

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

**Date:** Wednesday 22 May 2019  
**Time:** 4.00 pm  
**Meeting Room:** Council Chambers  
**Venue:** Horowhenua District Council  
Levin

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## Finance, Audit & Risk Subcommittee

### OPEN AGENDA

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#### MEMBERSHIP

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

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

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



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<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>PROCEDURAL</b>		
1	Apologies	5
2	Public Participation	5
3	Late Items	5
4	Declarations of Interest	5
5	Confirmation of Minutes – 24 April 2019	5
6	Announcements	5
<b>REPORTS</b>		
7	Reports	
	7.1 Projects Update	7
	7.2 Ten Month Report 1 July 2018 - 30 April 2019	55
	7.3 Liability Management Policy Changes	69
	7.4 Internal Audit Programme	75
<b>IN COMMITTEE</b>		
C1	Risk Update	77
C2	Purchase of Land - Gladstone Road	77



**1 Apologies**

**2 Public Participation**

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

See over the page for further information on Public Participation.

**3 Late Items**

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

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

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

**4 Declarations of Interest**

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

**5 Confirmation of Minutes**

**5.1 Meeting minutes Finance, Audit & Risk Subcommittee, 24 April 2019**

**6 Announcements**

Public Participation (further information):

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

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

Meeting protocols

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

# Projects Update

File No.: 19/165

## 1. Purpose

To provide the Finance, Audit and Risk Subcommittee with an update of the projects being undertaken by the Infrastructure Projects Team.

## 2. Recommendation

- 2.1 That Report 19/165 Projects Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

## 3. Issues for Consideration

As provided in the **attached** reports.

## Attachments



No.	Title	Page
A	Project Report - Tokomaru Wastewater Supply - Overview - May 2019	9
B	Project Report - Tokomaru Water Supply - Overview - May 2019	14
C	Project Report - Foxton Wastewater Discharge Project Overview - May 2019	18
D	Project Report - Foxton Beach Stormwater Consent - May 2019	22
E	Project Report - Shannon Water Supply - Overview May 2019	25
F	Project Report - North East Levin Stormwater (Discharge to Koputaroa Stream Tributary) May 2019	28
G	Project Report - Levin Stormwater Consent - May 2019	31
H	Poads Road Bridge Project Summary - FARS	34
I	Queen Street - Cambridge Street Intersection Improvements Project Summary - FARS	37
J	Project Report - HITS-O2NL Summary	40
K	Gladstone Green Master Plan - Project Summary - May 2019	44
L	Transforming Taitoko Levin - Levin Town Centre - Project Summary - May 2019	48
M	Project Report - Shared Pathways Network - May 2019	51

### **Confirmation of statutory compliance**

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

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

## Signatories

Author(s)	Rob Green <b>Acting Group Manager - Infrastructure Services</b>	
Approved by	David Clapperton <b>Chief Executive</b>	



# Tokomaru Wastewater Supply - Overview

## Project Overview Summary

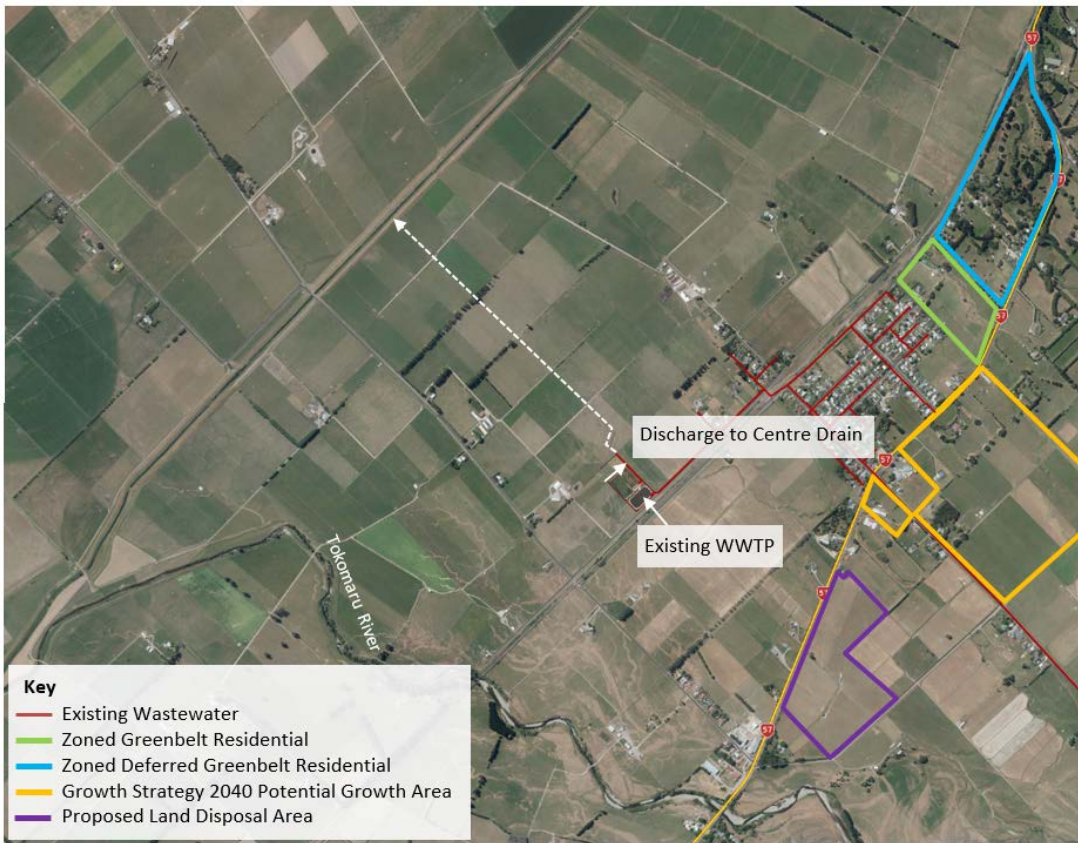
### Project Objective:

The project's aim is to:

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

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"><li>▪ Council commitment to land based, long term disposal</li><li>▪ Short term consent sought for discharge to water to provide time to investigate, design, and consent land based option</li><li>▪ MfE Funding assisted with purchase of land</li></ul>	<ul style="list-style-type: none"><li>▪ Resolve short term consent with Horizons and submitters</li><li>▪ Establish Wastewater Working Group (iwi, community and interested parties) to work with Council towards long term land option</li><li>▪ Cultural Impact Assessment being undertaken by Ngati Whakatere</li></ul>	<ul style="list-style-type: none"><li>▪ Council hopes to have short term consent resolved mid 2019</li><li>▪ Wastewater Working Group to be established mid 2019</li><li>▪ Collaborative working on land option 2019 - 2021 (see indicative timeline over page)</li><li>▪ CIA to be completed mid 2019</li></ul>

### Overview of scheme:



## Work to date:

### Short-Term Consent

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

Conditions for the short-term consent have been agreed with Regional Council and are currently with submitters for feedback and confirmation as to whether or not the conditions satisfy their concerns. As of 14 May, seven of the fourteen submissions have been resolved. Council is working with the remaining submitters and is anticipating that the majority, if not all, of submissions will be able to be resolved. A further pre-hearing and potentially a hearing may be required if all submissions are not resolved. The need for this will be determined following completion of the CIA in late June.

### Long Term Land Based Treatment Option

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

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

The next stage is to set up the project structure & timeline; and establish a Wastewater Working Group. This is currently on hold pending resolution of the short term consent.

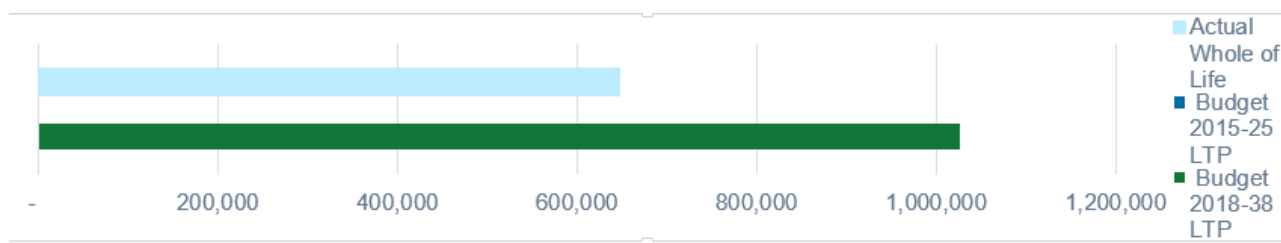
The Wastewater Working Group will include representatives from iwi, community and interested parties. Council will also consult and engage with mana whenua separately from the Working Group.

The project is in the very early stages and we are still working through how it will be delivered. We welcome input from iwi as to how they wish Council to engage with them and how they wish to be involved.

## Financials:

*The funding arrangements are loan funded*

*The proposed cost of the project is \$1,027,000 over the expected lifespan of the project.*



	2017/18	2018/19	2019/20	2020/21	2021/22	Total
<b>Capital expenditure</b>	70,000	577,826				647,826



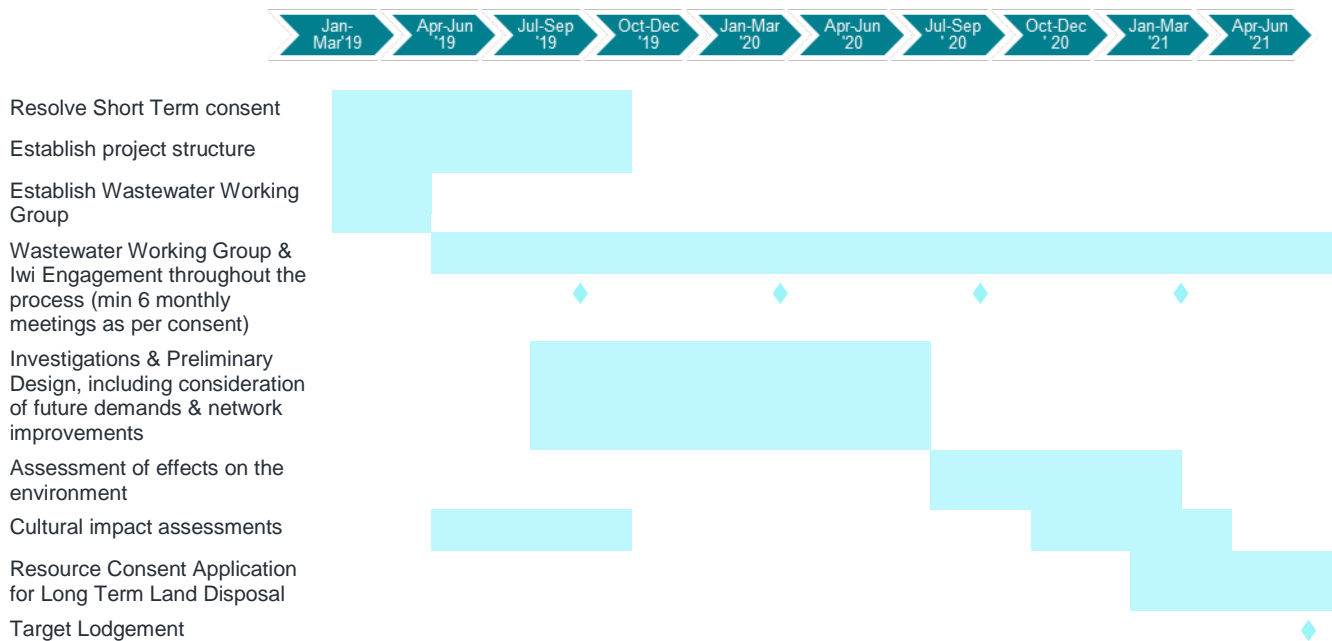
**Risk Management:**

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

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

**Timeline:**

Note: the timeline is indicative only at this stage



# Tokomaru Water Supply - Overview

## Project Overview Summary

### Project Objective:

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

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"><li>Application has been lodged with Regional Council</li><li>Processing on hold for further information &amp; CIA by Ngati Whakatere (due end June)</li><li>Approvals obtained from Department of Conservation, Drinking Water Assessor and TMI Rangitaane</li></ul>	<ul style="list-style-type: none"><li>Response to Regional Council s92 request (end May)</li><li>CIA to be completed (end June)</li></ul>	<ul style="list-style-type: none"><li>Application lodged 31 May</li><li>Existing consent will continue to be active until new consent is resolved</li></ul>

### Overview of scheme:



**Abstraction from Tokomaru River**

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



**Treatment & Storage**

Membrane filtration treatment plant located on Tokomaru East Road. Approx. 500 m<sup>3</sup> (2 days) of storage.



**Community Served**

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

- 222 connections of which 34 are metered

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

**Existing Consent**

- Abstract up to 864 m<sup>3</sup>/day, at maximum rate of 36 m<sup>3</sup>/hr
- No conditions for metering of abstraction
- No conditions requiring water conservation measures

**Consent sought**

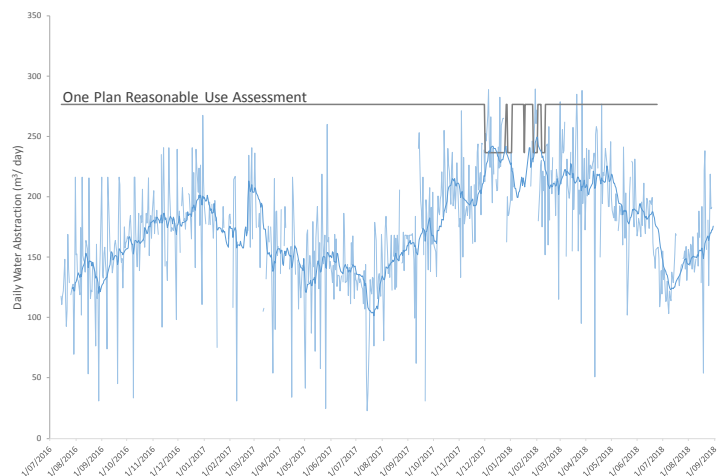
- Reduced consent limits to better match demand, but retain higher abstraction rate when needed to fill up storage
- Abstraction metering & telemetry
- Water conservation measures at times of low flow

Optimise use of storage to reduce abstraction as much as possible during times of minimum flow

**How much water does the community use?**

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

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

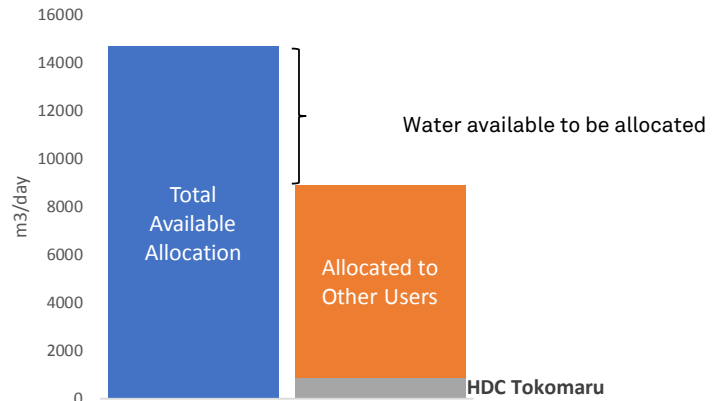


**Water Allocation & Ecological Effects**

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

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

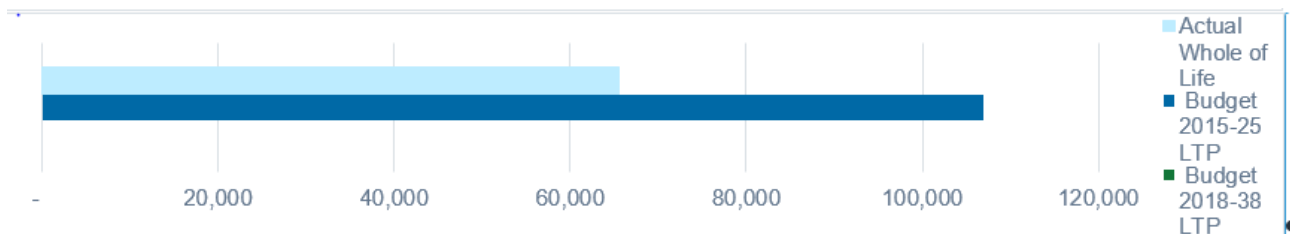
The One Plan provides for community takes to continue (with water conservation measures in place) when the River is below minimum flow (240 L/s). An ecological assessment found that the effects of the abstraction when the River is below minimum flow are less than minor.



**Financials:**

The funding arrangements are reserve funded.

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



	2017/18	2018/19	2019/20	2020/21	2021/22	Total
<b>Capital expenditure</b>		65,469				65,469

**Risk Management:**

Risk Area	Risk Description	Initial (GOR)	Risk Assessment (Low to Extreme) without control	Control	Residual (GOR)	
Strategic	Potential for Quantity of Water allocated to be insufficient for growth	A	Moderate	Consent conditions to be structured to allow for further approval at time of growth in the community. Ensuring water sensitive design	G	Low



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

## Consultation and affected parties:

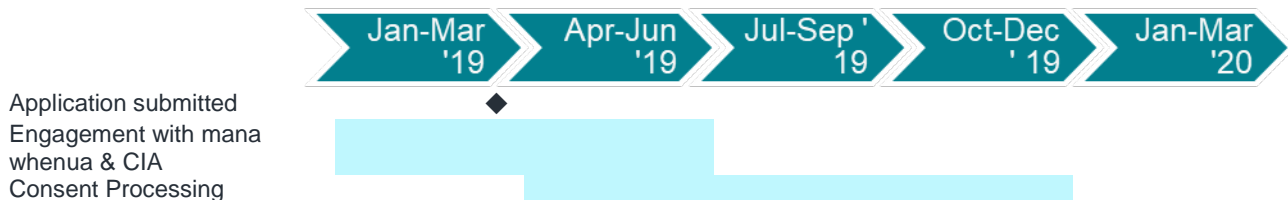
Engagement is ongoing with Ngati Whakatere and a Cultural Impact Assessment has been commissioned.

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

Written approval has been obtained from Department of Conservation and is expected from the District Health Board (Drinking Water Assessor – verbal agreement has been given).

Fish & Game consultation is being followed up.

## Timeline:



# Foxton Wastewater Discharge Project Overview Summary

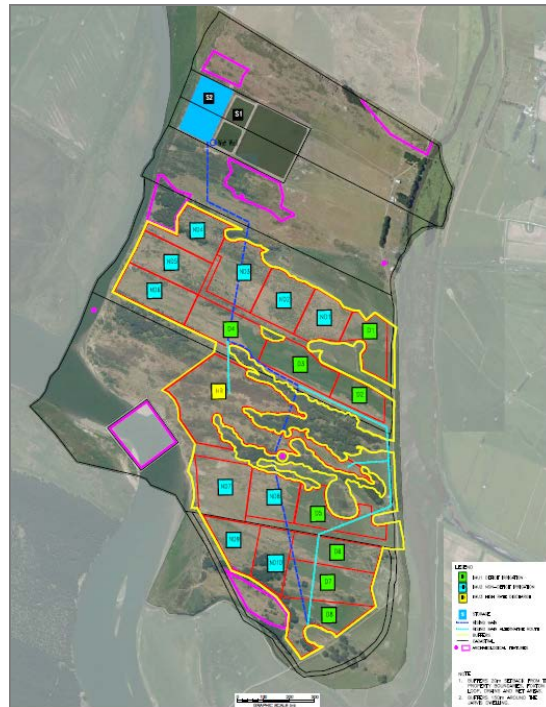
## Project Objective:

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

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"><li>□ Resource consents for the irrigation discharge have been granted.</li><li>□ Main pond has been partly de-sludged.</li><li>□ Project team is actively planning for irrigation and storage pond construction.</li><li>□ A new inlet step screen is now installed and operating at the WWTP.</li><li>□ Interim Operations and Management Plan has been lodged with Horizons within the 3-month deadline.</li></ul>	<ul style="list-style-type: none"><li>• Management of multi-disciplinary team to design and construct new scheme.</li><li>• Management of land owner and iwi relationships.</li><li>• Management of budgets and differing contractual approval processes.</li><li>• Co-ordination of complex range of systems and activities to ensure full integration of WWTP, irrigation, and farm operations.</li></ul>	<ul style="list-style-type: none"><li>• Consents granted 4 February 2019.</li><li>• 3-month and 6-month deadlines for completing some management plans and WWTP changes.</li><li>• 3-year deadline from granting of consent for starting irrigation, using new storage pond, and ceasing discharge to Foxton Loop.</li></ul>

## Overview of scheme:

- The Foxton WWTP is a 3-pond system located SW of Foxton between the two arms of Foxton Loop on farm land known as Matararapa. The WWTP was constructed in 1976 and discharges treated wastewater into the western arm of Foxton Loop.
- On 4 February 2019 the Environment Court granted consents to develop and operate a land discharge system to replace the Foxton Loop discharge system. It allows irrigation of the area outlined in yellow on the map below and construction of a new storage pond (blue rectangle).



### Work to date:

- A project management team has been formed and is actively planning and co-ordinating activities.
- Timelines, scopes, and preliminary budgets have continued to be developed for a wide range of tasks.
- The available funds allocated to the project and likely to be carried over from 2018/19 to 2019/20 have been calculated for the 2019/20 Annual Plan.
- Health and safety management is being documented. Contractor selection and authorisation of budgets is being documented for each task.
- Preliminary designs and draft documentation have been prepared for procurement and consent approval purposes.
- There continues to be significant collaboration with the farmers and iwi.
- A new access road has been constructed across the southern portion of the farm, with archaeological supervision concluding that no archaeological sites were encountered or affected.
- The northern section of access road to the WWTP entrance has been graded and resurfaced.
- Lower voltage power has been installed around the WWTP ponds to operate the new inlet step screen which was installed and operational before 3 May 2019 as required by the consent conditions.
- A shut-off valve has been installed at the WWTP outlet to ensure compliance with the daily discharge limit to Foxton Loop.
- For efficient of design and construction reasons, the redesign and bund height works has been deferred to coincide with the irrigation wetwell and storage ponds works.
- The Interim Operations and Management Plan (IOMP) was prepared and lodged with Horizons Regional Council for certification on 3 May 2019 as required by the consent conditions.
- The existing groundwater monitoring bores and standpipes were sampled in March 2019 and six new bores (to replace standpipes) are being installed on 17 May 2019 to ensure that the next set of samples in June 2019 will include all of the bores prior to 4 August as required by the consents.
- Surveying of the access track (for easement registration) and monitoring bores, pegging out of important land boundaries, and installation of survey datums has been arranged.

### Risk Management:

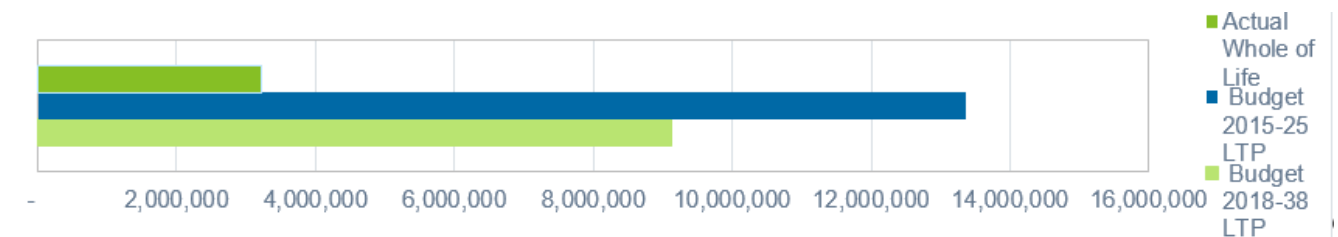
Risk Area	Risk Description	Initial (GOR)	Risk Assessment (Low to Extreme) without control	Control	Residual (GOR)
<b>Strategic</b>	Landowner agreement.	A	Differing design views resulting in disputes and delays to implementing project within consented deadlines.	Robust and regular landowner engagement.	G
	Iwi expectations.	A	Differing views on commitments given resulting in delays to implementing project within consented deadlines.	Robust and regular landowner engagement.	G
	Wastewater continues to enter river longer than planned.	A	Council's target of ceasing all wastewater discharges to river is delayed unacceptably long.	Active information sharing and relationship building. Sound project management.	G
<b>Financial</b>	Budget exceedances or spending funds sooner than expected.	A	Strains Council's finances and forces unexpected borrowing and interest costs.	Financial planning and regular cost management.	G
	Clashing or unclear procurement processes.	A	Contractor engagement and payment is not authorised or causes perceived or real legal and/or reputational risks.	Procurement Plan and associated processes for contractor selection and contract authorisation documentation.	G
<b>Service Delivery</b>	Resource availability and timing causing delays.	G	Delays can compound and can breach consent timing limits and add to costs.	Strong project and staff management controls. Provision of additional resources if needed.	G
	Inadequate consideration of components causing failures or unable to integrate with other parts of the systems.	G	Failures or incompatibility can be costly to rectify and waste time.	Specifications will be developed by project team to ensure their suitability. Need interactive team management.	G
<b>Legal</b>	Breaches of consent conditions, One Plan, District Plan, or Heritage Act.	G	HDC and contractors liable for enforcement action and for rectifying environmental damage.	Training/education for all personnel. Supervision will include compliance checks. Compliance essential.	G
	Health and Safety at Work Act.	G	HDC and contractors liable for any failures to protect people from harm.	Robust safety systems and plans are being developed. Hierarchy and conflicts of policies and procedures are being managed and integrated.	G
<b>Reputational</b>	Project implemented poorly or fails to operate as intended. Lower standards are allowed than would be expected of another farm or business.	G	Council seen as having an inability to deliver significant infrastructure projects.	Specifications and regular inspections of work. High standards will be expected and enforced. Short cuts and poor workmanship will be addressed promptly.	G

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

## Financials:

The funding arrangements are loan funded.

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



	2015/16	2016/17	2017/18	2018/19	2019/20	Total
<b>Capital expenditure</b>	948,313	1,193,103	263,790	806,912		<b>3,212,119</b>

## Consultation and affected parties:

Council has been engaging with the landowners and relevant iwi since 2014. Council has also been engaging with some Horizons staff regarding consent conditions and their expectations of construction methodologies, monitoring requirements, documentation requirements, and reporting.

## Timeline:



<b>Roading upgrade</b>		<b>Completed</b>		
<b>Interim Management Plans</b>		Submitted		
<b>Procurement planning and scheduling</b>		Draft specs	Finalise	Implement
<b>Irrigation development</b>	Planning	Concept plans	Revisions	Conceptual design
<b>Actuator valve and inlet screen</b>		Installed		
<b>Monitoring</b>		Bores in	Start new monitoring	

# Foxton Beach Stormwater Consent Project Overview Summary

## Project Objective:

To agree on stormwater discharge consent with Horizons Regional Council and key stakeholders.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"><li>Consents are required for Council's stormwater discharges to the Manawatu Estuary</li><li>An application for consent is currently being prepared</li><li>Engagement has commenced with mana whenua</li></ul>	<ul style="list-style-type: none"><li>Ongoing engagement with mana whenua</li><li>Stormwater monitoring to confirm quality of discharges</li><li>Ecological effects assessment</li><li>Consultation with affected parties</li></ul>	<ul style="list-style-type: none"><li>A draft application has been prepared. Lodgement dates will depend on consultation timing and effects assessment timelines</li></ul>

## Overview of Stormwater Discharges:



The discharge points are shown in the diagram above. There are five discharges direct to the Estuary, some seepage to ground through the attenuation ponds, and some discharges direct to Whitebait Creek.

Council's policy is that properties are required to provide on-site stormwater management (generally through soak pits). The consent application is for Council's stormwater network only and doesn't include the on-site soakage pits on private property.

Some of the discharges are direct to the Estuary (eg those on Dawick, Robbie, and Hartley Streets). The Holben stormwater discharge is a pumped discharge and includes some attenuation and treatment via the plantings and detention areas in the reserve and recreational areas. There are also attenuation ponds in the subdivision to the north-east of the community.

## Work to date:

Modelling of the network has been undertaken to assess network capacity, flooding areas and estimated stormwater quantities.

A monitoring programme of the quality of the stormwater discharges and the effects on the Estuary has commenced and will be refined as information is gathered.

An ecological effects assessment has commenced in November 2018. The first stage has been to assess likely risks so that the monitoring programme can be refined and a more detailed effects assessment can be undertaken. The monitoring programme is now being implemented. Consultation is ongoing with iwi groups to develop a framework for cultural health monitoring and undertaking cultural impact assessments.

## Financials:

The proposed cost of the project is \$200,000 over the expected lifespan of the project.

	2016/17	2017/18	2018/19	2019/20	Total
<b>Capital expenditure</b>	-	17,396.85	43,842.31	-	61,239.16

## Risk Management:

Risk Area	Risk Description	Initial (GOR)	Risk Assessment (Low to Extreme) without control	Control	Residual (GOR)	
<i>Strategic</i>	Potential for HRC to determine that consent should not be granted	A	Significant but able to be controlled	Detailed documentation in the consent application to show that discharge is controlled effectively.	A	Moderate

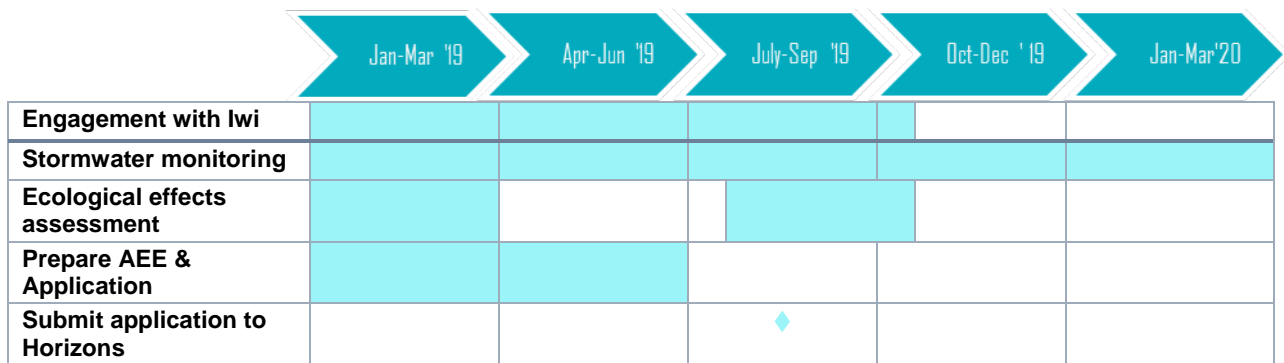
Likelihood	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely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

## Consultation and affected parties:

Consultation has commenced with iwi groups. Initial discussions have been held with Te Runanga o Raukawa and Rangitaane, and feedback is sought on cultural health monitoring and processes to undertake cultural impact assessment(s).

Consultation with the community, Department of Conservation and Fish and Game will also be required.

**Timeline:**





# Shannon Water Supply - Overview

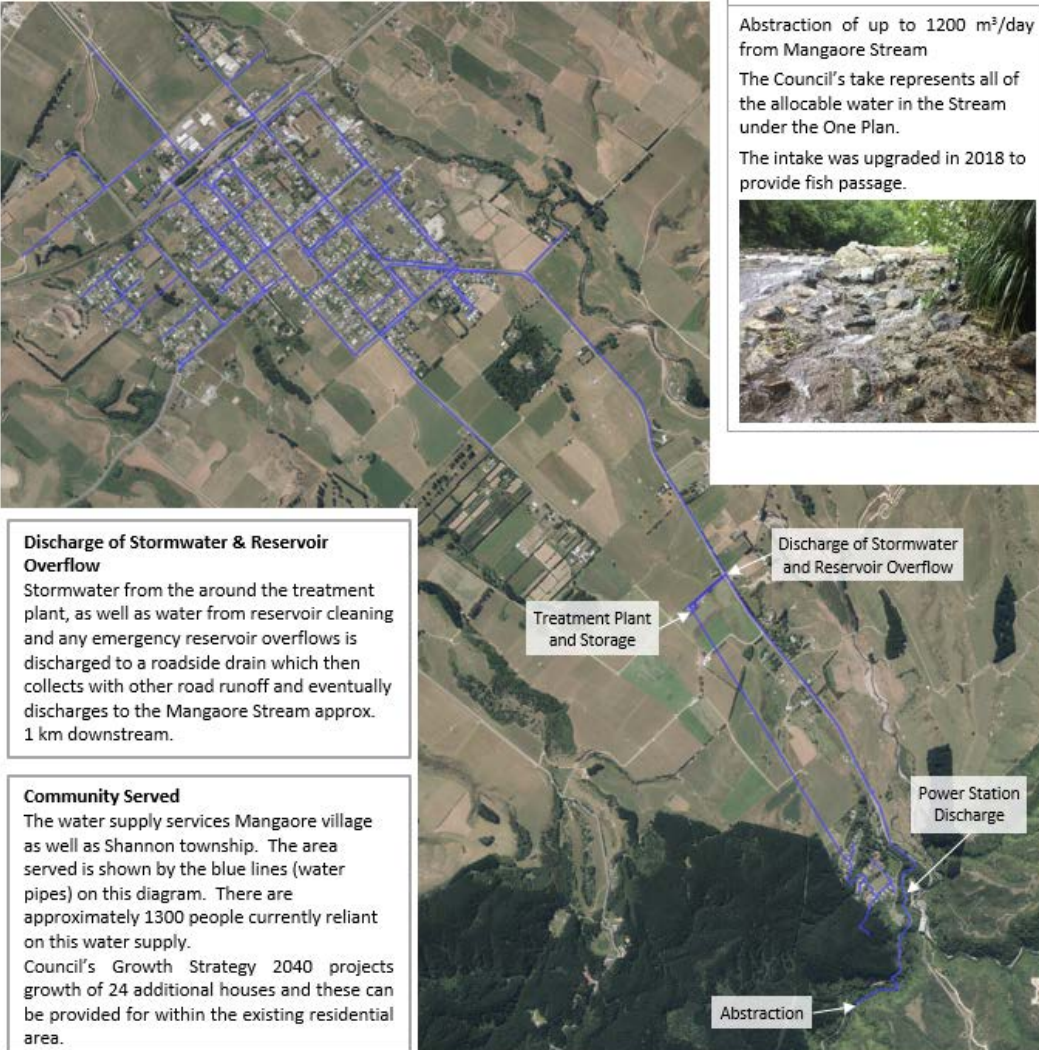
## Project Overview Summary

### Project Objective:

To renew water take consent(s) for Shannon Water by 30 September 2019, within budget.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> <li>CHI report has been completed by Ngati Whakatere</li> <li>Application lodged ahead of required date to allow for discharge and take to be considered together</li> <li>Application is on Hold while Council investigates water losses</li> </ul>	<ul style="list-style-type: none"> <li>CHI recommendations to be discussed with Ngati Whakatere and actions agreed</li> <li>Council to assess water use over summer now that major leaks have been repaired &amp; better data logging is available</li> </ul>	<ul style="list-style-type: none"> <li>Existing consent expires December 2019</li> <li>Application to be updated and resubmitted mid 2019</li> </ul>

### Overview of scheme:



**Abstraction of up to 1200 m<sup>3</sup>/day from Mangaore Stream**  
The Council's take represents all of the allocable water in the Stream under the One Plan.  
The intake was upgraded in 2018 to provide fish passage.

**Discharge of Stormwater & Reservoir Overflow**  
Stormwater from the around the treatment plant, as well as water from reservoir cleaning and any emergency reservoir overflows is discharged to a roadside drain which then collects with other road runoff and eventually discharges to the Mangaore Stream approx. 1 km downstream.

**Community Served**  
The water supply services Mangaore village as well as Shannon township. The area served is shown by the blue lines (water pipes) on this diagram. There are approximately 1300 people currently reliant on this water supply.  
Council's Growth Strategy 2040 projects growth of 24 additional houses and these can be provided for within the existing residential area.

Labels on map: Abstraction, Treatment Plant and Storage, Discharge of Stormwater and Reservoir Overflow, Power Station Discharge.

## Culture Health Indicator Report:

Te Roopu Taiao o Ngati Whakatere Trust completed a Cultural Health Indicator report on the Mangaore Stream with a focus on the Shannon drinking water supply and Shannon wastewater discharge. The report included 5 recommendations relating to the Shannon drinking water supply. These were:

1. Ensure HDC provide fish passage to the upper Mangaore Stream as conditions of resource consent for the Shannon water supply intake weir and ensure operation of the fish pass is effective at all flows and for all species.
2. Provide information on the hydrology and water allocation limits for the Mangaore Stream to better understand the impact of the Shannon water supply take.
3. Include water conservation measures for Shannon on the water take consent, including alert monitoring of low flow levels and notification of water restrictions to essential needs only.
4. Ngati Whakatere to build a relationship with King Country Energy and Trustpower to better understand the impacts and operation of the Mangahao power station discharge.
5. HDC to enable regular stream health and mātauranga Māori monitoring with Shannon school in the upper Mangaore catchment.

The next step is for Council to meet with Te Roopu Taiao o Ngati Whakatere Trust to discuss these recommendations and agree actions moving forward.

## Water Loss Investigations:

In 2018, Council has been investing in water meters on the bulk supply lines to enable better measurement of how much water is being used and where water is being lost. Two large leaks were found during this investigation which reduced the daily consumption by just under 200 m<sup>3</sup>/day. Some unauthorised connections were also identified and are being addressed. Work is ongoing to identify leaks and fix these as quickly as possible.

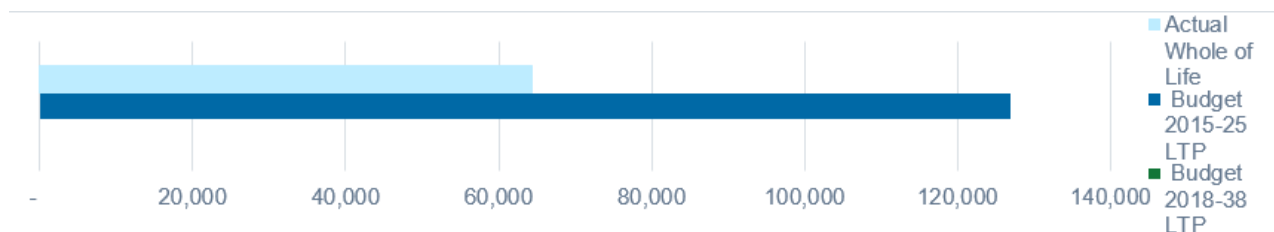
By the end of 2018, Council had the necessary meters and data loggers in place to be able to get an accurate measure of the amount of water used over the summer period, now that the major leaks have been repaired. Data from the summer period is to be analysed and application documents updated to reflect use as measured over the summer period.

## Financials:

*The funding arrangements are reserve funded.*

*The proposed cost of the project is \$126,910 over the expected lifespan of the project.*

*Budget for previous years.*



	2015/16	2016/17	2017/18	2018/19	Total
Capital expenditure	12,104	23,749	18,356	10,250	<b>64,458</b>

## Risk Management:

Risk Area	Risk Description	Initial (GOR)	Risk Assessment (Low to Extreme) without control	Control	Residual (GOR)	
Service Delivery	Outcome may have low flow restrictions	A	Significant	Network management and water conservation	G	Moderate

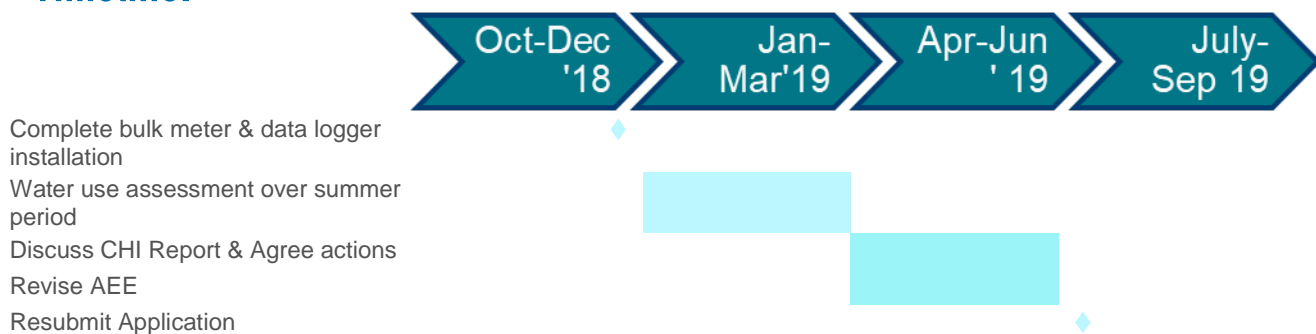
Likelihood	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely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

## Consultation and affected parties:

Council has been engaging with Ngati Whakatere as noted above.

Consultation has been carried out with Department of Conservation. Feedback was that there were no concerns with the amount of water taken above low flows. The Department supported water conservation measures at times of low flow, improvements to water efficiency and improvements to provide fish passage.

## Timeline:



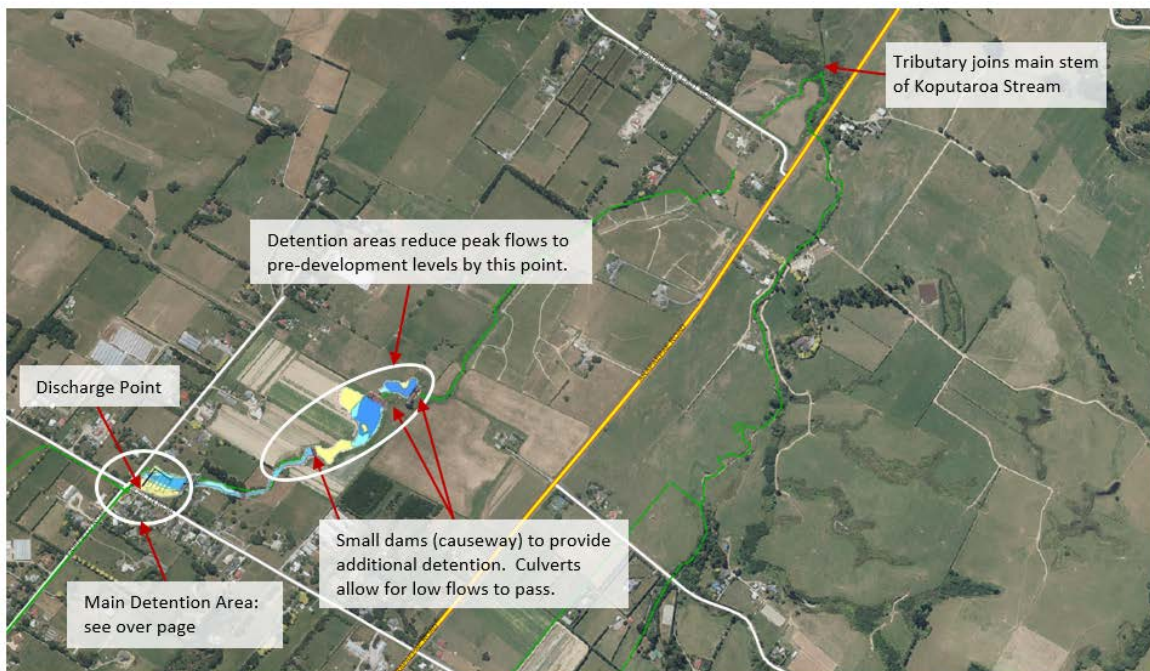
# North East Levin Stormwater (Discharge to Koputaroa Stream Tributary) Project Overview Summary

## Project Objective:

To obtain resource consents for additional stormwater discharge to the Koputaroa Stream tributary by December 2019.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> <li>Consent required due to increase and change in stormwater that will occur from land use change (residential development)</li> <li>Application lodged and On Hold</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with mana whenua</li> <li>Confirm planting plans and mitigation measures</li> <li>Stormwater and dry weather monitoring of water quality</li> </ul>	<ul style="list-style-type: none"> <li>Timeline is relatively flexible (application is on hold)</li> <li>Consultation with mana whenua and affected landowners required May-June 2019</li> </ul>

## Overview of Proposal:



<p><b>Reason for Consent</b> Increase in stormwater flows and change in composition due to rezoning and future residential development in North East Levin; redirection of some stormwater away from Lake Horowhenua. Consent is also required for</p>	<p><b>Proposed Mitigation</b> Council has purchased land at discharge point and will create a treatment and detention area (see over page). Additional detention areas proposed on tributary stream. Embankments &amp; culverts to be designed for fish passage.</p>	<p><b>Effects Assessment</b> Detention areas designed so that there is no increase in flow in the Koputaroa Stream. Ecological assessment considered effects of discharge to be less than minor. No concerns</p>
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construction of mitigation measures (detention areas).

Erosion & Sediment Control Plans for construction of detention areas.

regarding the construction of the detention areas. Recommend fish recovery during construction. Planting & maintenance plan to be developed.

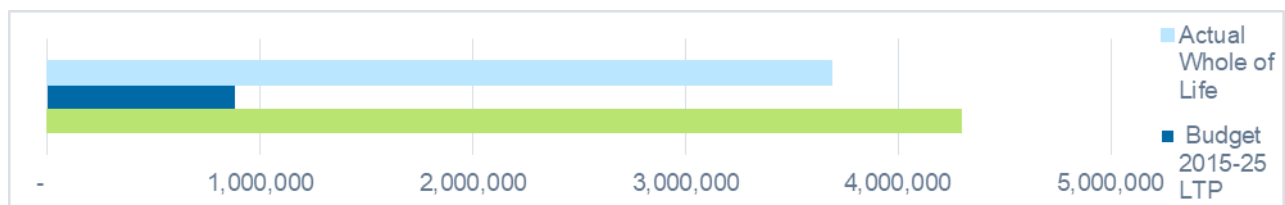
**Detention Area Proposal in More Detail:**



In low flows, stormwater travels through the first stage of the detention area in a zig-zag manner to maximise travel time; this area will be planted with wetland type species to treat stormwater. Planting plan is to be confirmed with iwi and Horizons. The embankment includes a low level culvert to ensure low flows can continue to flow downstream.  
In high flows, detention is provided to capture and treat peak runoff.

**Financials:**

The funding arrangements are loan funded.  
The proposed cost of the project is \$4,295,179 over the expected lifespan of the project.



	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Capital expenditure	23,640	1,846,848	1,479,692	383,324		<b>3,733,503</b>

## Risk Management:

Risk Area	Risk Description	Initial (GOR)	Risk Assessment (Low to Extreme) without control	Control	Residual (GOR)	
Strategic	Potential for Consent not to be granted	A	Significant	Effects assessment. Clear messaging to the community on the benefits	A	Moderate

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

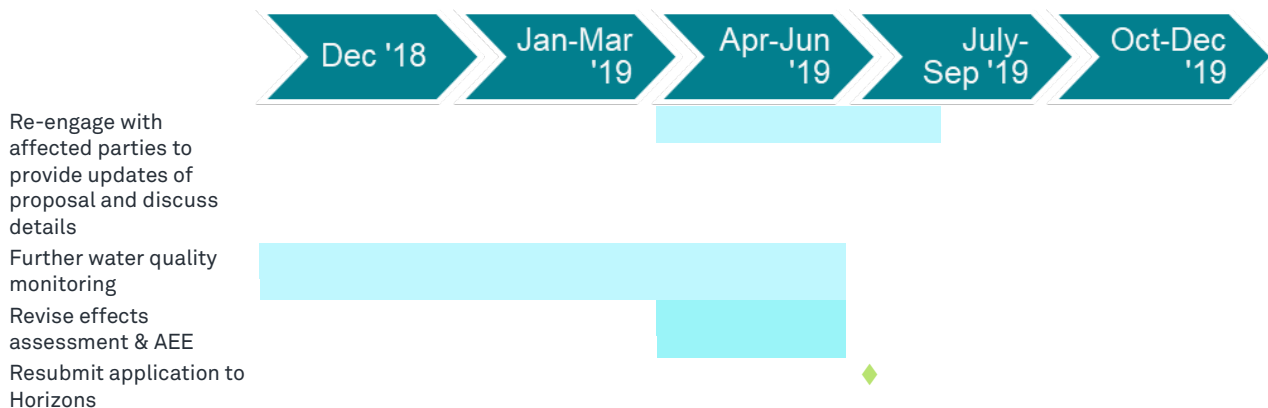
## Consultation and affected parties:

A Cultural Impact Assessment has been completed by Muaūpoko Tribal Authority; concerns raised were potential damage of significant sites, leakage to streams and springs, accidental discovery of taonga, and stream's capacity for additional flow and velocity. Recommended that consent be granted with conditions that address these concerns.

Landowners where works are proposed have previously been consulted with and are generally supportive of the proposals. Further engagement with these landowners as well as downstream parties will be carried out in May-June.

NZTA has advised they have no concerns with the proposal.

## Timeline:



# Levin Stormwater Consent Project Overview Summary

## Project Objective:

To obtain resource consents for stormwater discharge to Lake Horowhenua by December 2019.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"><li>Consents are required for Council's stormwater discharges to Lake Horowhenua</li><li>An application for consent has been lodged and is on hold pending consultation and monitoring programmes</li></ul>	<ul style="list-style-type: none"><li>Engagement with mana whenua (in progress)</li><li>Stormwater monitoring to confirm quality of discharges (in progress)</li><li>Ecological effects assessment (in progress)</li></ul>	<ul style="list-style-type: none"><li>The application has been lodged with the Regional Council.</li><li>The application is on hold while consultation and further investigations are completed</li></ul>

## Overview of Stormwater Discharges:



The discharge points are shown in the diagram above. Some discharges are direct to Lake Horowhenua and others are via Patiki and Arawhata Streams.

Council's policy is that properties are required to provide on-site stormwater management (generally through soak pits). The consent application is for Council's stormwater network only and doesn't include the on-site soakage pits on private property.

Council acknowledges that the Lake and the tributaries feeding in to the Lake are significantly degraded and that improvements are required. At present, we have monitoring data on the quality of discharge via the Queen Street drain, but other stormwater inputs to the Lake have not been monitored. A monitoring programme is being commenced to get better information about the quality of the discharges and to understand the effects of the stormwater discharges, in particular, on the Lake.

## Work to date:

Modelling of the network has been undertaken to assess network capacity, flooding areas and estimated stormwater quantities.

While we have some data on the Queen Street drain discharges, not all parameters of interest have been analysed. The other stormwater inputs in to the Lake have also not been monitored and better information is required regarding the quality of the lake discharges. The information we do have suggests that the urban stormwater is of similar or better quality than typical urban stormwater runoff, however, several parameters are still present at levels that are above the receiving water quality targets.

A monitoring programme commenced in December and will be refined as information is gathered.

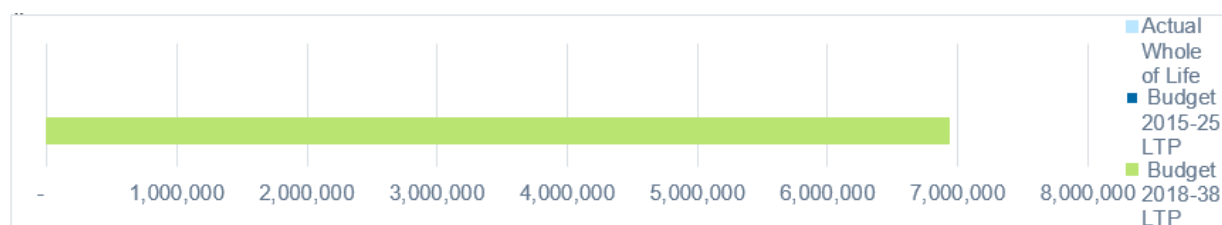
An ecological effects assessment was undertaken as part of the application. The assessment identified a number of gaps in our understanding of the discharges and effects on the Lake. A monitoring and investigation programme is being implemented to address these gaps.

The Consent has been lodged. HDC will ask for the application to go on hold while consultation is carried out and the ecological effects assessment is completed. This will include consideration of mitigation measures where appropriate.

## Financials:

*The funding arrangements are loan funded*

*The proposed cost of the project is \$6,929,00 over the expected lifespan of the project.*



	2015/16	2016/17	2017/18	2018/19	2019/20	Total
<b>Capital expenditure</b>						

## Risk Management:

Risk Area	Risk Description	Initial (GOR)	Risk Assessment (Low to Extreme) without control	Control	Residual (GOR)	
<i>Strategic</i>	Consent is challenged on ecological and cultural impacts	A	Significant	Clear evidence of likely effects and remediation plans available. Consultation and engagement with mana whenua.	A	Moderate



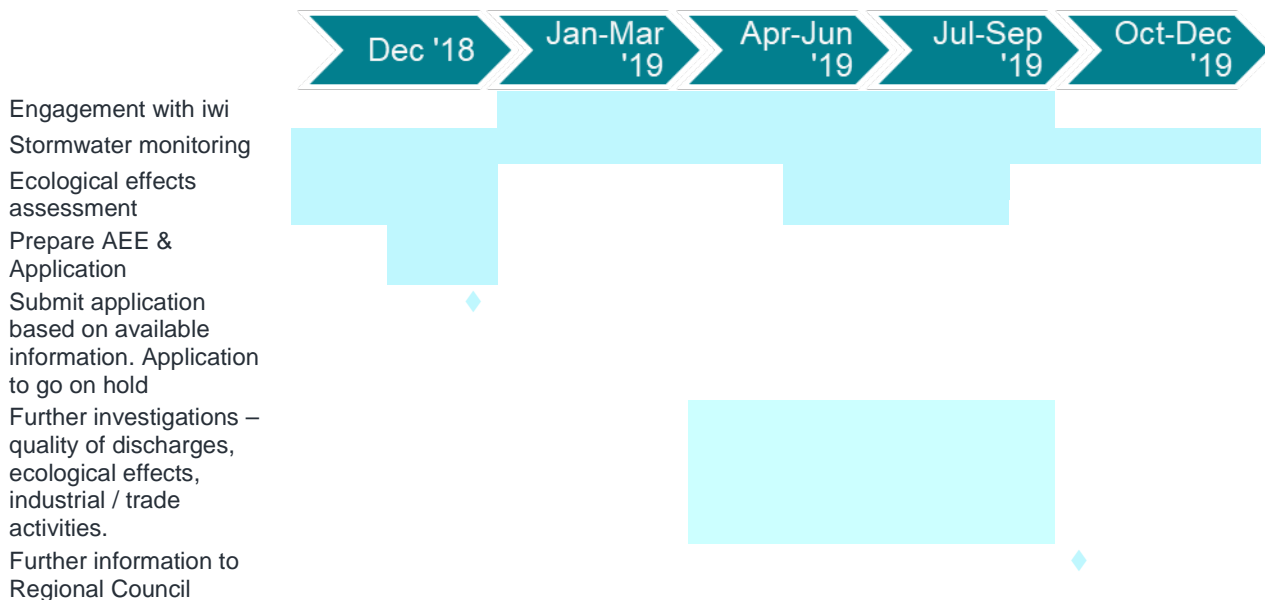
Likelihood	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely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

### Consultation and affected parties:

Consultation is underway with Muaupoko Tribal Authority, Muaupoko Cooperative Society and te Runanga o Raukawa. Consultation with the Trust and specific hapu will be guided by the relevant iwi groups. Council will be guided by iwi as to parties for consultation.

Consultation with the community, Hokio Trust, Horizons, the Horowhenua Lake Domain Board, Department of Conservation will also be required.

### Timeline:



# Poads Road Bridge Replacement

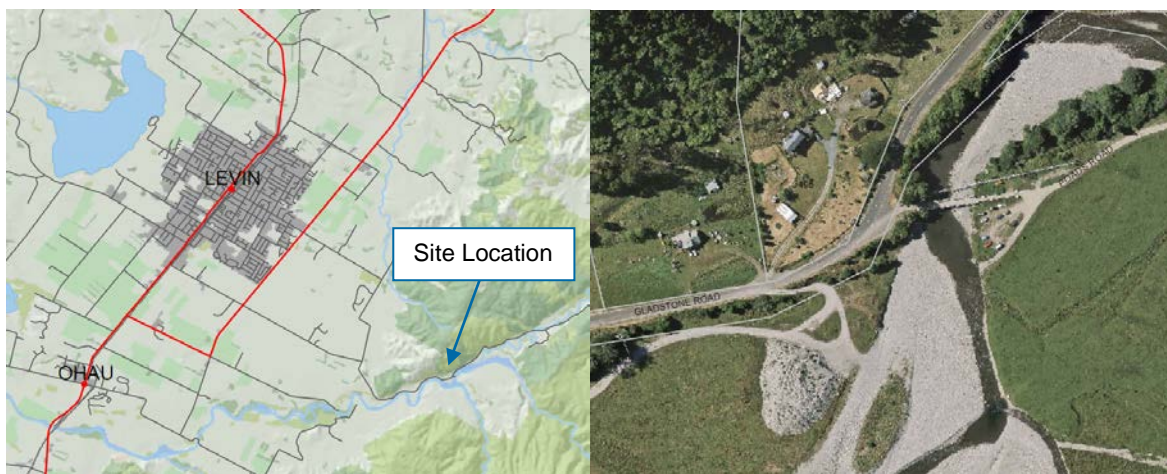
## Project Overview Summary

### Project objective:

The existing Poads Road bridge is in poor condition, it is no longer viable to cost effectively maintain the bridge. This project will ensure safe access to Poads Road by replacing the existing bridge.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> <li>• Geotechnical investigation underway to inform specimen bridge design</li> <li>• Procurement plan in development</li> <li>• Advice reviewed from HRC regarding consent conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of specimen design suitable for procurement stage</li> <li>• Completion and approval of procurement plan</li> <li>• Procurement of project within approved budget</li> <li>• Complete project within approved budget and acceptable timeframe</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of specimen design by July 2019</li> <li>• Approval of procurement plan by June 2019</li> <li>• Procurement of project complete by August 2019</li> <li>• Completion of project by March 2020</li> </ul>

### Overview of scheme:



### Work to date:

#### Existing Poads Road Bridge

- The bridge currently has a posted weight limit of 2000kg, this is a lower level of service than that which is required for the agricultural land use of Poads Road. It is a lower weight limit than that of emergency services vehicles such as fire appliances and ambulances.
- 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 replacement bridge would be able to service all road legal vehicles.

#### Replacement Poads Road Bridge

- On site geotechnical investigation was undertaken in March a draft report of this findings has been received. The geotechnical data will be used to develop a specimen design for the bridge replacement.

- Council has been working closely with staff from HRC's River Management Team to determine efficient design and construction methodologies which will satisfy Resource Consent conditions. It is planned that Resource Consent for this work will be applied for by the contractor.
- A procurement plan is being currently in development and is expected to be completed in May.

## Financials:

The funding arrangements are.....

The proposed cost of the project is ... over the expected lifespan of the project.

Budget for previous years.

	2018/19	2019/20	2020/21	2021/22	.....	Total
<b>Capital expenditure</b>	\$90,000	\$860,000				\$950,000
<b>Operating expenditure</b>						
<b>Total expenditure</b>	\$90,000	\$860,000				\$950,000
<b>Revenue</b>						

## Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Assessment	Residual Risk Assessment
<b>Strategic</b>	<b>Project Delays</b> - Could be caused by various factors, including consenting delays, contractor capability, inclement weather etc.		Moderate	Project planning, procurement, targeting efficient construction, construction timing to minimize weather related risks, close engagement with HRC.		Low
<b>Financial</b>	<b>Cost overruns</b> – which could be caused by various unforeseen factors		Moderate	Thorough site investigation to ensure all risk factors are identified and controlled prior to construction.		Low

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

## Consultation and affected parties:

### Horizons

Council has been consulting with Horizon's periodically over the last 12 months, with more in depth engagement in the last 6 months.

**Poads Road Affected Residents**

Council will be engaging with the affected residents in Poads Road once project planning is further developed, as to provide more detailed and reliable information. During construction, access to Poads Road will be managed, a plan will be developed with the affected residents to manage this.

**Timeline:**



# Queen Street – Cambridge Street Intersection Improvements Project Overview Summary

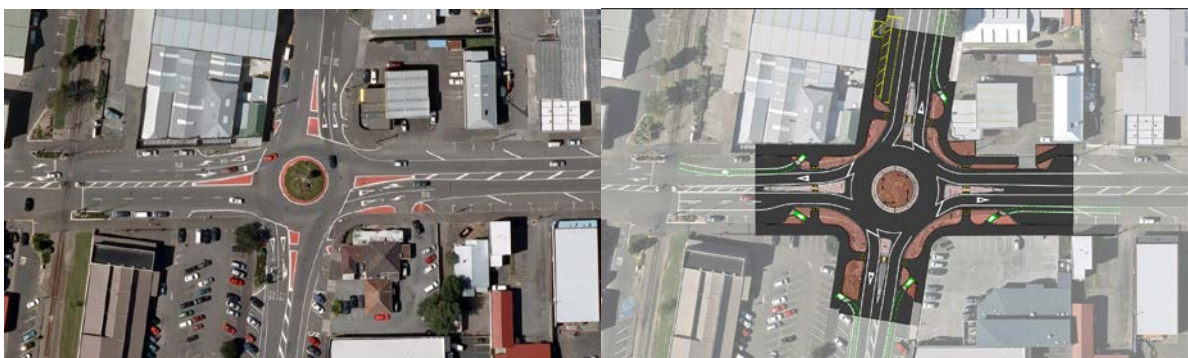
## Project objective:

The existing intersection of Queen Street and Cambridge Street in Levin has a high crash rate, with 14 reported crashes between 01/01/2014 and 01/01/2019. The physical condition of the roundabout is very poor and requires full rehabilitation to remain functional. The intersection caters for a very high traffic volume.

The project aim is to improve the safety of the intersection and rehabilitate the failing pavement while retaining the intersections capacity to cater for predicted traffic growth.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> <li>• Pavement testing has been completed</li> <li>• Initial design and cost estimate has been completed</li> <li>• Traffic modelling of proposed layout complete</li> <li>• Independent Road Safety Audit has been completed on the initial design, the design is currently being amended to comply with the Audit's recommendations</li> <li>• A procurement plan is being developed</li> <li>• Investigation and design into opportunities to renew underground services before/during construction are underway</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of the revised design</li> <li>• Renewal of underground services planning requires completion</li> <li>• Completion of Procurement Plan</li> <li>• Application for a targeted enhanced funding assistance rate for this project from NZTA</li> <li>• Procurement of project within approved budget</li> <li>• Installation of Pressure Reducing Valve (PRV) prior to construction</li> <li>• Construction of project within budget and required timeframe</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of final design June 2019</li> <li>• Approval of procurement plan June 2019</li> <li>• Procurement of project complete by August 2019</li> <li>• Completion of project by March 2020</li> </ul>

## Overview of scheme:



## Work to date:

Investigation and Design

- The layout of the intersection was identified as being unsafe, particularly for pedestrians, investigations into the crash history confirmed the safety concerns and the intersection was programmed for further investigation for improvement in the 2018-19 financial year.
- Intersection treatment selection was informed by engineering design standards and guidelines, in addition to traffic volume growth modelling. The safest, feasible intersection layout option for this intersection is a single lane roundabout, however a single lane roundabout will reduce the traffic capacity compared with the current layout or other alternative treatments. A traffic growth modelling report was completed in July 2018. The report predicts that a single lane layout should provide an acceptable level of service for over 15 years. This is judged as acceptable when considered alongside the safety benefits of the single lane layout.
- Investigation into opportunities to renew underground services began in July 2018 and is ongoing.
- On site pavement testing was undertaken to determine the cause of pavement failures and assist in developing a pavement design. This was completed in December 2018
- An initial design was completed in December 2018
- A design Road Safety Audit was completed in April 2019, the design is currently being revised to comply with the audit's recommendations

## Financials:

	2018/19	2019/20	2020/21	2021/22	.....	Total
<b>Capital expenditure</b>	\$50,000	\$750,000				\$825,000
<b>Operating expenditure</b>						
<b>Total expenditure</b>	\$50,000	\$750,000				\$800,000

## Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
<b>Financial</b>	<b>Cost overrun</b> There is a shortage of contractor resource able to complete a project of this complexity, which may result in high prices.		Significant	Well planned procurement may be able to mitigate this risk, targeting all potential contractors may result in competitive pricing.		Moderate
<b>Service Delivery</b>	<b>Reduction in level of service</b> If traffic growth exceeds expectations, congestion at this intersection may cause delays during peak traffic hours in the future.		Moderate	A local network contingency plan will need to be considered, a reduction of LOS at this intersection will see other routes increase in traffic this must be managed to mitigate negative effects on the network		Low
<b>Reputational</b>	<b>Construction delays</b> Construction management for this project will be complex and challenging due to high traffic volumes. Delays are likely and may cause reputational damage to Council		Significant	Thorough pre-construction planning, close construction monitoring and an effective communication plan will mitigate delays and reputational damage.		Moderate

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic

5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 -Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

## Consultation and affected parties:

### NZ Transport Agency

Council have been in conversations with NZTA regarding attaining a targeted enhanced financial rate for the project.

### Affected Businesses

Council will be engaging with the affected businesses around the work site once plans have progressed further.

## Timeline:

	May '19	Jun '19	Jul '19	Aug '19	Sep '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20
<i>Final design</i>											
<i>Procurement Plan approval</i>											
<i>Procurement</i>											
<i>Pre-construction planning</i>											
<i>Construction window (10 weeks required)</i>											

# Horowhenua Integrated Transport Strategy/Otaki to North Levin

## Project Overview Summary

### Project objective:

The Horowhenua Integrated Transport Strategy (HITS) will provide an overarching strategic transport vision and principles that will be used to guide and inform network infrastructure planning, investment and delivery within Horowhenua for the next 30 years. This work is critically linked to inputs for the NZTA O2NL Detailed Business Case and considerations for revocation and state highway safety projects.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> <li>• HITS Transport Survey has closed, with over 500 submissions received.</li> <li>• Key Stakeholder engagement underway. Meetings have been confirmed with Local Government and economic development agencies: Greater Wellington and Horizons Regional Councils; the Manawatu District Council; the Horowhenua NZ Trust, WREDA and CEDA. Community engagements have been held with the Access and Inclusion and Older Person's Networks and the Rural Womens Group.</li> <li>• Iwi engagement with Muaūpoko has been planned. A hui was held in early May with representatives of Ngati Raukawa hapu to provide an overview of the HITS project and the Shared Pathways Project.</li> <li>• Continued advocacy for the O2NL project and much needed interim safety improvements with letters sent to NZTA and Transport Minister outlining Council's unwavering campaign for action required on the state highways to save lives and provide certainty to impacted residents.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued engagement with key stakeholders and wider community.</li> <li>• Agreements with NZTA for governance, funding and delivery of technical investigations including an update of the NZTA Traffic Model to inform future requirements on the local road network.</li> <li>• Agreements/shared understanding with NZTA/ Kiwi Rail and Regional Councils on the scope, objective and principles for HITS and associated HITS Action Plans.</li> <li>• Working with NZTA to develop a programme of investigation and inputs into the Detailed Business Case process including progression of work in relation to the Horowhenua Integrated Transport Programme</li> <li>• Working with NZTA to deliver interim safety improvements on SH1 and SH57 throughout 2019, progression of the Waitāre Curves project and associated passing lanes north of Levin</li> <li>• Jointly develop O2NL and Gladstone Green designs, specifically looking at the impacts of the O2NL corridor and potential mitigation for the Gladstone Green project including improved access across existing SH57.</li> </ul>	<ul style="list-style-type: none"> <li>• NZTA board decision on O2NL preferred corridor in December 2018. However confirmation of funding for next stage of investigation (Detailed Business Case and route protection) has not been confirmed</li> <li>• Meeting with NZTA on 14 May to discuss the rationale and scope for HITS and NZTA Point of Entry for HITS.</li> <li>• HITS Governance Group Meeting on 20 May (with CEO David Clapperton, and representation from NZTA and Horizons Regional Council) confirm governance arrangements and reporting structure.</li> <li>• Presentation to Horizons Regional Transport Committee on 5 June.</li> <li>• Council Elected Member HITS Workshop on 5 June to cover guiding principles, objectives and further engagement requirements.</li> </ul>



## Overview of scheme:

### Introduction

Horowhenua needs a safe, responsive, resilient and sustainable transport system and viable public transport system, which is affordable and integrated with the national and regional context for rail, state highways and cycleways. Providing for active transport modes, shared pathway networks, and connectivity to our special recreation and tourism destinations is also a critical consideration.

### HITS

The Horowhenua Integrated Transport Strategy (HITS) is a multi-modal transport strategy for the Horowhenua District. It covers active transport activities like walking and cycling; road and freight and transport activities; as well as bus and rail public passenger transport activities and specific transport services for residents who are 'transport disadvantaged'. It will also consider transport futures in the District and the potential for new and emergent technologies. The HITS adopts a 30 year planning horizon and is future focussed. The strategy will recognise the district's changing travel demands and look to address its transport challenges over the next 30 years relating to a range of factors including climate change, growth, demography, technology, peak oil, employment patterns, and the wider economy.

The formulation of the Horowhenua Integrated Transport Strategy will be undertaken alongside New Zealand Transport Agency's (NZTA) work on the Ōtaki to North of Levin (Ō2NL) projects, and is expected to inform planning work for the expressway and business case. NZTA will continue to provide updates to stakeholders and the community on the expressway project, and Council will continue to collaborate with NZTA on critical elements of the project that are important for the District and community.

## Work to date:

As part of the project start-up phase for HITS, a Project Plan and an Engagement and Communications Plan were developed. The development of the Engagement and Communications Plan included input from an elected member briefing. A transport survey was also designed to assist with gathering important evidence from the community about their transport ideas, issues and concerns.

In March and April Council officers commenced the community engagement on transportation, taking a two-staged approach. Firstly, localised pre-engagement was undertaken via the Annual Plan consultation process to raise general awareness of the HITS project. This was followed by a month long engagement centred on an online transport survey and targeted engagement meetings with Horowhenua community Networks including Youth, Access and Inclusion, Older Persons Networks and the Rural Women's Group. Through May various meetings are scheduled to take place with neighbouring Councils, economic development agencies, and transport stakeholders like NZTA, Regional Councils (Transport Division representatives) the Horizon's Regional Transport Committees, and the Horizon's Road Safety Co-ordinator. Consultation with iwi is also underway. Year 13 Waiopēhu College Geography Students have also been undertaking some specific transport research for the HITS on cycling and integrated transport planning in Horowhenua which will be shared with Council officers in May.

Feedback from community engagement and meetings with key stakeholders will help inform the development of a vision and associated objective and principles for HITS. Key outputs from the first stage of the HITS project will include a Technical Information Report, a Consultation Report and a draft Vision, Objectives and Principles for HITS. This information will be presented to Council Workshop on 5 June.

Further technical investigation and design work will need to be carried out to support the design and development of the HITS Action Plans. A particular focus will be working with NZTA to confirm a partnership approach to advance the work required to support the O2NL Detailed Business Case, and the inter-related HITS work programme.

Community planning is also underway with residents and stakeholders in communities, which are likely to be impacted by the O2NL – notably, Manakau, Ohau, Levin, Waitarere Beach and Foxton. Other community focal points, like schools and marae, will also be reviewed and investigated, to inform the HITS.

### Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
<b>Strategic/Financial</b>	Low buy-in from NZTA and key stakeholders on merits of the HITS project and its contribution to O2NL planning and the O2NL Detailed Business Case (DBC).		Low	The HITS strategy has already been socialised with NZTA. NZTA have confirmed their support in principle for the development of an overarching Integrated Transport Strategy (a multi-modal transport study) to undergird the development of Detailed Business Cases and potentially, the mitigation or environmental offsets for O2NL		Low
	Delay with work commencing on DBC affect other council work programs and making it difficult to optimally synchronize these projects.		Significant	Continuation with other plans and strategies setting out assumptions and in some cases other projects will inform future expressway discussions.		Moderate
<b>Service Delivery</b>	There are setbacks/delays in formulating the Strategy		Low	A detailed Project Plan has been developed for HITS which sets out the key milestones, resourcing requirements and timetable for completing specific tasks and actions.		Low
<b>Reputational</b>	The community may not value the HITS and/or view it as not necessary. They may be concerns about the HITS engagement programme.		Significant	A specific Engagement and Communications Plan has been developed for HITS. A multi-media approach has been adopted to target specific audiences with clear and consistent messages about the purpose of the strategy and the strategy development process; how people can 'have their say' and upcoming public engagements and meetings. To date, feedback from meetings has been positive and over 500 submission have been lodged on the Survey.		Moderate

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

## Consultation and affected parties:

An Engagement and Communication Plan has been developed for the Integrated Transport Strategy. Council has already engaged with many of stakeholder groups, community networks and iwi, to profile the project and promote engagement in the transport futures planning exercise. An online 'Have your Say' campaign, based on a transport survey, has enabled comprehensive engagement from residents and the wider public. More targeted engagement is being planned in June with key businesses and employers in the District.

Council will continue to keep the community informed throughout the strategy development process through a range of media channels: The link to the HITS website is here:

<https://www.horowhenua.govt.nz/Council/Have-Your-Say/Horowhenua-Integrated-Transport-Strategy>

## Timeline:

	Jan '19	Jul '19	Jan '20	Jul '20	Jan '21	Jul '21
<b>HITS – Engagement and development of Strategy</b>	█					
<b>HITS – Technical Investigations, Focus Area Development and Implementation Plan</b>	█			█		
<b>O2NL – Revocation Strategy, Vision and Spatial Plan</b>			█	█		
<b>O2NL – NZTA Detailed Business Case (TBC)</b>		█	█	█		
<b>O2NL – Interim Safety Improvements (TBC)</b>		█	█	█		
<b>O2NL – RMA Effects Assessment and Designation (TBC)</b>				█	█	█
<b>O2NL – Medium/Long Term Safety Improvements and Revocation (TBC)</b>				█	█	█

# Gladstone Green Master Plan

## Project Overview Summary

### Project objective:

The Gladstone Green Master Plan will establish a framework to guide the development of an area to the east of Levin. The Master Plan will include design principles and a spatial plan to define future land-use patterns, areas of open space, the layout and nature of infrastructure including transportation links and community facilities such as schools, and other key features. This is to ensure the land, which is owned by several different parties, develops in an integrated and co-ordinated way. The area is expected to accommodate 2,000+ homes.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> <li>• Final stage of developing Master Plan for 2000+ home neighbourhood east of Levin</li> <li>• Engagement with key stakeholders to inform required provisions for a District Plan change process to commence in late 2019.</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with Muaūpoko particularly around treatment of stormwater</li> <li>• Continued engagement with key stakeholders and Levin community</li> <li>• Infrastructure staging plan and funding agreements</li> <li>• Jointly develop Master Plan in conjunction with O2NL project</li> <li>• Undertake Council led District Plan change process</li> </ul>	<ul style="list-style-type: none"> <li>• NZTA decision confirmed O2NL preferred corridor in December 2018.</li> <li>• Completion of Master Plan August 2019.</li> <li>• Notification of District Plan change in late 2019.</li> </ul>

### Overview of scheme:

The area to the east of Levin and State Highway 57 currently referred to as Gladstone Green (Figure 1 below - bordered by Queen Street to the north and Tararua Road to the south) provides a significant, logical and attractive opportunity to accommodate the additional growth forecast for the Levin area.

Council has identified the opportunity to develop a Master Plan that creates a dynamic long-term planning document providing a conceptual layout to guide future development in the Gladstone Green growth area. Preparation of the Master Plan for the Gladstone Green site commenced in the second half of 2018.



Figure 1 - Location of Site

The Master Planning process includes analysis, recommendations and proposals for population, economy, housing, transport, community facilities and land use. It also addresses non-physical aspects such as funding, scheduling and phasing, so these costs can be shared fairly amongst the developers involved in the process. Council is striving for an optimal community outcome for this area by utilising best practice urban design principles and addressing connectivity within the development and integration with the existing Levin Township.

Key outputs from this process will include a Master Plan, a District Plan Change and an Implementation Plan.

A key issue during the development of the Master Plan has been the impact of the Otaki to North Levin (O2NL) expressway. Delays with this NZTA project has impacted the timing and process for Council to develop a Master Plan. Current growth pressures required work to continue on the Master Plan, as the longer the delay the more likely that landowners may choose to commence development ahead of the Master Plan being completed and potentially compromising optimal urban form outcomes being achieved in this area. Due to the uncertainty of which O2NL option would be taken forward Council continued to develop and test Master Plan concepts including a design scenario with no new highway in additional to the three potential corridors through the Master Plan area.

In October 2018 NZTA confirmed planning for a new off line corridor (separate to the existing highway) would continue (See options in figure 2 below). This enabled the number of design scenarios being developed to be reduced to the three corridor options. These options were looked at in more detail to gain an understanding of the different opportunity costs between the corridor options and will be valuable when entering into discussions with NZTA around mitigation and revocation of the existing SH57.

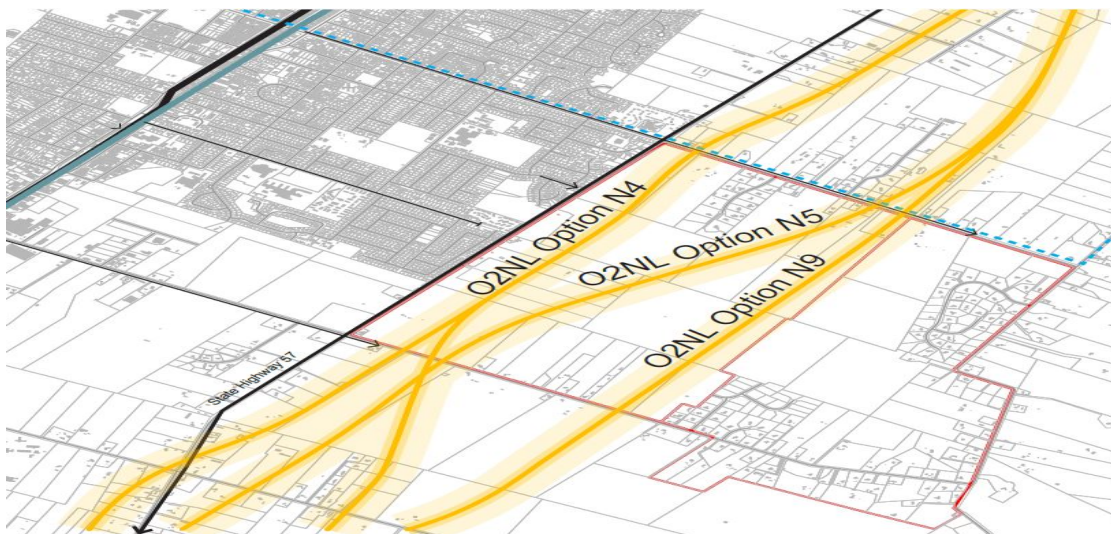


Figure 2 – O2NL corridor options as at November 2018

In December 2018 NZTA announced O2NL Option N4 as the preferred alignment for the proposed new expressway. This results in constraints and opportunities for the Master Plan, however the certainty has now allowed more detailed design work to be carried out on the option N4 Master Plan that will be taken forward in the District Plan Change process.

Further investigation and design work will need to be carried out in conjunction with development of the O2NL Detailed Business Case during 2019 with a particular focus on mitigation, access across the existing State Highway 57 and proposed new expressway. Safety improvements to the existing highway will also need to consider the future development of this area and the future function of this road when an expressway is constructed. Opportunities to design and co-locate the stormwater run-off from the development and new expressway in the new highway corridor will also be explored.

## Work to date:

To date, the following work has been completed:

- Close engagement with key stakeholders, including key landowners, iwi, and government agencies (see further detail in the 'consultation and affected parties' section below).
- Master Plan preparation, including developing design principles, with relevant stakeholders and to internal HDC staff for review and comment
- Refinement of the Master Plan is on-going
- District Plan Change is currently being drafted.

## Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
<b>Strategic</b>	The preferred O2NL corridor and uncertainty over exact location and construction timing creates challenges in implementing the Master Plan as the new highway impacts on the logical start point for the master plan development.		Significant	Explore opportunities for how lead infrastructure could be provided to other parts of the development to enable an alternative start point.  Work with NZTA to create opportunities through early revocation works to enable the area to develop before the new highway is completed.		Moderate
<b>Reputational</b>	Obtaining timely input and information from a number of external parties, so that the project is not delayed to a point where development occurs prior to the Master Plan that compromises it being implemented.		Significant	Continue to keep all external parties and key stakeholders informed of the process and the timeframes and provide opportunities for their input. Keep working closely with key landowners to ensure they understand the project programme and see benefit in aligning to the Master Plan.		Moderate

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

## Consultation and affected parties:

Council has been engaging with key stakeholders throughout the process of developing the Master Plan. Engagement with the wider community will commence once input from key stakeholders and partners has been responded to. Additional formal engagement will be required for the District Plan Change component, as required by Schedule 1 of the Resource Management Act 1991.

Prior to publically notifying the District Plan Change, Council will formally consult with a number of key stakeholders and partners. This includes but is not limited to:

- Muaūpoko Tribal Authority
- Muaūpoko Co-operative Society (Tamarangi Hapu)
- Lake Horowhenua Trust
- Lake Horowhenua Domain Board
- Horizons Regional Council
- New Zealand Transport Agency
- Ministry for the Environment
- Ministry of Education

Council has already made contact with many of the above agencies, to introduce the project and get initial thoughts and input. More thorough engagement will occur with these parties as the master plan and subsequent plan change take shape. Council is continuing to engage with the Ministry of Education to discuss the potential requirements for a primary school in this area.

Council has partnered with key landowners throughout the process of developing the Master Plan. Other landowners within the Gladstone Green area have been kept informed via letter and given the opportunity to become involved, ask questions, or voice any concerns. We will continue to keep working with landowners throughout the process.

**Timeline:**

	Jan '19	Apr '19	Jul '19	Oct '19
<b><i>Master Plan – Technical investigation and options assessment</i></b>				
<b><i>Master Plan – Refinement and reporting</i></b>				
<b><i>Engagement with key landowners</i></b>				
<b><i>Engagement with Iwi and key stakeholders</i></b>				
<b><i>Community Engagement</i></b>				
<b><i>Master Plan Finalised</i></b>				
<b><i>District Plan Change Preparation</i></b>				
<b><i>District Plan Change Notification</i></b>				

# Levin Town Centre Project Overview Summary

## Project objective:

Transforming Taitoko/Levin – Town Centre Strategy seeks to transform and revitalise the Levin Town Centre. The Strategy sets out key objectives to be achieved, as well as short, medium, and long term actions. The Strategy acts as a common goal for the various parties involved in town centre redevelopment, be it business owners, developers, Council, or others, to work towards.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"><li>• Transforming Taitoko/Levin Town Centre Strategy was adopted by Council in November 2018.</li><li>• Current focus is on the lower cost, more straightforward projects which focus on strengthening current commercial area. This was in response to public feedback provided during the engagement process.</li><li>• More transformative short term projects are currently being scoped and developed.</li></ul>	<ul style="list-style-type: none"><li>• Option refinement, scoping, and feasibility of transformative projects.</li><li>• Detailed design of transformative projects.</li><li>• Following the above steps, directions from Council on how to proceed.</li></ul>	<ul style="list-style-type: none"><li>• Strategy adoption on 21st November 2018.</li><li>• Levin CBD Building Frontage and Signage Policy adopted 10th April 2019.</li><li>• Levin CBD Amenity Improvement Fund open for applications from 2nd May 2019 - 31st July 2019.</li></ul>

## Overview of scheme:

Engagement on the draft Transforming Taitoko/Levin Town Centre Strategy (the Strategy) was carried out through May and June of 2018. This included general engagement with the public through the 'Transforming Taitoko/Levin Pop-up Shop' which was positioned in the Levin Town Centre, as well as targeted engagement with key stakeholders including business owners and Muaūpoko Tribal Authority.

Through the engagement process, the draft Strategy was refined and a series of actions identified. Based on feedback received through the engagement process, greater focus was given to enhancing existing commercial areas (primarily Oxford Street) in the short term.

The key short term projects are listed below. These includes two relatively straightforward, low costs projects that can be completed using existing budgets and two more transformative projects that require further refinement and testing to determine a clear work programme, including cost which parties will be involved in delivering (e.g. Council, private developer, or a combination).

- Placemaking
- Oxford Street/CBD Amenity Improvements
- Levin Memorial Hall redevelopment as a co-work space
- Town Square/Laneway Development



Next steps for the Transforming Taitoko/Levin – Town Centre Strategy implementation include physical transformation of Hell Pizza site, to continue progressing Levin Memorial Hall and Town Square concept development and feasibility assessments, and on-going engagement with the public and stakeholders as above concepts take shape. Discussions are soon to occur with NZTA around options for a potential mid-block refuge crossing of Oxford Street between Bath and Queen Street to enhance the east-west connection.

## Work to date:

The projects below are currently actively progressing.

### Placemaking

Two 'placemaking' initiatives are currently underway in the town centre. The first of which is the 'adopt-a-pot' project. This concept was initially trialled by Keep Horowhenua Beautiful prior to Christmas (2018) and, in response to positive feedback, extended by Council. This involved Council sponsoring a number of large planter pots to be positioned throughout the town centre. These pots are then 'adopted' by local business who plant, care for, and maintain the pot. The pots are intended to bring some colour and visual interest to the town centre.

Council are also partnering with Hell Pizza to provide a shared community space at the site 154 Oxford Street. This will provide an opportunity for people to stop, spend time in the town centre, and interact with each other. A lack of places to do this was identified in the Strategy as a constraint of the existing town centre. Officers will explore other similar opportunities in the town centre.

### Oxford Street Amenity Improvements

Council has recently adopted the Levin CBD Signage and Building Frontage Policy which was prepared following the Strategy's adoption. This is a non-statutory policy which will guide the design and appearance of building frontages and signs in the CBD towards outcomes that will enhance and activate the streetscape, improving the experience of spending time in the town centre. Examples changes that may occur under this policy include reducing and replacing signage, repainting buildings, adding design details to buildings and replacing verandahs.

This policy is being supported by a trial fund which will provide financial assistance to building/business owners who wish to upgrade their signs or buildings in accordance with the policy. This is currently set to be a two year trial, with applications for the first year currently open. Applications close on 31<sup>st</sup> July 2019. A second round of applications will be open over a similar period in 2020.

The maximum funding available to those eligible during the first year of the trial is set out below:

- Up to 75% of the cost of signage, to a maximum per application of \$1,000
- Up to 50% of the cost of frontage improvement, to a maximum per application of \$5,000

## Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
<b>Strategic</b>	Poor uptake of CBD Amenity Improvement Fund		Low	Carry out targeted engagement with business owners to ensure they are aware of the opportunity.		Low

<b>Reputational</b>	The public see the CBD Amenity Improvement Fund and/or placemaking initiatives as a poor use of money and/or see it as favouring Levin businesses over Foxton/Shannon		Moderate	Ensure that communications around the fund link back to Transforming Taitoko/Levin and the feedback received through this process.		Low
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Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 -Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

### Consultation and affected parties:

Both the public and key stakeholders were consulted on the Draft Strategy in May of 2018. Regular engagement occurs within the Levin Town Centre Commercial Focus Group, which includes a number of local business owners. On-going engagement with the public and key stakeholders such as iwi and local business will continue as required as the more transformative projects take shape.

### Timeline:

	Jan '19	Apr '19	Jul '19	Oct '19
<i>Oxford Street Amenity Improvements (concept development/)</i>				
<i>Oxford Street Amenity Improvements (implementation)</i>				
<i>Placemaking (concept development/implementation)</i>				
<i>Development/feasibility assessment of Memorial Hall Co-Work space concept</i>				
<i>Development/feasibility assessment of Town Square concept.</i>				

# Shared Pathways Network Project Overview Summary

## Project objective:

Develop a network of safe pathways for shared use that:

- Create a lifestyle where people chose to walk and ride bikes
- Connects within and between our communities
- Connects us to our natural and cultural assets of mountains, rivers, lakes and beaches
- Connects Horowhenua to our neighbouring districts and links with the NZ Cycle Trail Heartland and Great Ride network.

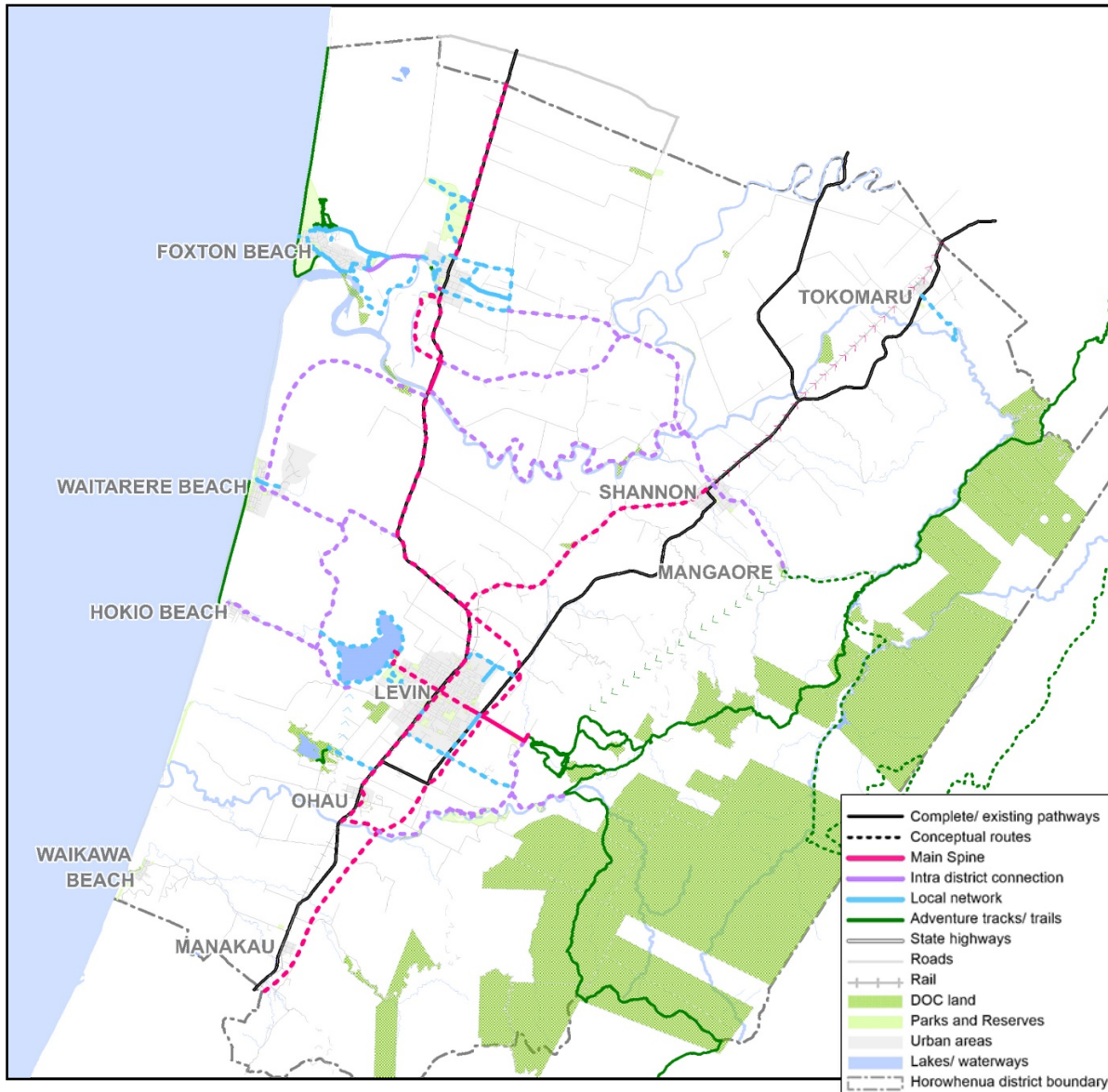
Delivering this network will promote, enhance and support:

- Safety and convenience for increased multimodal transport
- Economic develop and growth
- Recreation opportunities
- Community connections
- Environmental and cultural values.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> <li>• Network concept plan/ maps drafted</li> <li>• Engaging with stakeholders (iwi, landowners, NZTA KiwiRail, community/ interest groups)</li> <li>• Design work for next financial year projects</li> <li>• Community surveying underway - HITS survey, Community Satisfaction Survey, Waiopahu College student research</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated consultation/ engagement with stakeholders (HITS, Community Plans)</li> <li>• Testing network concepts with stakeholders/ communities</li> <li>• Evaluation of options (eg SH1 vs expressway corridor)</li> <li>• Prioritisation of pathway opportunities following feedback</li> <li>• Tending for delivery of construction work</li> <li>• Coordination with park planning projects to deliver pathway upgrades</li> </ul>	<ul style="list-style-type: none"> <li>• 21 May - Horowhenua Shared Pathway Network group meeting</li> <li>• 13 May - Integrated Transport Strategy (HITS) survey closed. Results due 31 May</li> </ul>

## Overview of scheme:

- Conceptual network of over 200km of potential shared pathways
- Mix of on-road cycling, separated shared pathways, off-road trails
- Represents a “utopia” of potential – requires testing to determine practical achievability
- Depends on road network, unformed legal roads, parks/ reserves. Requires permissions/ agreements from private land owners and controlling agencies (e.g. KiwiRail, NZTA, Horizons)



## Work to date:

Pathways completed under the Shared Pathways project since 2017:

- Queen St East and Arapaepae Road (1km to Meadowvale Dr)
- Palmer Road, Foxton Beach (3.5km)

These augment approximately 12km of pre-existing pathways.

Potential pathways to go forward for detailed planning and design:

- Foxton Beach connection improvements to complete an 8.5km loop around the Beach settlement, including signage, wayfinding and maps
- Improvements to the existing shared pathway along Foxton Beach Road, including land acquisition to improve alignment
- Improvements to Foxton River Loop pathway in conjunction with Save Our River Trust Provincial Growth Fund projects
- Arapaepae Rd extension from Meadowvale Drive to Tararua Rd
- Levin Town Spine along rail corridor (Tararua Rd to Tyne St)

- Tararua Road, Arapaepae to Cambridge Road

Other items underway:

- Working draft of network concept plan complete
- Background research and documentation for Network Concept Plan – revised draft near complete, pending inclusion of HITS and Waiopahu College survey results
- Integrating research and liaison with other Council strategic planning projects, including HITS, Community Plans
- Internal liaison and feedback on draft revision of Shared Pathway Strategy
- Community preferences for shared pathways surveying:
  - Integrated with HITS strategy engagement plan
  - Shared pathway :facility satisfaction added to 2019 community satisfaction survey
  - Waiopahu College geography student research project (resulting pending)
- Touch points with most major stakeholders identified or completed. Engagement and consultation being integrated with HITS and Community Planning processes.

## Financials:

The funding arrangements are loan funded. Annual budgets are:

Subsidised	\$400,000	\$164 local share \$236 NZTA walking and cycling improvements activity class Generally for pathways and cycle safety in road reserves
Unsubsidised	\$250,000	Pathways and connections in parks/ reserves, other land and project outcomes not eligible for NZTA funding assistance, and/or contribution toward other funding programmes

Levels of service/ maintenance standards and budgets are yet to be determined.

## Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
<b>Strategic</b>	Lack of stakeholder agreement on projects, or lack of readiness to proceed		Significant Network connections not delivered. Lack of user convenience/ low uptake of use	Early liaison and in-principle agreements with stakeholders. Adapt or revise network concepts and works programme		Moderate
<b>Financial</b>	Costs for potential stages of projects exceed the budget		Significant Incomplete stages or exceeding budget	Detailed design and costing for forward work programme		Significant
<b>Service Delivery</b>	Unable to correctly resource projects		Failure to deliver key projects	Ensure project is correctly resourced for design, management, community engagement and construction		Moderate
<b>Legal</b>						
<b>Reputational</b>						

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

### Consultation and affected parties:

Council is engaging with the following stakeholders:

Internal	
Councillors and Community Board members	Ongoing briefings
Parks and Property	Strategy development
Strategy and Development	Strategy development, integrated community engagement
Consents	Strategy development
H2040 and Partnership Development/ Community engagement	Strategy development, integrated community engagement
Business Process Improvement - GIS	Map data inclusion for internal and external use
Partners	
Iwi and Hapū	Liaison on network concepts
Land owners, developers	Access and permissions
External	
Network controlling authorities – NZTA, KiwiRail	Ongoing liaison - strategic planning and project scoping, rail trespass
Biking and walking clubs and groups	Liaison on network concepts
Horizons	Integrated with HITS, opportunities on stopbanks
DOC	Liaison on network concepts (Kimberley Reserve, Kohitere Forest)
NZ Police	Liaison on network concepts, active transport, school cycling programmes, rail trespass
Walking Access Commission	Public access easements, and mapping
Schools	Youth views research (Waiopahu College)
Mid Central Health	Pending
Community Wellbeing Committee	Pending

### Timeline:

	May '19	Jun '19	Jul '19	Aug '19	Sept 19
<b>Network concept plan and supporting document</b>					
<b>Prelim design costing</b>					
<b>Forward work programme</b>					

# Ten Month Report 1 July 2018 - 30 April 2019

File No.: 19/151

## 1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the ten months to 30 April 2019.

## 2. Recommendation

- 2.1 That Report 19/151 Ten Month Report 1 July 2018 - 30 April 2019 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

## 3. Issues for Consideration

As included in the **attached** report.

## Attachments



No.	Title	Page
A	10 Month Financial Report	56

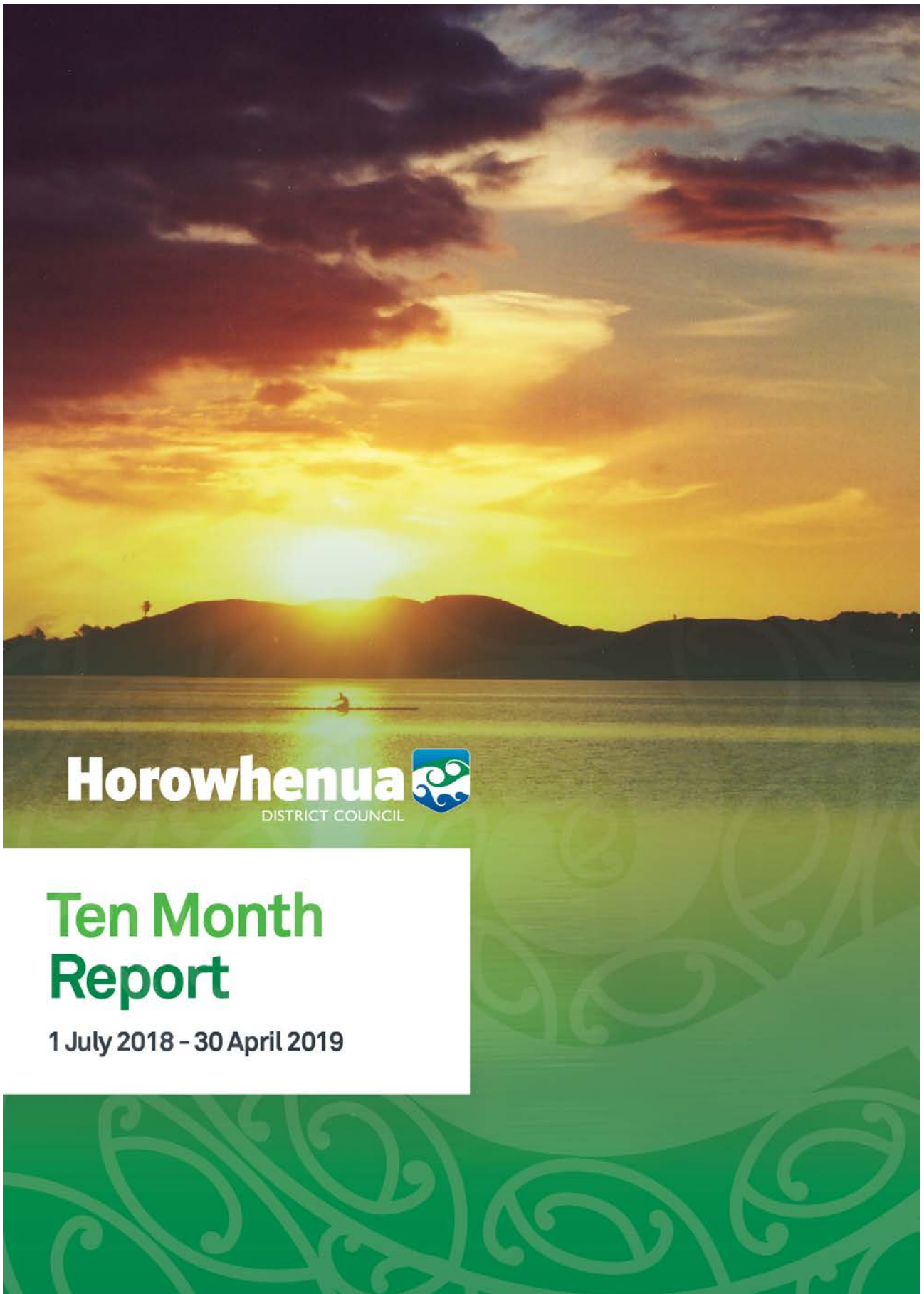
### Confirmation of statutory compliance

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

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

## Signatories

Author(s)	Doug Law Chief Financial Officer	
Approved by	David Clapperton Chief Executive	



**Horowhenua**  
DISTRICT COUNCIL

# Ten Month Report

1 July 2018 - 30 April 2019



## Executive Summary

### A. Trends and Activity of Interest

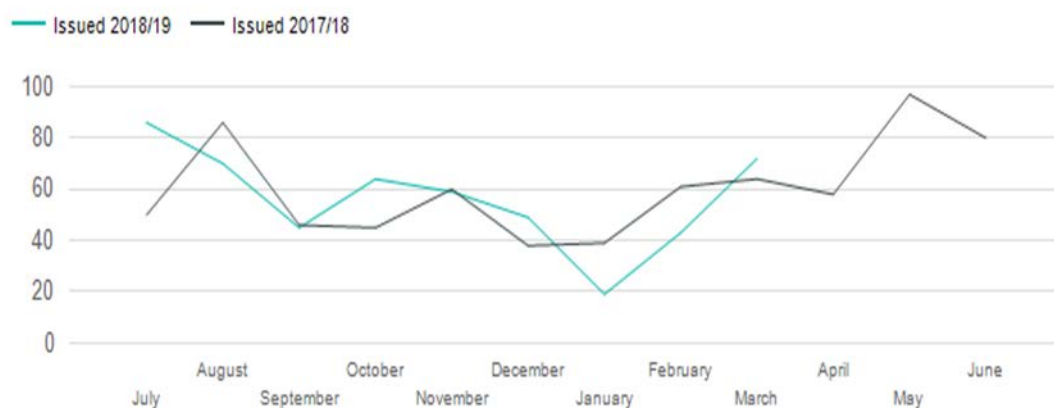
#### 1. Resource Consenting

- 218 consents have been lodged as at 30 April 2019 compared to 157 at the same time last year.
- 89 subdivision consents approved as at 30 April 2019, compared to 65 at the same time last year.
- As at 30 April 2019 a total of 99 new allotments have been created as a result of s223 (approval of title plan) & 59 new allotments have been created as a result of s224 (completion of physical works) certificates being issued for subdivisions.

#### 2. Building Consents

- Value of consents issued as at 30 April 2019 is \$87,305,483 compared to \$76,305,483 for the same period last year
- 561 consents issued as at 30 April 2019, compared to 547 for the same period last year.
- 190 new dwelling consents at 30 April 2019 against 170 for the same period in the 2017/2018 year.
- 562 building consents were lodged as at 30 April 2019 compared to 597 for the same period in the 2017/18 year.
- Consents have been issued for 259 New Residential Dwelling Units as at 30 April 2019.
- This is made up of (as at 31 March);
  - a. 174 new residential dwelling consents (some of these will be duplex counted as 1 consent)
  - b. 8 new “yard built” dwelling consents
  - c. 11 new “yard built” dwellings relocated onto sites
  - d. 15 existing dwellings relocated onto sites

Building Consents Issued



Resource Consent activity and the level of enquiries has risen this month with a higher level of activity that was experienced in 2017/18.

The number of Building Consents lodged YTD is lower than the same period in 2017/18, but the value, number of consents, and the number of consents issue, new dwelling consents issued is higher than in 2017/18.

**B. Financial Performance – Operational Expenditure**

Council shows a \$1.438m deficit against a budgeted surplus of (\$2.314m). It is 83% through the year and Council has spent 86.8% of the full year's budgeted expenditure and received 81.51% of the full year's budgeted income.

**C. Financial Performance – Financial Position**

Council has borrowed \$16m during financial year our gross borrowing are \$96m. We have also \$10.9m the cash reserves in anticipation of capital expenditure in the next 2 months with \$5m being the liquidity deposit. Our net debt which is used for calculating the LGFA covenants etc.is \$85.1m.

Council has purchased \$18m in fixed assets in the first 10 months against a capital budget to April of \$28.7m and \$34.5m budget for the year.

**Doug Law**  
Chief Financial Officer

15 May 2019

Total revenue	Total expenditure	Total surplus/(deficit)
<b>\$44.32m</b> is 3% less than the total budget of \$45.56m	<b>\$45.76m</b> is 6% more than the total budget of \$43.20m	<b>(\$1.44m)</b> is 161% less than the total budget of 2.36m

## SUSTAINABILITY

### Rates to operating revenue 70%

Rates revenue	\$30.99m
Operating revenue	\$44.32m

70% 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 98%

Operating revenue	\$44.32m
Operating expenditure	\$45.31m

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 98% of operating expenditure.

### Net Debt to total projected revenue 157%

Total net borrowing	\$85.09m
Total projected operating revenue	\$54.22m

With net borrowing of \$85.09m we are still under the set limit of 195% of operating revenue. Total net borrowing is external borrowing less cash at bank.

### Interest to rates revenue (LGFA Cov.) 9%

Net Interest	\$2.87m
Rates revenue	\$30.99m

9% 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.) 6%

Net Interest	\$2.87m
Operating revenue	\$44.32m

6% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received.

---

<b>Available financial accommodation to external indebtedness (LGFA Cov.)</b>		<b>112%</b>
Net debt	\$85.09m	
Undrawn committed facilities	\$10.00m	

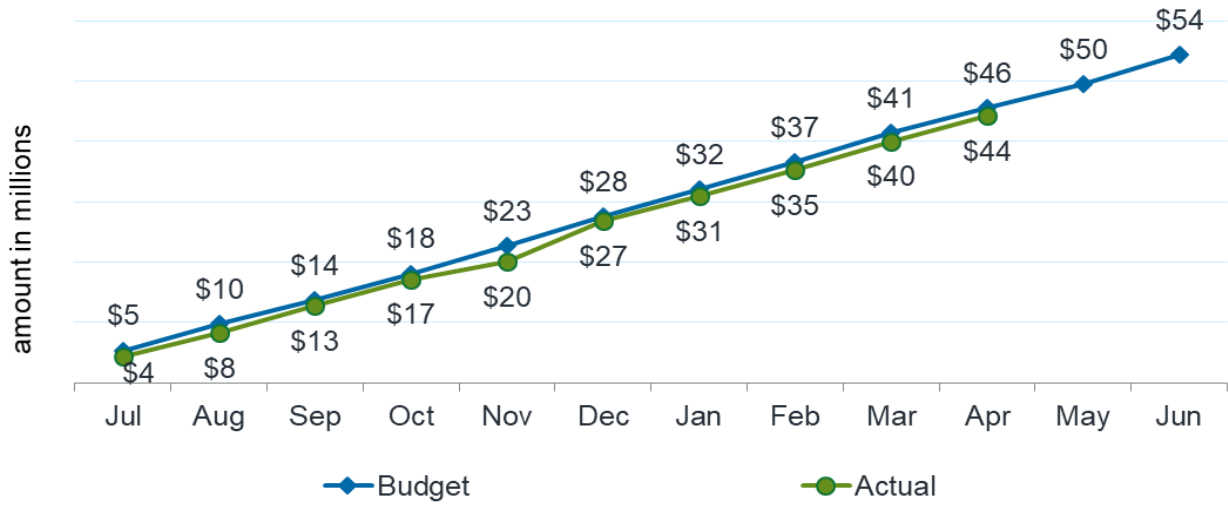
---

The committed bank facility enables us to borrow up to 112% of our current external debt immediately. The LGFA covenant minimum is 110%.

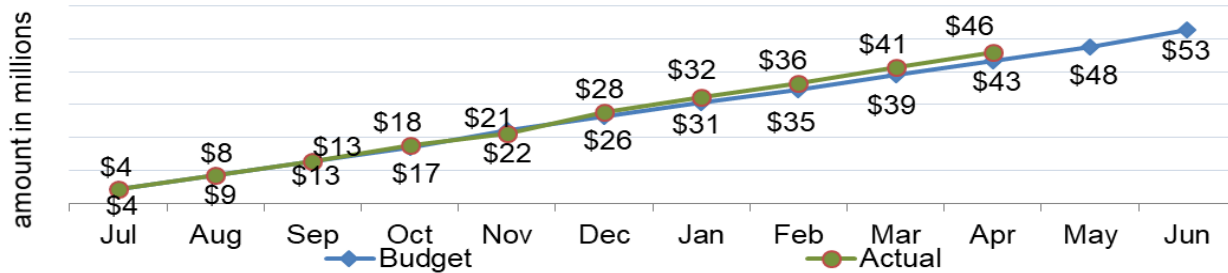
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## Operational Summary

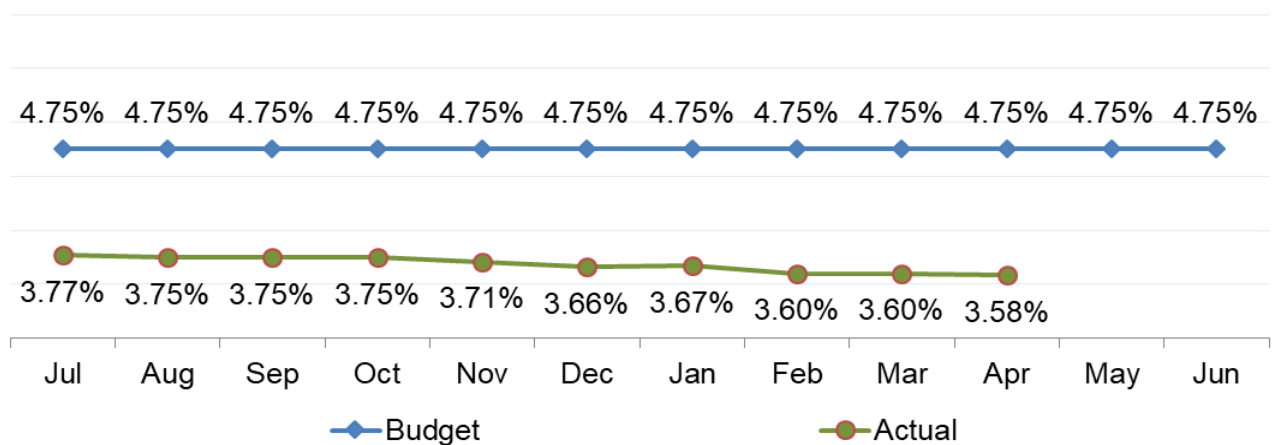
### Total Revenue \$m



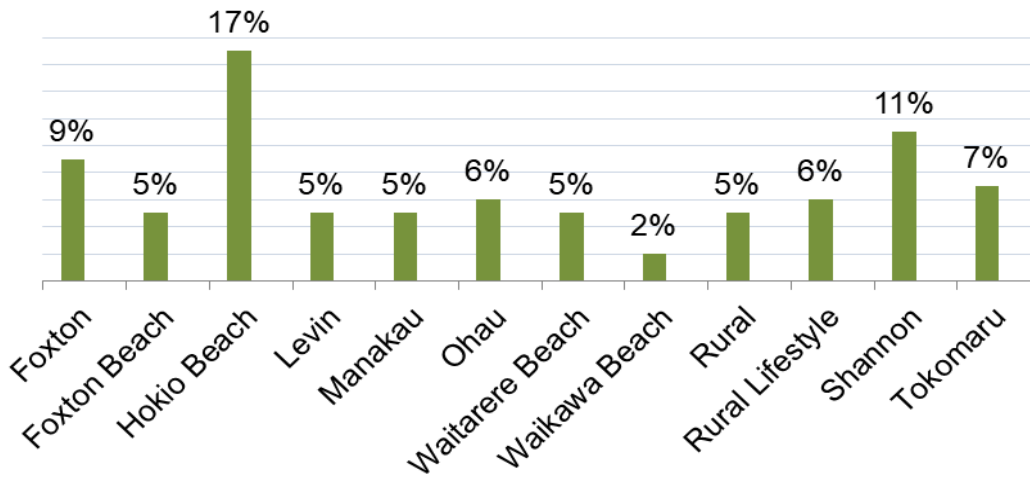
### Total Expenditure \$m



### Interest rate movement



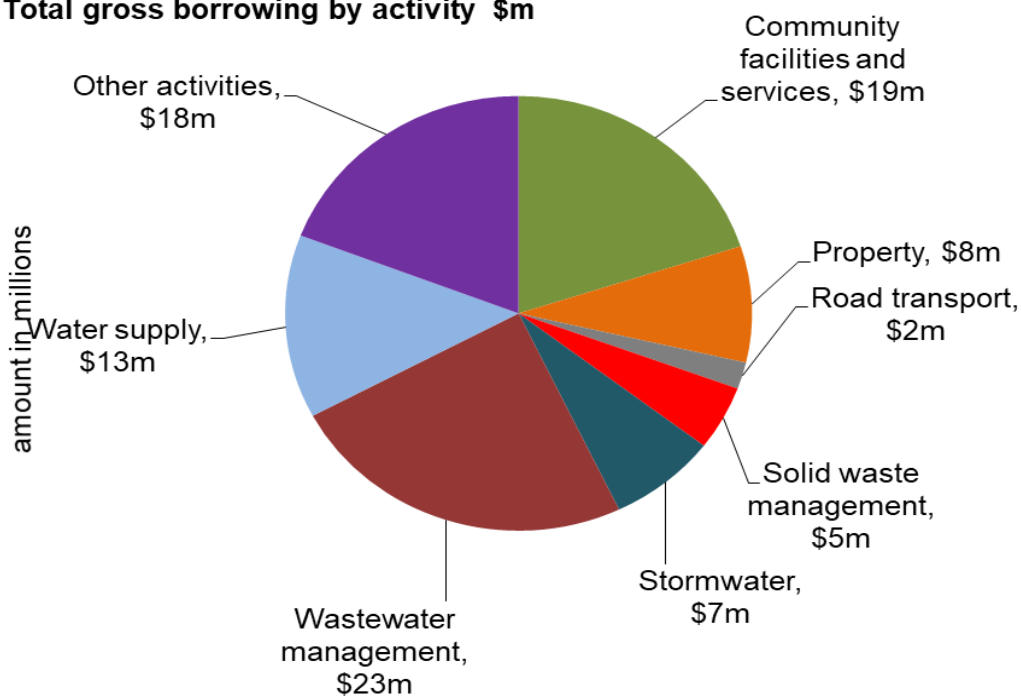
**Rates debtors % with arrears over \$99**



**Sundry debtors by activities \$000**



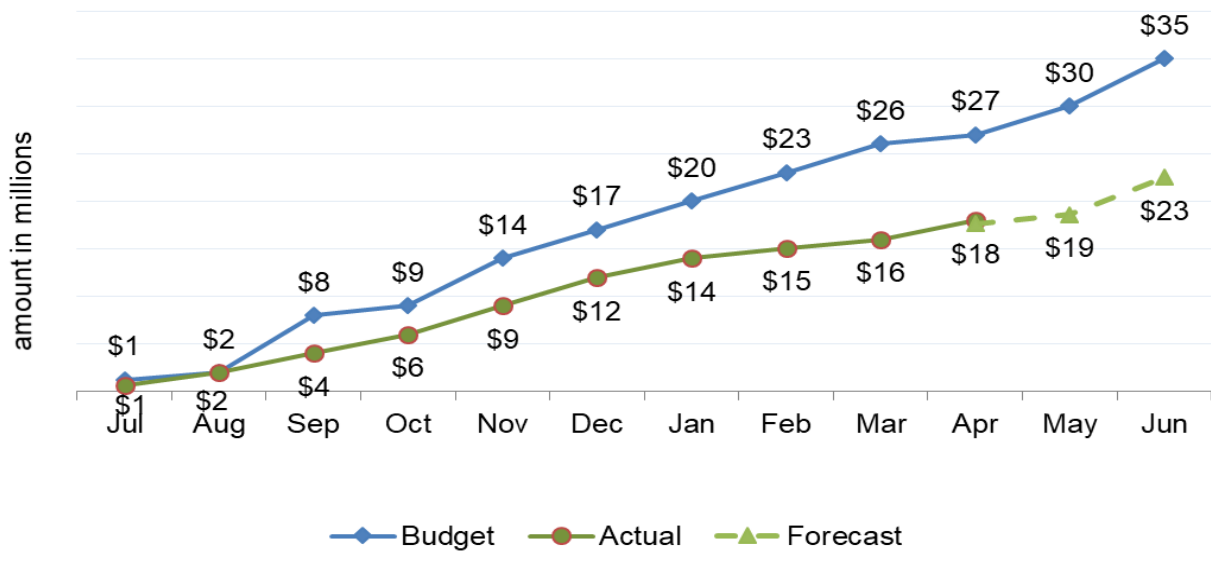
**Total gross borrowing by activity \$m**



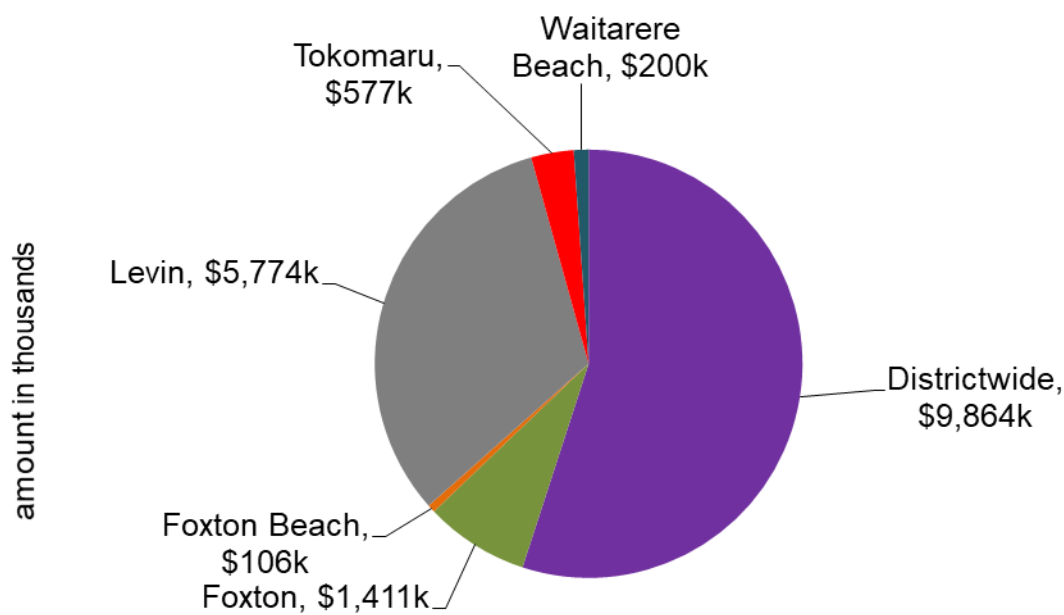
## Capital Summary

To meet growth	To improve service	To replace
<b>\$0.53m</b>	<b>\$7.20m</b>	<b>\$10.25m</b>
is 83% less than the YTD budget of \$3.28m	is 44% less than the YTD budget of \$12.388	is 21% less than the total budget of \$13.09m

### Total Capital Expenditure



### District View - Capital Expenditure \$000



## Statement of Comprehensive Revenue and Expense

Statement of Comprehensive Revenue and Expense											
As at 30 April 2019											
	Year End	Annual	Variance	Annual Plan		C/A	Variance		% of		Notes
	Projection	Plan		YTD	Actual		YTD	YTD	Var/Bud	Total Bud	
	2019	2019	2019	Apr-19	Apr-19	% Actual	2018	%	%		
	\$000	\$000	\$000	\$000	\$000	to Budget	\$000				
<b>Revenue</b>											
Rates Revenue	(38,412)	(38,362)	(50)	(31,811)	(32,013)	83.5%	⊕	(202)	1%	0.4%	
Grants & Subsidies	(6,061)	(6,460)	399	(5,868)	(4,797)	74.3%	⊕	1,071	-18%	-2.0%	1
Finance Income	(370)	(205)	(165)	(188)	(246)	120.0%	⊕	(58)	31%	0.1%	
Fees, charges,	(5,427)	(5,664)	237	(4,675)	(4,493)	79.3%	⊕	182	-4%	-0.3%	
Other Revenue	(3,392)	(3,560)	168	(3,014)	(2,736)	76.9%	⊕	278	-9%	-0.5%	
Development Contributions	-	-	-					-		0.0%	
Gain on Derivatives										0.0%	
Gain Disposal of Assets	(34)		(34)		(34)		⊕	(34)		0.1%	
Investment (Gains)/Losses	(87)	(120)	33	-				-		0.0%	
Vested Assets		-	-	-	-			-		0.0%	
<b>Total Revenue</b>	<b>(53,783)</b>	<b>(54,371)</b>	<b>587</b>	<b>(45,556)</b>	<b>(44,319)</b>	<b>81.51%</b>	<b>⊕</b>	<b>1,237</b>	<b>-3%</b>	<b>-2.3%</b>	
<b>Expenditure</b>											
Employee Benefit Expenses	14,713	13,975	738	11,411	11,821	84.6%	⊕	410	4%	0.8%	
Finance costs	3,653	3,800	(147)	2,965	2,876	75.7%	⊕	(89)	-3%	-0.2%	
Depreciation and Amortisation	13,802	13,489	313	11,241	11,636	86.3%	⊕	395	4%	0.7%	
Other Expenses	22,622	21,453	1,169	17,625	18,973	88.4%	⊕	1,348	8%	2.6%	2
Loss on disposal of assets		-	-					-		0.0%	
Revaluation losses		-	-					-		0.0%	
Loss on Derivatives	430		430	0	451		⊕	451		0.9%	3
<b>Total Expenses</b>	<b>55,220</b>	<b>52,717</b>	<b>2,503</b>	<b>43,242</b>	<b>45,757</b>	<b>86.80%</b>	<b>⊕</b>	<b>2,515</b>	<b>6%</b>	<b>4.8%</b>	
<b>Operating (surplus) deficit before taxation</b>	<b>1,437</b>	<b>(1,654)</b>	<b>3,091</b>	<b>(2,314)</b>	<b>1,438</b>	<b>-86.9%</b>		<b>3,752</b>	<b>-162%</b>	<b>7.1%</b>	
<b>Other Comprehensive Revenue and Expenses</b>											
Gain / (Loss) Fixed Assets											
Valuation	(15,460)	(9,353)	(6,107)	(9,353)	(15,460)	165.3%	⊕	(6,107)	65%	-11.6%	
Gain / (Loss) Financial Assets		-						-			
<b>Total Net Other Comprehensive revenue and expense for the year</b>	<b>(15,460)</b>	<b>(9,353)</b>	<b>(6,107)</b>	<b>(9,353)</b>	<b>(15,460)</b>			<b>(6,107)</b>			
<b>Total Comprehensive Income for the year</b>	<b>(14,023)</b>	<b>(11,007)</b>	<b>(3,016)</b>	<b>(11,667)</b>	<b>(14,022)</b>			<b>(2,355)</b>			

Roading subsidies are lower by \$1.275m from the budget prediction resulting from lower than capital expenditure. Council is postponing two projects until the new financial year. The projects are:

- Poads Road Bridge Replacement – This will be incorporated into the Gladstone Road realignment project to get better value for money.
- The Queen St Cambridge St Roundabout – The water main's new pressure reducing valve at this location needs to be installed first before we can do this project. It is getting later into the construction season and we do not want to run into winter.



Note 2	Year End	Annual	Variance	Annual Plan	Actual	% Actual to Budget		Variance	% Var/Bud %	% of	Notes
	Projection 2019 \$000	Plan 2019 \$000	2019 \$000	YTD Apr-19 \$000	YTD Apr-19 \$000			YTD 2018 \$000		Total Bud %	
Professional Services	4,801	3,158	1,643	2,355	3,848	121.8%	⊗	1,493	63%	2.8%	2A
Materials	99	109	(11)	98	73	67.0%	☺	(25)	-26%	0.0%	
Maintenance	12,841	13,176	(335)	11,069	10,768	81.7%	☺	(301)	-3%	-0.6%	
Grants Paid	731	793	(62)	465	481	60.7%	⊗	16	3%	0.0%	
Utilities	1,044	1,083	(39)	898	886	81.8%	☺	(12)	-1%	0.0%	
Communications	298	268	30	224	180	67.2%	☺	(44)	-20%	-0.1%	
Other Expenses	5,049	5,289	(240)	4,499	4,160	78.7%	☺	(339)	-8%	-0.6%	
Vehicle Expenses	170	159	11	136	112	70.4%	☺	(24)	-18%	0.0%	
Treasury Expenses	170	70	100	90	80	114.3%	☺	(10)	-11%	0.0%	
Labour Recoveries for Capex projects	(2,580)	(2,652)	72	(2,209)	(1,613)	60.8%	⊗	596	-27%	1.1%	2B
<b>Total Other Expenses</b>	<b>22,622</b>	<b>21,453</b>	<b>1,169</b>	<b>17,625</b>	<b>18,975</b>	<b>88.4%</b>	⊗	<b>1,350</b>	<b>8%</b>	<b>2.6%</b>	

**Note 2A.** Professional services – unfavourable variance \$1.5m

- \$239k timing difference relating to Economic Development. Year-end \$469k. Because this activity is out sourced and the contract costs are coded to Professional Services it inflates the variance in Professional services. The true year end prediction increased costs over the whole activity is \$90k
- Growth response projects totalling \$727k – Year-end variance \$771k refer to explanation under Representation and Community Leadership in the Activity variance section.
- Solid Waste consultancy over the strategic direction and new contract \$329 – year end \$380k

**Note 2B.** Labour recoveries for labour posted to CAPEX projects – Unfavourable variance \$596k reflects the lower capital project expenditure than budgeted for in infrastructure.

**Note 3.** Unrealised loss on derivatives (swaps) unfavourable variance of \$451k  
We have valued these now rather than at the end of the year. They reflect the lower interest rates currently being experienced which are now at historic lows.

## Statement of Comprehensive Revenue and Expense by Activity

Statement of Financial Performance											
As at 30 April 2019											
83.3%	A	Projected to	Variance	C D		E	F	G	H	I	J
REVENUE	Annual Plan 2018/2019	30/06/2019		Year to date (YTD)		C/A		D-C	G/D	% of	Notes to
	\$000	\$000	\$000	This Year	Budget	% Actual to Budget		YTD Variance \$000	% Var/Bud	Total Bud	Accounts
<b>Significant Activities</b>											
Regulatory Services	(4,762)	(4,689)	73	(3,821)	(4,028)	80.2%	⊗	(207)	-5.1%	-0.4%	
Community Facilities and Ser	(12,976)	(12,854)	122	(10,593)	(10,815)	81.6%	⊗	(222)	-2.1%	-0.4%	
Road Transport	(10,356)	(9,796)	560	(7,942)	(9,194)	76.7%	⊗	(1,252)	-13.6%	-2.3%	1
Water Supply	(6,683)	(6,683)	0	(5,632)	(5,491)	84.3%	⊙	141	2.6%	0.3%	
Wastewater Disposal	(8,353)	(8,358)	(5)	(7,269)	(6,882)	87.0%	⊙	387	5.6%	0.7%	
Solid Waste	(2,457)	(2,337)	120	(1,783)	(2,068)	72.6%	⊗	(285)	-13.8%	-0.5%	2
Stormwater	(1,051)	(1,051)	0	(878)	(876)	83.5%	⊙	2	0.2%	0.0%	
Treasury	(4,432)	(3,784)	648	(3,078)	(3,711)	69.4%	⊗	(633)	-17.1%	-1.2%	3
Property	(1,549)	(1,665)	(116)	(1,275)	(1,207)	82.3%	⊙	68	5.6%	0.1%	
Community Support	(2,550)	(2,459)	91	(2,058)	(2,126)	80.7%	⊗	(68)	-3.2%	-0.1%	
Representation & Com. Lead	(3,936)	(4,086)	(150)	(3,388)	(3,280)	86.1%	⊙	108	3.3%	0.2%	
<b>Total Activity Revenue</b>	<b>(59,105)</b>	<b>(57,762)</b>	<b>1,343</b>	<b>(47,717)</b>	<b>(49,678)</b>	<b>80.7%</b>	<b>⊗</b>	<b>(1,961)</b>	<b>-3.9%</b>	<b>-3.6%</b>	
<b>Business Units</b>	<b>(21,832)</b>	<b>(21,544)</b>	<b>288</b>	<b>(18,538)</b>	<b>(18,173)</b>	<b>84.9%</b>	<b>⊙</b>	<b>365</b>	<b>2.0%</b>	<b>0.7%</b>	
<b>Total Operating Revenue</b>	<b>(80,937)</b>	<b>(79,306)</b>	<b>1,631</b>	<b>(66,255)</b>	<b>(67,851)</b>	<b>81.9%</b>	<b>⊗</b>	<b>(1,596)</b>	<b>-2.4%</b>	<b>-2.9%</b>	
83.3%											
EXPENDITURE	Annual Plan 2018/2019	Projected to 30/06/2019	Variance	Year to date		C/A		D-C	G/D	% of	Notes to
	\$000	\$000	\$000	This Year	Budget	% Actual to Budget		YTD Variance \$000	% Var/Bud	Total Bud	Accounts
<b>Significant Activities</b>											
Regulatory Services	4,761	4,715	(46)	3,904	3,953	82.0%	⊙	49	1.2%	0.3%	
Community Facilities and Ser	12,918	12,368	(550)	10,151	10,541	78.6%	⊙	390	3.7%	2.5%	
Road Transport	9,034	8,937	(97)	7,084	7,613	78.4%	⊙	529	6.9%	3.3%	
Water Supply	6,683	6,385	(298)	5,989	5,595	89.6%	⊗	(394)	-7.0%	-2.5%	
Wastewater Disposal	7,038	6,835	(203)	6,234	5,890	88.6%	⊗	(344)	-5.8%	-2.2%	
Solid Waste	2,128	3,161	1,033	2,712	1,773	127.4%	⊗	(939)	-53.0%	-5.9%	4
Stormwater	1,321	1,223	(98)	1,025	1,107	77.6%	⊙	82	7.4%	0.5%	
Treasury	5,044	5,379	335	4,447	4,117	88.2%	⊗	(330)	-8.0%	-2.1%	
Property	1,764	1,579	(185)	1,263	1,294	71.6%	⊙	31	2.4%	0.2%	
Community Support	2,597	2,660	63	2,159	2,382	83.1%	⊙	223	9.4%	1.4%	
Representation & Com. Lead	4,111	4,856	745	4,220	3,288	102.7%	⊗	(932)	-28.3%	-5.9%	5
<b>Total Activity Expenditure</b>	<b>57,399</b>	<b>58,098</b>	<b>699</b>	<b>49,188</b>	<b>47,553</b>	<b>85.7%</b>	<b>⊗</b>	<b>(1,635)</b>	<b>-3.4%</b>	<b>-2.1%</b>	
	<b>15,865</b>	<b>55,220</b>		<b>45,757</b>	<b>43,242</b>						
<b>Business Units</b>	<b>21,883</b>	<b>22,645</b>	<b>487</b>	<b>18,505</b>	<b>17,984</b>	<b>84.6%</b>	<b>⊗</b>	<b>(521)</b>	<b>-2.9%</b>	<b>-0.7%</b>	
<b>Total Operating Expenditure</b>	<b>79,282</b>	<b>80,743</b>	<b>1,186</b>	<b>67,693</b>	<b>65,537</b>	<b>85.4%</b>	<b>⊗</b>	<b>(2,156)</b>	<b>-3.3%</b>	<b>-2.7%</b>	
<b>Operating (Surplus)/Deficit</b>	<b>(1,655)</b>	<b>1,437</b>	<b>2,817</b>	<b>1,438</b>	<b>(2,314)</b>			<b>(3,752)</b>	<b>-162.1%</b>	<b>-4.73%</b>	

### Note 1

Road Transport Income Unfavourable variance \$1.2m

- Roothing subsidies from capital works are lower by \$1.4m from the budget prediction resulting from lower than expected capital costs refer to commentary on Poads Bridge and the Queen St. roundabout. The year-end prediction for capital subsidies from NZTA has been reduced by \$560k.
- Offset by Roothing Subsidy for operational works over budget by \$131k

### Note 2

Solid Waste income unfavourable variance of \$285k

- Waste rebate had a duplicate budget in recycling for this, now corrected \$121k
- Rubbish bag sales are lower by \$46k
- Waste transfer sales lower by \$109k this income stream now forms part of the new contract remuneration. This variance will therefore increase each month for the rest of the year to approximately \$140k.

**Note 3**

Treasury income Unfavourable variance \$633k;

- Interest received from internal borrowing is \$635k lower due to lower external borrowing costs, this trend will continue for the rest of the year.
- Rates penalty income is \$25k below year to date budget estimate due to lower Rates debt than anticipated
- Offset by external interest received now \$58k over budget from maturity of prefunded investments in March

**Note 4.**

Solid Waste – Unfavourable variance \$859k

- The new recycling contract - \$593k
- Consultants costs on strategy etc. \$288k
- Consent fees related to the landfill \$117k

These trends will continue for the rest of the year.

**Note 5.**

Representation and Community Leadership – unfavourable variance \$877k

- Growth response projects totalling \$727k

Growth Reponse projects	YTD Income	YTD Actuals	YE Prediction
00009161 - Gladstone Green Master Plan	0	231,710	225,700
00009162 - The Lakes Foxton Beach Master Plan	0	37,395	38,000
00009163 - Forest Road Waitarere Master Plan		21,367	35,000
00009165 - O2NL Planning	0	67,000	80,100
00009166 - Growth Strategy	0	119,812	124,700
00009168 - Levin Town Centre Planning	0	24,135	22,908
00009179 - H2040	-92,500	66,000	70,000
00009190 - Foxton River Loop	0	92,200	95,000
00009191 - MAVTech Upgrade	0	25,650	
00009196 - Project lift	0	15,000	15,000
00009205 -Horowhenua Water Party	0	5,000	
00009219 - Community Plans	0	16,438	26,000
00009231 - House Planning	0	5,000	
<b>Total</b>	<b>-92,500</b>	<b>726,707</b>	<b>732,408</b>

These projects are vital to Council's vision of being prepared for the growth that we will and are experiencing. Some of the costs are recoverable from NZTA while others will be funded from will be funded by way of borrowing.

## 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

# Liability Management Policy Changes

File No.: 19/170

## 1. Purpose

- To recommend changes to the Liability Management Policy relating to the management of Interest Rate Risk, (paragraph 4.3) specifically in relation to Fixed Rate Hedging Percentages, and
- To recommend some minor wording change to paragraph 4.6 Management of Funding Risk.

## 2. Recommendation

- 2.1 That Report 19/170 Liability Management Policy Changes 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 Subcommittee recommends to the Horowhenua District Council that it accepts the changes as identified in the draft Liability Management Policy.

## 3. Background/Previous Council Decisions

Council is required to have a Liability Management Policy under section 102(2)(b) of the Local Government Act 2002. The content of the policy is stipulated in section 104. Section 102(5) states that consultation on the policy is not needed .i.e. any change can be adopted by resolution of Council.

## 4. Issues for Consideration

The changes to the policy are identified in the attachment by tracked changes.

The amended Fixed Rate Hedging Percentages parameters are in response to a structural change in the financial markets with the world now in a lower growth, lower inflation and lower interest rate environment. This means that borrowers do not need as much fixed rate cover as has previously been the case. Also the new parameters avoid the need in some situations to enter into fixed rate cover merely to achieve policy compliance but which in reality adds little economic benefit to HDC.

Note there are also changes to officer delegations to reflect the actual position descriptions.

## Attachments

No.	Title	Page
A	Draft Liability Management Policy May 2019	71



### Confirmation of statutory compliance

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

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

decision.

### Signatories

Author(s)	Doug Law <b>Chief Financial Officer</b>	
Approved by	David Clapperton <b>Chief Executive</b>	

## Liability Management Policy

### 1. Legislative Provisions

The Local Government Act (LGA) 2002 requires:

- liabilities to be managed prudently and in a manner that promotes the current and future interests of the Community (Section 101(1));
- a Liability Management Policy to be adopted by Council (Section 102); and
- specific content of such a policy (Section 104).

### 2. Objectives

- a. The objectives of the Liability Management Policy are to:
  - minimise the cost of borrowing (including interest, contracted services, staff, time and administration);
  - minimise the exposure to the risks associated with borrowing;
  - maintain strong financial ratios;
  - consider long term indebtedness as a means of creating intergenerational equity; and
  - maintain the integrity of Council's Long Term Plan (LTP).
- b. The objectives of the Management of Liquidity and Funding Risk are to:
  - ensure Council's continued ability to meet its debts in an orderly manner as and when they are due in both the short and long term, through appropriate liquidity and funding risk management;
  - arrange appropriate funding facilities for Council, ensuring they are at market related margins utilising bank debt facilities and/or capital markets as appropriate; and
  - maintain lender relationships and Council's general borrowing profile in the local debt and capital markets, so that Council is able to fund itself appropriately at all times.
- c. The objectives relating to Reporting are to:
  - produce accurate and timely information that can be relied on by senior management and the full Council for control, exposure monitoring, and performance measurement purposes in relation to treasury activity.

### 3. Current Liabilities

Current liabilities are those which Council has to meet within the following 12 months.

Council will arrange such terms and conditions as it considers necessary for the establishment and provision of normal trade credit to enable it to carry out its Activities. Such credit will not normally involve the issue of any security, undertaking, or collateral as a condition of the provision of such credit, except finance leases and hire purchase, which normally include a charge over the assets being purchased.

Council policy is to pay all routine expenditure obligations by the due date.

### 4. Borrowing

(For these purposes 'borrowing' does not include hire purchase, deferred payment, or the giving of credit for goods and services where the transaction is for less than 91 days or does not exceed \$500,000).

#### **4.1 Borrowing Limits**

Debt will be managed within the following limits:

- Net annual interest costs will not exceed 20% of total annual operating revenue.
- Net annual interest costs will not exceed 25% of total annual rates revenue.
- Net debt shall not exceed 195% of total operating revenue.

Council will also monitor and report:

- The ratio of equity: debt.
- Debt per rateable property.

#### **4.2 Instruments or methods to raise debt**

The following funding instruments and methods may be used by Council to raise external debt:

- Committed bank facilities.
- Uncommitted bank facilities.
- Local Authority Bonds which includes fixed rate bonds and floating rate notes.
- Medium Term Notes.
- Local Government Funding Agency.

#### **4.3 Management of Interest Rate Risk**

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

The fixed rate hedging percentages shall apply to the core debt of Council as detailed in the Annual Plan or as otherwise amended by the Chief Financial Officer or in their absence the Finance Manager.

The Chief Financial Officer or in their absence the Finance Manager after consulting with appropriate external advisors may use the following interest rate risk management instruments to manage the core debt of Council.

- Interest rate swaps.
- Swaptions (options on swaps).
- Interest rate options, including collar type structures but only in a ratio of 1 : 1.
- Forward rate agreements.

#### **4.4 Management of Credit Risks**

All bank borrowing and interest rate hedging transactions must be undertaken with a New Zealand Registered Bank with a minimum Standard and Poor's Long Term credit rating of at least A+ (or the Moody's or Fitch Ratings equivalents).

Council will satisfy itself in all its borrowing transactions that counterparties are financially



adequate, have an appropriate industry standing, and have an appropriate track record to give Council reasonable certainty that obligations under concluded contracts will be performed.

#### **4.5 Management of Liquidity Risks**

Liquidity Risk Management has the objective of ensuring that adequate funding sources and liquid assets are available at all times to meet the short term commitments of Council as they arise. Appropriate cash flow reports will be maintained to monitor Council's estimated liquidity position over the next 12 months, with such reports being updated at least every three months.

The establishment of any overdraft facility is delegated to the Chief Financial Officer or Finance Manager.

#### **4.6 Management of Funding Risk**

- Council must maintain committed funding lines of not less than 110% of projected core debt.
- Where practicable no more than 50% of debt shall mature in any rolling 12 month period.

#### **4.7 Debt Repayment**

Loan Repayment Reserves will be established to ensure that sufficient funds are on hand to allow appropriate repayment and/or appropriate refinancing.

#### **4.8 Provision of Security**

When arranging funding facilities, Council will have a preference for unsecured facilities unless a cost benefit accrues from offering security.

Council's first choice will be to offer security for borrowings by way of a pledge of rates.

Physical assets will be pledged only where there is a direct relationship between the debt and the asset purchase or construction, or Council considers such a pledge to be more appropriate.

Finance leases for such assets as office equipment, information technology, and vehicles may be entered into provided that the interest rates are commercially advantageous.

#### **4.9 Accountabilities**

The management of approved borrowing and interest rate instruments will be carried out by the Chief Financial Officer or in their absence the Finance Manager.

The quarterly debt reports shall detail Council's weighted average cost of funds as at the end of the relevant quarter.

The Chief Financial Officer or in their absence the Finance Manager will report to the Finance, Audit and Risk Subcommittee or Council meetings on borrowing management transactions and any instances where the policy has not been able to be complied with, and on all aspects of the Liability Management Policy.

There will also be accountability through the Annual Report at the end of the year.

#### **4.10 Internal Borrowing**

Council may, from time to time, instead of raising loans or borrowing on overdraft, internally borrow from any Special Fund accounts on such terms and conditions as it thinks appropriate in any instance, but without interrupting the normal cash flow requirements of any such fund. Such terms and conditions may include, amongst other matters, a nil rate of interest and deferral or future waiving

of repayments.

Repayments may be made directly to the source fund or through an Internal Loan Repayment Fund.

Internal borrowing arrangements will not be subject to clauses 4.1 or 4.2 of the Liability Management Policy.

The interest rate for internal borrowing will be the sum of the current three year swap bid rate as quoted by Council's principal bank, plus a margin (which includes a commitment fee) of 1.50%.

#### **4.11 New Zealand Local Government Funding Agency Limited Investment**

Despite anything earlier in this Liability Management Policy, Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) as a Principal Shareholding Local Authority. In connection with that borrowing, Council may enter into the following related transactions to the extent it considers necessary or desirable:

- (a) Contribute a portion of its borrowing back to the LGFA as subordinate debt, convertible equity if required by LGFA;
- (b) Provide a guarantee of the indebtedness of the LGFA;
- (c) Commit to contributing additional equity to the LGFA if required;
- (d) Subscribe for shares and uncalled capital the LGFA; and
- (e) Secure its borrowings from LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over Council's rates and rates revenue.

# Internal Audit Programme

File No.: 19/171

## 1. Purpose

To introduce a proposed three (3) year Internal Audit programme for Council to review.

## 2. Recommendation

- 2.1 That Report 19/171 Internal Audit 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 Subcommittee commits to an internal audit focussing on Procurement.

## 3. Background/Previous Council Decisions

- 3.1 Internal Audit is an independent and systematic review and appraisal of the activities of the Horowhenua District Council. Its purpose is to assist management to meet its accountabilities by assessing the efficiency, economy and effectiveness of the Council's programmes, policies, practices, controls and activities, and by offering constructive advice.
- 3.2 Internal Audit provides an additional level of assurance concerning risk and control for the Council's Executive Team and reports directly to the Chief Executive and the Finance, Audit and Risk Subcommittee.
- 3.3 The MW LASS has a shared service across all participating Councils. This is done by outsourcing this service to a specialised auditing company called Cotton Kelly Smit Limited (CKS>Audit ) comprising 3 Directors and 8 auditors.. Their web address is [www.auditors.co.nz](http://www.auditors.co.nz).
- 3.4 Their audits of MW LASS Councils tend to be coordinated so that the same audit plan and methodology can be utilised across all participating district councils. This saves money in that the cost of the audit planning can be shared across those councils, reducing the costs to each council.
- 3.5 The current audit plan is Procurement which has already been done at several councils this financial year. We have already contributed \$3k to cover our share of these planning costs and keep the ability to use this plan for Horowhenua.

## 4. Issues for Consideration

- 4.1 Council is embarking on a review of the Procurement Policy. Therefore, an internal audit focusing on Procurement, reviewing the status and effectiveness of Council's current procurement practices and level of compliance with existing policies and strategy would help inform the review.
- 4.2 There is also, within the MW LASS group of Councils, an unfinished programme being developed for the next tranche of internal audit reviews. At the time of writing this report, it was not possible to access this draft 3 year Audit and Risk plan due to the unavailability of key staff within CKS and MW LASS. This information will become available before the FARS meeting and will be tabled at the meeting.
- 4.3 Also, no budget for an Internal Audit exists in this financial year, or in the draft Annual Plan. The estimated cost of an internal audit would be in the range of \$30k to \$45k. We have allowed for \$45k in the past.

## Attachments



There are no attachments for this report.

### Confirmation of statutory compliance

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

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

## Signatories

Author(s)	Doug Law <b>Chief Financial Officer</b>	
Approved by	David Clapperton <b>Chief Executive</b>	

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

The following motion is submitted for consideration:

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

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

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

### C1 Risk Update

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(b)(i) - The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret. s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest. s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

### C2 Purchase of Land - Gladstone Road

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