

Report No.	21-32
Information Only - No Decision Required	

JOBS FOR NATURE PROJECT UPDATE - MARCH 2021

1. PURPOSE

- 1.1. This item is to update Council on the Jobs for Nature work programme that Council approved in July 2020.

2. EXECUTIVE SUMMARY

- 2.1. Horizons Regional Council secured \$18.453 million of Central Government funding for three projects with a total work programme budget of over \$27 million. The Central Government funding is via the Public Waterway and Ecosystem Restoration Fund which forms a part of the Jobs for Nature programme. Council approved Horizons leading these projects on 21 July 2020. The three projects are:
- Regional Stream Fencing and Riparian Planting
 - Enhancing Fish Populations through Fish Passage Remediation
 - Horowhenua Freshwater Management Unit Water Quality Interventions
- 2.2. The following item updates the Audit & Risk Committee on the projects, their purpose, budgets and projected progress for the current financial year. The item also overviews governance, reporting requirements and some of the high level risks for the project.
- 2.3. Overall the combined projects have a total annual budget of \$9,285,500 with Central Government contribution of \$7,394,250 (78%), Horizons contribution of \$1,621,625 (17%) and landowner/barrier owner contribution of \$430,375 (5%).
- 2.4. In summary, scaling up the overall programmes to deliver fully on this additional work programme and budget expenditure is a challenge for Horizons, particularly in the first year where the contracts have been established partway through the year with full annual work programmes to deliver. Further, the first year is a year of establishment with recruitment and training to provide additional capacity for delivery of the projects. Overall the current assessment is that the Regional Stream Fencing and Riparian Planting project and Enhancing Fish Populations through Fish Passage Remediation projects are considered on track and the Horowhenua Freshwater Management Unit Water Quality Interventions project is considered to be progressing well but will require considerable effort to ensure delivery of the first year's targets.

3. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the information contained in Report No. 21-32 and Annex.

4. FINANCIAL IMPACT

- 4.1. This item does not have a financial impact although it does report on a range of financial information in relation to projects that Council has previously approved.

5. COMMUNITY ENGAGEMENT

- 5.1. The Jobs for Nature work programmes have been communicated via a range of mechanisms, including press articles, Council items and the proposed Long-term Plan. As a part of delivering the work programmes further community engagement is underway. It is acknowledged that some stakeholders would likely have preferred further engagement around the project, particularly the Horowhenua project. Community engagement has been limited during the period of establishing the contract and the capacity of Horizons to engage in advance of the staff resource for the projects being recruited.

6. SIGNIFICANT BUSINESS RISK IMPACT

- 6.1. This item is not considered to have significant business risk impact. These three work programmes are a significant expansion of work for Horizons. Horizons has entered into contractual arrangements with the **Ministry for the Environment** (MfE) to deliver this additional work and there is a risk to Horizons' reputation around delivery of Central Government co-funded projects should one or more of these projects not fully deliver.

7. CLIMATE IMPACT STATEMENT

- 7.1. Each of the three Jobs for Nature projects has a significant component of operational delivery including additional staffing, travel etc which will increase Horizons' level of emissions. The Regional Stream Fencing and Riparian Planting project involves planting of 375,000 riparian plants which will have a positive climate impact. A full analysis of the net climate impact of these projects has not been undertaken.

8. BACKGROUND

- 8.1. As part of Central Government's response to Covid-19 recovery an investment package of \$1.1 billion was announced in May 2020. Horizons submitted a range of projects to this fund as outlined in the Council paper in July 2020. The three projects that have been approved by Central Government and Council in July 2020 are now underway with all three being contracted and governance groups established. Recruitment processes have been completed or are underway for each of the projects. The additional work associated with these projects has required scaling up of activity over the year and the following paper provides the Audit and Risk Committee with an update on each of the projects to monitor progress, consider risk, and assess and provide feedback on progress.
- 8.2. Each of the projects is established through a contractual deed that requires a governance group to be established and a range of reporting including quarterly reports, annual reports and an independent annual audit. These projects are audited twice annually, once as a part of the standard Horizons audit and also as a part of the independent audit.
- 8.3. The role of the governance groups for these projects is outlined in the contractual deed and in the **Terms of Reference** (ToR) for the projects as outlined below. One of the identified roles is overseeing financial reporting and health and safety practices in relation to the project. Legal advice is being sought on how this governance role for health and safety relates to the roles of staff and Council for the project and will include guidance on how to improve the reporting over the minimum requirements of the MfE template.

23 March 2021

Table 1: Total budget for the programmes over the four years of the projects.

Programme	Total	MfE	HRC	Landowner
Regional Stream Fencing & Riparian Planting	\$11,345,000	\$4,681,000	\$2,698,000	\$3,966,000
Enhancing Fish Populations through Fish Passage Remediation	\$3,215,000	\$2,572,000	\$321,500	\$321,500
Horowhenua Freshwater Management Unit Water Quality Interventions	\$12,500,000	\$11,200,000	\$1,300,000	\$0
Total	\$27,060,000	\$18,453,000	\$4,319,500	\$4,287,500
Percentage		68.2%	16%	15.8%

Table 2: Annual budget for the programmes in the 2020-21 financial year to 30 June 2021.

Programme	Total	MfE	HRC	Landowner
Regional Stream Fencing & Riparian Planting	\$1,232,500	\$528,750	\$353,750	\$350,000
Enhancing Fish Populations through Fish Passage Remediation	\$803,750	\$643,000	\$80,375	\$80,375
Horowhenua Freshwater Management Unit Water Quality Interventions	\$7,410,000	\$6,222,500	\$1,187,500	0
Total	\$9,446,250	\$7,394,250	\$1,621,625	\$430,375
Percentage		78%	17%	5%

9. DISCUSSION

Regional Stream Fencing & Riparian Planting

- 9.1. The Regional Stream Fencing and Riparian Planting project is an expansion of existing work programmes and is separate to existing Central Government funded programmes that involve stream fencing and planting including the Manawatū Catchment **Freshwater Improvement Fund** (FIF) project, the Whangaehu FIF, and the Hill Country Erosion Fund contract for SLUI.
- 9.2. The purpose of the project is *'Improving the swimmability and aquatic habitat of the region's rivers through stock exclusion and riparian planting of our river and stream margins'*.
- 9.3. The project aligns with new requirements for stock exclusion through national policy instruments.
- 9.4. The objectives for the project include 405 km of stream fencing being completed, and 375,000 native riparian plants planted over four years. The other key objective for the project is the recruitment, employment and training of freshwater advisors and support staff. The objective is that a total of 10 **full time equivalents** (FTEs) are employed as freshwater advisors and a further three FTEs are employed as support staff over the life of the project. MfE measure FTEs over the life of the project as one full time equivalent for one year being one FTE. In the context of this project the 10 FTE target for freshwater advisors requires the equivalent of hiring 2.5 FTE per year for four years of the project ie. two fulltime positions and one 20 hour per week position for four years.
- 9.5. The amount of fencing and planting required each year varies in the contract. The annual targets alongside targets for other programmes are shown in Tables 3 and 4.
- 9.6. As at 10 March 2021 the Regional Stream Fencing and Planting programme has a target of 35 km of stream fencing and has allocated over 41 km of fencing and completed 11.4 km of fencing (33% complete). The riparian planting target for the year is 35,000 plants, 32,500 have been allocated and 17,242 have been planted (49% complete). The

23 March 2021

project has employed an additional 2.5 FTE however it is noted that these positions will not be for the full year as the contractual arrangement was not entered into for a full year. The contract was signed by the Ministry for the Environment on the 8th October 2020. Two six month positions have been appointed in March to assist with delivery of the riparian planting component.

- 9.7. The total work programme budget for the project is \$11.345 million. The Crown contribution is \$4.681 million, Horizons contribution \$2.698 million and the landowner contribution is estimated at \$3.966 million.
- 9.8. The annual budget for the 2020-21 year totals \$1,232,500 with MfE contributing \$528,750, Horizons contributing \$353,750 and a landowner contribution of \$350,000. The total staff budget for the year is \$357,500. Given the establishment of the contract in October it is likely that the staff budget will not be fully spent as the budget was prepared on the basis of the full time staff working a full year. The total budget for grants (fencing and planting) is \$875,000 including the landowner share. As at 10 March 2021 a total of \$768,975 was allocated including the landowner share. The total amount spent to 10 March 2021 on grants was \$210,500 including landowner share.

Table 3: Summary of the projected stream fencing targets for the Freshwater and Partnerships programme compared to targets and allocation levels in the 2019-20 year.

Riparian fencing (km)	Last financial year		This year				Total next four years
			Year 1	Year 2	Year 3	Year 4	
New project year			Year 1	Year 2	Year 3	Year 4	Total next four years
LTP year			Year 1	Year 2	Year 3	Year 4	
	Targets	Allocated*	Targets	Targets	Targets	Targets	Targets
	2019-20	2019-20	2020-21	2021-22	2022-23	2023-24	2020-24
Regional programme	12	33.142	35	105	105	160	405
Manawatū FIF	50	99.9	50	50	50	0	150
Whangaehu FIF	17	43.416	17	0	0	0	17
Total Freshwater	79	176.458	102	155	155	160	572

*As at 30 April 2020

Table 4: Summary of projected riparian plant targets for the Freshwater and Partnerships programme compared to targets and allocation levels in the 2019-20 year.

Riparian Plants (number of plants)	Last financial year		This year				Total next four years
			Year 1	Year 2	Year 3	Year 4	
New project year			Year 1	Year 2	Year 3	Year 4	Total next four years
LTP year			Year 1	Year 2	Year 3	Year 4	
	Targets	Allocated*	Targets	Targets	Targets	Targets	Targets
	2019-20	2019-20	2020-21	2021-22	2022-23	2023-24	2020-2024
Regional programme	20,000	45,725	35,000	100,000	100,000	140,000	375,000
Manawatū FIF	40,000	108,890	40,000	40,000	40,000	0	120,000
Whangaehu FIF	3,333	4,365	3,333	0	0	0	3,333
Total Freshwater	63,333	158,980	78,333	140,000	140,000	140,000	498,333

*As at 30 April 2020

23 March 2021

- 9.9. The governance group for the Regional Stream Fencing and Riparian Planting project has been established and has met twice. The first quarterly report has been filed with MfE. The governance group is made up of the following members:
- Nicola Patrick (Chair)
 - Wiremu Te Awe Awe
 - Chris Shenton
 - Dennis Emery
 - Naani Waitai
 - Glenn Maclean
 - Tracey Collis
- 9.10. The key risks for the project are identified in the work programme for the project as a part of the contractual deed. These include lack of support from landowners to fund their share, a major weather event similar to 2004 impacting the region, funding constraints through the Long-term Plan, a lack of fencers or materials to complete the fencing and planting, Covid-19 interrupting the work, the number of jobs being committed to being lower than expected and a change in core project members during the project. It is recognised that these are not the only risks for the project. A risk that is not identified in the project plan but is possible is the withdrawal of funding from Central Government as is provided for in the contract.

Enhancing Fish Populations through Fish Passage Remediation

- 9.11. The Enhancing Fish Populations through Fish Passage Remediation project is an expansion of existing work programmes and is separate to existing Central Government co-funded programmes that involve fish passage remediation including the Manawatū Catchment Freshwater Improvement Fund (FIF) project and the Whangaehu FIF.
- 9.12. This project aligns with new requirements in national policy instruments around fish and fish barrier management. These requirements include the National Policy Statement for Freshwater Management 2020 requirement for regional councils to identify for every **Freshwater Management Unit** (FMU) the location of habitats of threatened species and other requirements around managing barriers to fish passage that require establishment of a work programme and an action plan to identify, assess and prioritise structures for repair.
- 9.13. The purpose of the project is *'to provide greater understanding of the regions': native fish distributions; limitations to population recruitment; distribution of barriers; and a programme to remove at least 25 barriers to migration opening up 1,250 km of habitat*'.
- 9.14. The objectives for the Jobs for Nature project include:
- Assessing the lengths of the Manawatū, Ohau, Waikawa, Rangitikei, Kai iwi, Akitio, Turikina and Whangaehu Rivers for barriers to fish passage (as measured by km of stream habitat assessed for fish barriers and the number of barriers assessed and recorded).
 - Remediation of at least 25 barriers to fish passage and targeting of the opening up of 1,250 km of habitat to migratory fish as well as monitoring of some fish passages for effectiveness.
 - Improving knowledge of fish and kakahi populations in the Manawatū-Whanganui Region. This is to be achieved through monitoring of kakahi and fish populations, monitoring the effectiveness of fish barrier remediation and other limitations of native fish numbers (outputs to include an initial report on current knowledge of fish population and distribution, fish barriers and habitat limitation in the Horizons Region and a follow up report at the end of the project).
 - Employment of a total of 26 FTE over the life of the project, where one FTE per year for four years equals four FTEs over the life of the project.
- 9.15. The number of fish passage repairs required each year varies in the contract. The annual targets alongside targets for other programmes are shown in Table 5.

Table 5: Summary of the projected fish pass repair targets for the Freshwater and Partnerships programme compared to targets and allocation levels in the 2019-20 year. Please note some fish pass repairs unable to be completed in 2019-20 have been included in 2020-21 to ensure overall targets for the Freshwater Improvement Fund project are met.

Fish passes (number of repairs)	Last financial year		This year				Total next four years
	New project year		Year 1	Year 2	Year 3	Year 4	
LTP year			Year 1	Year 2	Year 3		
	Targets	Allocated*	Targets	Targets	Targets	Targets	Targets
	2019-20	2019-20	2020-21	2021-22	2022-23	2023-24	2020-2024
Regional programme	1	2	5	6	7	7	25
Manawatū FIF	4	4	7	4	4	0	15
Whangaehu FIF	2	3	3	0	0	0	3
Total Freshwater	7	9	15	10	11	7	43

*As at 30 April 2020

- 9.16. As reported to the Environment Committee in March the Enhancing Fish Populations through Fish Passage Remediation programme has a target of five fish passage repairs. The project has employed a full time coordinator, four full time fixed term (four years) research assistants fish passage and monitoring and an additional four 12 week positions as research assistants. It is noted that these positions will not be for the full year in the first year as the contractual arrangement was not entered into for a full year. The contract was signed by MfE on the 8th October 2020.
- 9.17. The total work programme budget for the project is \$3.215 million. The Crown contribution is \$2.572 million, Horizons contribution \$321,500 and the barrier owner contribution is estimated at \$321,500.
- 9.18. The annual budget for the 2020-21 year totals \$803,750 with MfE contributing \$643,000, Horizons contributing \$80,375 and a landowner contribution of \$80,375. At this early stage in the project the fish barriers are being identified and actual budgets for repairs have not yet been fully established. This is currently a focus for the team. The target for fish pass repairs has been met with five fish barriers remediated. The total budget for barrier repairs this year is \$318,750 and approximately \$25,000 has been spent to date. Work is in progress to identify and to undertake further repairs.
- 9.19. Total staff budget for the year is \$485,000 based on a full year of staffing. With the project starting in October there are going to be savings of staff budget. The full staff budget is paid for by MfE and staff will work to advance a carry forward of these savings to ensure overall staff full time equivalent requirements are met.
- 9.20. The governance group for the Enhancing Fish Populations through Fish Passage Remediation project has been established and has met twice. The first quarterly report has been filed with MfE. The governance group is made up of the same members as that of the Regional Stream Fencing and Riparian Planting project (as identified above).
- 9.21. The key risks for the project are identified in the work programme for the project as a part of the contractual deed. These include lack of support from barrier owners to fund their share, a major weather event similar to 2004 impacting the region, funding constraints through the Long-term Plan, Covid-19 interrupting the work, the number of jobs being committed to being lower than expected, a change in core project members during the project and finding suitable team members to be able to complete the programme. It is recognised that these are not the only risks for the project. A risk that is not identified in the project plan but is possible is the withdrawal of funding from Central Government as is provided for in the contract.

23 March 2021

- 9.22. The contractual deed identifies a stage-gate test as an additional control on the continued funding from MfE. This outlines conditions by which the project can continue to year two and is entirely at the sole discretion of MfE. The stage-gate test requires 26 FTE across the life of the project.
- 9.23. At this early stage in the project our assessment is that the stage-gate requirement is likely to be met as employment for the positions required within the deed has been completed for this year. It is acknowledged that some of the positions will not be for a full year in the first year as the contract did not start until October 2020. The five full time positions are currently filled, three of the 12-week positions have been filled and the 12-week period completed. A further 12-week position is currently filled and underway. In terms of overall delivery much of the initial establishment part of the project has been around recruitment, training including health and safety training, as well as establishing processes and systems for recording information, seeking landowner permissions and undertaking stream walking. The monitoring component and reporting on fish populations is underway. An important next step is identifying further barriers for repair and getting those repairs completed.

Horowhenua Freshwater Management Unit Water Quality Interventions

- 9.24. The Horowhenua Freshwater Management Unit Water Quality Interventions project is an expansion of existing work programmes and builds on previous activity to restore Lake Horowhenua. The project relates to the geographical area of the FMU for Horowhenua which includes the Waikawa, Ohau and Lake Horowhenua Catchments.
- 9.25. The purpose of the project is *'To improve our understanding of the Horowhenua Freshwater Management Unit, the drivers of water quality, quantity, and improve water quality and aquatic health through the construction of water quality interventions including on land purchased through the project'*.
- 9.26. This work aligns with Freshwater Futures process to implement the new National Policy instruments for freshwater management.
- 9.27. The objectives for the project include:
- Establishing a governance group by June 2021 with other advisory group established as required, noting the governance group will use best endeavours to secure the support of tangata whenua. The governance group are required to establish a ToR and meet quarterly.
 - By June 2024, produce reports and modelling of the groundwater and nutrient/sediment pathways and sources within the FMU to refine the placement of interventions for water quality improvement.
 - By June 2024, implement interventions that will result in water quality improvement in the FMU, including designing and building a wetland complex (using appropriate information produced as a part of Objective 2).
 - Throughout the project term information on the lake and FMU is communicated to iwi/hapū and the community, noting this includes a public web tool and at least four hui providing the opportunity for key stakeholders to have input into and be informed about project progress.
 - Employ one freshwater coordinator and three monitoring/science staff by March 2021. The freshwater coordinator will total four FTE over the life of the project and the monitoring/science staff will total 10 FTE over the life of the project (the equivalent of 2.5 full time staff for a term of four years). It is noted that due to the delayed contracting of the project deed, signed on 24th February 2021, this objective will unlikely be achieved in the first year and additional positions for a shorter time period are an option to address this over the term of the project.
- 9.28. The project was announced in July 2020 and the contractual deed between MfE and Horizons was signed on the 24th of February 2021. During the period of establishing the contract some enabling work was undertaken and the deed provides for recovery of costs

23 March 2021

in relation to some of this work. The deed includes a work programme for over the duration of the project which is currently designed for delivery by June 2024, however the project deed enables the project to continue through to 30 June 2025. The deed includes the annual work programme that identifies the following deliverables for the remaining few months of the financial year to 30 June 2021. These deliverables include:

- Establishing the governance group, including using best endeavours to secure the support of tangata whenua.
- A stock take report for the water quality information in the Horowhenua FMU.
- Producing opportunities reports for water quality interventions and reporting on options to be implemented.
- Execution of an agreement for purchase of land for construction of wetland and/or sediment traps.
- Commissioning a web tool for public communication of information.
- Recruitment and employment requirements to hire staff.

9.29. The Central Government Grant for the overall project is identified in the deed as \$11.2 million, with Horizons committing a further \$1.3 million to the project directly and additional funding for science/monitoring, staff time etc.

9.30. The annual budget for the 2020-21 year totals \$7.410 million with MfE contributing \$6,222,500, Horizons contributing \$1,187,500. On current projections full expenditure of the budget will be challenging given the late establishment of the contract. Work is underway to get this project on track for delivery by year end.

9.31. The items of work that have been undertaken to enable overall project delivery include:

- Preliminary concept designs for a wetland complex in the lower part of the Arawhata Sub-catchment of Lake Horowhenua. This work is currently at the draft stage and is expected to be completed to the final report phase within the next month.
- Preliminary assessment of opportunities to improve the drainage system in the Arawhata Sub-catchment that would feed into the proposed wetland to identify opportunities to improve water quality and overall drainage management in the catchment. This work is currently at the draft stage and is expected to be completed to the final report phase within the next month.
- Scoping of potential water quality interventions and the locations for these and identification of key land parcels that may be considered for purchase.
- Initial scoping of additional work to be undertaken around monitoring and science. This work has been undertaken to a point where it was put on hold while budgets were finalised as a part of the establishing the contract.
- The initiation of recruitment processes for the staff to undertake the project. The interviews for the Coordinator position are currently being scheduled.
- Discussion with stakeholders around the project including the general direction of travel and the overall goals. A range of discussions with stakeholders have been undertaken, however it is acknowledged that further communication would likely be welcomed by many, if not all, of the stakeholders.

9.32. Key next steps for the project are to:

- Finalise the two reports around the drainage network and potential wetland design and hold a subsequent workshop with technical experts to finalise the process for establishing the design that will be constructed and the likely water quality benefits to the catchment.
- Purchase of land, including the various approvals and legal processes. Note the approvals required include Governance group approval, HRC approval, and MfE approval.
- Finalisation of the work programme for the science and monitoring component and commissioning of this work.

23 March 2021

- Furthering the communication around the project, including scoping the public website.
- 9.33. The governance group for the Lake Horowhenua Water Quality Interventions project has been established and has met once. The initial governance group has been formed and is currently made up of the members outlined below. The Governance group is currently working to expand its membership to involve representatives from Muaūpoko Tribal Authority, Raukawa and the Lake Horowhenua Trust:
- Rachel Keedwell (Chair), Horizons Regional Council
 - Sam Ferguson, Horizons Regional Council
 - Bernie Wanden, Horowhenua District Council
 - Jo Mason, Horowhenua District Council
 - Eva Weatherall, Ministry for the Environment, non-voting member.
- 9.34. The high level risks for the project are identified in the Work Programme as a part of the Deed and include:
- Landowners where proposed interventions being placed not being willing to sell.
 - Major weather event, similar to February 2004, impacting the region.
 - Funding is constrained in the Long-term Plan and Annual Plans over the four year timeframe.
 - Covid-19 impacting on delivery of the programme.
 - Legal challenges to the work occurring.
 - Number of jobs committing to being lower than expected.
 - Change in core project members during the project.
 - Project is not completed on time.
 - Lack of support from treaty partners for the proposed works.
- 9.35. A further risk to the project is the withdrawal of funding from MfE and the Deed provides for this through several mechanisms. There are additional risks around design finalisation, timeframes for delivery including obtaining regulatory and other permissions. A further risk is managing expectations for the project which will explore a range of water quality interventions however will be limited in its ability to undertake works with the available budget and timeframes. The project includes the design and scoping of a major wetland complete and within its current budget is likely to advance the establishment of the initial phase of the wetland construction.

10. TIMELINE / NEXT STEPS

- 10.1. These projects are currently underway and will be regularly reported to the respective governance groups and Council via the Environment Committee.

11. SIGNIFICANCE

- 11.1. This is not a significant decision according to the Council's Policy on Significance and Engagement.

Dr Jon Roygard

GROUP MANAGER NATURAL RESOURCES & PARTNERSHIPS

ANNEXES

- A Risk Management