

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

Date: Wednesday 26 February 2020
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Committee

OPEN AGENDA

MEMBERSHIP

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

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

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1 Apologies

2 Public Participation

Notification of a request to speak is required by 12 noon on the day of the meeting by phoning 06 366 0999 or emailing public.participation@horowhenua.govt.nz.

See over the page for further information on Public Participation.

3 Late Items

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

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

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

4 Declarations of Interest

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

5 Confirmation of Minutes

5.1 Meeting minutes Finance, Audit & Risk Committee, 29 January 2020

6 Announcements

Public Participation (further information):

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

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

Meeting protocols

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

Projects Update

File No.: 20/43

1. Purpose

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

2. Recommendation

- 2.1 That Report 20/43 Projects Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As provided in the **attached** reports.

Attachments

No.	Title	Page
A	Project Report - Tokomaru Wastewater Discharge	8
B	Project Report - Foxton Beach Stormwater Summary	13
C	Project Report - Foxton Wastewater Discharge	17

Confirmation of statutory compliance

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

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

Signatories

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

Tokomaru Wastewater Discharge - Overview

Project Overview Summary

Project objective:

The project's aim is to:

- (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"> Council commitment to land based, long term disposal. Short term consent sought for discharge to water to provide time to investigate, design, and consent land based option. MfE Funding assisted with purchase of land. Work on the long term land disposal project has been initiated. 	<ul style="list-style-type: none"> Resolve short term consent with Horizons and submitters. Establish Wastewater Working Group (iwi, community and interested parties) to work with Council towards long term land option. Commence Investigations Phase of Long Term Land Disposal Project. 	<ul style="list-style-type: none"> Council hopes to have short term consent resolved early 2020. Wastewater Working Group to be established early 2020 (likely date 27 February). Collaborative working on land option 2020 - 2021 (see indicative timeline over page).

Overview of project:



Work to date:

Short-Term Consent

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

Conditions for the short-term consent have been agreed with Regional Council and are currently with submitters for feedback and confirmation as to whether or not the conditions satisfy their concerns. At present, nine of the fourteen submissions have been resolved. The remaining submitters were seeking a land based disposal solution. To obtain traction on this matter, the land based project has been commenced and the Wastewater Working Group will be convened end of February 2020. It is hoped that this will assist obtaining sign-off from the remaining submitters. A further pre-hearing will be held immediately after the Working Group's initial meeting for that purpose. If not successful in resolving the remaining submissions, a hearing may be required.

Long Term Land Based Treatment Option

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

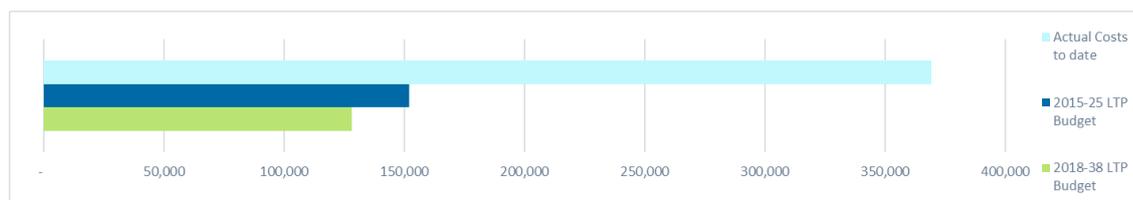
Central government funding has been secured and this has assisted Council to purchase land which is considered suitable for the purpose.

Work is underway to set up the project structure & timeline; and establish a Wastewater Working Group. The likely date for the first Working Group meeting is 27 February 2020. The Investigation Phase will commence early 2020.

Financials:

The funding arrangements are loan funded.

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



Risk Management:

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

Risks for long term project to be identified as part of current project establishment phase and included in next FARS report.

Risks Traffic Light Key

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

Communication and Key Stakeholders:

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

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

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

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

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

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

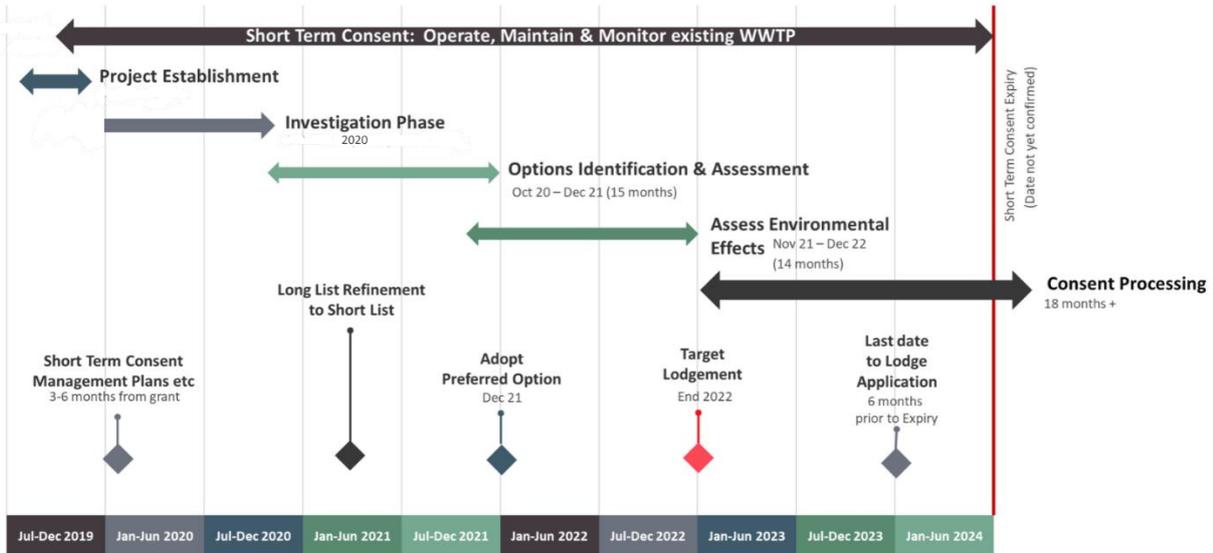
The Consultation Plan is a living document and HDC intends to conduct an adaptive consultation process which can be flexible to fit the needs of the parties being consulted. Early engagement will focus on identifying the preferred means of engagement, the best methods for provision of information and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

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

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

Timeline:

Note: the timeline is indicative only at this stage.



Foxtton 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">• Consents are required for Council's stormwater discharges to the Manawatu Estuary.• An application for consent is currently being prepared.• Monitoring and engagement with mana whenua is ongoing.	<ul style="list-style-type: none">• Ongoing engagement with mana whenua.• Ongoing stormwater monitoring to confirm quality of discharges.• Ecological effects assessment.• Consultation with affected parties.	<ul style="list-style-type: none">• A draft application has been prepared. Lodgement dates will depend on consultation timing and effects assessment timelines.• Intend lodging April - May once plans for Holben wetland are confirmed.

Overview of project:

The project is to obtain stormwater discharge consents for the existing stormwater network.



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 is underway.

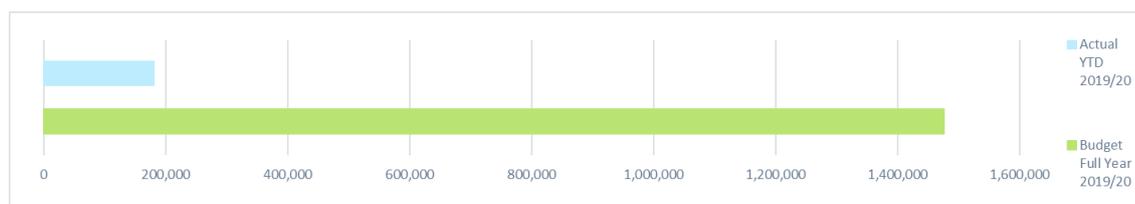
An ecological effects assessment is in progress. The first stage has been to assess likely risks so that the monitoring programme can be refined, and a more detailed effects assessment is now being undertaken in conjunction with the monitoring programme which is being implemented. Consultation is ongoing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

Council is also working on a proposal to provide stormwater treatment with the Holben Reserve which will assist to improve stormwater quality prior to discharge to the Estuary. The Council's Parks Team is working on this proposal which intends to treat stormwater from the Holben catchment via a new wetland in Holben reserve. The wetland design objective will be to meet receiving water environmental standards prior to discharge. This proposal significantly assists the consenting process as it means that Council can commit to meeting receiving water targets for a significant portion of the urban stormwater which is also the portion that discharges to the most sensitive part of the Estuary.

Monitoring results to date indicate elevated concentrations of zinc, phosphorus and E.Coli have been identified in the discharge from Linklater Ave catchment. Potential sources for these contaminants are currently being investigated.

Financials:

Budget for Foxton Beach Stormwater Consent is part of a wider Stormwater District Wide budget. So far this year \$180,535 has been spent on the consent.



Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Potential for HRC to determine that consent should not be granted.	4C/2 L	Significant	Detailed documentation in the consent application to show that the discharge is controlled effectively. Provide for time and cost for hearing process if needed.	3C/2 L	Moderate
Financial	Cost of hearing and potential appeal process	3C/4 L	Significant	Pre-lodgement consultation. Manage process and pre-hearing discussions to focus on RMA matters as far as possible.	3C/3 L	Significant
	Mitigation costs to address potential effects / consent conditions	3 C/ 3L	Significant	Ensure clear messaging re low risk stormwater system. Effects evidence-based assessment of need for mitigation.	2 C/ 3L	Moderate

Risks Traffic Light Key

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

Communication and Key Stakeholders:

Consultation is ongoing with iwi groups. Discussions have been held with Te Runanga o Raukawa and Rangitaane and feedback received on the monitoring programme. Further feedback is sought on cultural health monitoring and processes to undertake cultural impact assessment(s). Monitoring sessions will be carried out with Raukawa hapu for sharing of information (cultural values, monitoring procedures) and upskilling.

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

Timeline:



Foxton Wastewater Discharge Project Overview Summary February 2020



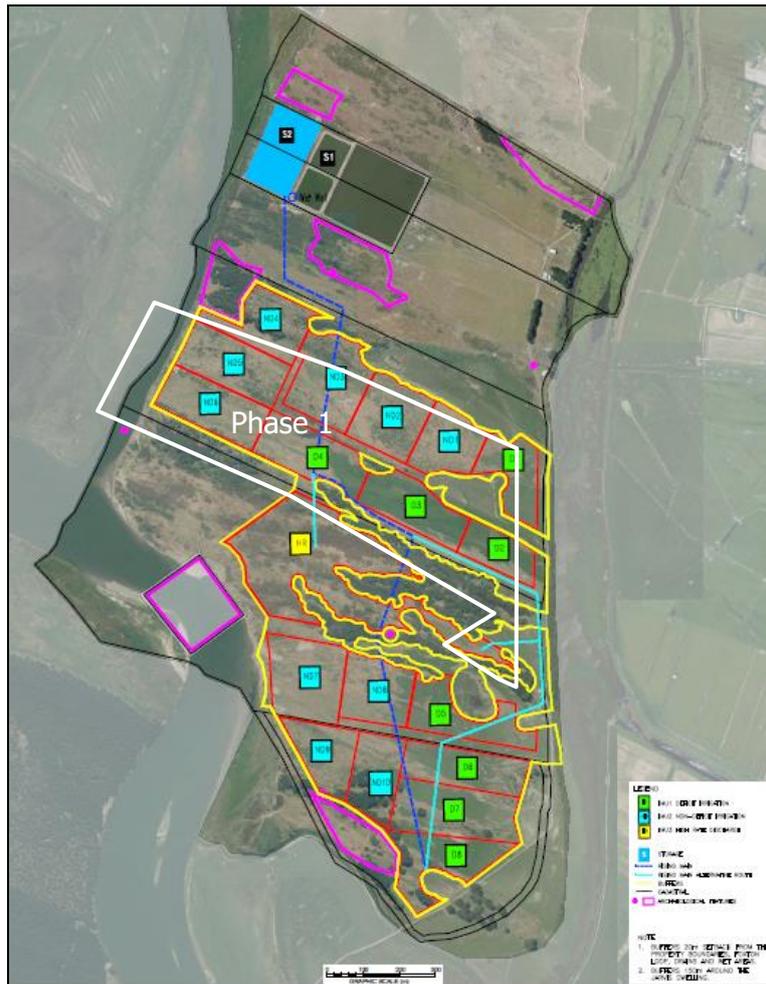
Project Objective:

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

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none">□ Irrigation layout and design details are being finalised for the northern area of farmland.□ Horowhenua Alliance have appointed another two sub-contractors for constructing the pump shed and wet well for the first phase of irrigation.□ Horowhenua Alliance is organising the first phase of WWTP works construction.□ The farm is being sprayed ready for installing pipes.□ Materials are being ordered for construction in March/April.	<ul style="list-style-type: none">• Management of multi-disciplinary team to design and construct new scheme.• Management of land owner and iwi relationships.• Development of iwi supervision plan for physical works.• Management of budgets and differing contractual approval processes.• Finalisation of minor design refinements.• Co-ordination of complex range of systems and activities to ensure full integration of WWTP, irrigation, and farm operations.	<ul style="list-style-type: none">• Consents granted 4 February 2019.• Aiming for commencing the first phase of irrigation by April 2020.• Storage pond and the remainder of the irrigation will be built in 2020/21.• 4 February 2022 deadline for irrigation completion, including new storage pond, and ceasing discharge to Foxton Loop. After this time any discharges to Foxton Loop will breach the RMA (no consent).

Overview of project:

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



Work to date:

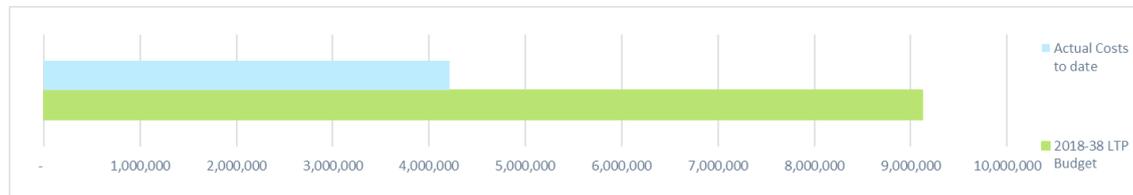
- The project management team continues to actively plan and co-ordinate activities, including contractual arrangements and health and safety requirements.
- Timelines, scopes, and budgets have continued to be refined for a wide range of tasks with a particular focus on the 2019/20 and 2020/21 financial years.
- Critical timeframes and complex tasks have been identified and progressed to avoid delays for commissioning the first phase of irrigation in April 2020.
- There continues to be significant collaboration with the farmers and iwi.
- The farmers are preparing the pasture and erecting fence posts for irrigation construction.

- Iwi have been kept up-to-date with developments and given opportunities for input. Some cultural health index monitoring will occur soon. Construction protocols are being established.
- Collaborative finalisation of design and construction programmes has been occurring within the project design and construction teams.
- The designs and construction methodologies for the wet well and the temporary Foxton Loop discharge have been refined.
- A review of the hydraulic engineering of the proposed irrigation system has been completed. It has confirmed that the design parameters and proposed components are appropriate for the anticipated irrigation volumes.
- Contracts for construction of the first phase of irrigation including the pump shed and wet well have been approved. Some aspects of the WWTP works are still being priced and construction contracts will soon be confirmed with the successful parties.
- Components with long delivery times have been or are being ordered to ensure that construction is not delayed.
- Discussions have been held with Horizons staff regarding the timing, documentation, communication, and consenting aspects of construction.
- An Erosion and Sediment Control Plan for installing the first phase of irrigation has been lodged with Horizons for certification. Documentation of irrigation construction management details are being prepared for Horizons' certification.
- Planning is under way for the design and construction of the storage pond and WWTP bund repairs.
- Planning will soon be under way for the second phase of irrigation construction.

Financials:

The funding arrangements are loan funded.

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



- Forecast budgets for a large number of tasks and infrastructure have continued to be refined as tasks are identified and formal cost estimates are developed by each of contractor. Actual costs to date have also been tracked against these estimates.
- Overall costs have risen from initial expectations but are still within the project's and Council's 2019/20 and 2020/21 budgets.
- No carry-over of funds is anticipated to be necessary for boosting 2020/21 budgets.
- The delays in obtaining resource consents, completing detailed designs, and then confirming contracts mean that funds will need to be made available in Council's 2021/22 budget when preparing the 2021-31 LTP; these funds were not spent in previous years and some of the budgeted funds were not carried forward during recent years' adjustments of Annual Plan budgets.

Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Landowner co-operation.	A	Delays to implementing project cause farm management conflicts.	Robust and frequent landowner engagement.	G	Concerns will be resolved.
	Contractor collaboration.	A	Clashing construction activities cause delays in commissioning irrigation. Reluctance to work together in future.	Robust and regular engagement with all contractors.	G	Collaboration will be achieved and all contractors will work together in future.
Financial	Delays mean that funds are not spent until next year.	G	Provision is not made for carrying funds forward to 2020/21.	Financial planning and on-going cost management.	G	Expenditure is not expected to change annual budgets.
Service Delivery	Resource or parts availability and timing cause delays.	A	Delays can compound, affect other contractors and farm management, and add to costs.	Strong project and staff management controls. Provision of additional resources.	G	Timing and costs will be acceptable.
	Delayed and fragmented contractor engagement causes delays.	A	Completion of WWTP works will determine when the initial irrigation system can be commissioned.	Strong project and contract management to ensure integration of contractor activities.	G	Timelines should not be affected significantly.
Legal	Additional consents may be required.	A	Additional consents can delay construction.	Ideally avoid triggering consents, otherwise identify and promptly seek all necessary consents.	G	Additional consents are unlikely to delay project.
	Horizons' compliance staff may not approve details of Management Plans.	A	Construction is delayed until all relevant Management Plans are certified by Horizons.	Collaborate closely with Horizons and relevant contractors to quickly resolve any issues. Provide draft Plans to Horizons with timelines.	G	Management Plans are unlikely to encounter any certification issues but any concerns will be rapidly resolved.
Reputational	Construction delays keep deferring dates of commissioning.	A	Delays suggest poor management, lack of resourcing, or inadequate capabilities. Landowners and the public lose their confidence in the ability of Council to deliver on time.	Strong project and contract management to ensure that delays are minimised and justifiable.	G	Delays do not harm Council's reputation. Landowners will take part in future Council projects.

Risks Traffic Light Key

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

Communication and Key Stakeholders:

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

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

Council has also been engaging with some Horizons staff regarding consent conditions and their expectations of construction methodologies, monitoring requirements, documentation requirements, and reporting. Compliance communications have also been actively maintained with Horizons staff.

Timeline:

	Feb '20	Mar '20	Apr '20
Construction Management Plans and Erosion & Sediment Control Plans	Submit to HRC for certification. Amend/update if requested.		
Wet well	Order materials	Install	Connect to WWTP
Pump shed	Lodge building consent	Construct	Fit out interior
WWTP connections to wet well	Reduce pond water levels if necessary	Construct and commission	
Install temporary discharge pipe from wet well to Foxton Loop	Order materials	Construct and commission	
Irrigation development	Order materials	Construct	Commission
Storage pond and Phase 2 irrigation planning and scheduling		Confirm pond location & size	Start developing detailed designs

Seven Month Report 1 July 2019 - 31 January 2020

File No.: 20/44

1. Purpose

To present to the Finance, Audit & Risk (FAR) Committee the financial report for the seven months ended 31 January 2020.

2. Recommendation

- 2.1 That Report 20/44 Seven Month Report 1 July 2019 - 31 January 2020 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As included in the **attached** report.

Attachments

No.	Title	Page
A	Financial management - Seventh Month Financial Report 31 January 2020	24

Confirmation of statutory compliance

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

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

Signatories

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

Seven Month Report

1 July 2019 - 31 January 2020



Executive Summary

A. Trends and Activity of Interest

1. Resource Consenting

- 208 consents have been lodged as at 31 January 2020, compared to 161 at the same time last year.
- 85 subdivision consents approved as at 31 January 2020, compared to 62 at the same time last year.
- As at 31 January 2020 a total of 139 new allotments have been created as a result of s223 (approval of title plan) and 125 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 31 January 2020 is \$79,700,716 compared to \$61,093,238 for the same period last year.
- 416 consents issued as at 31 January 2020, compared to 392 for the same period last year.
- 139 new dwelling consents were issued as at 31 January 2020 compared to 139 for the same period in the 2018/2019 year.
- 408 building consents were lodged as at 31 January 2020 compared to 364 for the same period in the 2018/19 year.
- Consents have been issued for 170 New Residential Dwelling Units as at 31 January 2020.

Year-to-date (YTD) the level of Resource Consenting activity is higher than what was experienced over a similar period in 2018/19.

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

B. Financial Performance – Operational Expenditure

Council shows a \$2.187m YTD deficit against a budgeted YTD deficit of \$3.358m. It is 58.33% through the year and Council has spent 59.33% of the full year's budgeted expenditure and received 58.12% of the full year's budgeted income.

Doug Law

Chief Financial Officer

17 February 2020

Statement of Comprehensive Revenue and Expense

As at 31 January 2019									
	Annual Plan 2020 \$000	Annual Plan YTD Dec-19 \$000	Actual YTD Dec-19 \$000	C/A % Actual to Budget		Variance YTD 2019 \$000	Var/Bud %	% of Total Bud %	Notes
Revenue									
Rates Revenue	(40,099)	(23,122)	(23,464)	58.5%	😊	(342)	1%	1.1%	
Grants & Subsidies	(6,462)	(3,084)	(2,910)	45.0%	😞	174	-6%	-0.6%	
Finance Income	(209)	(29)	(32)	15.3%	😊	(3)	10%	0.0%	
Fees & Charges,	(5,110)	(2,871)	(2,883)	56.4%	😊	(12)	0%	0.0%	
Other Revenue	(3,926)	(2,443)	(2,715)	69.2%	😊	(272)	11%	0.9%	1
Development Contributions	-					-		0.0%	
Gain on Derivatives			-		😊	-		0.0%	
Gain Disposal of Assets			(503)		😊	(503)		1.6%	3
Investment (Gains)/Losses	(122)					-		0.0%	
Vested Assets	-	-				-		0.0%	
Total Revenue	(55,928)	(31,549)	(32,507)	58.12%	😊	(958)	3%	3%	
Expenditure									
Employee Benefit Expenses	15,017	8,616	8,567	57.0%	😊	(49)	-1%	-0.1%	
Finance Costs	3,870	2,037	1,906	49.3%	😊	(131)	-6%	-0.4%	
Depreciation and Amortisation	14,448	8,428	8,507	58.9%	😞	79	1%	0.2%	
Other Expenses	25,082	15,826	15,314	61.1%	😊	(512)	-3%	-1.5%	2
Loss on Disposal of Assets	-					-		0.0%	
Revaluation Losses	-		-			-		0.0%	
Increase in Landfill Provision		-				-		0.0%	
Loss on Derivatives			364		😞	364		1.0%	4
Total Expenses	58,417	34,907	34,658	59.33%	😊	(249)	-1%	-0.7%	
Operating (surplus) deficit before taxation	2,489	3,358	2,151	86.4%		(1,207)	-36%	-35.9%	
Taxation			36			36			
Operating (surplus) deficit after taxation	2,489	3,358	2,187	87.9%		(1,171)	-35%	-34.9%	

Note 1 Other Revenue – Favourable variance \$272k

- Treasury special dividend from Civic Financial Services on sale of their building \$127k
- Regulatory services (refer page 2 Trends and Activities of Interest outline)
 - Building Consents revenue is over budget by \$56k
 - Resource consent income ahead of budget for:
 - Land use \$35k
 - Subdivisions \$48k

Note 2 Other Expenses – breakdown provided on page 4 of report

Note 3 Gain on Sale of recent property sales \$503k

Note 4 Unrealised loss on derivatives (swaps) unfavourable variance of (\$364k)
They reflect the lower interest rates currently being experienced which have recently fallen again reacting to the uncertain global economic conditions due to the economic effect of coronavirus.

Note 2	Annual	Annual Plan	Actual	Variance			% of Total Bud	Notes
	Plan 2020 \$000	Annual Plan YTD Dec-19 \$000	Actual YTD Dec-19 \$000	% Actual to Budget	YTD 2019 \$000	% Var/Bud %		
Professional Services	5,296	3,265	2,779	52.5%	(486)	-15%	-1.4%	2A
Materials	112	71	80	71.4%	9	13%	0.0%	
Maintenance	15,002	8,874	9,321	62.1%	447	5%	1.3%	
Grants Paid	611	340	346	56.6%	6	2%	0.0%	
Utilities	1,180	685	644	54.6%	(41)	-6%	-0.1%	
Communications	258	152	125	48.4%	(27)	-18%	-0.1%	
Other Expenses	5,380	3,724	3,402	63.2%	(322)	-9%	-0.9%	2B
Vehicle Expenses	181	116	81	44.8%	(35)	-30%	-0.1%	
Treasury Expenses	199	94	72	36.2%	(22)	-23%	-0.1%	
Labour Recoveries for Capex proje	(3,137)	(1,495)	(1,536)	49.0%	(41)	3%	-0.1%	
Total Other Exepnses	25,082	15,826	15,314	61.1%	(512)	-3%	-1.5%	

Note 2A Professional Services – Favourable variance \$486k

- Community Support emergency management contract payments delayed, invoiced quarterly \$113k
- Governance budgets underspent by:
 - Internal Audit delayed (commencing Feb 2020) \$45k
 - Legal fees \$34k
- Sustainable growth budgets underspent by \$306k

Note 2B Other Expenses – Favourable variance \$322k

- Community Facilities
 - Library Services software lease arrangements differ to expected budget phasing \$87k
 - Reserves rates expenses incorrectly budgeted \$58k
- Infrastructural Operations
 - Software licence fees \$48k
- Property
 - Rates expense for Endowment property as a result of not reducing the budget to reflect property sales in Forbes Rd \$118k
 - Offset by rates expense (\$23k) and Insurance (\$39k) on Commercial property where the budget was stripped anticipating sales as per Property Strategy (\$62k)
- Wastewater lower insurance cost than budgeted \$108k
- Water Supply higher than budget (offset due to incorrect budgets) (\$94k)
- Corporate services
 - software licence fees (mainly IBIS) (\$63k)
 - cloud host fees budget overstated \$100k
- Solid waste management consent cost over budget (\$64k)

Statement of Comprehensive Revenue and Expense by Activity

As at 31 January 2019									
58.3%	A	C	D	E	F	G	H	I	J
REVENUE	Annual Plan 2019/2020 \$000	Year to date (YTD) This Year \$000	Budget \$000	C/A % Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts
Significant Activities									
Regulatory Services	(4,657)	(3,129)	(2,913)	67.2%	😊	216	7.4%	0.5%	
Community Facilities and Ser	(13,557)	(7,663)	(7,803)	56.5%	😞	(140)	-1.8%	-0.3%	
Road Transport	(10,638)	(5,285)	(5,449)	49.7%	😞	(164)	-3.0%	-0.3%	
Water Supply	(6,971)	(4,270)	(3,878)	61.3%	😊	392	10.1%	0.8%	1
Wastewater Disposal	(8,548)	(4,909)	(4,869)	57.4%	😊	40	0.8%	0.1%	
Solid Waste	(2,330)	(1,220)	(1,344)	52.4%	😞	(124)	-9.2%	-0.3%	
Stormwater	(1,324)	(739)	(732)	55.8%	😊	7	1.0%	0.0%	
Treasury	(3,411)	(1,574)	(1,771)	46.1%	😞	(197)	-11.1%	-0.4%	
Property	(1,495)	(1,448)	(779)	96.9%	😊	669	85.9%	1.4%	2
Community Support	(3,106)	(1,781)	(1,762)	57.3%	😊	19	1.1%	0.0%	
Representation & Com. Leads	(3,958)	(2,223)	(2,295)	56.2%	😞	(72)	-3.1%	-0.2%	
Total Activity Revenue	(59,995)	(34,241)	(33,595)	57.1%	😊	646	1.9%	1.4%	
Business Units	(23,200)	(13,349)	(13,558)	57.5%	😞	(209)	-1.5%	-0.4%	
Total Operating Revenue	(83,195)	(47,590)	(47,153)	57.2%	😊	437	0.9%	0.5%	
58.3%	A	C	D	E	F	G	H	I	J
EXPENDITURE	Annual Plan 2019/2020 \$000	Year to date This Year \$000	Budget \$000	C/A % Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts
Significant Activities									
Regulatory Services	4,657	2,895	2,735	62.2%	😞	(160)	-5.9%	-0.3%	
Community Facilities and Ser	13,473	7,690	7,922	57.1%	😊	232	2.9%	0.5%	
Road Transport	10,348	5,515	6,091	53.3%	😊	576	9.5%	1.1%	
Water Supply	6,910	4,256	4,061	61.6%	😞	(195)	-4.8%	-0.4%	
Wastewater Disposal	7,422	4,787	4,452	64.5%	😞	(335)	-7.5%	-0.7%	
Solid Waste	3,938	2,193	2,399	55.7%	😊	206	8.6%	0.4%	
Stormwater	1,519	956	903	62.9%	😞	(53)	-5.9%	-0.1%	
Treasury	4,025	2,392	2,141	59.4%	😞	(251)	-11.7%	-0.5%	3
Property	1,548	804	956	51.9%	😊	152	15.9%	0.3%	
Community Support	3,106	1,845	2,117	59.4%	😊	272	12.8%	0.5%	4
Representation & Com. Leads	5,545	3,095	3,202	55.8%	😊	107	3.3%	0.2%	
Total Activity Expenditure	62,491	36,428	36,979	58.3%	😊	551	1.5%	1.1%	
Business Units	23,193	13,349	13,532	57.6%	😊	183	1.4%	0.4%	
Total Operating Expenditure	85,684	49,777	50,511	58.1%	😊	734	1.5%	1.5%	
Operating (Surplus)/Deficit	2,489	2,187	3,358		😊	1,171	-34.9%	2.32%	

Note 1 Water Supply – Favourable variance \$392k

- Levin Water by meter above budget by
- Levin connection fees above budget*

\$286k
\$70k

*note connection fees collected are already exceeding the annual budgeted income

Note 2	Property activity – Favourable variance \$669k	
	• Gain on sale of assets under Property Strategy unbudgeted	\$503k
	• Increase rentals on commercial property due to delays in sales	\$121k
	• Increased income from Council General Property	\$37k
Note 3.	Treasury – Unfavourable variance \$251k	
	• unbudgeted unrealised loss on Derivative Financial Instruments	\$364k
	<i>Note: This will increase if the underlying interest rates go even lower, but will reduce if interest rates increase. As a non-cash recognition of future costs this has not been reflected in rates, nor will it in future, as the actual swap losses are factored into each year's budgeted interest rate assumptions.</i>	
	• Offset by lower external interest paid due to lower than budgeted interest rates on floating rate notes.	(\$131k)
Note 4	Community Support – Favourable variance \$272k	
	• Visitor Information grants allocation variance to anticipated budget phasing	\$73k
	• Emergency management contract payment delayed	\$113k
	• District Communication budget is underspent due to delay in invoicing from external providers and budget phasing impacts	\$66k

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