

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

**Date:** Wednesday 28 October 2020  
**Time:** 4.00 pm  
**Meeting Room:** Council Chambers  
**Venue:** Horowhenua District Council  
Levin

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## Finance, Audit & Risk Committee

### OPEN AGENDA

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#### MEMBERSHIP

<b>Chairperson</b>	Mr Philip Jones	
<b>Deputy Chairperson</b>	Mrs Christine Mitchell	
<b>Members</b>	Mr David Allan	
	Mr Wayne Bishop	
	Mr Ross Brannigan	
	Mr Todd Isaacs	
	Mr Bryan Jackson	
	Mr Sam Jennings	
	Mrs Victoria Kaye-Simmons	
	Mr Robert Ketu	
	Mrs Jo Mason	
	Ms Piri-Hira Tukapua	
	HWTM Bernie Wanden	
<b>Reporting Officer</b>	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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**1 Apologies**

**2 Public Participation**

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

See over the page for further information on Public Participation.

**3 Late Items**

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

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

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

**4 Declarations of Interest**

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

**5 Confirmation of Minutes**

**5.1 Meeting minutes Finance, Audit & Risk Committee, 30 September 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 to and answer questions from Elected Members when the meeting is formally considering the agenda item i.e. on completion of Public Participation.

Meeting protocols

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

# Health & Safety Report

File No.: 20/422

## 1. Purpose

To provide an update to the Finance Audit and Risk (FAR) Committee on health and safety matters at Horowhenua District Council for the three-month period July to September 2020.

## 2. Recommendation

- 2.1 That Report 20/422 Health & Safety Report be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That the Finance, Audit & Risk Committee recommends to the Horowhenua District Council adoption of the Health and Safety Strategic Charter and Plan 2020-2023.

## 3. Background/Previous Council Decisions

### Health & Safety Quarterly Report

- 3.1 As requested at the July FAR Committee meeting, the top five Health & Safety Risks have been included in this report.

### Horowhenua District Council Health and Safety Strategic Charter and Plan 2020-2023

- 3.2 Whilst a Health and Safety Strategic Plan had been developed in draft form for the Governance Team (Elected Members) going back to 2014, it was never formally adopted by Council. With the next audit due in February 2020, consideration of this is timely.

## 4. Issues for Consideration

### Health & Safety Quarterly Report

- 4.1 As included in the **attached** report, including:

### Horowhenua District Council Health and Safety Strategic Charter and Plan 2020-2023

- 4.2 A Strategic Plan of this type is developed to support the Governance Team (Elected Members) to ensure that health and safety governance is a fundamental part of the overall risk management function. Legislation in New Zealand extends an organisation's health and safety duties to cover workers and to all those who could be put at risk by the activities of the organisation, such as visitors, customers and the public.
- 4.3 A Worksafe guide that supports how good governance can be achieved can be found at:  
<https://worksafe.govt.nz/assets/dmsassets/zero/860WKS-2-HSWA-good-governance-for-directors.pdf>
- 4.4 The following is from the Horowhenua District Council SafePlus Onsite Assessment and Advice Report 2018, an audit initiated by the MWLASS and completed for each of the separate Council:

#### **"1. Governance**

*The Chief Executive delivers strong messages that health and safety is important. He considers the council a family-oriented business that supports its staff and looks after them.*

*A monthly Health and Safety Report is submitted to the Leadership Team and covers incident data, along with health and safety activities and current campaigns. There are some lead indicators.*

*A Leadership Health and Safety Action Register is tracked by the Health and Safety Advisor and attached to the monthly Health and Safety Report.*

*A Health and Safety Strategy for 2018 to 2020 was drafted but didn't appear to be signed off by the Finance, Audit and Risk Committee. The strategy was not known about or discussed in any of the focus groups. Quarterly reports for health and safety are also tabled with the Finance, Audit and Risk Committee.*

*The Leadership Team clearly understood the key health and safety risks associated with the work that takes place in their organisation. They were mindful that they also had responsibilities for contractors and their employees.*

*The risk framework is being developed and some risk controls were being monitored but effectiveness of controls was not being verified.*

*The Leadership Team were mindful of the potential impacts of health and safety when making business decisions. Feedback from the Health and Safety Committee was that whether business units took health and safety seriously depended on the whether the managers of those areas took it seriously.*

**RECOMMENDATIONS:**

**To improve performance, Horowhenua District Council could:**

**Strategy and goals**

- *Set up a measurable governance framework for health and safety.*
- *Sign off the health and safety strategy with dates and measurable goals.*
- *Work on developing a clear set of messages around health and safety that is delivered by the Leadership Team. This should be linked back to the health and safety strategy."*

4.5 A recommendation to Council is now sought from the FAR Committee that the H&S Strategic Charter and Plan 2020-2023 be adopted.

## Attachments

No.	Title	Page
A	Finance, Audit & Risk Committee Report Health and Safety 28 October 2020	10
B	HDC H&S Strategic Charter and Plan - 2020 - 2023	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)	Tanya Glavas <b>Health &amp; Safety Advisor</b>	
Approved by	Lisa Slade <b>Group Manager - People &amp; Culture</b>	

**Horowhenua District Council**  
**Health & Safety Report**  
**1 July – 30 September 2020**  
**FAR Committee Meeting 28 October 2020**

**Key Updates for this quarterly report:**

- COVID-19 Alert Levels changed due to community outbreaks in Auckland.
- Critical Risks identified from review of Health and Safety Significant Risk Register.
- Occupational health screening for Hepatitis A and B completed for identified staff at risk of exposure. Next step is vaccinations to complete immunity.
- Accompanying this report is the Horowhenua District Council Health & Safety Strategic Charter and Plan 2020-2023, for which the Vision Statement is:

Horowhenua District Council Elected Members subscribe to the principle that a key part of our governance role is ensuring our community and staff feel safe and healthy in the spaces the Horowhenua District Council provides.

To this end the Elected Members of Horowhenua District Council acknowledge their responsibility to take reasonable steps to understand the Council's operations and health and safety risks, and to use this knowledge to influence health and safety outcomes by ensuring those risks are managed through a high-functioning health and safety framework.

This H&S Strategic Charter and Plan is brought to the Finance, Audit and Risk Committee for review, and if supported, for a recommendation to be made to Council for its adoption.

**LEAD INDICATORS**

**1. Health & Safety training/inductions**

1 July – 30 September 2020	Mandatory/ Optional	Attendees Reported	Percentage Completed
First Aid Training (Role specific) Ongoing Refresher & Full course	Mandatory	0	100% current
Peoplesafe H&S Induction (New staff)	Mandatory	4	100%
Peoplesafe Manager & Team Leader Training	Mandatory	43	100%
Health & Safety Induction (New Staff)	Mandatory	4	100%
Ergonomic Assessment	Optional	6	As requested
Driver Assessment (as required)	Optional	4	Resumed at Level 1
Mental Health First Aid	Optional	1	As required
Health and Safety Representative Stage 1 Training	Mandatory	0	100%
Occupational Health Screening for Hepatitis A&B	Optional – Identified staff	30	100% screening completed
Traffic Control – Animal Control Team - Safety when working on roads	Mandatory – Identified Staff	7	100%

## 2. Emergency Evacuation Drills (2 per year)

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

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

Contractor Numbers	Qualified this Quarter	Pending this Quarter	Expired this Quarter	Qualified last Quarter	Pending last Quarter	Expired last Quarter
69	11	8	0	2	12	0

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

Monthly meetings completed (3)

- Actions in the Health and Safety Annual Plan are a standard item in the monthly HSC meetings. Objectives are being met and reported to the Senior Management Team.
- HSC played a leading role in the H&S Significant Risk Register review, by organising focus groups and team discussions.
- Health and Safety Representatives have been training and supporting staff to understand the Peoplesafe AnyWhere app now available on cell phones, to report health and safety incidents/accidents or near miss events. This app has encouraged reporting in the health and safety area of our workplaces as it offers a quick, easy and on the spot ability to send through the information.
- Health and Safety policy reviews this quarter have included
  - Sun Smart Policy
  - Health and Safety Policy.

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

The Health and Safety Significant Risk Register review has been completed. A total of 40 staff were involved in focus groups and Team discussions. Managers reviewed the registers alongside the Health & Safety Advisor.

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

Critical Risk	Risk/Hazard	Control Action
Contractors and Sub Contractors	Accident, injury or death on site. Prosecution by Worksafe	H&S pre-qualification of contractors. Communicating H&S obligations between the PCBUs H&S inductions of contractor onto site at beginning of jobs.

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

		<p>Equipment and PPE must be suitable and operational to the relevant standard and within certification inspection dates (gas detection and tripod).</p> <p>Assess and identify staff in emotional distress.</p>
Driving/vehicle related events	<p>Vehicle accidents</p> <p>Environmental risks – road quality</p>	<p>Staff operating vehicles must have valid drivers' licence suitable to the type of vehicle they are operating.</p> <p>Drivers to attend training if required.</p> <p>Staff to be familiar with and adhere to the requirements of Council's Vehicle User Policy and Code of Conduct relating to vehicle use at all times.</p> <p>All incidents (including infringements) are reported to direct line Manager immediately after staff safety is confirmed.</p>

### COVID-19

- COVID-19 Alert Level 3 came into force for Auckland region at 12 noon Wednesday 12 August 2020.
- COVID-19 Alert Level 2 came into force for all regions except Auckland at 12 noon Wednesday 12 August 2020.
- COVID-19 Alert Level 2 (with extra restrictions) came into force for Auckland region at 11:59pm Sunday 30 August 2020.
- COVID-19 Alert Level 1 came into force for all regions except Auckland at 11:59pm Monday 21 September.
- All of New Zealand is back at Alert Level 1 at time of report.

Once again New Zealand moved quickly up the Alert Levels once there was community outbreak in Auckland.

The change brought with it a return to contact tracing requirements, gathering number restrictions, social distancing and the widespread use of masks as a recommendation from the Government, and a requirement on public transport. QR codes and information posters have continually been on display regardless of the Alert Level.

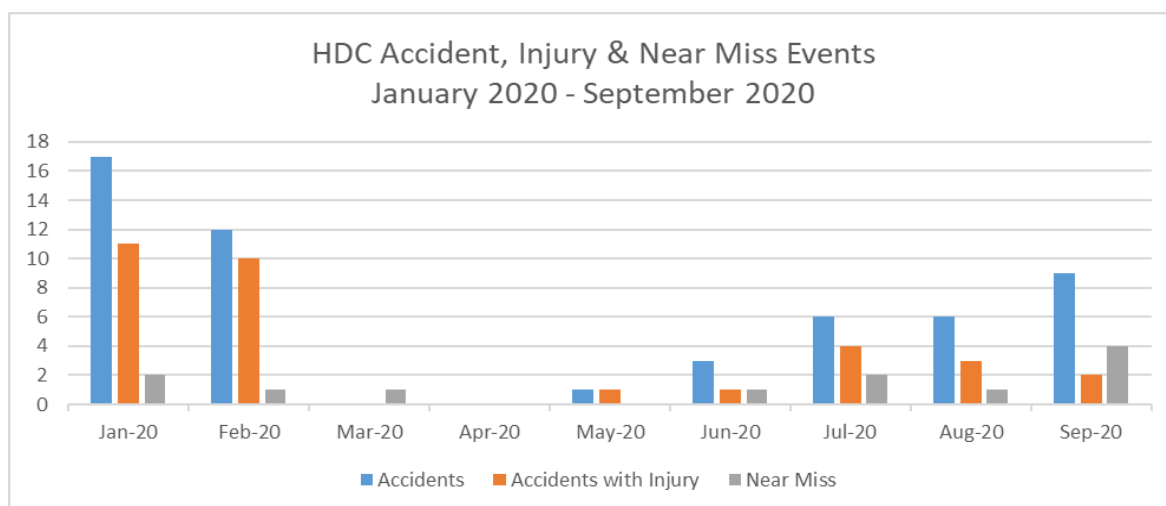
As an organisation, we had not lessened in our enhanced hygiene protocols during the time at Alert Level 1. Extra handwashing, surface cleaning, hand sanitiser availability and use, and shared vehicle interior cleaning had continued as part of business as usual.

The Council was well prepared for continuing to operate in a safe manner as Alert Levels changed by ensuring a supply of personal protective equipment (PPE), including masks and

gloves and hygiene items, including hand sanitiser and disinfectant were available for all Council workplaces.

## 6. LAG INDICATORS

Table 1



Accident and injury reports have increased this quarter as COVID-19 Alert Level 1 (July and part of August) was in place in our district. Customers returned to Council facilities and staff returned to their places of work. July and part of September school holidays are a busy time in aquatics and libraries and community centres, which account for increased reporting.

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

- *A notifiable event is any of the following events that arise from work:*
  - *a death*
  - *a notifiable illness or injury (all injuries or illnesses that require, or would usually require, a person to be admitted to hospital for immediate treatment)*
  - *a notifiable incident (a notifiable incident is an unplanned or uncontrolled incident in relation to a workplace that exposes the health and safety of workers or others to a serious risk).*

## 8. Worksafe visits to Levin Aquatic Centre.

- Worksafe visited Levin Aquatic Centre on 23 July 2020, to observe staff and gain a better understanding of how children under eight years old are managed in our facility in comparison to other sites. The Aquatics Manager was informed that this is in relation to the tragic death of a seven year old at Whanganui Aquatic Centre and that this was not an investigation. The inspector was on-site for about an hour and a half and was very happy with the level of information that was supplied to him, he had visited other pools in the area and spoke of the differences between them. The inspector noted that there are potentially some learnings for the industry that will come out of the incident and these will be shared when appropriate.

- Worksafe notified Levin Aquatic Centre of a visit on 22 September 2020 to audit health and safety areas that included:
  - Risk management
  - Machinery/plant
  - Training & supervision of staff
  - Worker engagement
  - Safe use of hazardous substances
  - Work related health
- This audit was a very positive experience with one of the inspectors commenting “We enjoyed the visit and found you to be well informed about the operations of the aquatic centre and the inherent hazard and risk management. There has no doubt been a much-needed improvement since last year.”
- There was one Improvement Notice issued in regards to the exterior door of the plant room exiting to the staff parking area.
  - Install appropriate signage in line with or above the requirement of regulations 2.5 and 2.6 of the Hazardous Substance Regulations 2017.
- This improvement has been completed.

Notable Incidents - Library & Community Centres - Updated				
Type	Number	Result	Action	Update – September 2020
Fall down stairs. (February 2020)	1 Member of the Public	Elderly lady miss stepped in middle of 3 long shallow stairs in Te Awahou Nieuwe Stroom and fell. Supported by staff. Declined first aid support or to call an ambulance. After a rest, she was able to walk out by herself.	H&S Advisor completed health and safety review of the stairs at Te Awahou Nieuwe Stroom and Te Takeretanga o Kura-hau-pō. Recommendation: Two more handrails to be installed to offer grab support as stairs are very wide. 'Use Handrail' signage at top and bottom of stairs at Te Takere to be installed.	Handrail has been installed in Te Awahou Nieuwe Stroom, in the centre of the wide steps. The alternate colour stair nosing were the wrong size. These are being replaced and will be installed once received.



**HEALTH AND SAFETY EVENTS THIS QUARTER**

**Contractor Incident:**

What happened?	Actions Taken Immediately	Communication	Moving Forward	Prevention/Outcome
<p>09/09/2020 8.05am. Road work site at intersection of Queen Street and Tiro Tiro Road Levin.</p> <p>Contractor employee was stabbed by member of the public after verbal/physical altercation.</p>	<ul style="list-style-type: none"> <li>• The injured person (IP) was immediately taken by another worker to the Horowhenua Medical Centre for assessment/treatment.</li> <li>• The incident was reported to Police.</li> <li>• The work site was shut down and isolated pending arrival of the Police.</li> <li>• Branch Manager stayed with IP while transported to Palmerston North Hospital by ambulance for further assessment and treatment.</li> </ul>	<ul style="list-style-type: none"> <li>• Branch Manager contacted Horowhenua District Council as PCBU to inform of the incident.</li> <li>• HDC staff visited site once operating again. Site working again and morale good.</li> <li>• Branch Manager kept Group Manager up to date during the day.</li> <li>• Branch Manager briefed Contract Manager on status of IP and worksite once back from hospital.</li> <li>• IP was admitted to hospital overnight for observation. Received stitches to wound.</li> </ul>	<ul style="list-style-type: none"> <li>• HDC received RADAR incident report from Contractor on 23/09/2020.</li> <li>• Worksafe notified about the incident.</li> <li>• The incident is now a police investigation with a view of pursuing a prosecution. Offence - Wounding with intent to GBH (stabbing/cutting weapon)</li> </ul>	<p>TBA</p>

Report by Tanya Glavas, Health & Safety Advisor



## HOROWHENUA DISTRICT COUNCIL HEALTH & SAFETY STRATEGIC CHARTER AND PLAN 2020/2023

### 1. Vision Statement

Horowhenua District Council Elected Members subscribe to the principle that a key part of our governance role is ensuring our community and staff feel safe and healthy in the spaces the Horowhenua District Council provides.

To this end the Elected Members of Horowhenua District Council acknowledge their responsibility to take reasonable steps to understand the Council's operations and health and safety risks, and to use this knowledge to influence health and safety outcomes by ensuring those risks are managed through a high-functioning health and safety framework.

### 2. Health and Safety Leadership Charter

In this key component of the Strategic Health and Safety Plan for Horowhenua District Council, the Chief Executive and Elected Members, commit to fulfilling their due diligence requirements to support the continuous improvement of Health and Safety functionality in our workplace. This commitment is founded on the principle that the effective management of health and safety is essential to the operation of a successful and thriving organisation.

Specifically, Horowhenua District Council Chief Executive and Elected Members commit support to the following and take personal responsibility:

- To ensure Chief Executive and Elected Members remain current in their knowledge of health and safety matters;
- To ensure the Council has and uses, appropriate resources and processes to identify then eliminate or minimise health and safety risk;
- To strive for continuous health and safety improvement and to provide leadership and support to the Chief Executive to achieve this;
- To ensure Council is an environment that engages with staff on matters which will or are likely to affect their health or safety;
- To have worker participation practices that provide staff with reasonable opportunities to participate effectively in improving health and safety; and
- To extend health and safety efforts, wherever relevant, beyond the workplace recognising and supporting related initiatives within the community.

The attached strategic plan sets out how the Council intends to provide a safe workplace for all those that undertake Council work or may be influenced by Council work being undertaken.

Adopted by the Horowhenua District Council on this date: \_\_\_\_\_

Objectives	Expected Outcomes	Responsibility	Risk Mitigation	
			Due Diligence	Council Monitor
<b>1. Policy and Planning</b>				
a) Develop and implement a robust annual health and safety plan for Council with a focus on risk management and continuous improvement.	Plans to be completed and operational by 31 July each year	Chief Executive/ Group Managers	Original Documents sighted	Finance, Audit and Risk Committee
b) Ensure all contracts for major or minor capital works are Council registered as approved contractors and have health and safety relevant documentation attesting to their competency	Council audits all Contractor Health and Safety documentation before acceptance on the Council approved Contractor Register		Quarterly management reporting	
c) Provide informed and relevant access to current H&S policy and procedures to all staff of Council which cover all aspects of best practice health and safety management	Policy and Procedures available to all staff as relevant in both electronic and hard copy form.		Management Performance Standards	
d) Continue to implement a regular policy and procedures review process	All policies and procedures are part of a review timetable monitored by the Health and Safety Advisor.		Health and Safety Committee updates in quarterly reports	
e) Develop and implement an internal audit process utilising the expertise of trained Health and Safety Committee representatives	Ensure the Health and Safety audit timetable remains fully operational – reportable to the Health and Safety Committee monthly.		Independent Audit - 2 yearly (SafePlus)  Internal audit reports	
f) Continue to progress internal systems and processes for the gathering of accurate information to support health and safety management and reporting	Systems and processes are developed and continue to provide full support for health and safety management		Reporting is timely and accurate	

Objectives	Expected Outcomes	Responsibility	Risk Mitigation	
			Due Diligence	Council Monitor
<b>2. Delivery</b>				
a) Ensure the development of Critical risk action plans to identify and control Council risk caused by the work undertaken, using either elimination or minimisation controls.	Council will have a Risk Action plan for every work group where critical risk or high probability risk has been identified.	Chief Executive/ Group Managers	Work Group risk action plans available at the request of the Audit and Risk Committee.	Finance, Audit and Risk Committee  Leadership Team
b) Ensure a robust and regular risk action plan review process for all areas of Council	Every risk action plan will be reviewed following every notifiable incident and annually by the Health and Safety Committee and in consultation with staff.		Independent Audit 2 yearly (SafePlus) Internal audit reports Internal quarterly reporting	
c) Ensure all Managers performance measures include the standards of Health and Safety Management expected of them to achieve the strategic Health and Safety objectives	All manager PDP's have clear and measurable health and safety objectives to achieve		Achievement of personal Health and Safety objectives for senior managers reported annually.	
d) Ensure that appropriate emergency management plans are in place for all sites and that preparedness is regularly tested.	Continue to progress, educate, implement and regularly test the quality of emergency management plans		Emergency plans available for scrutiny. Quarterly reporting on preparedness testing.	
e) Ensure the right level of expertise to advise on Health and Safety best practice and to oversee the technical aspects of health and safety management	Employ or contract the level of expertise which will provide best practice and technical advice		Specialist external advice and expertise available to Council if/when required	
f) Ensure that appropriate training is available for all staff but in particular for those roles that require more relevant and role specific Health and Safety training such as the Council Health and Safety Representatives.	Continue to build on progress to date regarding internal health and safety inductions and education programmes for staff.  Contract training programmes		Training programme and timetable Attendance and attainment reporting	

	to assist those with specific health and safety responsibilities such as H&S representatives and those responsible for managing critical risks.			
g) Facilitate engagement and participation with staff on all matters of health and safety including planning, monitoring and management through accessible worker participation practices.	Staff consulted and active in Worker Participation Practices such as Health and Safety Committee functionality work and operational Health and Safety management. Staff clear on their H&S requirements to not endanger themselves or others in any work undertaken.		Health and Safety Committee quarterly reports  Achievement of personal Health and Safety objectives for senior managers reported on at least annually	
h) Proactively manage health and safety risk when undertaking work jointly with other organisations where able and where it is reasonably practical to do so.	Council will consult, co-operate and co-ordinate with all other businesses on matters of health and safety when working on joint undertakings.		Contractor Tenders Memorandum of Understandings for health and safety initiatives	

Objectives	Expected Outcomes	Responsibility	Risk Mitigation	
			Due Diligence	Council Monitor
<b>3. Monitor</b>				
a) Monitor absence through accident/illness and EAP usage and ensure staff are supported and return to work plans are completed as is reasonable practicable	Establish clear return to work and rehabilitation policies and absence monitoring systems	Chief Executive/ Group Managers	Sick leave and accident/incident/near miss quarterly reporting. EAP usage	Finance, Audit and Risk Committee
b) Monitor and review all incidents, noncompliance and near misses and be satisfied with the adequacy of the response via Peoplesafe	Develop and implement a review of incident/accident and near miss reporting process for all incidents including serious incidents		Quarterly incident, accident and near miss and serious incident reporting	Leadership Team
<b>4. Review</b>				
a) Ensure continuous improvement in health and safety management by regular review of systems and processes	Develop review timetable and parameters using appropriate reporting/ statistical information	Chief Executive/ Group Managers	Independent Audit  Audit Reports	Finance, Audit and Risk Committee
b) Ensure all audit outcomes are affected in a timely and complete manner	Follow up on audit recommendations		Incident, accident and near miss statistical data	Leadership Team



File No.: 20/464

## Community Facilities - Activity Update

### 1. Purpose

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

### 2. Recommendation

- 2.1 That Report 20/464 Community Facilities - Activity Update be received.
- 2.2 That these matters or decisions are recognised as not significant in terms of S76 of the Local Government Act

### 3. Key Highlights and Business Priorities

#### 3.1 HIGHLIGHT PROJECT PRIORITIES

**Levin Aquatic Hydroslide**  
**Capital Budget: \$451,401**

**Three Month Spend: \$41,953**

As reported in August 2020, costs in the front end of this project were projected to be low for the site and structure preparation stages, however spend will increase as the construction window of the project from October to December 2020 approaches. Officers will profile budget, spend and forecasts for October 2020 onwards in the same graph format as the Infrastructure activity updates.

The key progress update for September 2020 includes the steel and cladding removal, majority of which has been sandblasted and inspected by an engineer. A detailed report is expected from the engineer in early October to outline the detailed inspection and consideration to any issues or risks presented.

Risk Area	Risk Identified	Consequence	Likelihood	Risk Assessment (Low to Extreme)	Managed how
Financial	Budget overspend		Moderate	Moderate	Contingency built in to overall project budget and controls in place between lead contractor and subcontractors
Service Delivery	Timing, project not completed by anticipated date	Customer dissatisfaction, potential reputational risk	Moderate	Moderate	All work is programmed within a shared work plan with critical milestones that trigger review.

### **The Mahi Space**

**PGF Funding: \$400,000**

**Three Month Spend: \$42,244**

The Mahi Space fit out was completed at the end of September 2020 in preparation for the opening on 7<sup>th</sup> October 2020. The opening event will include a blessing by Muaūpoko Tribal Authority and official opening by Mayor Wanden.

The focus for October shifts to programming, marketing and attracting members to the space. Six training sessions have been secured and scheduled, with the first set to occur on the 20<sup>th</sup> October 2020.

The second PGF funding milestone of \$150,000 can be advanced with the fit out and opening of the space achieved.

## **4. Updates for the Committee's Information**

### **4.1 Worksafe Visit – Levin Aquatic Centre**

Worksafe contacted the Aquatic Manager to arrange an inspection of the facility as part of a programme of swimming pool visits. Typical areas they were looking at included but were not limited to:

- Risk management
- Machinery/plant
- Training & supervision of staff
- Worker engagement
- Safe use of hazardous substances
- Work related health.

Two Worksafe inspectors visited Levin Aquatic Centre on Tuesday 22 September 2020, one of which had previously visited following the chemical incident onsite in October last year. Aquatic staff were joined in this visit by HDC's Health and Safety Advisor.

The inspectors were onsite for approximately two hours and interviewed a random member of staff as part of their inspection. Overall, the visit was positive with one of the inspectors reporting in their correspondence:

*"We enjoyed the visit and found you to be well informed about the operations of the aquatic centre and the inherent hazard and risk management. There has no doubt been a much-needed improvement since last year".*

There was one new improvement notice issued in relation to Hazardous Substances signage on the external door of the plant room. This has since been rectified and the notice lifted.

### **4.2 Aquatic Feasibility Studies**

Council Officers have engaged Visitor Solutions to undertake the Feasibility Studies on Levin Aquatic Centre, Foxton Pool and The Jubilee Park Splashpad following direction from Elected Members in September 2020.

Work has commenced on these, as there is a tight schedule in order to meet the deadlines imposed by the LTP. There are a series of stakeholder workshops scheduled for October and a period of public consultation in mid-November 2020. The intention is to have options for the Foxton Pool complete with operation and capital analysis by early December 2020 so it can form part of the LTP consultation document if required.



## 5. Community Facility Trends

Elected Members explored and discussed as part of the Annual Plan 2020/21, implications of the Covid-19 pandemic across Council, including the possible effects on attendance within community facilities and subsequent income reductions from user fees.

Within the Communities, Partnerships and Business Group portfolio, various trend reports have been established to monitor and quickly identify emerging trends or risks.

This month facility attendance trends are profiled. The attendance graphs indicate the impact of alert level 2 reinstatement in August and September 2020 on facility attendance.

It should be noted that prior to level two reinstatement, facility attendance had not fully recovered from the prior Covid-19 lockdown and transition to level 1. While attendance was starting to track in the right direction, facility numbers were still lower compared to the same period last year.

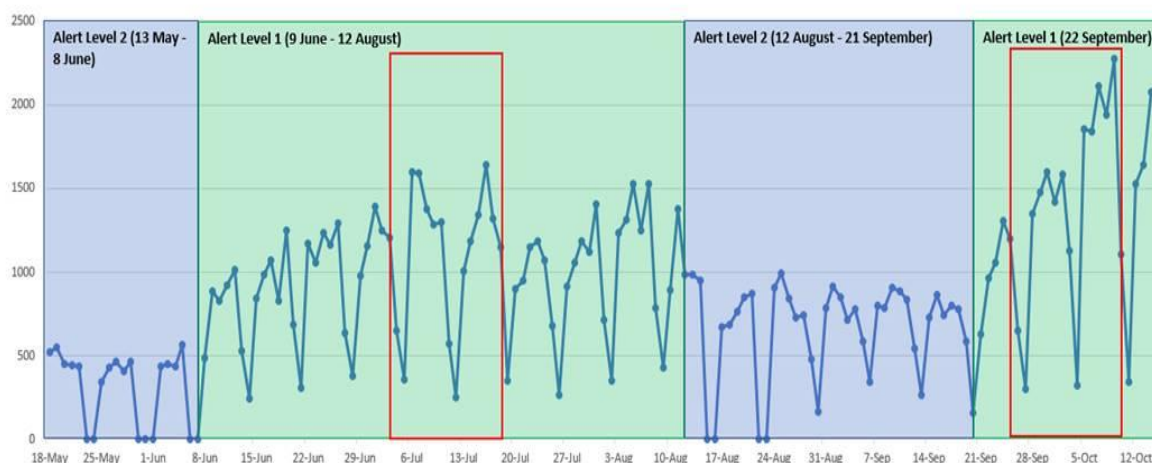
The drop in attendance directly impacts on the revenue generated by sub-activities of Community Facilities as at 30 September 2020, in particular collection of revenue through user pays offerings including classes which were cancelled as a result of alert level restrictions.

User Charges Community Facilities	Annual Budget 20/21	YTD Budget	YTD Actuals	YTD Variance	YTD Percentage Variance
Aquatics	-567,363	-136,108	-111,611	-24,497	18.0%
Libraries	-131,550	-64,307	-15,935	-48,372	75.2%
Community Centres	-451,756	-112,938	-73,616	-39,322	34.8%

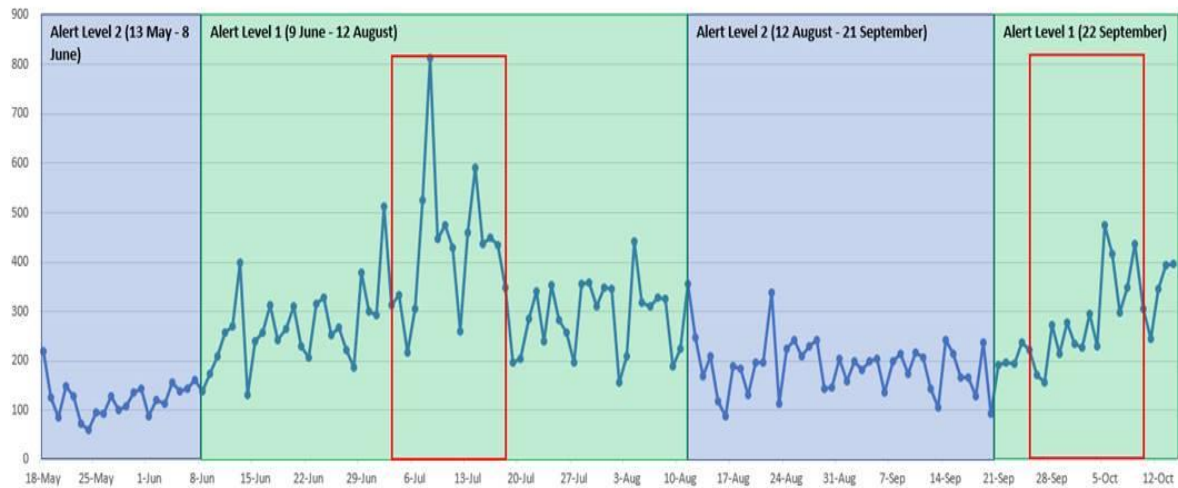
In response to this trend, active programming and promotion was targeted for the school holiday period which resulted in a positive spike in attendance as shown in the red box on the right hand side of each graph.

The opening of The Mahi Space in October brings a new opportunity to attract business users to Te Takere o Kura-hau-pō and showcasing of bookable spaces for business purposes. Ongoing monitoring will occur across the October – December 2020 quarter.

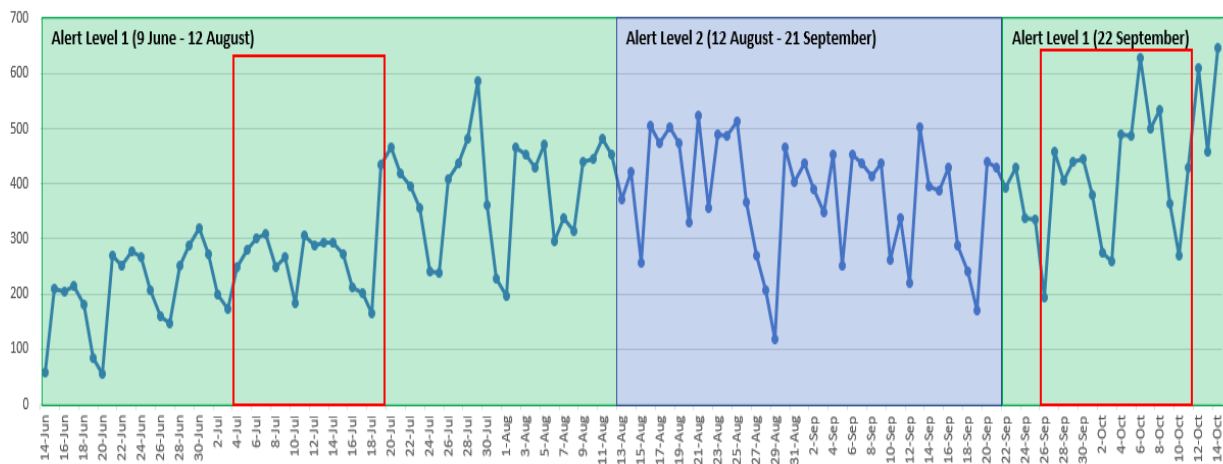
Te Takeretanga o Kura-hau-pō



Te Awahou Nieuwe Stroom



Levin Aquatic Centre



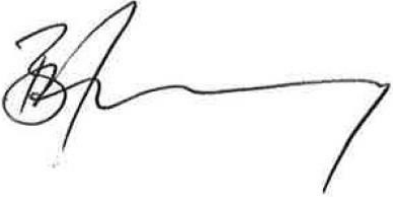

**Confirmation of statutory compliance**

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.

## 6. Appendices

There are no attachments for this report.

Author(s)	Brent Harvey <b>Community Facilities &amp; Events Manager</b>	
Approved by	Nicki Brady <b>Deputy Chief Executive</b>	



# Infrastructure Development - Activity Update

File No.: 20/462

## 1. Purpose

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

## 2. Recommendation

- 2.1 That Report 20/462 Infrastructure Development - Activity Update be received.
- 2.2 That these matters or decisions are recognised as not significant in terms of s76 of the Local Government Act 2002.

## 3. Key Highlights and Business Priorities

### 3.1 Foxton River Loop Regeneration – Stage 1

#### 3.1.1 Progress update

We have continued to make significant progress on site. We are halfway through the river excavation (refer image below). Based on current productivity levels we should have the remainder of the silt removed by the end of November. The works are tracking well against budget and timeframes. We remain confident of completing the Stage One works by early 2021.

The site remains zero harm with no health and safety incidents reported.

We have issued our second project newsletter and have maintained a strong social media presence.



Foxton River Loop 11 October 2020. Image courtesy Trevor Heath Photography and Save our River Trust.

We have continued to recycle the sand to construct temporary groynes into the river channel from the foreshore and stockpile material on site to gravity dry, as shown above. Once dry, the material is transported to local fill sites.

Detailed design and pre-start documentation is well underway for the roading improvements at Harbour Street. We are scheduled to start works in November. The design includes angle parking bays in sufficient numbers for day to day use. For event parking, areas between the parking bays can be used as temporary parking, allowing the park's open space to prevail most of the time. Traffic calming devices along Harbour Street create low speed, safe, shared spaces where pedestrians can move without undue risk.

Construction on the park and riverbank will begin in late November once the stockpiles have been removed. This month we established a landscape design reference group to finalise the scope for the park. We are working with Ngāti Raukawa to guide and incorporate cultural elements. We have also prepared an overall concept plan incorporating future stages of the Foxton Futures project to ensure that the current Stage One work will tie in with future stages. We also commenced investigations into the consent requirements for the next stage of river works, including any structural features that may be incorporated into latter stages of the park.

### 3.1.2 Community connection

Over 400 students from Foxton Primary School, Coley Street School, St Mary's Primary and yEP took part in tours of the river loop between 13 – 15 October. Special thanks to the Council staff, Horowhenua Alliance, SORT, Iwi, Foxton Community Board and Elected Members who attended and helped out on the days. The students learnt about how the awa was formed, about our aspirations for the future of Foxton and about the ecology of the river and released some tuna (eel). They heard about the history of the area and the work the SORT team have been doing for many years. Some lucky students got to sit in a digger, others turned up with drawings of the river and one class has written stories which will be displayed at Te Awahou Nieuwe Stroom.



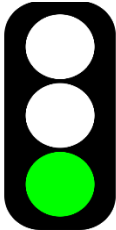


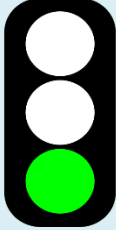
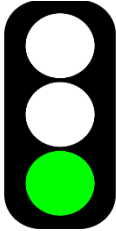
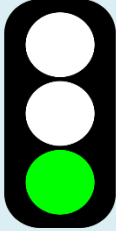
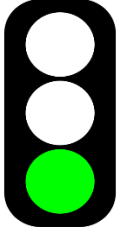
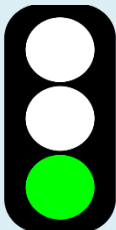
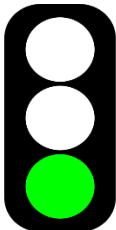
The site visits were greatly received.

*Heartfelt thanks from St Mary's Foxton (Hato Maria o Te Awahou). Our little kura and staff just loved being informed, the history and where we are heading with it all for our future!! Thank you to a fun and informative team and for the stunning photos.  
Mary Kleinsman-Powell, Principal.*

### 3.1.3 Key Result Areas

We have seven key result areas (KRAs) summarised in the traffic light table below. All KRAs are showing green. Works are proceeding to plan with no significant risks or issues having arisen over the last month.

KRA	Health Status	Comments
Zero Harm		<ul style="list-style-type: none"> <li>No incidents or near misses to report.</li> <li>Full H&amp;S induction mandatory for all staff, contractors and visitors prior to site entry.</li> <li>All subcontractors and suppliers conforming to the Alliance Head Contractor's procedures and policies.</li> </ul>

<p>Partner, Stakeholder and Community Relationships</p>		<ul style="list-style-type: none"> <li>• Monthly reports submitted to PGF and Governance Groups.</li> <li>• Three school groups visited the site 13-15 October.</li> <li>• Updated Council website with latest project information and time lapse video.</li> <li>• Developed new social media content.</li> <li>• Erected a site billboard showing initial concept for the riverside park to enhance community awareness.</li> <li>• The playground has been disassembled and stored at the Levin depot for future use. The playground was not fit for purpose, needed to be moved to enable earthworks and was impacting on work space within the construction zone.</li> </ul>
<p>Sound Financial Management</p>		<ul style="list-style-type: none"> <li>• No new risk or contingency items arisen in the previous month.</li> <li>• Slight variance between forecast and actuals due to delayed start to earthworks and recent king tides. Extra excavators and trucks brought in to catch up.</li> </ul>
<p>Environment and Consenting</p>		<ul style="list-style-type: none"> <li>• No issues to report</li> <li>• Consents for additional dump sites under investigation.</li> <li>• Horizons Compliance Officer on site 6 October. Excavation has proceeded to the point where there are potentially sections of the bank that can be completed and stabilised.</li> </ul>
<p>Programme Delivery</p>		<ul style="list-style-type: none"> <li>• Planning and construction activities on track.</li> <li>• Alliance Management Team monitoring weekly and monthly critical path.</li> </ul>
<p>Risk &amp; Opportunities</p>		<ul style="list-style-type: none"> <li>• An Accidental Discovery Protocol is in place. No heritage issues arising during previous month</li> <li>• King tides affected the excavation work. Contractors are flexible with hours and we managed to excavate silt for seven hours a day.</li> <li>• Current aquatic life / ecology monitoring providing confidence that excavation can continue unabated.</li> </ul>
<p>Legacy and alignment with Foxton Futures vision</p>		<ul style="list-style-type: none"> <li>• Set up a landscape design reference group to develop the elements for inclusion in Stage One.</li> <li>• We have procured engineering consultants to assist with the detailed investigations and structural designs for the next stages of the project. This will include the structural features such as riverside boardwalks, promenades and upgraded boat ramps.</li> </ul>

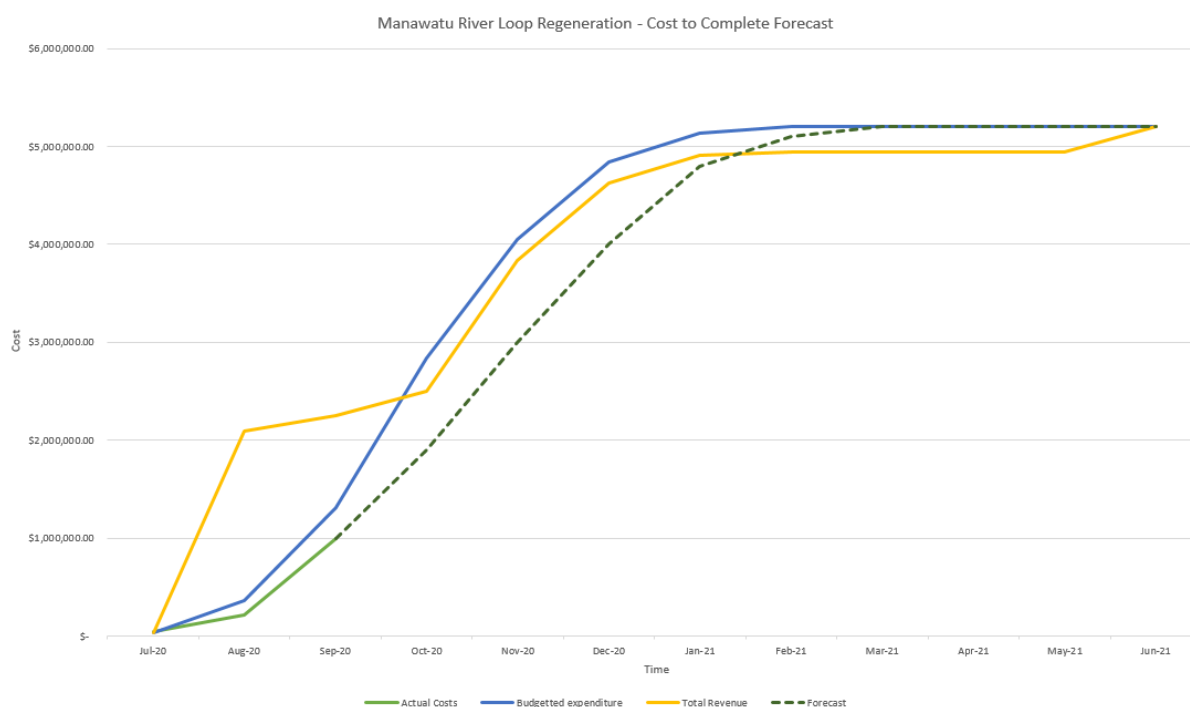


### 3.1.3 Financials

The chart below summarises the project's financial position for September 2020. Actual costs have continued to track slightly below our budgeted expenditure primarily due to the two-week delay in starting excavation. Over the previous month we have been affected by the tidal cycles, weather events and drying time in the stockpile. As a result, we expect to track below the forecast budget for the next few months.

Cash flow and expenditure will ramp up in November when the roading and park works commence. After which we expect to realign with the baseline budget. We continue to forecast Stage One works completion in early 2021.

Note that the lag in the revenue versus cost shown in the chart below is due to a small retention held by PGF until the end of the 20/21 financial year.



### 3.1.4 Focus for next month

Next month will involve a determined effort to substantially complete the river excavation works and remove the stockpiled silt material in order to regain access to the park. We will start the road widening and parking bay construction and begin earthworks to re-level the park and prepare for the pathway construction.

Our communications team will publish the next project newsletter, provide more video-blogs and social media content.

The landscape design is due for design freeze at the end of October to allow procurement and purchasing of the various long lead items, plants and products. The design freeze will also inform the finished levels for the earthworks and setting out of the pathways and landscape features. In parallel, we will update the communications material and site billboard with the latest design features.

## 3.2 Horowhenua Alliance Review

The Alliance Principals Group has carried out a review of the Alliance's management and operations to ensure the contract model is delivering against its objectives and is well positioned for the future. We presented a summary of the findings of the independent review report at the FAR Committee's September 2020 meeting. The Integral Group Limited (TIGL)

was engaged to carry out a review of the management systems. We have **attached** the summary report from TIGL.

The recommended strategies to take the Alliance forward are:

- Ensure the Principals Group maintains a Board style with an experienced chairperson and membership with extensive alliancing experience.
- The Principals Group and Alliance Management team (including any interface with Council staff) have clear terms of reference with line of sight to the Alliance's strategic focus and operational performance measures.
- The Alliance Manager reports (monthly) to the Principals Group and FAR Committee across all facets of the Alliance.
- The Alliance Manager develops a risk register at a strategic level, and reports monthly to the Principals Group and FAR Committee.
- If additional capital works comes into the Alliance, then specialist knowledge in that regard will need to be included at the Alliance Management Team and Principals Group Level.
- The Alliance to host periodic briefings with Council staff and stakeholders to explain the contract model, their performance measures and reporting protocols.
- The Alliance Manager will set up an organisational project plan to implement these initiatives and requirements, taking account of any changes to structure and scope.

Works toward these initiatives are underway and will be reported to FAR Committee within the Alliance's operational report.

### 3.2.1 Alliance Financial Review

Over the last month, Brian Smith Advisory Services Limited (Brian Smith) carried out an audit of the Alliance's 2019/20 financial performance. The process involved a review of the Alliance's non-owner participant, Downer, plant and labour models and the Downer overhead assessment.

Brian Smith carried out transaction testing. This involved transaction analysis for the entire year from which he selected individual samples for testing to timesheets and invoices. The samples covered labour and plant transactions as well as a number of significant payments to sub-contractors and other suppliers. The requested timesheets and invoices were then checked to ensure the hours were correct and that the charge-out rates matched those approved in the labour and plant models. He also reviewed the monthly payment certificates to assess the controls being exercised and to ensure the approved margin on limb 1 costs was being applied.

Brian's findings were that:

- The audit of the Alliance for the 2019/20 year indicated satisfactory financial control and accurate data capture.
- The Downer labour and cost models for 2019/20 and the overhead assessment were transparent and well evidenced.
- The Downer labour and cost models for 2020/21 were transparent and well evidenced. In relation to overhead cost assessments, the Alliance work budget for the year needs to be clearly stipulated early in the year.

- Testing of wages and plant entries indicated a high standard of accuracy. Only two errors were noted – one error did not have a cost implication and the other resulted in an under claim of 2 hours for one wage worker.
- Payments to suppliers and subcontractors were properly supported by invoices.
- The mark-up was being correctly applied.
- The monthly payment certificates indicated evidence of review from both Downer and Council.

### 3.3 Crown Infrastructure Partners Funding Agreement for Taraika / Gladstone Green

At the time of writing, Council and CIP officials are still working through the details of the funding agreement to align with the proposed District Plan change and upcoming 2021-41 Long Term Plan.

## Attachments


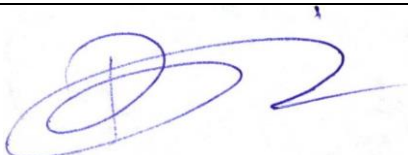
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### Confirmation of statutory compliance

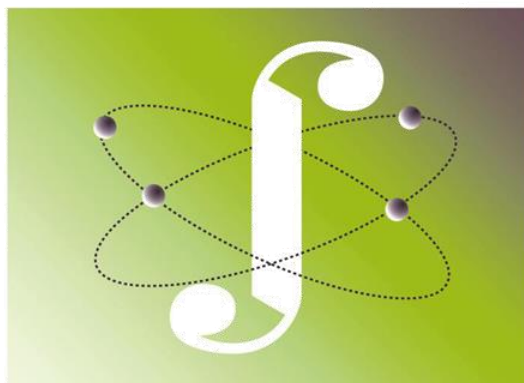
In accordance with section 76 of the Local Government Act 2002, this report is approved as:

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

## Signatories

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

# The *Integral* Group Ltd



## Horowhenua District Council

### Alliance Contract Refocus – Review

#### Report V2

Prepared by:  
Frank Aldridge - Director

11 September 2020

Commercial in Confidence

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## 1. Introduction

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**Background** In 2017 Horowhenua District Council (HDC) ran a procurement process to select a contractor to enter into an Alliance Contract for its 3 waters service delivery contract. HDC engaged The *Integral* Group Limited (TIGL) to assist with that process.

HDC selected their incumbent operations supplier (Downer) as the partner to enter into the collaborative based Alliance contract. The scope was widened to include some projects and renewals work. The Alliance involved key elements of:

- a governance team (Principals Group)
- Alliance management team of Alliance Manager and Team Leaders
- staff posted to the Alliance from both organisations
- colocation of staff
- independent financial auditor to set and audit the financials

A detailed implementation plan was developed to deliver the project of setting up the Alliance.

There have been a number of staff changes in key positions in both organisations and with new appointments in key areas for the council and Downer. In particular with the addition of new people onto the Principals Group there has been drive to get the Alliance operating optimally and this has driven this review to refocus the Alliance and look at how it could be utilised to deliver HDC's growth and demands for infrastructure.

**Original reasons** It is important to reflect on why the council entered into an Alliance contract in the first place. Key reasons were:

- inefficiency of doing large expensive contracts 5 or 6 times a year for pipeline renewals (at \$30k to \$40k per time)
- concern about the ongoing ability to attract, train and retain staff in the three waters area. This is an area where the average age is over 55. There will be shortfalls of experienced staff in the future.
- short term contracts were inefficient

**Audience** The audience for this note is:

- David Clapperton
- Gareth Mappledoram
- Brent Maguire
- James Kafanelis
- Kevin Peel

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## 1. Introduction, Continued

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### Focus of this review

This review has focussed on:

- governance team
- Alliance leadership team and physical works team
- what are the current roadblocks holding back the Alliance's growth and ability to deliver a wider scope and service level than the initial scope
- with particular attention to:
  - structure of the Alliance and interface with council
  - relationships between the Alliance and other council functions
  - Governance structure and the interaction with the Alliance delivery team
  - current scope of the work within the Alliance
  - Alliance culture
  - any other aspects identified as holding the partnering agreement back
  - key outcomes from the Alliance - understand the benefits achieved to date
  - financial performance
  - levels of understanding, support and commitment at leadership team level
  - current challenges
  - how can we make it easier to do business together.

### Approach

The approach for this review has been:

- initial discussion with Gareth and Brent
- discussion with Neil
- discussion with Brian Smith – independent auditor
- detailed discussion with Brent
- review Brian Smith's Audit Report – 21 November 2019
- meeting with Alliance Leadership Team
- meeting with Kevin
- workshop with wider Alliance management team
- discussion with Brent, Gareth and Kevin (Principals Group)
- discussion with council leadership team (Brent, Kevin and David)
- meeting and workshop with Brent, Gareth and James (Principals Group)

The general approach was to look at:

- what's working
- what's not
- what do we want to keep
- what should we drop
- what aren't we doing that we should be

At the Alliance Team level we also looked at the culture both within the Alliance and between the Alliance and the council.

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## 1. Introduction, Continued

### High level findings

Having reviewed this Alliance, the overall comments are:

- the Alliance has delivered well operationally and a significant number of improvements have been made in regard to quality and efficiency. It is only in recent times that these achievements have started to be recognised. There needs to be more promotion and recognition of these achievements
- there needs to be more understanding and awareness of how the Alliance works and HDC's role in assisting the Alliance
- there are areas for improvement both within the Alliance and with Council. However, recent appointments to staff and the Principals Group have given the Alliance more direction and they have already started to address the areas for improvement that we have identified
- the relationship between the council and the Alliance needs to improve. This is largely education, understanding and commitment to achieving the best for the district
- the scope and range of services provided by the Alliance should be widened to include other services and include asset planning, capital works and operations
- I would recommend that the Alliance contract is extended and the scope widened

### The brand

It is important to recognise that the success of this contract (or otherwise) has wider implications to the sector and industry. Collaborative contracts (of which alliances are an example) are gaining traction and if any one of these fails then it will tarnish the alliance brand.

Collaborative contracts are seen as a way of driving value through procurement and this is an important part of supporting the economy as part of the recovery process (through local government spend). NZTA are moving towards more collaborative contracts as a way of speeding up infrastructure delivery as part of the recovery.

### Governance

The existing governance model is a Principals Group. An option is to have more of a board structure, with an independent chair and this could be explored. For simplicity I have called the governance group the Principals Group in this report.

### Content

This report sets out:

- executive summary
- strategies
- additional comments in regard to key areas
- next steps



## 2. Executive Summary

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**Introduction** The basis of this report is to identify steps forward to improve the performance of the Alliance. As such, I have not tried to apportion blame where there are gaps, there would be no merit in that. The Alliance is delivering operationally. There are improvements required to get it operating optimally and realising the benefits originally envisaged. Initial findings are set out below.

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**Progress** The Alliance contract was set up in 2017 and a detailed implementation plan was developed. Shortly afterwards there were changes in key personnel at both the Principals Group and Infrastructure Manager levels. This has detracted from the focus and parts of the plan were not completed. The focus has been to deliver the operational requirements and this has been done, while some of the management, governance and cultural aspects were partially done, but going forward need to be addressed.

A lot of these have now started to be progressed. This includes:

- the Principals Group are now meeting regularly. They have agreed a vision, strategic direction and focus
- the Principals Group now has people on it from both organisations with extensive Alliance experience
- the Principals Group are reviewing the scope and extent of the Alliance and depending on the outcomes there will need to be more work on:
  - one team in one location
  - clear definition of roles and requirements with the best people appointed into those roles
  - focus on culture, capability and capacity
  - agreeing cost models and budgets jointly with clear targets
  - development of a weighted performance frameworks
  - clarity about what needs to be reported and monitored in regard to deliverables and costs
  - easy claim and payment processes

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## 2. Executive Summary, Continued

- 
- Achievement** The operations at a service delivery level have seen improvements in a number of areas and these achievements should be applauded:
- reduction in reactive customer complaints
  - increased water quality standards – 2018/2019 achieved full compliance with Drinking Water Standards NZ for the first time
  - no boil water notices for Levin
  - leakage reduction saving more than 2.26 million litres per day (163 leaks fixed)
  - reduced infiltration into wastewater reticulation
  - better stormwater performance
  - won a national award NZ IXON for using SCADA system
  - no loss time injuries
  - wastewater community education programme (60% reduction in wet wipes and reduction in pump blockages)
  - procurement is easier and faster
  - last 2 year’s capital reticulation renewals budgets delivered 100%
  - staff nominated for the upcoming trainee award

---

**Reporting line** The Alliance Manager should report directly to the Principals Group (as set out in their JD) and have a level of delegation the same as a general manager at HDC for the works in the agreed budget. They should be executing the goals for the Alliance set by Principals Group and supported by Council.

The current Alliance Manager has reported to the Infrastructure Manager as well as the Principals Group and informally to the HDC waters team. This has been confusing and counterproductive.

- 
- Structure** Key comments include:
- consider where best to place the roles of asset planning, optimisation and management. Whether inside the Alliance or aligned to a Council role. There is a current disconnect between Council and the Alliance in this regard
  - due to the growth in the district, the Council should look at bringing a proportion of the capital projects into the Alliance for synergy and whole of life reasons. A commitment to a decent amount of capital works being done by the Alliance would also encourage the contractor/partner to invest in people and equipment
  - the Council could consider a wider alliance including capital works and operations. This would need to take into account existing contracts for:
    - 3 waters
    - roading
    - parks and reserves
    - property
    - solid waste

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## 2. Executive Summary, Continued

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### Culture

Key comments in regard to culture include:

- the culture between the Council and the Alliance needs improvement. The behaviour is more like a traditional master/servant contract than an Alliance. The Principals Group and HDC Management are aware of this and steps are being taken to address this as it is fundamental to the success of the Alliance
- the culture within the Alliance is better, but needs focus and improvement. There is a strong loyalty within the Alliance team to meeting their operational objectives
- the Principals group have now met with the Alliance and Council staff and started to set the tone and direction for the team

---

### Awareness

There is room for improvement by the Alliance and Council in regard to their collective understanding of the Alliance. Key points are:

- transparency and openness of information from Council to the Alliance
- elected members have also had a limited exposure to the Alliance. This is being addressed through recent site visits and improved reporting
- the benefits and achievements of the Alliance need to be better publicised
- the Council and the Alliance could benefit from learnings from other successful Alliances and specialist skills and knowledge within Downer

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## 2. Executive Summary, Continued

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### Council commitment

- the Council needs to deliver on its commitments to the Alliance. I think this has stemmed from a lack of understanding from the non-Alliance council staff as to the importance of information flows and how the respective roles and responsibilities should be applied.
- the Principals Group have made this area a key focus. We are now seeing Council and the Alliance working better together. Noting in particular how they are delivering the latest Target Outturn Cost (TOC)

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### Principals Group Vision

We workshopped with the Principals Group in regard to what their vision for the future is:

- an enduring one stop shop for Council's urban infrastructure

This included:

- a key vehicle to implement:
    - spatial plan
    - district plan
    - Long Term Plan
    - annual plans
  - the go-to for 3 waters reform – sector leader
  - being able to optimise debt and external funding opportunities
  - a safe set of hands
  - available, open and transparent to the community
  - enabling community enhancement
  - always learning
  - employer of choice
  - ability to bid for outside work
-

### 3. Recommended Actions

#### Actions

The recommended strategies to take the Alliance forward are:

- review the Principals Group and make it more of a Board with a chairperson:
  - ensure the board has people with extensive alliancing experience (and a coach). A suggested Board of Brent, Kevin, James, Gareth and possibly an independent chair
  - if capital works comes into the Alliance then specialist knowledge in that regard needs to be included (noting that the proposed Board has this already)
  - clear terms of reference with strategic focus
  - regular meetings with governance role – monthly meetings
  - develop a risk register at strategic level
- decide what is in scope, such as:
  - asset planning, management and capital works
  - ultimately for all urban infrastructure
- set up a project plan to implement the new structure and requirements. This would be very similar to the original implementation, with updates to take into account changes to structure and scope. A lot of the original implementation plan could be utilised
- create the new Alliance Manager role:
  - clear role description and requirements based on scope decisions
  - clear reporting line
  - clear delegations
  - confirm or appoint Alliance Manager - Principals Group signs off
- if the other areas of scope are included then there will be roles reporting to the Alliance Manager. Such as:
  - Capital Works Manager
  - Operations Manager
  - Finance Manager
  - Zero Harm Manager
  - People and Capability Manager
  - Business Development Manager
  - Communications Manager

*Continued on next page*

### 3. Strategy, Continued

**Strategy  
cont.**

- each of these new roles will need:
  - clear role description and requirements
  - clear delegations
  - clear reporting lines
- the Alliance Manager to focus on building the team and getting all the foundations set up properly, as well as day to day operations. Added focus on:
  - appointment processes
  - location decisions
  - coordinating workshops for budget, reporting and TOC
  - coordinating workshops for performance framework
- agree the TOC, budgets and financial reporting & claims – there may be multiple TOCs tied to individual programmes of work
- agree reporting and claims requirements
- agree budgets and delegations - signed off by Principals Group
- agree weighted attribute performance framework – again there could be multiple for the different programmes of work
  - workshop with Principals Group, Alliance Management Team and key Council staff
  - agree key result areas (KRAs) and weightings
  - for each KRA agree key performance indicators (KPIs) and weightings
  - decide which KPIs are critical and agree a critical measure
  - for each KPI:
    - why are we measuring it?
    - what are we measuring?
    - who measures it?
    - how is it measured?
    - when?
    - is it critical and what is the minimum critical score (below which requires formal discussions at Principals Group level)?
  - this should be done for measures on the Alliance. It should also be done in reverse for what the Alliance would like to measure the Council on
  - signed off by Principals Group

*Continued on next page*

### 3. Strategy, Continued

---

**Strategy  
Cont.**

- the Alliance contract will need to be updated to incorporate any scope and financials that have changed
  - centralised office – all Alliance team in one location
  - set up focus on culture, capability and capacity:
    - how to develop high performance culture
    - focus on openness, transparency and trust
  - training and capability development programme processes and procedures:
    - coordinated asset planning and optimisation
    - capital works and projects coordination – planning
    - capital works and projects – delivery
    - operations delivery
-

## 4. Achievements

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The Alliance has achieved a lot of good things at an operational level. These have been set out in the Executive Summary above.

These should be recognised and applauded. We noted that the Alliance staff:

- are proud of what they do
- want to do the best for the Council and the district
- actively work towards improving the operational delivery in the 3 waters area
- want positive action to be taken to improve the relationship with Council

There needs to be a deliberate campaign to identify and communicate these improvements and achievements.

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## 5. Roadblocks and Barriers

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The key factors holding the Alliance back have been set out in the key findings in the Executive Summary above. In particular:

- key people have changed at governance and management levels
- the contract has been operated like a traditional master/servant agreement
- there is are trust issues and a flow on lack of support to/from the Alliance
- there is a lack of understanding and buy-in from other parts of Council
- the Alliance's achievements have not been well understood and communicated

I am confident that the new focus that Principals Group are bringing to this Alliance that these matters are on the way to being addressed.

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## 6. Culture

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What's my number? This is a quick thing we do to see where people are at on a scale of 1 to 10 (10 being really good):

- 6.53 – August 2019 workshop
- 4.76 – current Alliance team view about themselves in the Alliance
- 5.05 – Alliance team view of the Alliance culture
- 2.42 – Alliance team view of culture and relationship with Council

Of course these are very subjective, but on the whole these numbers are of concern. They are some of the lowest we have seen. They are a starting point. A lot of this can be addressed through the strategy outlined above and things have started to progress already.

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## 7. Wider Risks

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We also discussed what some of the wider risks are. These included:

- 3 waters reform
- public health
- safety of staff and contractors
- right staff in key roles
- damage to the alliance brand
- impacts of Long Term Plan

The Principals Group will have a risk register at a strategic level and this should be reviewed at their meetings.

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## 8. Next Step

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The next step is:

- the Principals Group workshop with the elected members
    - where the Alliance is at
    - their vision for the future
    - benefits of the new model
    - plan to implement
    - endorsement of the new model
-

# Infrastructure Operations - Activity Update

File No.: 20/463

## 1. Purpose

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

## 2. Recommendation

- 2.1 That Report 20/463 Infrastructure Operations - Activity Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

## 3. Key Highlights and Business Priorities

### 3.1 DELIVERY OF THE CAPITAL WORKS PROGRAMME

#### Roading

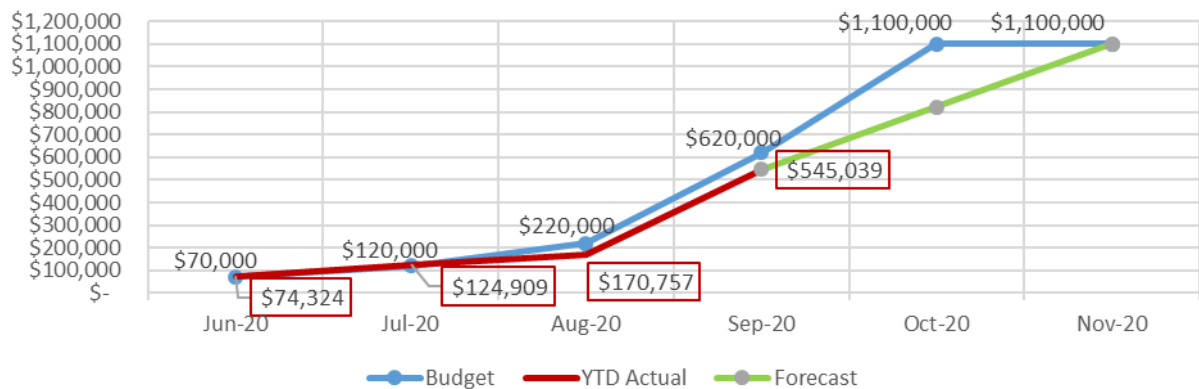
- **Queen Street West Improvements (Oxford to Salisbury Street)**

This project was successful in attracting funding through the Provincial Growth Fund (PGF). The project scope is to improve pedestrian and cyclist accessibility on Queen Street within Levin's town centre, while also rehabilitating the failing road pavement and surface. The project also includes upgrading the water supply reticulation infrastructure.

Poor weather has slowed progress through September and early October, however the project is still on track for completion in early November. The focus through September has been on the carriageway pavement so the project's traffic management can be cut back to limit the effects on businesses.



Queen Street West Improvements



Risk Management:

Risk Area	Risk Description	Initial Risk Assessment (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
<b>Financial</b>	Unforeseen project issues result in cost overruns	A	Due to the tight project timeframe, detailed design and investigation has been completed rapidly, allowing larger unforeseeable risk.	Detailed project management processes, weekly claim process for non-unit rate work.	G	Expenditure is not expected to exceed available budgets.
<b>Service Delivery</b>	Project is delayed past the contracted completion date.	A	This project is being completed to an extremely tight timeframe and weather has been delaying progress.	Strong project and staff management controls. Provision of additional resources.	G	Practical completion is expected by the initial completion date, 7 November. However, if this date is not met, the potential delay is expected to be minor with little adverse effect.

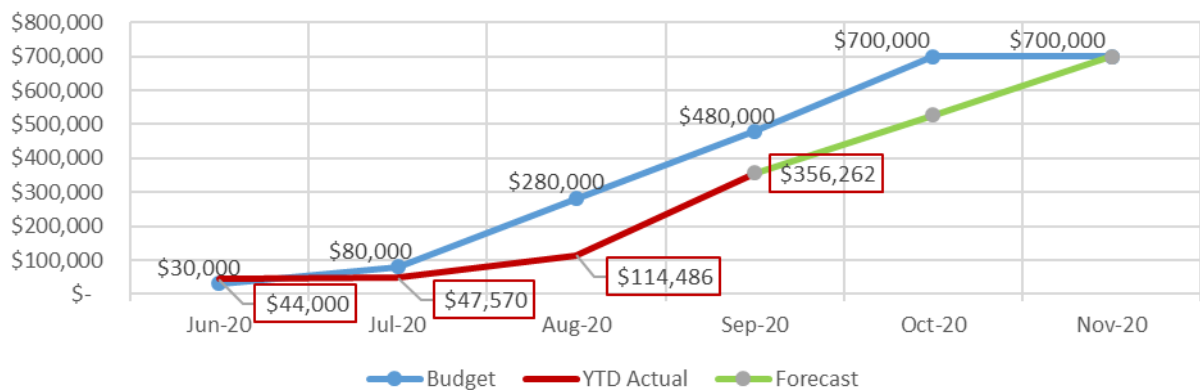
• **Queen Street / Tiro Tiro Road Roundabout**

This project was successful in attracting funding through the Provincial Growth Fund (PGF). The project scope is to improve safety of an unsafe intersection by building a roundabout. As part of the project, the water reticulation infrastructure has been upgraded.

The final surfacing layer is complete and much of the footpath has been completed. The project is approximately 90% complete.



Queen Street - Tiro Tiro Road Roundabout



Risk Area	Risk Description	Initial Risk Assessment (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
<b>Financial</b>	Unforeseen project issues result in cost overruns	A	Due to the tight project timeframe, detailed design and investigation has been completed rapidly, allowing larger unforeseeable risk.	Detailed project management processes, weekly claim process for non-unit rate work.	G	Expenditure is not expected to exceed available budgets.
<b>Service Delivery</b>	Project is delayed past the contracted completion date.	G	This project is being completed to an extremely tight timeframe and weather has been delaying progress.	Strong project and staff management controls. Provision of additional resources.	G	The project is 90% complete, there is no risk of not meeting the completion date of 7 November.

### 3.2 HOROWHENUA ALLIANCE

- **Zero Harm**

Zero Harm continues to remain at the forefront of the Alliance team, again 39 months without a lost time incident, which is an excellent result. Site meetings, project planning

and general conversations continue as necessary across all sites. Zero harm reporting was not available at time of completing this report; an update will be presented next month.

- **3 Waters Maintenance Update**

The Operations Maintenance Team have been very busy managing water services within the region, responding to 183 CRM events for the month, with the required timeframes and performance measures met.

- **Water Supply**

With the exception of Levin, all sites were 100% compliant for Protozoa and Bacteria, achieving log credits. The Bacterial and Protozoal Compliance was not achieved at the Levin WTP due to a lightning strike over the weekend of 26 September, which led to power fluctuations causing computer failure at the plant. This resulted in some data loss, the outcome of which is a non-compliance for a gap in the data. DWA were informed with daily sampling carried out.

The Tokomaru and Shannon water safety plans have been completed and submitted to the DWAU for review and assessment.

Reticulation Renewals. On track with Flagstaff Street, Queen Street West completed, and 50% of Karaka Crescent.

- **Wastewater**

All sites' discharge consent limits fully compliant.

Weather events during September caused some flooding issues and placed strain on pumps in Shannon, Foxton and Foxton beach.

Foxton Wastewater Treatment Plant Irrigation Stage 1 construction is now complete, and irrigation commenced. A handover has been undertaken from the Project Team to the Operations Team.

Levin Wastewater Treatment Plant site upgrades are underway and repairs have been undertaken on digesters to rectify gas issue.

Fencing of Wastewater Treatment Plants are on track, with three sites now fully fenced.

Reticulation Renewal. On track

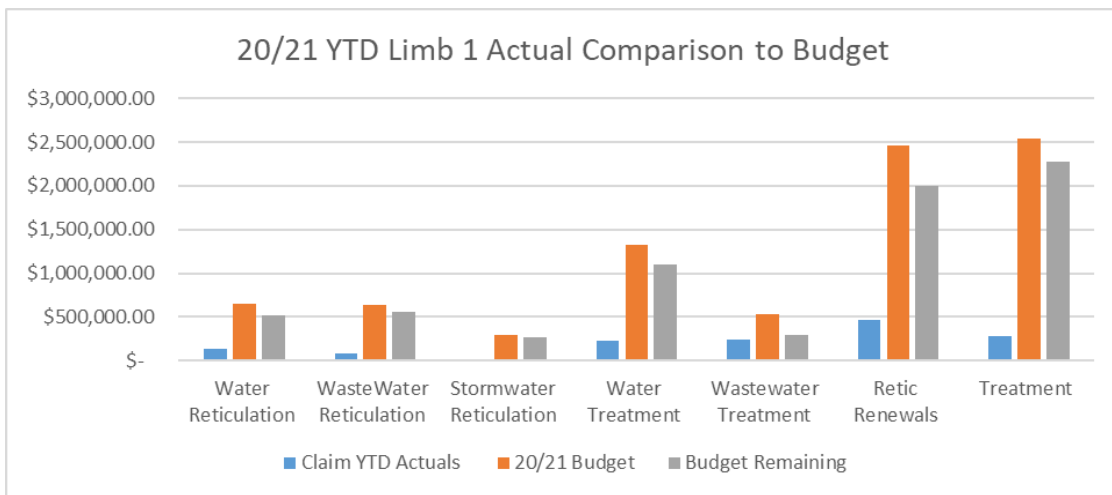
- **KPI Reporting**

Unfortunately the updated graphs were not available in time for inclusion into this report. The timeliness of this information is being addressed to ensure that it will be available for the report in the future.

- **OPEX Financials**

The potential risk identified in last month's report with wastewater treatment is under investigation - early indication shows some erroneous expense coding that will be followed up and corrected where necessary.





## 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)	James Wallace <b>Roading Services Manager</b>	
Approved by	Kevin Peel <b>Group Manager - Infrastructure Operations</b>	



# Three Month Report 1 July 2020 - 30 September 2020

File No.: 20/466

## 1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the three months to 30 September 2020.

## 2. Recommendation

- 2.1 That Report 20/466 Three Month Report 1 July 2020 - 30 September 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 Reporting - Monthly Report - 30 September 2020	60

### Confirmation of statutory compliance

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

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

## Signatories

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

**Horowhenua**   
DISTRICT COUNCIL

# Three Month Report

1 July 2020 - 30 September 2020



## Executive Summary

### A. Financial Performance – Operational Expenditure

Council shows a \$1.415m operational deficit against a budgeted operational deficit of \$1.739m.

It is 25% through the year and Council has spent 24.46% of the full year's budgeted expenditure and received 25.53% of the full year's budgeted income

Employee benefit expenditure is lower than budget due to unfilled vacancies, while finance costs are over due to the temporary effect of paying accrued interest on the refinanced \$10m of LGFA bonds three months ahead of the normal interest payment date for those bonds.

Overall, Council is within \$20k of its year to date budget after income from Capital grants and Subsidies.

Doug Law  
Chief Financial Officer

16 October 2020

## Operational Summary

Total revenue	Total expenditure	Total surplus/(deficit)
<b>\$16.53m</b> is 2% more than the total budget of \$16.20m	<b>\$14.60m</b> is 3% more than the total budget of \$14.20m	<b>\$1.93m</b> is 3% less than the total budget of 2.00m

## SUSTAINABILITY

### Rates to operating revenue 59%

Rates revenue	\$9.74m
Operating revenue	\$16.53m

59% 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 113%

Operating revenue	\$16.53m
Operating expenditure	\$14.60m

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 113% of operating expenditure.

### Net Debt to total projected revenue (LGFA Cov.) 143%

Total net borrowing	\$86.21m
Total budgeted operating revenue	\$60.41m

With net borrowing of \$86.21m 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.) 7%

Net Interest	\$0.68m
Rates revenue	\$9.74m

7% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue excludes penalties, water supply by meter and gross of remissions.

**Interest to operating revenue (LGFA Cov.)**

**4%**

Net Interest	\$0.68m
Operating revenue	\$16.53m

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

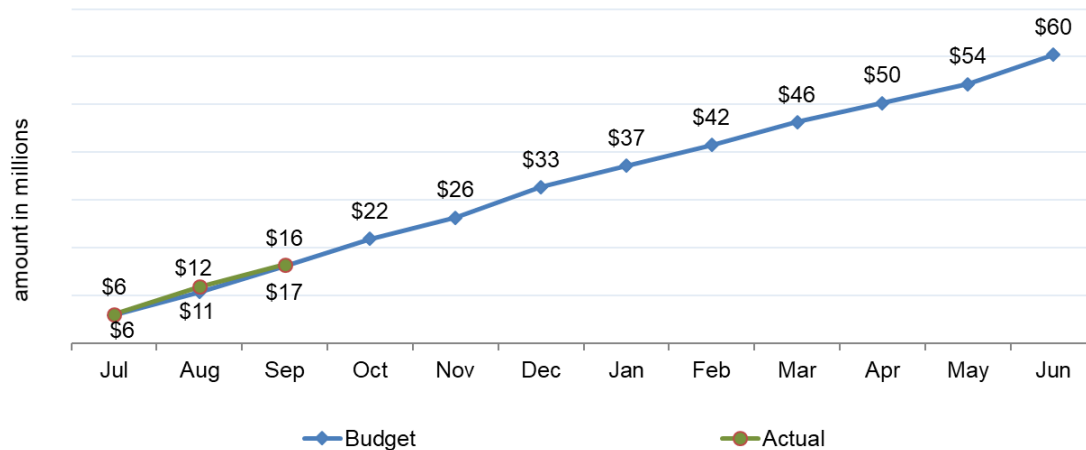
**Available financial accommodation to external indebtedness (LGFA Cov.)**

**112%**

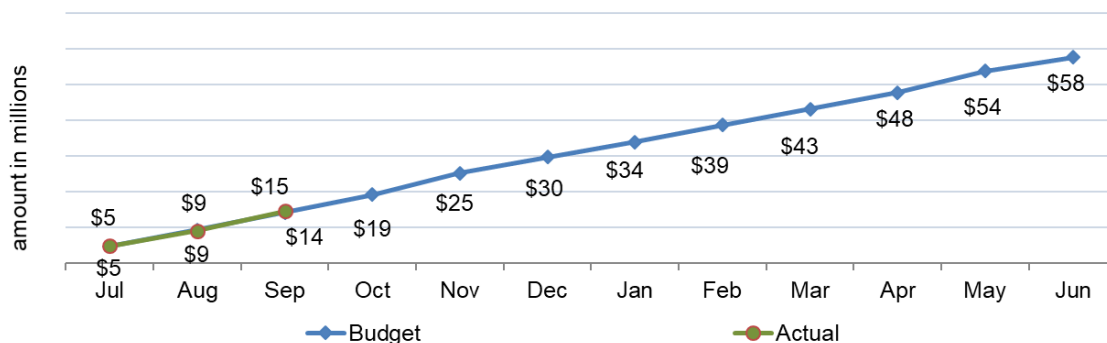
Net debt	\$86.21m
Undrawn committed facilities	\$10.00m

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

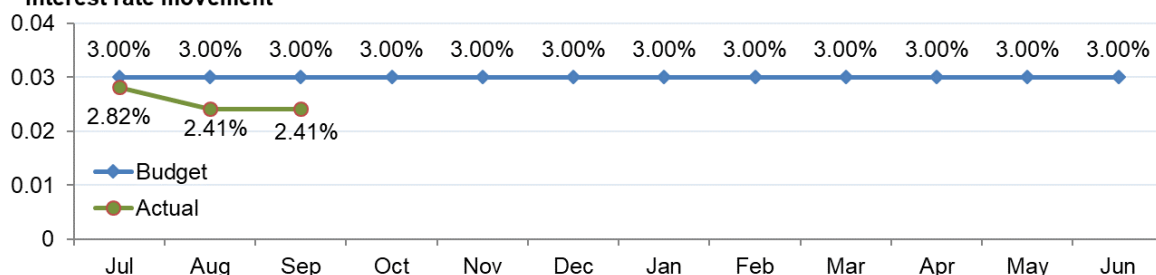
**Total Revenue \$m**



**Total Expenditure \$m**



**Interest rate movement**



## Statement of Comprehensive Revenue and Expense

As at 30 September 2020									
	Annual Plan 2020 \$000	Annual Plan YTD Sep-20 \$000	Actual YTD Sep-20 \$000	C/A % Actual to Budget		Variance YTD 2020 \$000	Var/Bud %	% of Total Bud %	Notes
<b>Revenue</b>									
Rates Revenue	(39,684)	(9,676)	(9,738)	24.5%	😊	(62)	1%	0.5%	
Operational Grants & Subsidies	(2,104)	(508)	(481)	22.9%	😞	27	-5%	-0.2%	
Finance Income	(200)	(50)	(9)	4.5%	😞	41	-82%	-0.3%	
Fees & Charges,	(4,551)	(1,144)	(1,162)	25.5%	😊	(18)	2%	0.1%	
Other Revenue	(3,197)	(1,131)	(1,224)	38.3%	😊	(93)	8%	0.7%	
Gains on Disposal of Assets	-		(86)			(86)		0.7%	
<b>Total Revenue</b>	<b>(49,736)</b>	<b>(12,509)</b>	<b>(12,700)</b>	<b>25.53%</b>	😊	<b>(191)</b>	<b>2%</b>	<b>2%</b>	
<b>Expenditure</b>									
Employee Benefit Expenses	15,771	3,832	3,434	21.8%	😊	(398)	-10%	-2.8%	1
Finance Costs	3,202	524	691	21.6%	😞	167	32%	1.2%	3
Depreciation and Amortisation	14,848	3,712	3,525	23.7%	😊	(187)	-5%	-1.3%	
Other Expenses	23,892	6,180	6,465	27.1%	😞	285	5%	2.0%	2
Loss on Disposal of Assets	-					-		0.0%	
<b>Total Expenses</b>	<b>57,713</b>	<b>14,248</b>	<b>14,115</b>	<b>24.46%</b>	😊	<b>(133)</b>	<b>-1%</b>	<b>-0.9%</b>	
<b>Operating (surplus) deficit before taxation</b>	<b>7,977</b>	<b>1,739</b>	<b>1,415</b>	<b>17.7%</b>		<b>(324)</b>	<b>-19%</b>	<b>-18.6%</b>	
Capital Grants and Subsidies	(10,676)	(3,690)	(3,831)	35.9%	😊	(141)	4%	-1.0%	
Prior Year Adjustment			244		😞	244		1.7%	
Vested Assets									
Investment (Gains)/Losses									
Taxation						-			
Loss on Derivatives		0	241		😞	241		1.7%	4
<b>Operating (surplus) deficit after taxation</b>	<b>(2,699)</b>	<b>(1,951)</b>	<b>(1,931)</b>	<b>71.5%</b>		<b>20</b>	<b>-1%</b>	<b>-1.0%</b>	

**Note 1** Employee benefit expenses **favourable** variance \$398k, reflecting delays in recruitment and lower training expenses due to Covid-19 restrictions.

**Note 2** **Unfavourable** variance of \$285k as detailed below:

<b>Note 2</b>	Annual Plan 2020 \$000	Annual Plan YTD Sep-20 \$000	Actual YTD Sep-20 \$000	% Actual to Budget		Variance YTD 2020 \$000	% Var/Bud %	% of Total Bud %	Notes
Professional Services	4,282	1,051	1,025	23.9%	😊	(26)	-2%	-0.2%	
Materials	107	21	32	29.9%	😞	11	52%	0.1%	
Maintenance	15,043	3,639	3,894	25.9%	😞	255	7%	1.8%	2A
Grants Paid	670	148	90	13.4%	😊	(58)	-39%	-0.4%	
Utilities	1,113	300	255	22.9%	😊	(45)	-15%	-0.3%	
Communications	216	53	55	25.5%	😞	2	4%	0.0%	
Other Expenses	5,058	1,561	1,469	29.0%	😊	(92)	-6%	-0.6%	
Vehicle Expenses	129	28	28	21.7%	😊	-	0%	0.0%	
Treasury Expenses	163	22	18	11.0%	😊	(4)	-18%	0.0%	
Labour Recoveries for Capex projects	(2,889)	(643)	(401)	13.9%	😞	242	-38%	1.7%	2C
<b>Total Other Expenses</b>	<b>23,892</b>	<b>6,180</b>	<b>6,465</b>	<b>27.1%</b>	😞	<b>285</b>	<b>5%</b>	<b>2.0%</b>	



- Note 2A** Maintenance costs **unfavourable** variance of \$255k, which is broken down as follows:
- Community Facilities and Services **unfavourable** variance \$340k.  
*Note: \$354k opex expenditure for the PGF funded phase 1 of the shovel ready Manawatū River Loop at Foxton project is coded within the Community Facilities and Services activity as it relates to the reserve and ground maintenance. This is unbudgeted opex expenditure, however the corresponding PGF funding can be observed as a favourable income variance as reported in Note 1 on the Statement of Comprehensive Revenue and Expense by Activity table.*
  - Road Transport **favourable** variance \$28k  
*Note: minor issue with phasing of expected maintenance costs for the first quarter, this is expected to end on budget at year end.*
  - Solid Waste **favourable** variance \$45k  
*Note: minor issue with phasing of expected maintenance costs, this is expected to end on budget at year end.*
  - Stormwater **favourable** variance \$32k  
*Note: minor issue with phasing of expected maintenance costs, this is expected to end on budget at year end.*
  - Wastewater Management **unfavourable** variance \$93k.  
*Note: coding is currently being investigated by the Alliance Team supported by the GM Infrastructure Operations to determine if this is a phasing issue where expenditure is higher than what had been phased for the first quarter, or an incorrect coding situation.*
  - Water Supply **favourable** variance \$70k  
*Note: minor issue with phasing of expected maintenance costs at various plants, variances less than \$30k per plant, this is expected to end on budget at year end.*
- Note 2C** Labour recoveries for labour posted to CAPEX projects **unfavourable** variance \$242k reflecting the lower capital project expenditure and staff time allocation than budgeted.
- Note 3** Finance costs **unfavourable** variance of \$167k relating to interest accrued on the \$10m of LGFA bonds repaid early. This variance will disappear in November when the interest was due to have been paid if not for the early repayment.
- Note 4** Loss on derivatives **unfavourable** variance \$241k, due to the interest rates continuing to fall below the fixed rates on the derivatives. Reported variance at 30 August 2020 was 133k for comparative purposes.

## Statement of Comprehensive Revenue and Expense by Activity

As at 30 September 2020									
25.0%	A	C	D	E	F	G	H	I	J
REVENUE	Annual Plan 2020 \$000	Year to date (YTD) This Year \$000 Budget \$000		% Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts
<b>Significant Activities</b>									
Regulatory Sevices	(5,186)	(1,662)	(1,640)	32.0%	☺	22	1.3%	0.1%	
Community Facilities and Services	(17,141)	(5,286)	(4,309)	30.8%	☺	977	22.7%	4.2%	1
Road Transport	(13,004)	(3,182)	(4,160)	24.5%	☹	(978)	-23.5%	-4.2%	2
Water Supply	(6,859)	(1,695)	(1,682)	24.7%	☺	13	0.8%	0.1%	
Wastewater Management	(7,486)	(1,878)	(1,826)	25.1%	☺	52	2.8%	0.2%	
Solid Waste	(2,990)	(828)	(735)	27.7%	☺	93	12.7%	0.4%	
Stormwater	(1,505)	(346)	(347)	23.0%	☹	(1)	-0.3%	0.0%	
Treasury	(2,429)	(479)	(610)	19.7%	☹	(131)	-21.5%	-0.6%	3
Property	(1,317)	(371)	(274)	28.2%	☺	97	35.4%	0.4%	
Community Support	(2,779)	(704)	(701)	25.3%	☺	3	0.4%	0.0%	
Representation & Com. Leadership	(3,608)	(941)	(901)	26.1%	☺	40	4.4%	0.2%	
<b>Total Activity Revenue</b>	<b>(64,304)</b>	<b>(17,372)</b>	<b>(17,185)</b>	<b>27.0%</b>	☺	<b>187</b>	<b>1.1%</b>	<b>0.8%</b>	
<b>Business Units</b>									
	(22,818)	(5,484)	(5,949)	24.0%	☹	(465)	-7.8%	-2.0%	
<b>Total Operating Revenue</b>	<b>(87,122)</b>	<b>(22,856)</b>	<b>(23,134)</b>	<b>26.2%</b>	☹	<b>(278)</b>	<b>-1.2%</b>	<b>-0.3%</b>	
25.0%	A	C	D	E	F	G	H	I	J
EXPENDITURE	Annual Plan 2020 \$000	Year to date This Year \$000 Budget \$000		% Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts
<b>Significant Activities</b>									
Regulatory Sevices	5,186	1,098	1,339	21.2%	☺	241	18.0%	1.1%	4
Community Facilities and Services	13,354	3,572	3,220	26.7%	☹	(352)	-10.9%	-1.7%	5
Road Transport	9,731	2,192	2,509	22.5%	☺	317	12.6%	1.5%	6
Water Supply	7,125	1,702	1,800	23.9%	☺	98	5.4%	0.5%	
Wastewater Management	7,835	1,996	1,978	25.5%	☹	(18)	-0.9%	-0.1%	
Solid Waste	3,669	910	896	24.8%	☹	(14)	-1.6%	-0.1%	
Stormwater	1,644	381	407	23.2%	☺	26	6.4%	0.1%	
Treasury	4,134	1,395	745	33.7%	☹	(650)	-87.2%	-3.1%	7
Property	1,298	332	349	25.6%	☺	17	4.9%	0.1%	
Community Support	2,778	647	790	23.3%	☺	143	18.1%	0.7%	8
Representation & Com. Leadership	4,818	1,212	1,200	25.2%	☹	(12)	-1.0%	-0.1%	
<b>Total Activity Expenditure</b>	<b>61,572</b>	<b>15,437</b>	<b>15,233</b>	<b>25.1%</b>	☹	<b>(204)</b>	<b>-1.3%</b>	<b>-1.0%</b>	
<b>Business Units</b>									
	22,851	5,488	5,950	24.0%	☺	462	7.8%	2.2%	
<b>Total Operating Expenditure</b>	<b>84,423</b>	<b>20,925</b>	<b>21,183</b>	<b>24.8%</b>	☺	<b>258</b>	<b>1.2%</b>	<b>1.2%</b>	
<b>Operating (Surplus)/Deficit</b>	<b>(2,699)</b>	<b>(1,931)</b>	<b>(1,951)</b>		☹	<b>(20)</b>	<b>-1.0%</b>	<b>-0.09%</b>	

**Note 1** Community Facilities and Services income **favourable** variance \$977k.  
*Note: favourable result from PGF funding received at 30 September 2020 for Manawatū River Loop at Foxton and The Mahi Space.*

**Note 2** Road Transport income **unfavourable** variance \$978k.  
*Note: variance relates to the phasing of expenditure for the first quarter being out due to project's start dates being delayed for reasons outside of Council's control (e.g. Awaiting fibre cable to be relocated by Spark). This in turn has led to lower subsidies than expected at this point in the year. As we are only at the beginning of*

*the construction season, this is expected to get back on track once projects get underway and it is anticipated to end on budget at year end.*

- Note 3** Treasury income **unfavourable** variance of \$131k.  
*Note: unfavourable result is due to the income from the internal interest charges being \$141k lower due to lower interest rates (2.41%) being achieved from the Annual Plan assumption of 3.0%. Also, lower external interest received year-to-date (\$41k) as the budgets are assuming that interest will be received equally over the year when in fact it will be “lumpy” and will be lower overall than budget due to the lower interest rate environment. This is offset by higher rates penalty income (\$21k) and lower rates remissions than budget (\$32k). These trends will continue over the year.*
- Note 4** Regulatory Services expenditure **favourable** variance \$241k.  
*Note: the drivers of the favourable variance presented for the first quarter relate to position vacancies within the Regulatory Services function, and lower overhead allocations to the activity for the first quarter than anticipated in budget setting.*
- Note 5** Community Facilities and Services expenditure **unfavourable** variance \$352k.  
*Note: refer to note 2A which outlines the expenditure for the PGF funded phase 1 of the shovel ready Manawatū River Loop at Foxton project.*
- Note 6** Road Transport expenditure **favourable** variance \$317k  
*Note: refer to note 2 within the income explanations. Favourable variance relates to the phasing of expenditure for the first quarter for projects that have been delayed, and therefore expenditure will be incurred slightly later in the construction season than expected.*
- Note 7** Treasury expenditure **unfavourable** variance of \$650k.  
*Note: Refer to the commentary under note 3 and 4 in relation to the Statement of Comprehensive Revenue and Expense by Activity, pertaining to the accrued interest on the repayment of LGFA bonds and the loss on derivatives. Also a prior year adjustment for the unspent proportion of the Solid waste rebate of \$244k.*
- Note 8** Community Support expenditure **favourable** variance of \$143k.  
*Note: costs projected in budget phasing for the first quarter of the financial year are less than anticipated, this is as a result of a staff vacancy in Emergency Management and lower professional services expenses (including the postponement of the housing forum action with the Pacific Peoples Leaders Fono as a result of Covid-19 alert level restrictions).*

## Statement of Rates Debtors

Rate Zone	Assessment Count	Assessments Matching Criteria	% Matching Criteria	Total Rates Due	Year to Date Rates Due	Instalment 1 Due	Penalties Arrears	Prior Year Arrears
Foxton	1,275	139	11%	\$206,943	\$69,977	\$58,635	\$11,342	\$136,967
Foxton Beach	1,606	125	8%	\$201,029	\$78,447	\$60,358	\$18,089	\$122,581
Hokio Beach	187	34	18%	\$210,051	\$12,936	\$11,055	\$1,881	\$197,115
Levin	7,531	623	8%	\$553,229	\$324,969	\$286,186	\$38,783	\$228,260
Manakau	86	7	8%	\$9,471	\$3,595	\$2,764	\$831	\$5,876
Non Rateable	130	6	5%	\$7,409	\$1,341	\$1,217	\$124	\$6,068
Ohau	152	10	7%	\$12,772	\$5,390	\$4,198	\$1,193	\$7,381
Rural	2,175	151	7%	\$377,518	\$64,178	\$51,372	\$12,806	\$313,340
Rural Lifestyle	2,767	213	8%	\$237,161	\$95,764	\$79,728	\$16,036	\$141,397
Shannon	682	95	14%	\$209,768	\$51,771	\$37,567	\$14,205	\$157,997
Tokomaru	164	19	12%	\$19,584	\$10,571	\$8,887	\$1,684	\$9,013
Utilities	17	4	24%	\$3,821	\$3,052	\$2,705	\$347	\$769
Waikawa Beach	231	8	3%	\$7,797	\$3,331	\$2,644	\$688	\$4,466
Waitarere Beach	992	69	7%	\$56,048	\$33,140	\$28,541	\$4,599	\$22,908
<b>Total at 30 Sept 2020</b>	<b>17,995</b>	<b>1,503</b>	<b>8%</b>	<b>\$2,112,601</b>	<b>\$758,463</b>	<b>\$635,856</b>	<b>\$122,618</b>	<b>\$1,354,138</b>
Total at 30 Sept 2019	18,838	2,030	11%	\$2,567,653	\$896,845	\$764,698	\$132,147	\$1,670,808

- This report excludes assessments with total arrears under \$99 and assessment with credit balances.
- The total arrears of \$2,112,601 are for total arrears over \$99 as at 30 September 2020.

## Statement of Sundry Debtors

Category	Total Outstanding	Current Outstanding	31 - 60 days Outstanding	61 - 90 days Outstanding	Over 90 days Outstanding	Notes
<b>Current debtors</b>						
Aquatic Centre	3,612	594	441	144	2,433	
Building - Exempt Work	2,010	825	1,185	0	0	
Building Consents	96,729	48,189	31,516	0	17,024	1
Building Fee - BWOFF	7,165	2,598	2,503	945	1,120	
Cemeteries	14,810	12,460	2,170	0	180	
Dogs Arrange to pay	4,242	2,004	1,740	30	468	
Dogs Pre Payments	147	0	72	0	75	
General	147,136	54,281	11,146	2,166	79,542	2
Health Accreditation Renewals	12,613	5,438	2,475	2,213	2,488	
Hire	5,901	1,481	447	0	3,974	
On Charges	14,287	1,307	9,321	0	3,659	3
Rental income Annual	592	0	0	0	592	
Resource Consent Fees	51,912	25,646	9,360	150	16,756	4
Rubbish Bags	48,640	27,360	11,780	5,700	3,800	
Staff Account	4,105	2,514	60	729	801	
Swimming Pools	2,780	465	620	465	1,230	
Te Awahou	3,535	1,079	0	1,397	1,059	
Te Takere	7,912	4,616	831	1,565	901	
Trade Waste	140,832	258	100	124	140,350	
Water Septage - Septic Tank	8,845	4,859	0	3,537	449	
<b>Total current debtors</b>	<b>577,805</b>	<b>195,973</b>	<b>85,767</b>	<b>19,166</b>	<b>276,899</b>	
<b>Non current debtors</b>						
Dev Cont New Policy	19,741	0	0	0	19,741	5
Develop Cont Old Policy	6,055	0	0	0	6,055	5
Rental Income Monthly	73,816	27,196	6,381	0	40,239	
<b>Total non-current debtors</b>	<b>99,612</b>	<b>27,196</b>	<b>6,381</b>	<b>0</b>	<b>66,035</b>	
<b>Total 30 September 2020</b>	<b>677,416</b>	<b>223,169</b>	<b>92,148</b>	<b>19,166</b>	<b>342,934</b>	
<b>Total 30 September 2019</b>	<b>1,124,860</b>	<b>412,525</b>	<b>80,694</b>	<b>247,515</b>	<b>384,125</b>	

## Notes and Comments

1. Amongst the Building Consents category, there are some damage deposit bonds in here, as well as extensions of time for a number of the older aged consents.
2. In this category there are charges for grazing leases, new connections, CAR access way and HR charges. This also includes the Alliance Contract recharge which has increased current period debtors.
3. In the On Charges category, the majority of the 90+ Days debtors have been provided for as Doubtful Debts.
4. Amongst the Resource Consent category, there are some land use bonds. The debtors in this category are being actively pursued, and some of the 90+ Days debtors have been provided for as Doubtful Debts.
5. These Development Contribution debtors are being actively pursued. The batch of debt letters sent had a positive effect with several payments being made. Most of the Development Contributions – Old Policy are with the Debt Collection Agency, with the balance of them either being paid off or having an arrangement to pay when the sections sell.

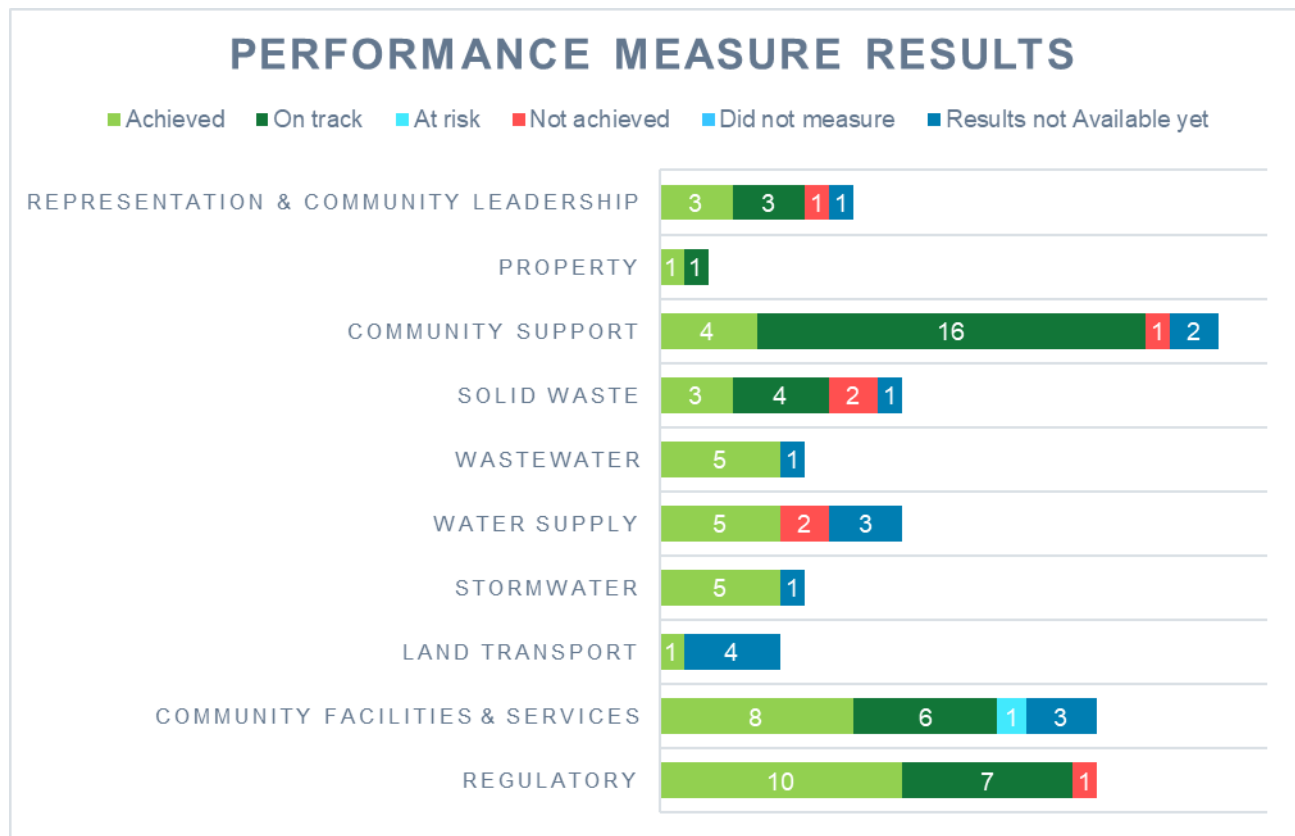
## Statement of Loans by Parcel

Loan parcels	Maturity Date	Interest Rate	Opening balance	Raised	Repaid	Closing balance
<b>Due within a year</b>						
LGFA CP	18 Dec 20	0.5550%	16,000,000			16,000,000
LGFA FRN	17 May 21	1.1125%	4,000,000			4,000,000
LGFA Bond	17 May 21	4.5650%	5,000,000			5,000,000
LGFA Bond	17 May 21	5.9852%	5,000,000		5,000,000	0
LGFA Bond	17 May 21	5.8516%	5,000,000		5,000,000	0
<b>Total due within a year</b>			<b>35,000,000</b>	<b>0</b>	<b>10,000,000</b>	<b>25,000,000</b>
<b>Due within 2 - 5 years</b>						
LGFA FRN	14 Apr 22	0.8100%	9,000,000			9,000,000
LGFA FRN	18 May 22	0.7050%	3,000,000			3,000,000
LGFA Bond	15 Apr 23	5.1336%	4,000,000			4,000,000
LGFA FRN	15 Apr 23	0.8850%	6,000,000			6,000,000
LGFA Bond	15 Apr 23	1.4800%	4,000,000			4,000,000
LGFA Bond	15 Mar 24	3.7200%	4,000,000			4,000,000
LGFA Bond	15 Mar 24	3.7600%	4,000,000			4,000,000
LGFA Bond	15 Apr 24	2.5200%	3,000,000			3,000,000
LGFA Bond	15 Apr 25	4.2046%	3,000,000			3,000,000
LGFA FRN	15 Apr 25	1.1200%	5,000,000			5,000,000
LGFA FRN	19 May 25	0.7700%	7,000,000			7,000,000
<b>Total due within 2 - 5 years</b>			<b>52,000,000</b>	<b>0</b>	<b>0</b>	<b>52,000,000</b>
<b>Due after 5 years</b>						
LGFA Bond	20 Mar 26	3.3800%	9,000,000			9,000,000
LGFA Bond	15 Jul 26	3.3700%	5,000,000			5,000,000
LGFA FRN	15 Apr 27	1.0700%	5,000,000			5,000,000
LGFA Bond	15 Apr 27	1.6550%		5,000,000		5,000,000
LGFA Bond	16 Apr 28	1.6750%		5,000,000		5,000,000
<b>Total due after 5 years</b>			<b>19,000,000</b>	<b>10,000,000</b>	<b>0</b>	<b>29,000,000</b>
<b>Total</b>			<b>106,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>106,000,000</b>
Less Cash and Cash equivalents						19,795,000
<b>Net Debt</b>			<b>0</b>			<b>86,205,000</b>

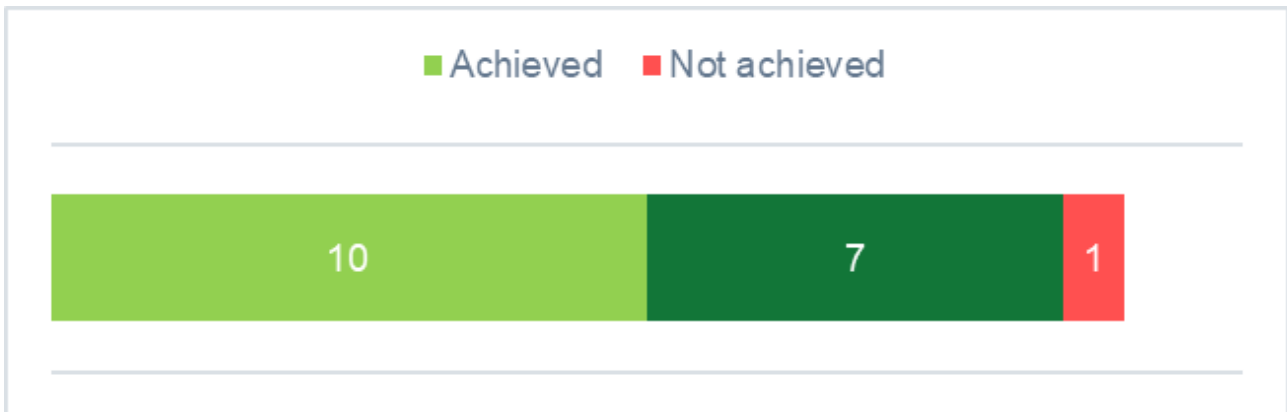
## Notes and Comments

Our weighted average interest rate has decreased to 2.41% at 30 September 2020. This is a predicted saving of \$625k in interest payable compared to the Annual Plan interest rate assumption of 3% for 2020/21.

## Performance Measure Results



## PLANNING AND REGULATORY Performance Measures – LTP/Annual Plan Summary

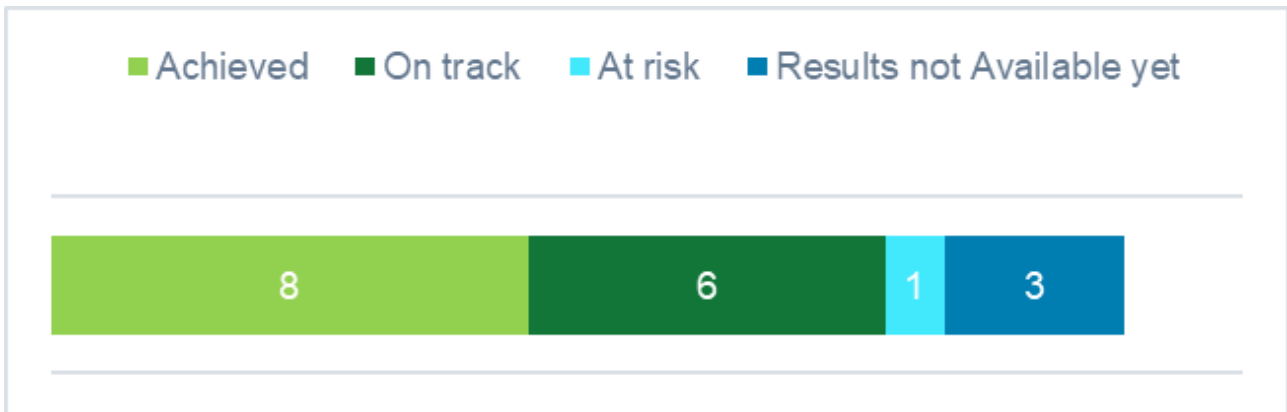




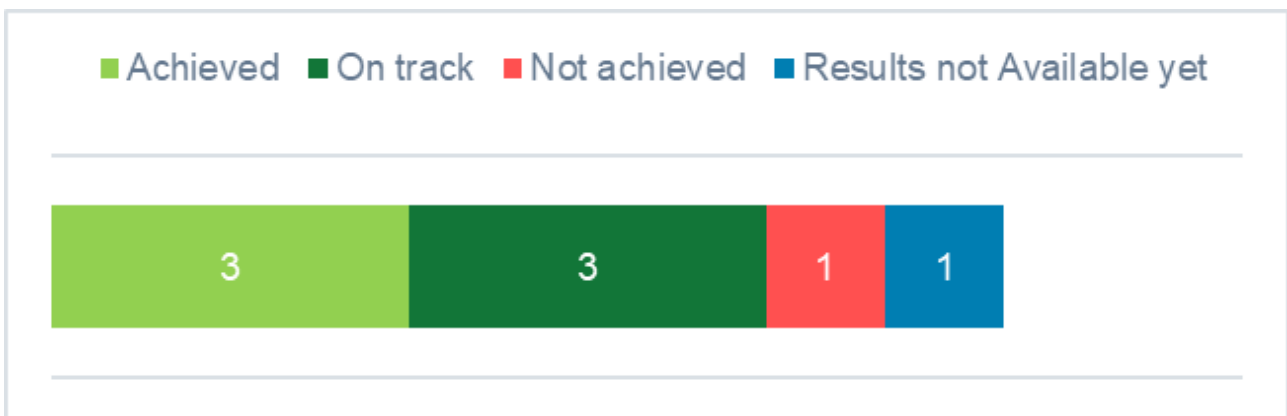
## REGULATORY SERVICES - Performance Measures Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	CM9 Ref
<b>Resource Consenting</b>					
RS1	Processing of applications under the Resource Management Act (RMA) 1991.	Applications under the RMA will be processed within statutory timeframes.	Achieve	<p><b>Not Achieved</b></p> <p>As at 30 September 2020, 82 consents have been approved YTD for Land Use, Subdivision and Boundary Activities, 95% were approved within statutory timeframes.</p> <p>Four (4) resource consents were approved outside of statutory timeframes. This has been due to high volume of applications received compared to the number of staff &amp; contractors available to process applications. Recruitment of staff is ongoing.</p>	D20/1577 80

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



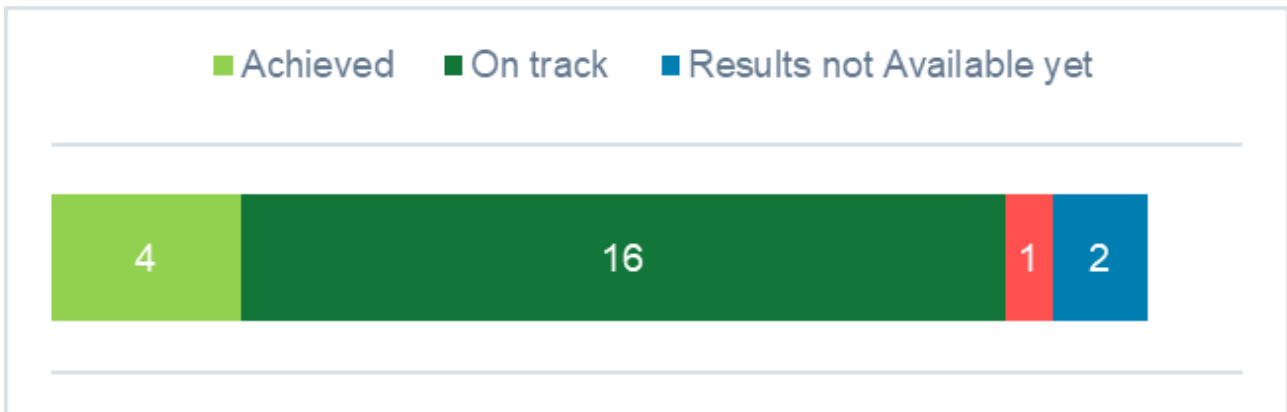
## REPRESENTATION AND COMMUNITY LEADERSHIP Performance Measures – LTP/Annual Plan Summary



## REPRESENTATION AND COMMUNITY LEADERSHIP– Performance Measures Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	RM8 Ref
RCL2	Council provides open, accessible processes to local government.	LGOIMA requests responded to within 20 working days.	Achieve	<p><b>Not Achieved</b></p> <p>As at 30 September 2020, 68 LGOIMA requests were received. 48 were sent on time 17 remain open (current) 3 were sent late:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 2 requests were 1 day overdue, due to administrative errors.</li> <li><input type="checkbox"/> 1 request was sent 4 days overdue to an administrative error – staff absence and oversight.</li> </ul> <p>No requests have had extensions applied for.</p>	

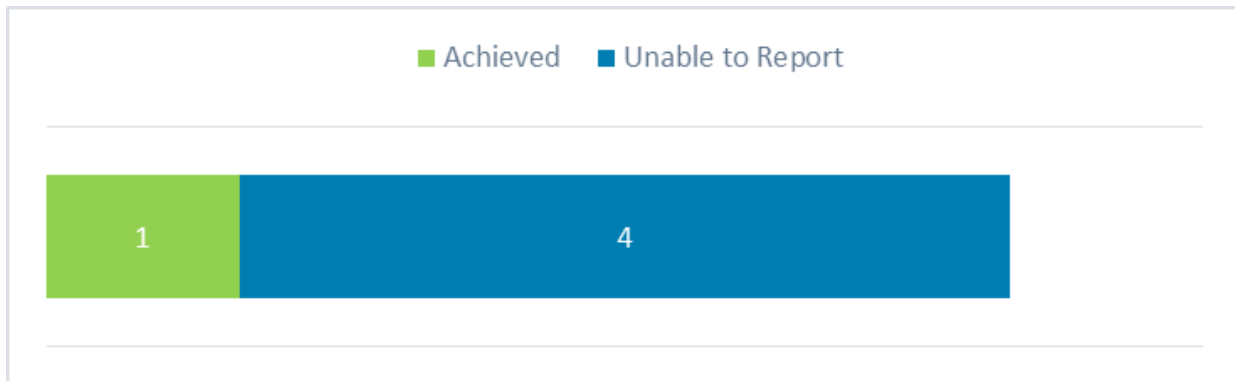
## COMMUNITY SUPPORT Performance Measures – LTP/Annual Plan Summary



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

Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	RM8 Ref
CS2	Council maintains a functional EOC and trained staff.	Civil defence and emergency management assessment of readiness and capability.	100% of Council staff with EOC roles	<b>Not Achieved</b> As at 30 September 2020, due to cyclic training schedules and new staff appointments.	

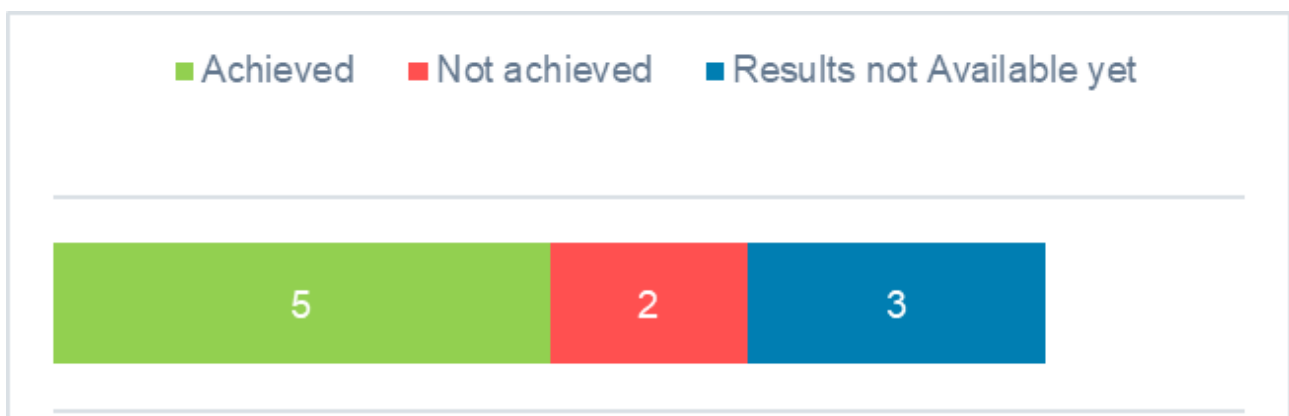
## LAND TRANSPORT Performance Measures – LTP/Annual Plan Summary



## STORMWATER Performance Measures – LTP/Annual Plan Summary



## WATER SUPPLY Performance Measures – LTP/Annual Plan Summary



## WATER SUPPLY – Performance Measures

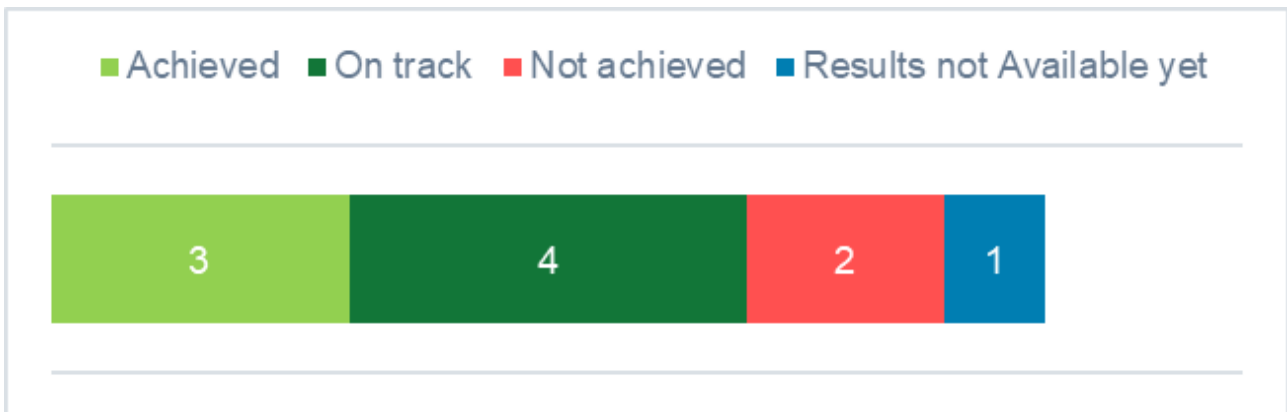
### Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	RM8 Ref												
WS1	Safe water supply*.	Council's drinking water supply complies with: (a) part 4 of the Drinking Water Standards (bacteria compliance criteria) in Levin Shannon Foxton Foxton Beach Tokomaru	Achieved Achieved Achieved Achieved Achieved	<p><b>Not Achieved</b> As at 30 September 2020:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Scheme</th> <th style="background-color: #0070C0; color: white;">Year to Date</th> </tr> </thead> <tbody> <tr> <td>Levin</td> <td style="text-align: center;">0%</td> </tr> <tr> <td>Shannon</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>Foxtton</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>Foxtton Beach</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>Tokomaru</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table> <p>A lightning storm over the weekend of the 26th of September affected the bulk meter transmitters on the bulk meter after the reservoir, which affected the bacteriological compliance under Criterion 2A. A spare unit was installed shortly after the issue was reported and a bacterial sample was taken from the reservoir as a precaution. DWA office has been notified of this incident.</p>	Scheme	Year to Date	Levin	0%	Shannon	100%	Foxtton	100%	Foxtton Beach	100%	Tokomaru	100%	<b>D20/162163</b>
Scheme		Year to Date															
Levin	0%																
Shannon	100%																
Foxtton	100%																
Foxtton Beach	100%																
Tokomaru	100%																
WS2	(b) part 5 of the Drinking Water Standards (protozoa compliance criteria) in: Levin Shannon Foxton Foxton Beach Tokomaru	Achieved Achieved Achieved Achieved	<p><b>Not Achieved</b> As at 30 September 2020:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Scheme</th> <th style="background-color: #0070C0; color: white;">Year to Date %</th> </tr> </thead> <tbody> <tr> <td>Levin</td> <td style="text-align: center;">0%</td> </tr> <tr> <td>Shannon</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>Foxtton</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>Foxtton Beach</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>Tokomaru</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table> <p>A lightning storm over the weekend of the 26th of September affected the computer at the Levin Water Plant that resulted in the need to reboot. SCADA sub contractor was called in to help and the plant was offline during the incident, so it should not affect compliance.</p>	Scheme	Year to Date %	Levin	0%	Shannon	100%	Foxtton	100%	Foxtton Beach	100%	Tokomaru	100%	<b>D20/162163</b>	
Scheme	Year to Date %																
Levin	0%																
Shannon	100%																
Foxtton	100%																
Foxtton Beach	100%																
Tokomaru	100%																

## WASTEWATER MANAGEMENT Performance Measures – LTP/Annual Plan Summary



## SOLID WASTE MANAGEMENT Performance Measures – LTP/Annual Plan Summary



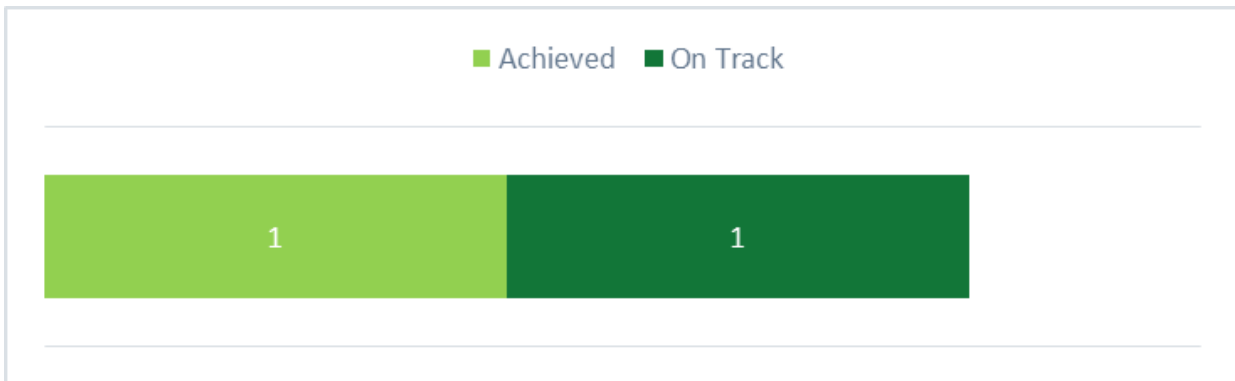


## SOLID WASTE – Performance Measures – LTP/Annual Plan Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (2020/21)	Actual Performance	RM8 Ref									
SW4	Response to service requests regarding Council's Solid Waste Activities is timely.	Time all requests are responded to.	Within 3 working days	<p><b>Not Achieved</b> As at 30 September 2020:</p> <table border="1"> <thead> <tr> <th>For the Month</th> <th>Year to Date</th> </tr> </thead> <tbody> <tr> <td>42/98</td> <td>135/283</td> </tr> </tbody> </table>	For the Month	Year to Date	42/98	135/283	D20/161299					
For the Month	Year to Date													
42/98	135/283													
SW5	Recycling and refuse is collected on time and in a sanitary manner.	Number of complaints per-month about non collection of: Kerbside recycling Kerbside refuse	< 6 per month < 6 per month	<p><b>Not Achieved</b> As at 30 September 2020:</p> <table border="1"> <thead> <tr> <th></th> <th>For the Month</th> <th>Year to Date</th> </tr> </thead> <tbody> <tr> <td>Kerbside recycling</td> <td>22</td> <td>67</td> </tr> <tr> <td>Kerbside refuse</td> <td>7</td> <td>19</td> </tr> </tbody> </table> <p><b>Please note:</b> Not all complaints are due to genuine missed collections. Some bins may have not been collected for other reasons such as the bin not being out or the bin being contaminated.</p>		For the Month	Year to Date	Kerbside recycling	22	67	Kerbside refuse	7	19	D20/161299
	For the Month	Year to Date												
Kerbside recycling	22	67												
Kerbside refuse	7	19												

## PROPERTY

### Performance Measures – LTP/Annual Plan Summary



## APPENDIX

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



# Treasury Report

File No.: 20/468

## 1. Purpose

To present to the Finance, Audit & Risk (FAR) Committee the Bancorp Treasury Report for the September 2020 quarter.

## 2. Recommendation

- 2.1 That Report 20/468 Treasury Report be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

## 3. Background/Previous Council Decisions

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

## 4. Issues for Consideration

- 4.1 This year has featured equities and house prices reaching record highs as investors look for a return on their investments, all driven by low, virtually free money and demand exceeding supply. I remember my mortgage rate reached 18.5% in 1985. Mortgage rates of or below 3% were last seen by my parents' generation 70 years ago.
- 4.2 The US and China relations continue to slide while the Covid-19 pandemic reaches new highs in the second wave, world-wide. Economists are getting their predictions slightly too pessimistic with a down-turn less severe than they had predicted.
- 4.3 Central bank stimulus will see historically low, or even lower, interest rates for longer and quantitative easing (NZ LSAP) without increasing inflation.
- 4.4 In New Zealand the money markets have priced in an OCR at zero by May 2021 with a 76% probability of negative 0.25% by October 2021. Not that retail interest rates are likely to go negative, but will continue to drop, at least in the short-term. Refer to the line graph on page 3.
- 4.5 In September the government borrowed at interest rates below zero. Investors are happy to pay the government to "look after" their money.
- 4.6 Note the comments on page 3 of the report where LGFA bonds for April 2025 maturity fell from 1.07% at the end of June to 0.64% at the end of September.
- 4.7 Council has not borrowed any extra during the quarter but repaid early \$10m of high rated Fixed Rate bonds due for repayment in May 2021.
- 4.8 The new fixed rate bonds (FRB) were \$5m maturity April 2027 at 1.655% replacing a \$5m bond due May 2021 at 4.565%, and another \$5m FRB due in April 2028 at 1.675% replacing a FRB of \$5m at 5.8516%. Note the commentary below the table on Page 4. The market rate for these bonds were 1.07% and 1.3% respectively.
- 4.9 Note the new graph on page 6 showing the fixed, floating debt and swap coverage against our Borrowing Management Policy settings.
- 4.10 Council's cost of funds has reduced to 2.41% down from 2.84% last quarter due to the refinancing of the \$10m FRB. Refer to page 7 of the report.

## Attachments


No.	Title	Page
A	Bancorp Treasury Report September 2020	87

### 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>	
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Approved by	Nicki Brady <b>Deputy Chief Executive</b>	
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CONFIDENTIAL

TREASURY REPORT

FOR



**HOROWHENUA  
DISTRICT  
COUNCIL**

AS AT

30 SEPTEMBER 2020



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

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## 1. MARKET ENVIRONMENT

### 1.1 GLOBAL MARKETS OVERVIEW (AS AT 30 SEPTEMBER 2020)

September was packed with action as US equities reached record highs (driven by the surge in the tech sector) early in the month before sentiment flipped as a result of the potential threats of second COVID-19 waves and lockdowns, the political ramifications of appointing a replacement for Supreme Court Justice, Ruth Ginsburg, the continuing failure by Congress to pass a new fiscal stimulus package, a looming US election, and continuing US-China tensions saw a large sell off in risky assets. Headline US equity indices such as the NASDAQ and S&P500 were down 11.8% and 9.6% respectively at one point, but by quarter end had recovered some of the lost ground. The sell-off also translated into other asset classes, with gold falling and the USD strengthening.

Adding to the risk off sentiment over the latter part of September was the renewed surge in COVID-19 cases outside of the US, with the UK and the several other European countries registering resurging daily cases as the second wave gathered pace. By the end of September, a grim milestone had been reached with 1 million COVID-19 deaths and 33 million cases recorded worldwide, with the latter increasing by around 2 million cases per week.

The US Federal Reserve ("Fed") left its Federal Funds target range unchanged at 0%-0.25% signalling it would stay there through to 2023, or possibly longer. There was also a subtle change in the statement with the inclusion that the Committee *"will aim to achieve inflation moderately above 2.0% for some time, so that inflation averages 2.0%."*

The US 10 Year Treasury bond yield consolidated between 0.60% and 0.77% over the last six weeks of the quarter as the markets appeared to have found some equilibrium. Yields were kept low in response to the massive amount of Quantitative Easing from the Fed this year, but markets were also mindful of possible inflation pressures emerging as a result of the amount of stimulus pumped into the US economy. The 10 year yield ended September at 0.68%.

European bond yields continue to be anchored in negative territory with the German 10 year bund closing September at minus 0.52%, having reached a 'high' of minus 0.26% in early June. The UK 10 year gilt has managed to avoid negative territory, falling to a low of 0.08% in early August, but finished September at 0.20%. What transpires with Brexit, which is looking increasingly fraught, will have a large influence in the near term direction of UK gilt yields.

In the UK, the outlook looks decidedly pessimistic given the triple threat of a second COVID-19 wave with enhanced lockdowns, Brexit, and the acknowledgement that negative rates are a distinct possibility after the BoE revealed that voting members had been briefed on the Bank's plans to explore how a negative bank rate could be implemented.

1.2 NEW ZEALAND MARKET OVERVIEW (AS AT 30 SEPTEMBER 2020)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
30 June 2020	0.25%	0.31%	0.21%	0.23%	0.35%	0.51%	0.74%
30 Sept 2020	0.25%	0.31%	0.05%	0.05%	0.13%	0.28%	0.51%
Change	0 bps	0bps	-16 bps	-18 bps	-22 bps	-23 bps	-23 bps

The Reserve Bank of New Zealand (“RBNZ”) announced in the August *Monetary Policy Statement* that “the Monetary Policy Committee (“MPC”) agreed to expand the Large Scale Asset Purchase (“LSAP”) programme up to \$100 billion, and the Official Cash Rate (“OCR”) is being held at 0.25 percent in accordance with the guidance issued on 16 March.”

In the RBNZ’s September *Monetary Policy Review* (“MPR”) the MPC agreed to maintain their LSAP programme of up to \$100 billion in order to “further lower household and business borrowing rates in order to achieve the Committee’s inflation and employment remit.” As far as further monetary stimulus is concerned, the Committee again noted the possible use of a Funding for Lending Programme which would be ready before the end of 2020, and a negative OCR.

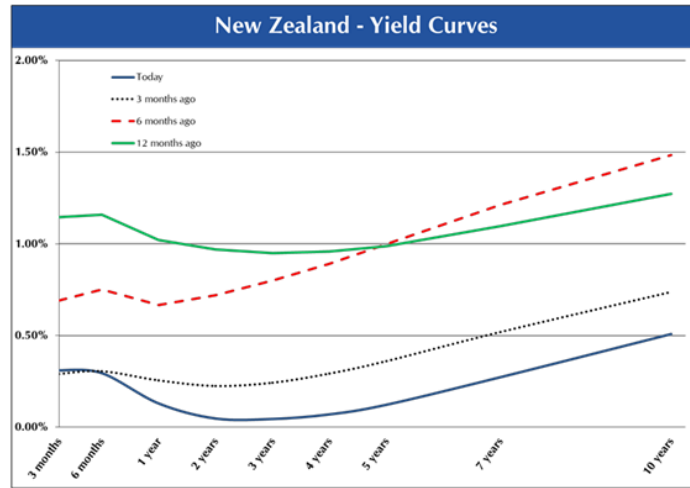
In what was obviously a dovish MPR the RBNZ noted that ‘In line with the weak underlying international and domestic economic conditions, the Committee expects a rise in unemployment and an increase in firm closures, as resource reallocation continues. Members agreed that monetary policy will need to provide significant economic support for a long time to come to meet the inflation and employment remit and promote financial stability.’

The strict lockdown that started in March to eliminate the spread of COVID resulted in the worst economic slump since the Great Depression. While the March quarter GDP rate was revised up to -1.4%, the June quarter print headlined at a record -12.2% contraction. The only good news was that it was better than the 16.0% drop the Treasury had forecast the day before.

With the RBNZ openly discussing the possibility of negative interest rates, short term pricing expectations indicate a 100% probability that the OCR will be at zero by May 2021, with a 76% probability that it will be at minus 0.25% by October 2021. Additionally, three of the ‘big four’ banks are projecting the OCR to fall to minus 0.50%, with the outstanding bank forecasting a bottom of minus 0.25%.

In September some Government bond yields and swap rates dipped below 0.00% for the first time. Interest rate swaps briefly fell below zero in the inter-bank market, however, they did not trade in negative territory for ‘corporates’ after bank adjustments for credit value, funding value and trader execution pushed the rates above zero. The 10 year swap rate finished September at 0.46%, having been as high as 0.80% in early July. The following chart shows the changes in

the shape of the yield curve over the past year and highlights the sharp fall in outright levels over this period of time.



### 1.3 LOCAL AUTHORITY SECTOR

Listed below are the credit spreads and applicable interest rates as at 30 September for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Horowhenua District Council (“HDC”) could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Credit Spread	FRN (or CP) Rate	Fixed Rate Bond
3 month CP	0.20%	0.51%	N/A
6 month CP	0.20%	0.49%	N/A
May 2021	0.40%	0.71%	0.62%
April 2022	0.49%	0.80%	0.54%
April 2023	0.50%	0.81%	0.53%
April 2024	0.54%	0.85%	0.57%
April 2025	0.58%	0.89%	0.64%
April 2026	0.63%	0.94%	0.75%
April 2027	0.71%	1.02%	0.84%
April 2029	0.77%	1.08%	1.12%
April 2033	0.97%	1.28%	1.46%
April 2037	1.05%	1.36%	1.80%

Margins for LGFA debt have contracted slightly over the September quarter as conditions in the credit markets have eased with the government’s ongoing commitment to the LSAP programme, which includes \$3 billion of LGFA bonds. However, the big move has been in the yields for FRBs, which have fallen sharply as a result of the fall in swap rates. At the time of the last report at the end of June, the April 2025 FRB was trading at 1.07%, compared to its current level of 0.64%.

## 2. FUNDING

As at 30 September 2020, HDC had \$106.0 million of external debt, comprising a combination of Commercial Paper ("CP"), FRBs and FRNs, all sourced from the LGFA. Details of HDC's debt at 30 June 2020 are as follows:

Instrument	Inception	Maturity	Rate	Margin	Amount
CP	Jun-20	18-Dec-20	0.555%	25 bps	16,000,000
FRB	May-13	15-May-21	4.565%	79 bps	5,000,000
FRN	May-13	15-May-21	1.1225%	84 bps	4,000,000
FRN	July 18	14-Apr-22	0.81%	50 bps	9,000,000
FRN	May-15	18-May-22	0.705%	42.5 bps	3,000,000
FRB	Nov-14	15-Apr-23	5.1336%	81 bps	4,000,000
FRB	Aug-19	15-Apr-23	1.48%	55 bps	4,000,000
FRN	Feb-18	15-Apr-23	0.885%	57.5 bps	6,000,000
FRB	Apr-17	15-Mar-24	3.72%	63 bps	4,000,000
FRB	Mar-19	15-Apr-24	2.52%	54 bps	3,000,000
FRB	May-17	15-May-24	3.76%	58 bps	4,000,000
FRB	Mar-17	15-Apr-25	4.2046%	77 bps	3,000,000
FRN	Mar-20	15-Apr-25	1.12%	81 bps	5,000,000
FRN	May-15	19-May-25	0.77%	49 bps	7,000,000
FRB	Mar-19	20-Mar-26	3.38%	78 bps	9,000,000
FRB	Jul-16	15-Jul-26	3.37%	84 bps	5,000,000
FRN	Aug-19	15-Apr-27	1.07%	76 bps	5,000,000
FRB	Aug-20	15-Apr-27	1.655%	86 bps	5,000,000
FRB	Aug-20	15-Apr-28	1.675%	88 bps	5,000,000
				<b>TOTAL</b>	<b>\$106,000,000</b>

In late August HDC made an early repayment of the two FRBs of \$5.0 million each that matured on 15 May 2021. These were refinanced with the following.

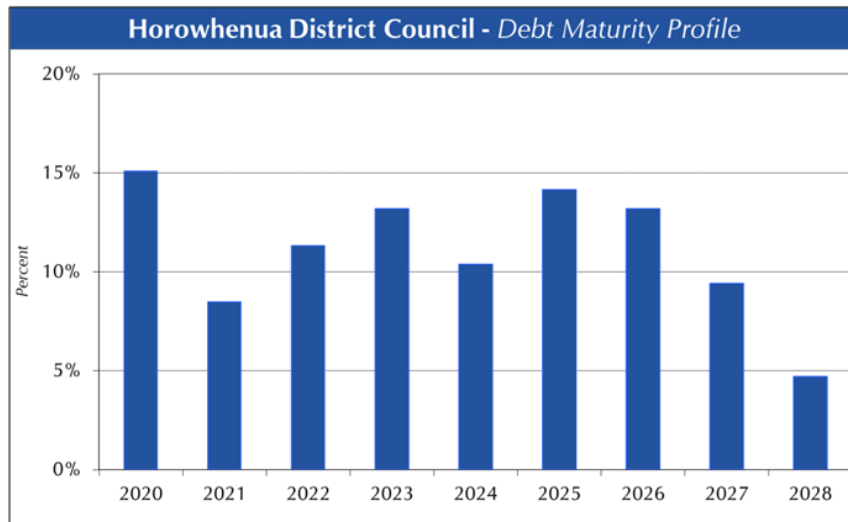
- \$5.0 million FRB maturing on 15 April 2027 at a rate of 1.655%.
- \$5.0 million FRB maturing on 15 April 2028 at a rate of 1.675%

The yields that the new FRBs were issued at was higher than the prevailing yields due to the loss that the LGFA had to absorb when it effectively bought the May 2021 FRBs back early and therefore was foregoing receiving the yields of 5.9852% and 5.8516%. The loss that it made by doing this was built into the (higher) yields for the two new FRBs.

As at 30 September HDC had no drawings under its BNZ \$10.0 million Customised Average Rate Loan facility that expires in November 2022.

HDC's current debt maturity profile (excluding the BNZ facility) is depicted in the following graph which indicates a good spread of maturities between 2020 and 2028. Additionally, HDC

is compliant with Section 4.6 of the Liability Management Policy (“LMP”), which governs HDC’s funding risk management activities.



### 3. DEBT AND HEDGING PROFILE

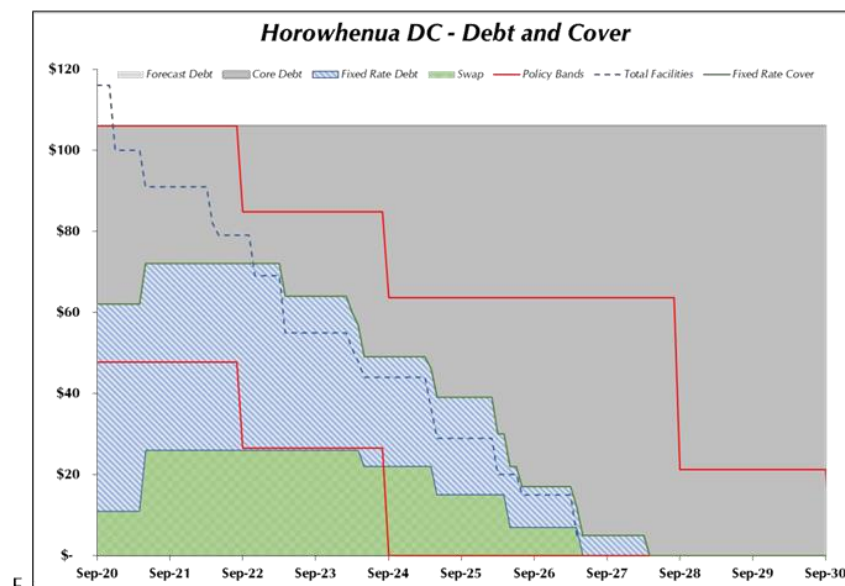
As at 30 September 2020, HDC had \$106.0 million of debt, and two current interest rate swaps and two forward starting interest rate swaps, as follows:

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

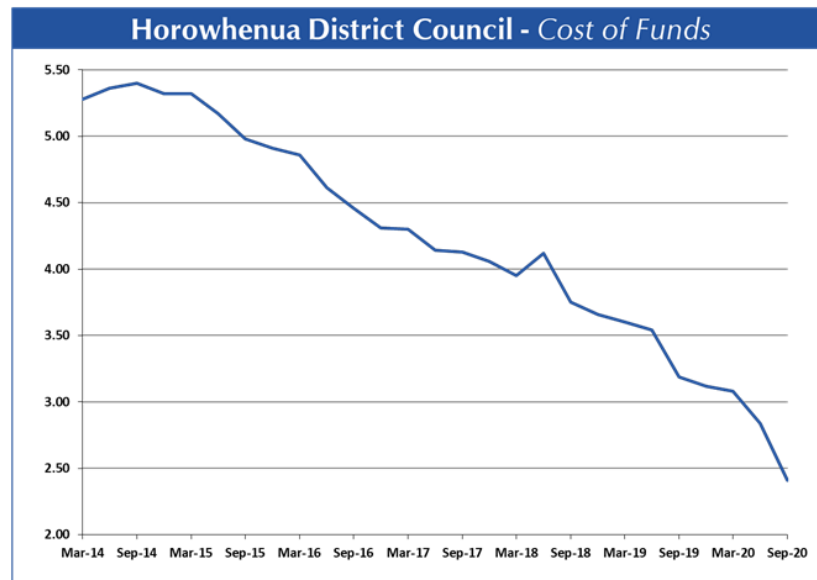
Section 4.3 of the LMP details the Fixed Rate Hedging Percentages that HDC shall adhere to in the management of its debt.

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

The debt and hedging profiles incorporating these parameters are depicted in the following graph. This shows that as at 30 September 2020, HDC was compliant with Section 4.3 of the LMP. The graph also incorporates the maturity profile of the debt facilities which is indicated by the dotted blue line.



HDC's cost of funds (inclusive of the bank line fee) as at 30 September 2020 was 2.41%, down from 2.84% at the end of June 2020. The cost of funds exclusive of the bank line fee was 2.39%. HDC's cost of funds remains lower (in many cases noticeably so) than the large majority of its peers in the local government sector, indicating the success of its funding and interest rate risk management programme over the last several years. The cost of funds dating back to March 2014 is depicted in the following graph.



#### 4. POLICY COMPLIANCE (AS AT 30 SEPTEMBER 2020)

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

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# Joint Climate Action Committee

File No.: 20/472

## 1. Purpose

To seek Council's agreement to the establishment of a Joint Climate Action Committee and, if agreement is forthcoming, Council's membership of said Committee.

## 2. Recommendation

- 2.1 That Report 20/472 Joint Climate Action Committee be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That the Finance, Audit & Risk Committee, under the delegation provided by the Horowhenua District Council at its 14 October 2020 meeting, agrees to support the establishment of a Joint Climate Action Committee of the Horizons Regional Council and the region's territorial authorities.
- 2.4 That upon establishment of the Joint Climate Action Committee, the Horowhenua District Council becomes a member.

## 3. Background/Previous Council Decisions

- 3.1 In September 2019 Council, together with the other Council's in the Manawatū-Whanganui region, signed a Climate Change Response Memorandum of Understanding (MoU). The purpose of the MoU was to enshrine a collaborative approach across the Horizons region with a focus on how the region's Councils would work to adapt to a changing climate.
- 3.2 Elected Members have also been kept up to date on climate change issues at briefings and climate change has been included as a section in Council's standard reporting template.
- 3.3 At the 12 February Workshop, Councillors received a presentation entitled 'Managing climate change risks and planning for adaption'. This presentation covered the following topics:
  - The Climate Change Response (Zero Carbon) Act 2019 and new statutory obligations for Councils as well as related legislation addressing climate change impacts
  - The findings of the National Climate Change Risk Assessment Interim Report (2019) (NCCRA 2019) and the climate change profile (interim) projections for Climate Sub-zone 2, which is the geographical context for the Horowhenua District. This zone extends from Kāpiti through to Taranaki. The climate change projections were further broken into timescales of present day, 2050 (mid-term) and 2100 (long term).

The interim profile for Climate Sub-zone 2 highlighted that planning and adaption is required given the likely cumulative onset of effects in 2050. At 2050, the assessment is that global climate change will:

- affect historic patterns of food production and supply
- increase the importance of food security (and management of food access, utilisation and price stability)
- increase the displacement of people and influence migration
- affect critical infrastructure and territorial integrity of many nation states, potentially affecting national security policies and indirectly, it may increase risks of conflict and civil war.

- The Regional Climate Change Collaboration Group and associated work is underway to provide a baseline for the development of a Regional Climate Change Action Plan. In particular, that Council officers from each Territorial Council had prepared a present state Climate Change Action Plan, depicting existing initiatives, including programmes funded in the LTP documents of the constituent Councils. Councillors were informed that the next task for the Collaboration Group is to complete a Risk and Vulnerability Assessment project. This work would involve engagement with the community, business and industry to better understand community concerns, gather feedback on options and pathways, and identify where action is most urgently needed to adapt to a changing climate.

3.4 On 25 August, Tom Bowen, Principal Advisor, Strategy and Policy and Project-Lead for the Regional Collaboration Group presented a report to the Horizons Regional Council Committee to establish a Joint Climate Change Action Committee. The genesis for this report was the invitation of the Regional Chiefs to Horizons to form a joint committee on climate change to oversee action on climate change across the Region's local authorities. Mayors and Chief Executives of the Region's territorial authorities had been consulted in developing Agreement and Terms of Reference, through Regional Chiefs meetings. The report affirmed that if established, a Joint Climate Action Committee would provide a mechanism for more consistent engagement with communities on climate change planning and adaptation in the future. Immediate areas of focus would include regional greenhouse gas emissions, the regional climate change risk assessment, and development of a joint regional climate action plan (future state).

#### 4. Issues for Consideration

- 4.1 Following on from the Climate Change Response Memorandum of Understanding, and resolution of Horizons Regional Council to establish a Joint Climate Action Committee, it remains for Council to formally endorse the establishment of the Joint Committee, the Agreement and Terms of Reference.
- 4.2 If established, a Joint Climate Action Committee would provide a mechanism for shared governance oversight of relevant activity across the region's eight councils. It would receive information, agree the work programme for the collaboration facilitate collaborative action, and make recommendations to member Councils.
- 4.3 As a committee of the participating Councils, meetings would be publicly notified (s46, Local Government Official Information and Meetings Act 1987), which would give interested parties the opportunity to be more aware of what was being done in response to climate change. It is proposed that the Committee meets at least four times a year, to coincide with Regional Chiefs. Each Council would be represented by its Mayor / Chair or their delegate. An Agreement and Terms of Reference, as required by the Local Government Act 2002 (cl 30A(2), Schedule 7).
- 4.4 The Agreement and Terms of Reference for the Committee (as **attached**) have been circulated and agreed to by Regional Chiefs' members.
- 4.5 Under the Local Government Act (Schedule 7, cl 30 & 30A), the establishment of such a joint committees requires the agreement of each of the participating Councils.
- 4.6 Council's agreement is now sought for the establishment of a Joint Climate Action Committee and for Council to become a committee member.

#### Attachments




No.	Title	Page
A	Manawatū-Whanganui Region - Climate Action Committee - Agreement and Terms of Reference	100
B	Climate-Change-Action-Plan	102

**Confirmation of statutory compliance**

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

- a. containing sufficient information about the options and their 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)	Asli Crawford <b>Water &amp; Waste Services Manager</b>	
	Cynthia Ward <b>Principal Policy Advisor</b>	
Approved by	Kevin Peel <b>Group Manager - Infrastructure Operations</b>	

# Climate Action Committee

## Manawatū-Whanganui Region

### AGREEMENT AND TERMS OF REFERENCE

September 2020

#### Statement of Purpose

The purpose of the Climate Action Committee is as follows:

- To receive scientific evidence and Mātauranga Māori to inform strategic leadership on how the Manawatū-Whanganui Region could achieve climate change mitigation and adaptation; and
- To inform the development of climate change adaptation and mitigation objectives, share information, and facilitate collaborative action to reduce greenhouse gas emissions and prepare for climate change impacts.

#### Committee Membership

The Committee consists of the following members:

- The Mayor/Chair or designated delegate of each local authority within the Manawatū-Whanganui Region (total 8 members); and
- Three non-Councillor members, to represent the views of Tangata Whenua. These appointments will be made by Horizons on the recommendation of iwi leaders, taking into consideration their skills, attributes or knowledge that will assist the work of the Committee.

This Committee may invite advisers to attend relevant portions of the Committee's business.

#### Election of the Chair and Deputy Chair

The committee will elect a Chair and Deputy Chair by the system described in clause 25(4) Schedule 7 of the Local Government Act 2002.

#### Meetings

The Committee will sit at least twice each year.

#### Quorum

A quorum will consist of at least six members.

Meetings may be held in person or by other means (such as audiovisual link) as the Committee agrees where permissible under New Zealand law and the standing orders of the parties.

## TERMS OF REFERENCE

### ***Objectives***

The operating objectives are:

- Collaborate on action to build organisational, community, and regional resilience in the face of climate change;
- Oversee a comprehensive climate change risk assessment for the region;
- Make use of available environmental, social, cultural and economic research, skills and capabilities to leverage opportunities and mitigate the impacts of climate change;
- Advise on strategies to reduce greenhouse gas emissions (mitigation) and prepare for climate change (adaptation) to inform the development of a regional climate action plan for adoption by the member councils, and to monitor and report annually on achievement of the plan;
- Work collectively as a region to engage with Central Government, including any actions to deliver on responsibilities under the Climate Change National Adaptation Plan;
- Promote consistent and effective leadership, advocacy, communication and engagement on climate change issues to enable individual and collaborative action;
- Champion the integration of partner strategies, programmes, and plans and encourage partnerships with iwi and others in central and local government, health, education, youth, NGOs and business; and
- Share climate change evidence and guidance to inform council work programmes and support explicit consideration of climate change impacts in decisions.

### ***Power to Act***

- To receive regular monitoring reports and presentations on the matters set out in the objectives above.

### ***Power to Recommend***

- To provide recommendations for member Councils' action and partnership in respect of climate change actions; and
- To recommend an appropriate response/course of action in respect of policy effectiveness reports and monitoring outcomes.

## **Variations to this Agreement**

Amendments to this agreement will be made by resolution of the Regional Chiefs on an as required basis.

Terms of this agreement will also be reviewed annually by Regional Chiefs.

## **Delegations**

The Committee has no general decision-making or financial delegations but from time to time may be given such delegations by Regional Chiefs for specific matters.



## **Manawatū-Whanganui Climate Change Action Plan Towards a Climate-Resilient Region**

Ruapehu District Council | Whanganui District Council | Rangitikei District Council |  
Manawatū District Council | Palmerston North City Council | Tararua District Council  
| Horowhenua District Council | Horizons Regional Council

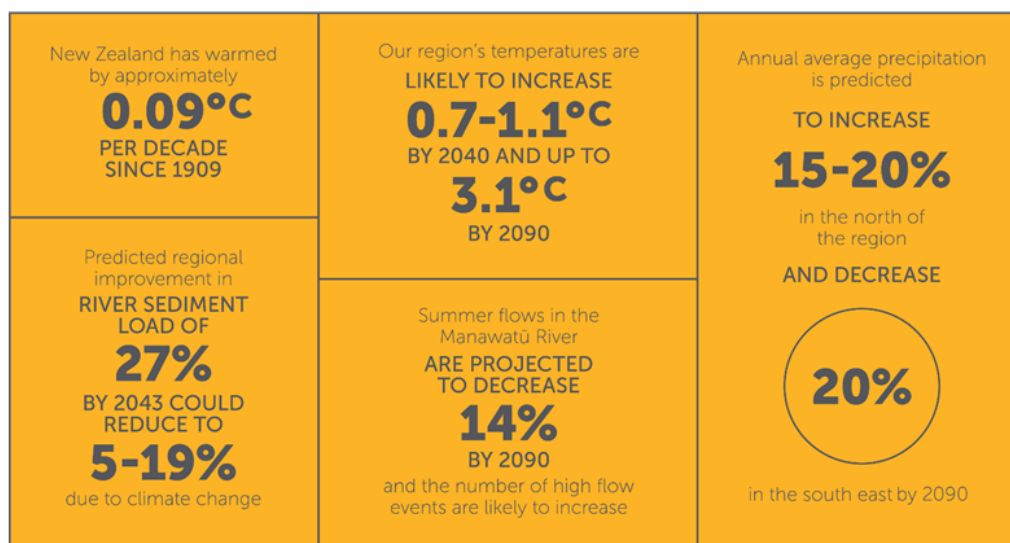
September 2020



## OUR CHANGING CLIMATE

Climate change may be the biggest environmental challenges we face. Our region is likely to see both longer dry spells and more intense rainfall events. Stormier weather will exacerbate erosion in the hill country and on the coast. Rivers will flood more often. In a warmer climate, threatened species may struggle to survive while pest species thrive. Some of those impacts are already being felt.

Over the coming decades, a changing climate will affect our economy, environment, and way of life. Submissions on council plans, protest movements, and discussions with iwi and community groups all show us that people want to see action. We need to prepare for a future that is different from today.



## OUR REGION'S EMISSIONS

On a per capita basis, our region's emissions are slightly above the national average (about 24t CO<sub>2</sub>e, compared to about 17t CO<sub>2</sub>e). The region's emissions fell by 2 percent over the 2007-18 period – slightly faster than the national average.

Most emissions in our region (around two-thirds) are from livestock agriculture – however, these emissions fell by about 7 percent over the decade 2007-18.

Emissions from other sources have been increasing, reflecting a growing population. Energy use is the region's second biggest source of emissions, with the main component being transportation.

As a region, a relatively small proportion of our emissions are offset by forestry (about 18 percent, compared to a national average of 30 percent). The exception to this pattern is Ruapehu District, where most emissions are offset by 'removals' through forestry.

While local government has no direct responsibility for setting or achieving emissions reduction targets in its area, we do have a role in supporting the transition communities will need to make to a low-emissions economy.

## RESPONDING TO CLIMATE CHANGE

The pace, scale, and impact of climate change will be influenced by many factors – future greenhouse gas emissions, global environmental processes, development of new technologies, investment decisions, and the community’s response. Much remains uncertain and there are competing ideas about what should be done.

Decisions must nonetheless be made to manage the transition to a low-emissions economy and to ensure our communities thrive in a changing climate. These decisions will need to be adaptable, enabling us to make adjustments as new information emerges.

We will need to consider both ‘mitigation’ and ‘adaptation’ in our response.

*Mitigation* means reducing our impact on the climate. A certain amount of change is ‘locked in’ due to greenhouse gases that have already been emitted – but we can limit future impacts by reducing emissions from now. The Paris Agreement seeks to limit temperature increase to 1.5-2.0°C above pre-industrial levels. Scientists believe that increases greater than this will see many natural systems cross dangerous points of no return. The frequency of extreme weather events (e.g. storms, droughts, flooding) increases more rapidly the more temperatures rise. Average global temperatures have already risen by about 1.0°C, so the window to achieve that target is closing quickly.

New Zealand’s national targets align with the Paris Agreement goals. They require us to:

- reduce net emissions of all greenhouse gases except biogenic methane (from waste and agriculture) to zero by 2050; and
- reduce emissions of biogenic methane to 24–47 per cent below 2017 levels by 2050, including to 10 per cent below 2017 levels by 2030.

*Adaptation* means modifying the way we do things to reduce the impact of climate change on us. The climate affects where it’s safe to live, our jobs, food supply, health, cultural practices and recreational activities, and infrastructure like roads and water pipes. Some impacts will be relatively easy to deal with; others will present significant challenges – but there will also be opportunities if we are able to respond proactively and creatively.

We all have a role to play in responding to climate change – central and local government, iwi and hapū, farming and urban communities, companies and individuals. A transition needs to occur if our children and grandchildren are to enjoy the same quality of life as previous generations.



## LOCAL GOVERNMENT'S ROLE

Local government exists to enable local decision making for communities and to promote their social, economic, environmental, and cultural wellbeing – now and for the future.

The eight councils in the Horizons Region recognise the urgency of addressing climate change, and are committed to playing our part. We have agreed to work together at a regional and local level. A Memorandum of Understanding, signed in September 2019, commits us to:

- Collaborate across our organisations to build organisational, community and regional resilience in the face of a changing climate
- Collaborate across our organisations to mitigate the effects of climate change
- Collaborate and communicate within our organisations and our communities, openly sharing how our community can transition to a sustainable future and significantly lower contribution to the causes of climate change
- Place priority on developing strategies to address climate change
- Communicate openly, sharing what we know about likely effects and response options
- Engage and involve our communities in decisions that affect them
- Give effect to our engagement responsibilities with iwi and hapū in our areas of responsibility and arrangements detailed in Treaty of Waitangi Settlements
- Report regularly on work going on to address climate change adaptation and mitigation across the region
- Support each other with skills and knowledge from our respective organisations
- Work collectively as a region to engage with central government

## ACTION IN OUR REGION

This document provides an overview of work being undertaken by councils to tackle climate change, in accordance with our joint commitment. It is organised into four themes:

- Natural environment
- Built environment and infrastructure
- Social and cultural wellbeing
- Local governance

Each of these themes is described, with examples of activities that local councils are undertaking or have committed to undertake. The list is not exhaustive, nor is it final. Rather, it provides a starting point upon which we will build as our work programmes develop.

## NATURAL ENVIRONMENT

Our region is home to a wide range of species and habitats, including iconic places like the Tongariro World Heritage Area, the Whanganui River, Te Āpiti, and the Manawatū Estuary.

Ecosystems and the services they provide are essential to us. We rely on the environment for clean water and food. Forests and wetlands absorb floodwaters and reduce erosion. The natural environment also provides less tangible benefits such as spiritual wellbeing and places for recreation.

Many of the environmental challenges we already face will be exacerbated by climate change. The impacts of land use, invasive species, sea-level rise, and changing climatic conditions can constrain the natural resilience of our ecosystems, and their ability to adjust and adapt. Conversely, restoring natural environments can do much to improve the resilience of both ecosystems and local communities.

### **Erosion control**

Horizons Regional Council has a long-running programme to reduce hill-country erosion through the Sustainable Land-Use Initiative (SLUI). The focus is on supporting landowners to build resilience to storms, improve water quality, and reduce sedimentation. SLUI has significant benefits in reducing the impact of climate change on erosion-prone hill country (adaptation) and sequestering carbon in trees (mitigation).

### **Green corridors**

Several councils are working to re-establish green corridors to enhance native biodiversity and ecosystem services. These projects, usually involving both planting and pest control, are underway across the region including in Tararua, Palmerston North, Whanganui, and Rangitikei.

### **Wetland restoration**

Wetlands are important for native biodiversity, and can provide a range of benefits such as buffering floodwaters and acting as carbon sinks. In the Manawatū district, work is underway to restore wetlands at Kitchener Park and along the Ōroua River.

### **Coastal management**

Horowhenua and Manawatū District Councils are undertaking dune restoration and protective planting to improve stability and prevent degradation of the dunes during severe weather events. This should enhance the resilience of coastal ecosystems and coastal settlements to impacts such as sea level rise and storm surges.

## BUILT ENVIRONMENT AND INFRASTRUCTURE

Critical infrastructure like water and energy supply, roads, and bridges sustain and connect our communities. They may be susceptible to damage from slips and storms, or exposed to sea-level rise and flooding. Maintaining these services is important to the functioning of our society and economy, and particularly vital to supporting our rural communities.

Urban design and transport services are key elements in making it easier for people to reduce their carbon footprints. Alternative energy sources can be integrated into the urban landscape, like Palmerston North City's 100kW solar array, and use of gas captured at the old Awapuni landfill to power the adjacent wastewater treatment plant. Local councils are investing in the transition towards low-carbon, adapting and improving the resilience of our infrastructure and the wider built environment.

### Water supply

Tararua District Council has recently improved water storage systems for Woodville and Dannevirke in preparation for future drought scenarios. Horowhenua District Council is working to improve the efficiency of its water supply network and investigate future water storage options to cope with the anticipated effects of climate change.

### Storm water

Ruapehu and Rangitikei District Councils are both working to improve the resilience of infrastructure (including culverts and roads) to cope with larger, and more frequent and intense rainfall events – and bigger peaks in storm water.

### Transport

The Regional Public Transport Plan and Regional Land Transport Plan aim to support the transition to a low-carbon economy by increasing use of alternative transport options such as buses, walking or cycling, and by improving the emissions efficiency of the public transport fleet. Councils are advocating for improved rail infrastructure. Road upgrades will improve network efficiency and resilience to the impacts of climate change such as slips and flooding. Tararua and Horowhenua District Councils are installing more EV charging facilities (there are already facilities in many of the region's towns).

### Urban design

In Palmerston North, urban design improvements are focused on encouraging more active use of public spaces and active transport. Whanganui District Council is improving pathways for active and low-carbon travel around the city. In Horowhenua, work is underway to green urban spaces to enhance resilience.

## SOCIAL AND CULTURAL WELLBEING

Resilient communities are communities that are connected, informed, and empowered to look after the things they care about. Climate change impacts on all of our communities; each will be affected in different ways. As well as direct, physical impacts, climate change may affect our sense of place, cultural identity, or social cohesion. These things are important. Local people are best placed to make decisions about what matters at a local level.

### Community plans

Manawatū District Council is working with communities to develop response and recovery plans to reduce the disruption caused by disaster events, including the sorts of extreme weather events that will become more frequent with climate change.

### Resilient homes

Palmerston North City Council provides free advice on sustainable design and affordable energy options for people to implement in their homes. Ruapehu District Council is developing information for the public on stormwater management and rainwater harvesting on their property. Both initiatives aim to improve resilience at a local and community level.

### Local Governance

Governance encompasses the way we make decisions, processes for community involvement, and the information upon which strategic decisions are based.

Much of our immediate focus is on making sure we have processes and information to support the significant decisions we will have to make, in consultation with communities, over the next few years. We are also making changes to reduce the carbon footprint of councils' own activities.

### Climate Action Committee

Local government leaders have agreed to establish a joint Climate Action Committee, across the eight councils, to oversee our climate change response. The Committee's first meeting is planned for December 2020.

### Council strategies

Several councils are in the process of developing strategies to ensure our respective approaches are well directed and clearly communicated. Manawatū District Council is developing an environmental **sustainability strategy** and commissioning research to better understand localised impacts of climate change. Horizons Regional Council and

Whanganui District Council are both preparing climate change strategies, while Palmerston North City Council is developing a **low-carbon roadmap**.

#### **Regional Climate Change Risk Assessment**

Councils are jointly conducting a high-level **risk assessment** in the 2020/21 financial year. This will provide an assessment of issues across the region that need attention, helping to inform decisions about relative priorities and what resourcing should be made available. Future action plans will be informed by the risk assessment's findings.

#### **Corporate footprints**

Like any organisation, councils are responsible for the impact of our own operational activities. Ruapehu District Council has an organisational commitment to zero waste, and has undertaken to purchase carbon credits to offset emissions from landfill. Palmerston North City Council tracks its corporate emissions and is working to reduce emissions from council services. Manawatū and Rangitikei District Councils also have active programmes to improve the efficiency and reduce the footprint of their operations.

#### **WHAT'S NEXT**

This document provides an introduction to the range of actions councils in our region are pursuing in response to climate change.

Over the next twelve months, we will establish joint governance arrangement across councils and complete a regional risk assessment. Each council will consider priorities and resourcing through its long-term planning process. These will be reflected in the next iteration of our regional action plan.



[horizons.govt.nz](https://horizons.govt.nz)

2020/INT/1991

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# Chief Executive's Delegations

File No.: 20/471

## 1. Purpose

To review the Chief Executive's financial and non-financial delegation.

## 2. Recommendation

- 2.1 That Report 20/471 Chief Executive's Delegations be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That the Finance, Audit & Risk Committee recommends to the Horowhenua District Council the following amendments to the financial delegations to the Chief Executive Officer:
  - (i)
  - (ii)
  - (iii)

## 3. Background/Previous Council Decisions

- 3.1 Council's Delegations Register, which included delegations to the Chief Executive, was approved on 08 April 2019.
- 3.2 As it had links to the Council's appetite for risk, it was requested, and agreed, that the delegated authority provided to the Chief Executive in 7.1 Authorisation of Operating and Capital Expenditure within Approved Budgets be referred to the FAR Committee for further discussion.
- 3.3 In terms of section 42 of the Local Government Act 2002 (LGA), a local authority must, in accordance with clauses 33 and 34 of Schedule 7, appoint a chief executive.

The Chief Executive appointed is responsible for:

- implementing the decisions of the Council;
- providing advice to Council and its Community Board;
- ensuring that all responsibilities, duties and powers delegated to the Chief Executive or to any person employed by the Chief Executive, or imposed or conferred by any Act, regulation or bylaw are properly performed or exercised;
- managing the activities of the Council effectively and efficiently;
- maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the Council;
- providing leadership for the staff of the Council;
- employing staff on behalf of the Council (including negotiating their terms of employment).

Clause 32 of Schedule 7 of the LGA authorises the Council, for the purposes of efficiency and effectiveness, to delegate to the Chief Executive, and, subject to any conditions, limitations, or prohibitions imposed by the Council, gives the Chief Executive the authority to sub-delegate to Council officers.

The Chief Executive is accountable to the Council, Council committees, and subcommittees for the actions of all staff and contractors. Individual staff are accountable to the Chief Executive and are not directly accountable to the Council, Council committees, subcommittees or individual councillors.

The LGA prohibits the delegation of the following:

- the power to make a rate; or
- the power to make a bylaw; or
- the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
- the power to adopt a long-term plan, annual plan, or annual report; or
- the power to appoint a chief executive; or
- the power to adopt policies required to be adopted and consulted on under this Act in association with the long-term plan or developed for the purpose of the local governance statement; or
- the power to adopt a remuneration and employment policy.

The Council specifically delegates to the Chief Executive the power to sub-delegate to other officers any or all of the powers or authorities delegated to him or her. All sub-delegations must be given in writing by the Chief Executive.

The delegations to the Chief Executive includes the delegation of the power to warrant enforcement officers. The Council has determined that there are no circumstances where the Council wishes to:

- a) limit or restrict the exercise of the power; or
- b) impose conditions on the exercise of the power; or
- c) prohibit, in specified circumstances, the exercise of the power;

on the basis that the Chief Executive will continue to implement auditable processes for the investigation of the background of officers prior to the granting of a warrant.

### 3.4 Current Delegations of the Chief Executive Officer

#### 7.1. Authorisation of Operating and Capital Expenditure within Approved Budgets

The authority to enter into specific contracts for goods and/or services up to a limit of \$1,000,000 excl. GST, whether operational expenditure or capital expenditure, is delegated to the Chief Executive, who may further delegate to any other officer of Council as required.

The following financial authority is delegated to the Chief Executive:

- \$1,000,000 for both operational and capital expenditure where budgets have been established by an adopted Annual Plan.

The Chief Executive has the delegated authority to exceed the \$1,000,000 (for either operational or capital expenditure) in situations where 'whole of life' (e.g. multiyear) contract costs exceed that limit provided that corresponding 'whole of life' (multiyear) budgets have been established by an approved Long Term Plan and those costs are within those budgets.

The Chief Executive has the delegated authority to approve expenditure in excess of \$1,000,000 (for either operational or capital expenditure) for progress claims/payments that are submitted under a contract that has been approved by Council, an appropriate Council Committee or Subcommittee or Procurement Review Group established by Council's procurement policy.

The Chief Executive is authorised to re-allocate operating expenditure between budgets with the same rating mechanism (funding sources) provided it is necessary to achieve committed outputs decided on during the LTP or alterations to the LTP, and provided the end-of-year budgeted surplus or deficit will be achieved, with any likely exceedance to be reported to Council or the relevant Committee.

Table 1 below provides the level of delegated financial authority provided to Group Managers for both operational and capital expenditure within agreed Annual Plan and Long Term Plan budgets.



**Table 1: Delegated authority to approve expenditure within approved budgets**

Opex	Capex	Designation
\$999,999	\$999,999	Group Manager – Infrastructure Development
\$500,000	\$500,000	Group Manger – Communities, Partnerships and Business (Deputy Chief Executive)
\$400,000	\$500,000	Group Manager – Infrastructure Operations
\$200,000	\$200,000	Group Manager – Customer and Strategy
\$200,000	\$200,000	Group Manager – People and Culture

“The Chief Executive has the authority to establish financial delegations to other officers (in writing) as he/she considers appropriate.”

#### 4. Issues for Consideration

4.1 The present financial delegation to the Chief Executive was made in 2019, but was originally adopted by Council in 2005.

4.2 One of the issues raised in Council discussion through the 2020/2021 Annual Plan was concern that the current level of delegated authority to the Chief Executive reduces the flexibility to respond to the difficult contracting environment. In addition, the construction industry costs have increased considerably over recent years. It is estimated, based on the Local Government Cost Index (LGCI) figures produced by BERL in 2018 that capital expenditure costs have increased by 8.4% since 2015.

4.3 A significant capital programme has been signalled in coming years, including the \$30m capital programme for the 2020/2021 Annual Plan. Given the size and scale of the capital programme the FAR Committee may consider this to be too low. Each Council has the discretion to set the financial delegation that it feels is appropriate. The FAR Committee may consider increasing the financial delegation to the Chief Executive to ensure that contracts can be awarded in a timely manner. It is acknowledged that an increased delegation does not remove the responsibilities of the Chief Executive to spend within the agreed parameters of the Long Term Plan.

*“The Council encourages the Chief Executive to report to Council if any matter is considered difficult, is of particular political importance or sensitivity, where there is special community interest in it, or where the matter relates to a subject area where the Council policy is unclear.”*

4.4 The FAR Committee may wish to recommend amending the financial delegation of the Chief Executive from \$1m for capex and/or opex.

4.5 There would be an increase in the level of risk for the Council if the Chief Executive’s financial delegation was increased as a result of the lesser level of oversight, even though all contracts covered by the change must be for budgeted expenditure, and would undergo the checks and balances already in place at Officer level. The change in risk profile would however need to be considered alongside the mitigation offset of an improvement in the contract flexibility and negotiation position of Council.

4.6 Another matter raised by Elected Members through the 2020/2021 Annual Plan process was that the delegations to the Chief Executive Officer were not easily located without going through the full delegation register. Transparency was sought and as a result a new document (as attached) has been created to provide Council with better visibility over the delegations specifically to the Chief Executive Officer.

## 5. Issues for Consideration

5.1 The options available for FAR Committee consideration, and recommendation to Council for the Chief Executive Officer delegation are:

- |                      |   |
|----------------------|---|
| Financial Delegation | (a) Retaining the status quo delegation; or<br>(b) FAR Committee set the financial delegation threshold to \$1,250,000 for capex and \$1,000,000 for opex; or<br>(c) FAR committee determine a different threshold. |
| Documentation:       | (d) Endorsement of the new document attached.   |

5.2 Officers recommend in any change of the Chief Executive Officer Financial delegation, that the FAR Committee consider report-back conditions for decisions made under the new delegation, and consider a recommendation to Council.

5.2 In addition to the information outlined in the report, Officers recommend the FAR Committee hold a workshop on broader areas of interest as it relates to delegations of the organisation, as set out in the delegation register. The workshop outcomes would inform the review and proposed changes to the delegations register in 2021.

## Attachments


No.	Title	Page
A	Delegations to Chief Executive - 28 October 2020	115

### 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)	Nicki Brady <b>Deputy Chief Executive</b>	
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Approved by	Nicki Brady <b>Deputy Chief Executive</b>	
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## **Delegations to the Chief Executive**

**Dated: 28 October 2020**

<b>Index</b>	Purpose
	Council Responsibility and Accountability
	Chief Executive's Role
	Delegation to the Chief Executive
	Appointment of Enforcement Officers

## **Purpose**

The Council is an elected unit of local government that exists in perpetual succession unless that status is altered by statute. It acts by resolution and through its Chief Executive.

The delegations in this document formalise the powers and authority delegated by the Horowhenua District Council (the Council) to its Chief Executive.

## **Council Responsibility and Accountability**

The Council has overall responsibility and accountability for the proper direction and control of the Council's activities in pursuit of community outcomes. This responsibility includes:

- Formulating the Council's strategic direction in conjunction with the community – particularly through the Long Term Plan (LTP);
- Setting policy frameworks for the community and the organisation;
- Determining the services and activities to be undertaken and setting the budget for the organisation;
- Striking the rates;
- Managing principal risks;
- Upholding the law and administering various laws and regulations;
- Monitoring the delivery of the LTP and Annual Plan;
- Ensuring the integrity of management control systems;
- Safeguarding the public interest;
- Ensuring effective succession of elected members;
- Reporting to ratepayers.

A key to the efficient running of any council is that there is a clear division between the role of elected members and that of management. The Local Government Act 2002 (LGA) sets out a series of governance policies that support the principles of local government. The Council has adopted a Local Governance Statement. That statement clarifies the governance and the management responsibilities, the governance role and expected conduct of elected members, and describes the effective, open and transparent processes used by Council.

The delegations of powers and authority to committees or to the Chief Executive is an essential part of having effective and efficient governance and management systems in place.

While many of the Council's functions may be delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Council. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives will be achieved.

No delegation relieves the Council, an elected members, or officer of the liability or legal responsibility to perform or ensure performance of any function or duty.

### **Chief Executive's Role**

The Chief Executive is appointed by the Council in accordance with section 42 of the Local Government Act 2002. The Chief Executive is responsible for implementing and managing the Council's policies and objectives within the budgetary constraints established by the Council. In terms of section 42, the Chief Executive is responsible for:

- implementing the decisions of Council;
- providing advice to the Council and its Community Board;
- ensuring that all responsibilities, duties and powers delegated to the Chief Executive or to any person employed by the Chief Executive, or imposed or conferred by any Act, regulation or bylaw, are properly performed or exercised;
- managing the activities of the Council effectively and efficiently;
- maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the Council;
- providing leadership for the staff of the Council;
- employing staff on behalf of the Council (including negotiating their terms of employment).

Clause 32 of Schedule 7 of the LGA authorises the Council, for the purposes of efficiency and effectiveness, to delegate to the Chief Executive, and, subject to any conditions, limitations, or prohibitions imposed by the Council, gives the Chief Executive the authority to sub-delegate to council officers.

The Chief Executive is accountable to the Council, Council committees and subcommittees for the actions of all staff and contractors. Individual staff are accountable to the Chief Executive and are not directly accountable to the Council, Council committees, subcommittees or individual councillors.

### **Delegation to the Chief Executive**

Pursuant to the provisions of clause 32 of Schedule 7 of the Local Government Act 2002, Horowhenua District Council delegates to the Chief Executive of the Horowhenua District Council all powers and authority to act on any matter in respect of which the Council is empowered or directed by law to exercise or undertake, except those powers or authorities in respect of which delegation is prohibited by the Act, by any other statute or regulation, or expressly excluded from this delegation. This delegation does not preclude the Chief Executive from referring any such matter to the Council, or a committee of the Council for a decision.

The Council encourages the Chief Executive to report to Council if any matter is considered difficult, is of particular political importance or sensitivity, where there is special community interest in it, or where the matter relates to a subject area where Council policy is unclear.

The Act prohibits the delegation of the following:

- the power to make a rate; or
- the power to make a bylaw; or
- the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
- the power to adopt a long-term plan, annual plan, or annual report; or
- the power to appoint a chief executive; or
- the power to adopt policies required to be adopted and consulted on under this Act in association with the long-term plan or developed for the purpose of the local governance statement; or
- the power to adopt a remuneration and employment policy.

In addition, the Council has not delegated the following powers or authorities to the Chief Executive:

- the power to compulsorily acquire land under the Public Works Act 1981;
- the power to set strategic policy direction;
- the power to enter into contracts for the supply of goods or services to a value exceeding \$1,000,000 (adopted 8 April 2020);
- the power to enter into unconditional leases whether as landlord or tenant for a term of two (2) years or more (with the exception of leases of clubrooms and other buildings on Council parks and reserves in accordance with the Council's established policy);
- the hearing of notified resource consents, designations and Heritage Order applications;
- any matter not permitted to be delegated by any other Act (for example, the approval of a policy statement or plan under the Resource Management Act 1991 or the granting of special exemptions under s6 of the Fencing of Swimming Pools Act 1987);
- any matter that can only be given effect by a Council resolution.

For the purposes of this delegation “unconditional” means “without a condition requiring an approval to be given by resolution of the Council, or Committees of the Council with authority to give that approval”.

The Council specifically delegates authority to the Chief Executive the power to sub-delegate to other officers any or all of the powers or authorities delegated to him or her. All sub-delegations must be given by the Chief Executive in writing.

In addition to the delegations made above, in relation to matters arising at the end of term of the Council, from the day of the declaration of the results of the triennial general election until the first meeting of the Council following the triennial general election, authority to make decisions on behalf of the Council, in respect of urgent matters arising during this time:

- a) in consultation with the Group Manager – Infrastructure Development and Group Manager – Infrastructure Operations or Group Manager Communities, Partnerships and Business (Deputy Chief Executive), in respect of Tenders and Contracts with delegated authority to award contracts up to **\$1,000,000 in value**;
- b) in consultation with the Group Manager – Customer and Strategy in respect of Liquor Licensing and Regulatory matters;
- c) in consultation with the Mayor, as may be appropriate, in respect of other matters;

with any decision made outside of the normal delegations to the Chief Executive to be reported to the first ordinary meeting of the incoming Council or to a meeting of the appropriate Standing Committee of the Council.

That the Council delegates to the Chief Executive the authority to enter into agreements for the taking of land or easements where the compensation payable for the land or the interest in land, in each case, does not exceed \$500,000 (plus GST) exclusive of disbursements.

### **Appointment of Enforcement Officers**

The delegation to the Chief Executive includes a delegation of the power to warrant enforcement officers. The Council has determined that there are no circumstances in which the Council wishes to:

- a) limit or restrict the exercise of the power; or
- b) impose conditions on the exercise of the power; or
- c) prohibit in specified circumstances, the exercise of the power;

on the basis that the Chief Executive will continue to implement auditable processes for the investigation of the background of officers prior to the granting of a warrant.





## FAR Committee - Actions

File No.: 20/467

### 1. Purpose

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

### 2. Recommendation

- 2.1 That Report 20/467 FAR Committee - Actions be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

### 3. Issues for Consideration

As attached.

### Attachments


No.	Title	Page
A	Finance, Audit & Risk Committee - Officer Actions September 2020	122


#### 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)	Lisa Slade <b>Group Manager - People &amp; Culture</b>	
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Approved by	Lisa Slade <b>Group Manager - People &amp; Culture</b>	
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**HOROWHENUA DISTRICT COUNCIL**  
**FINANCE, AUDIT & RISK COMMITTEE**  
**OFFICER ACTIONS**  
Queries from meeting to be addressed

Date	Item/Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
29/07/20	20/279	<u>Health &amp; Safety Quarterly Report</u>	Top five Health & Safety Risks to be included in the next H & S Report to FAR	Tanya Glavas	28 Oct 2020		Included in 28 October 2020's agenda
	20/291	<u>Monitoring Report – Audit Recommendations 20/08/2019</u>	Letter requested from Audit noting recommendations that have been cleared	Susan Cameron		16/10/20	Audit currently being undertaken with feedback awaited from Audit NZ.
26/08/20	20/89	<u>Risk Appetite</u>	In terms of the timeframe for reporting back on potential changes.	Steve Magi		16/10/20	Awaiting Auditors' advice on risk management changes as a result of COVID-19. However, the Risk Appetite Statement was adopted by Council on 9 September 2020.
	20/331	<u>Infrastructure Development – Activity Update – Horowhenua Alliance Review</u>	It was intended that the findings would be brought back to the next FAR meeting.	Brent Maguire	30 Sept 2020	Completed	Included in the Infrastructure Development Activity Update FAR Agenda 30 September 2020
30/09/20	20/361		Audit report being finalised and the combined response to be brought back to the FAR	Brent Maguire/ Kevin Peel		Work in Progress	

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

Date	Item/ Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
			Committee				
30/09/20	20/362	<u>Infrastructure Operations – Activity Update</u> – Foxton Beach Surf Club Seismic Strengthening and Upgrade Phase 1	Request from Mrs Paton – review the Tonkin & Taylor Report prepared when the resource consent process was being undertaken	Kevin Peel		Completed	2006 Tonkin & Taylor Seawall Assessment Report has been reviewed as well as their latest (2019) annual monitoring report. The reports show that the area is stable. The 2006 report indicated that the seawall may have been better positioned if it had been back 25 to 30m into the carpark area although that would have meant that the Surf Club and carpark would have had to be relocated. The annual reports since have shown that the seawall is performing well, is stable and the beach in the area in question is accreting (growing out to sea) rather

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

Date	Item/ Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
							than eroding. Based on that information, there is no reason for Council not to invest in upgrading the existing Surf Club building.
			A site visit to be arranged for Elected Members to the Foxton Wastewater Treatment Plan	Kevin Peel			A visit will be arranged when Stage 1 is commissioned
			Graphs and Risk to be included for all the Infrastructure Operations Projects	Kevin Peel			
	20/409	<u>Monthly Reports</u>	Requested - Inclusion of graphs to show business as usual projects and special projects.  Members to also bring back ideas in terms of formatting of information	Abraham Chamberlain			

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

Date	Item/ Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
	20/425	<u>FAR Committee - Actions</u>	20/116 – Delegations Register Update – “to refer the delegated authority provided to the CE in terms of Authorisation of Operating and Capital Expenditure within Approved Budgets for the FAR Committee for further discussion”				