payments to staff and suppliers	3,093	3,143	2,364	2,305	(59)
Finance costs	674	706	392	316	(76)
Internal charges and overheads applied	497	519	570	658	88
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,264	4,368	3,326	3,279	(47)
Surplus (deficit) of operating funding (A-B)	2,732	2,803	1,720	1,517	(203)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	625	656	1,041	1,247	206
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	625	656	1,041	1,247	206
Applications of capital funding					
Capital expenditure					
- to meet additional demand	1,138	561	656	66	(590)
- to improve the level of service	24	25	42	(13)	(55)
- to replace existing assets	2,350	2,636	1,962	2,082	120
Increase (decrease) in reserves	(155)	237	102	629	528
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	3,357	3,459	2,761	2,764	3
Surplus (deficit) of capital funding (C-D)	(2,732)	(2,803)	(1,720)	(1,517)	203
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	2,611	2,654	2,056	2,056	-

WATER SUPPLY Performance Measures – LTP/Annual Plan Summary



WATER SUPPLY – Performance Measures Not Achieved Measures Only

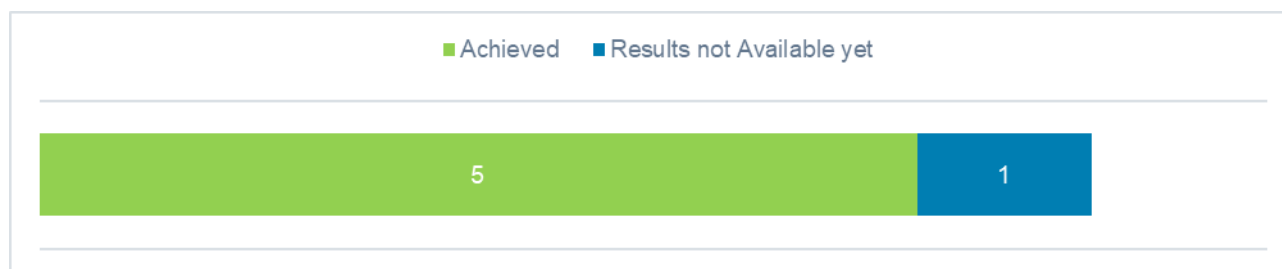
Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	RM8 Ref												
WS2	Safe water supply*.	(b) part 5 of the Drinking Water Standards (protozoa compliance criteria) in: Levin Shannon Foxton Foxton Beach Tokomaru	Achieved Achieved Achieved Achieved	<p>Not Achieved As at 31 March 2021:</p> <table border="1"> <thead> <tr> <th>Scheme</th> <th>Year to Date %</th> </tr> </thead> <tbody> <tr> <td>Levin</td> <td>100%</td> </tr> <tr> <td>Shannon</td> <td>0%*</td> </tr> <tr> <td>Foxton</td> <td>100%</td> </tr> <tr> <td>Foxton Beach</td> <td>100%</td> </tr> <tr> <td>Tokomaru</td> <td>100%</td> </tr> </tbody> </table> <p><i>* Rack A had gone without an integrity test within a calendar day on the 22nd of March and I have marked this as a failure in the March report until a decision is reached by the DWAs whether we pass or fail. We should hear back on a decision in two weeks.</i></p>	Scheme	Year to Date %	Levin	100%	Shannon	0%*	Foxton	100%	Foxton Beach	100%	Tokomaru	100%	D21/44997
Scheme	Year to Date %																
Levin	100%																
Shannon	0%*																
Foxton	100%																
Foxton Beach	100%																
Tokomaru	100%																

WS9	Minimal water losses*.	Real water loss performance of the network as measured by the standard World Bank Institute Band for Leakage.	Band "B"	<p>Partly achieved - Information as below</p> <p>A system for the monitoring of night flow trends, which form the basis of this performance assessment, has been implemented for all the supplies. The assessment which determines achievement/non achievement has been updated with the values for January 2021.</p> <table border="1" data-bbox="1240 344 1823 644"> <thead> <tr> <th>Supply</th> <th>"Snapshot" Infrastructure Leakage Index</th> </tr> </thead> <tbody> <tr> <td>Levin</td> <td>B</td> </tr> <tr> <td>Shannon & Mangaore</td> <td>C</td> </tr> <tr> <td>Foxton</td> <td>C</td> </tr> <tr> <td>Foxton Beach</td> <td>A</td> </tr> <tr> <td>Tokomaru</td> <td>C</td> </tr> </tbody> </table> <p>Levin has achieved the performance target of Band B through the implementation of Pressure Management interventions, but also been greatly influenced by the reduction of private side leakage after the installation of meters on the properties identified through leak detection.</p> <p>With the Council side interventions of Pressure Management and Active Leakage Control completed, universal customer water metering is the only cost effective way remaining to monitor and further reduce water losses in the district.</p>	Supply	"Snapshot" Infrastructure Leakage Index	Levin	B	Shannon & Mangaore	C	Foxton	C	Foxton Beach	A	Tokomaru	C	D21/3786
Supply	"Snapshot" Infrastructure Leakage Index																
Levin	B																
Shannon & Mangaore	C																
Foxton	C																
Foxton Beach	A																
Tokomaru	C																

WASTEWATER MANAGEMENT

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	7,734	8,364	4,742	4,740	(2)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,085	1,110	787	857	70
Local authorities fuel tax, fines, infringement fees, and other receipts	178	196	-	53	53
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	8,997	9,670	5,529	5,650	121
Applications of operating funding					
Payments to staff and suppliers	2,546	2,599	2,252	2,282	30
Finance costs	1,474	1,662	640	569	(71)
Internal charges and overheads applied	449	467	578	624	46
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,469	4,728	3,470	3,475	5
Surplus (deficit) of operating funding (A-B)	4,528	4,942	2,059	2,175	116
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	40	40
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	3,777	3,978	3,053	1,432	(1,621)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	3,777	3,978	3,053	1,472	(1,581)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	2,149	2,199	493	936	443
- to improve the level of service	3,363	3,422	2,038	2,573	535
- to replace existing assets	2,270	2,738	2,615	1,514	(1,101)
Increase (decrease) in reserves	523	561	(33)	(1,376)	(1,343)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	8,305	8,920	5,112	3,647	(1,465)
Surplus (deficit) of capital funding (C-D)	(4,528)	(4,942)	(2,059)	(2,175)	(116)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	3,349	3,518	2,498	2,498	-

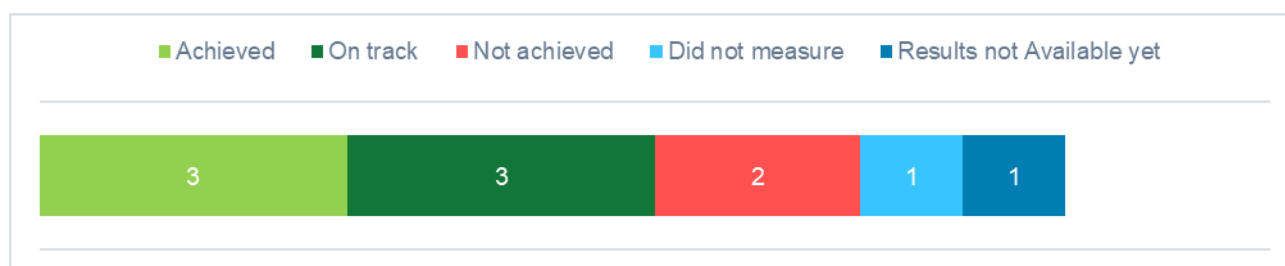
WASTEWATER MANAGEMENT Performance Measures – LTP/Annual Plan Summary



SOLID WASTE MANAGEMENT

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	350	350	924	923	(1)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	2,187	2,233	1,302	1,274	(28)
Local authorities fuel tax, fines, infringement fees, and other receipts	22	34	-	2	2
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	2,559	2,617	2,226	2,199	(27)
Applications of operating funding					
Payments to staff and suppliers	1,551	1,581	1,971	2,359	388
Finance costs	286	295	186	134	(52)
Internal charges and overheads applied	85	89	251	288	37
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,922	1,965	2,408	2,781	373
Surplus (deficit) of operating funding (A-B)	637	652	(182)	(582)	(400)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	185	(218)	936	416	(520)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	185	(218)	936	416	(520)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	413	23	433	66	(367)
- to replace existing assets	5	-	115	3	(112)
Increase (decrease) in reserves	404	411	207	(235)	(442)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	822	434	754	(166)	(920)
Surplus (deficit) of capital funding (C-D)	(637)	(652)	182	582	400
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	325	340	278	278	-

SOLID WASTE MANAGEMENT Performance Measures – LTP/Annual Plan Summary



SOLID WASTE – Performance Measures – LTP/Annual Plan Not Achieved Measures Only

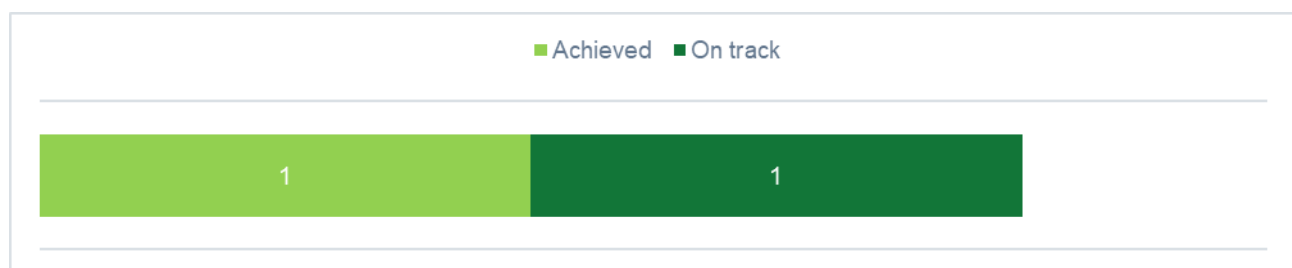
Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	RM8 Ref									
SW4	Response to service requests regarding Council's Solid Waste Activities is timely.	Time all requests are responded to.	Within 3 working days	<p>Not Achieved As at 31 March 2021:</p> <table border="1"> <thead> <tr> <th>For the Month</th> <th>Year to Date</th> </tr> </thead> <tbody> <tr> <td>56/71</td> <td>507/731</td> </tr> </tbody> </table>	For the Month	Year to Date	56/71	507/731	D21/43726					
For the Month	Year to Date													
56/71	507/731													
SW5	Recycling and refuse is collected on time and in a sanitary manner.	Number of complaints per-month about non collection of: Kerbside recycling Kerbside refuse	< 6 per month < 6 per month	<p>Not Achieved – Recycling Achieved – Rubbish Bags As at 31 March 2021:</p> <table border="1"> <thead> <tr> <th></th> <th>For the Month</th> <th>Year to Date</th> </tr> </thead> <tbody> <tr> <td>Kerbside recycling</td> <td>13</td> <td>178</td> </tr> <tr> <td>Kerbside refuse</td> <td>1</td> <td>44</td> </tr> </tbody> </table> <p>Please note: Not all complaints are due to genuine missed collections. Some bins may have not been collected for other reasons such as the bin not being out or the bin being contaminated. This month of the 13 recycling CRMs, 6 were due to the bin being out on the wrong week. The remaining were either missed or the cause on non-collection was unknown. Missed collection CRM's are actioned by Low Cost Bins.</p>		For the Month	Year to Date	Kerbside recycling	13	178	Kerbside refuse	1	44	D21/43726
	For the Month	Year to Date												
Kerbside recycling	13	178												
Kerbside refuse	1	44												

PROPERTY

	LTP Forecast 2020 \$000	LTP Forecast 2021 \$000	Annual Plan Forecast Mar YTD 2021 \$000	Actual Mar YTD 2021 \$000	Variance Mar YTD 2021 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	1,083	1,107	694	693	(1)
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	169	170	125	174	49
Local authorities fuel tax, fines, infringement fees, and other receipts	134	129	1	22	21
Internal charges and overheads recovered	467	484	324	248	(76)
Total operating funding (A)	1,853	1,890	1,144	1,137	(7)
Applications of operating funding					
Payments to staff and suppliers	1,182	1,173	596	543	(53)
Finance costs	302	327	225	180	(45)
Internal charges and overheads applied	301	312	236	237	1
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,785	1,812	1,057	960	(97)
Surplus (deficit) of operating funding (A-B)	68	78	87	177	90
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	632	587	(2,240)	515	2,755
Gross proceeds from sale of assets	-	-	3,750	2,958	(792)
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	632	587	1,511	3,473	1,963
Applications of capital funding					
Capital expenditure					
- to meet additional demand	1	1	-	-	-
- to improve the level of service	455	2,377	150	948	798
- to replace existing assets	434	589	441	215	(226)
Increase (decrease) in reserves	(190)	(2,302)	1,007	2,487	1,481
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	700	665	1,598	3,650	2,053
Surplus (deficit) of capital funding (C-D)	(68)	(78)	(87)	(177)	(90)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	215	251	194	194	-

PROPERTY

Performance Measures – LTP/Annual Plan Summary



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

Chief Executive Report - Public Participation

File No.: 21/154

1. Purpose

To provide Council with the follow up actions undertaken by the Chief Executive following public participation actions of the prior Finance, Audit & Risk Committee on 31 March 2021.

2. Recommendation

- 2.1 That Report 21/154 Chief Executive Report - Public Participation be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Background/Previous Council Decisions

At the 31 March 2021 Finance, Audit & Risk Committee meeting, the following public participation was recorded:

- Mr Charles Rudd raised two areas of concern in relation to items in the Infrastructure Development – Activity Update, being the Crown Infrastructure Partners Enabling Infrastructure for Tara-Ika and the North East Levin Upgrade Project. He suggested Council was putting the cart before the horse and progressing without all the facts. Mr Rudd provided a copy of his comments.
- Also speaking to the North East Levin Upgrade Project, Reg Cr Sam Ferguson said he had recently attended a drainage meeting where the community had raised concerns that he had not been able to answer and he was seeking clarity with regard to the process. Mr Clapperton said he would be happy to meet with Reg Cr Ferguson to go through the process with him.
- Mrs Vivienne Bold raised a number of issues in relation to the notes to the Statement of Comprehensive Revenue and Expense by Activity in the Eight Month Report. Because of the complexity of some of the matters raised, Mr Clapperton requested that Mrs Bold provide a copy of her questions so he could respond appropriately.

4. Issues for Consideration

Updates from the Chief Executive Officer in response to the public participation are noted as follows:

- Mr Charles Rudd raised two areas of concern in relation to items in the Infrastructure Development – Activity Update, being the Crown Infrastructure Partners Enabling Infrastructure for Tara-Ika and the North East Levin Upgrade Project. He suggested Council was putting the cart before the horse and progressing without all the facts. Mr Rudd provided a copy of his comments.
 - No further action.
- Also speaking to the North East Levin Upgrade Project, Reg Cr Sam Ferguson said he had recently attended a drainage meeting where the community had raised concerns that he had not been able to answer and he was seeking clarity with regard to the process. Mr Clapperton said he would be happy to meet with Reg Cr Ferguson to go through the process with him.
 - Officers met with Reg Cr Ferguson on Wednesday 7 April 2021 to outline the process toward the consent for the stormwater attenuation improvements. Officers reiterated that the current works on Roslyn Road are independent from

the works proposed under the consent application. The consent hearing is set down for 26 May 2021.

- Mrs Vivienne Bold raised a number of issues in relation to the notes to the Statement of Comprehensive Revenue and Expense by Activity in the Eight Month Report. Because of the complexity of some of the matters raised, Mr Clapperton requested that Mrs Bold provide a copy of her questions so he could respond appropriately.
 - Chief Executive distributed the handwritten notes from Mrs Bold to Councillors as it was determined that her notes were statements rather than a request for specific clarification to certain areas for the Chief Executive to formulate a response.

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)	David Clapperton Chief Executive	
Approved by	David Clapperton Chief Executive	

FAR Committee - Actions

File No.: 21/156

1. Purpose

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

2. Recommendation

- 2.1 That Report 21/156 FAR Committee - Actions be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As attached.

Attachments

No.	Title	Page
A	Finance, Audit & Risk Committee - Officer Actions 2020/2021	146

Confirmation of statutory compliance

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

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

Signatories

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

Date	Item/ Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
29/07/20	20/291	<u>Monitoring Report – Audit Recommendations 20/08/2019</u>	Letter requested from Audit noting recommendations that have been cleared	Jacinta Straker		In progress	Still awaiting report from Audit NZ
27/01/21			Response being pursued from Audit NZ.	Jacinta Straker		In progress	Followed up with Audit NZ
30/09/20	20/361		A site visit to be arranged for Elected Members to the Foxton Wastewater Treatment Plan	Kevin Peel	March 2021	In progress	A visit was held on Wednesday 24 March 2021. Unfortunately, 4 Elected Members were unable to attend. A second visit is being arranged for these members on 29 April 2021.
25/11/20	20/465	<u>Customer & Strategy – Activity Update</u>	To provide further information with regard to current and future consenting activity – trends to be identified in the growth dashboard	Megan Leyland		In progress	Awaiting changes to reports and processes
27/01/21	20/584	<u>Health & Safety Report</u>	Near miss reporting – further on this for the next	Tanya Glavas	April 21	In progress	Will be updated at next FAR committee meeting

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			FAR meeting				
	20/566	<u>Six Month Report</u>	Reporting on how extra operational grants were dealt with in Council's books	Doug Law		Completed	Grants table added to financial report
24/02/21	21/40	<u>Infrastructure Operations – Activity Update</u>	Agenda Page 33: – Monthly Compliance Reporting for Drinking Water Supply – Water Treatment – why N/A for FB, Levin and Shannon – Chemical Compliance Requirements – explanation of the acronyms	Kevin Peel	March 2021	Completed	Explained/updated in the Alliance's monthly reports. Acronyms will no longer be used.
31/03/21	21/41	<u>Seven Month Report</u>	Properties graph – page 55 – more detailed report requested A broader report on properties that had been sold (not just Roe Street) requested	Jacinta Straker		Completed	Additional commentary added to the Financial Report within the Property capital activity graph in addition to Note 12.

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31/03/21		<u>Public Participation</u>	Meet with Reg Cr Ferguson to explain the process re the North East Levin Upgrade Project	David Clapperton		Complete	
			Respond to issues raised by Vivienne Bold in relation to the various notes Eight Month Report – Statement of Comprehensive Revenue & Expense by Activity	David Clapperton		Ongoing	CE distributed notes from Vivienne Bold to Councillors as there were no specific questions to be able to formulate a response. CE advised that he could meet with Vivienne Bold to clarify what information she requires.
		<u>Infrastructure Operations – Activity Update</u>	Levin Wastewater Treatment Plant digesters – one digester had failed and replacement options being looked at - report to come to Council, including any risks to Council	Kevin Peel	June 2021	Ongoing	It will take 2-3 months to decommission the digester before an in-depth inspection can take place to ascertain what options are available. A cost/benefit evaluation will then be undertaken on the available options to determine the appropriate

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							way forward. Following this work a report will be prepared for Elected Members.