

I hereby give notice that an ordinary meeting of the Audit, Risk and Investment Committee will be held on:

Date: Tuesday, 23 March 2021
Time: To follow Council
Venue: Tararua Room
Horizons Regional Council
11-15 Victoria Avenue, Palmerston North

AUDIT, RISK AND INVESTMENT COMMITTEE AGENDA

MEMBERSHIP

Chair	Cr AL Benbow
Deputy Chair	Cr EM Clarke
Councillors	Cr RJ Keedwell
	Cr SD Ferguson
	Cr JM Naylor
	Cr NJ Patrick
	Cr GJ Turkington

Michael McCartney
Chief Executive

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Palmerston North 4442

**Full Agendas are available on Horizons Regional Council website
www.horizons.govt.nz**

for further information regarding this agenda, please contact:
Julie Kennedy, 06 9522 800

CONTACTS	24 hr Freephone : 0508 800 800	help@horizons.govt.nz	www.horizons.govt.nz	
SERVICE CENTRES	Kairanga Cnr Rongotea & Kairanga-Bunnythorpe Rds, Palmerston North	Marton 19-21 Hammond Street	Taumarunui 34 Maata Street	Woodville Cnr Vogel (SH2) & Tay Sts
REGIONAL HOUSES	Palmerston North 11-15 Victoria Avenue	Whanganui 181 Guyton Street		
DEPOTS	Levin 120-122 Hokio Beach Rd	Taihape 243 Wairanu Rd		
POSTAL ADDRESS	Horizons Regional Council, Private Bag 11025, Manawatu Mail Centre, Palmerston North 4442			
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AGENDA

1 Welcome/Karakia

2 Apologies and Leave of Absence

At the close of the Agenda no apologies had been received.

3 **Public Forums:** Are designed to enable members of the public to bring matters, not on that meeting's agenda, to the attention of the local authority.

Deputations: Are designed to enable a person, group or organisation to speak to an item on the agenda of a particular meeting.

Requests for Public Forums / Deputations must be made to the meeting secretary by 12 noon on the working day before the meeting. The person applying for a Public Forum or a Deputation must provide a clear explanation for the request which is subsequently approved by the Chairperson.

Petitions: Can be presented to the local authority or any of its committees, so long as the subject matter falls within the terms of reference of the council or committee meeting being presented to.

Written notice to the Chief Executive is required at least 5 working days before the date of the meeting. Petitions must contain at least 20 signatures and consist of fewer than 150 words (not including signatories).

Further information is available by phoning 0508 800 800.

4 Supplementary Items

To consider, and if thought fit, to pass a resolution to permit the Committee/Council to consider any further items relating to items following below which do not appear on the Order Paper 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 (as amended), and the Chairperson must advise:

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

5 Members' Conflict 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.

Minutes of the fourth meeting of the eleventh triennium of the Audit, Risk and Investment Committee held at 11.25am on Tuesday 24 November 2020, in the Tararua Room, Horizons Regional Council, 11-15 Victoria Avenue, Palmerston North.

PRESENT Crs EM Clarke (Acting Chair), AL Benbow (via audio visual link), RJ Keedwell, SD Ferguson, JM Naylor, NJ Patrick (via audio visual link), and GJ Turkington.

IN ATTENDANCE Councillors Cotton, F Gordon, Kirton, Te Awe Awe
Chief Executive Mr MJ McCartney
Committee Secretary Mrs JA Kennedy

ALSO PRESENT At various times during the meeting:

Mr C Grant (Group Manager Corporate and Governance), Mr G Shirley (Group Manager Regional Services & Information), Dr J Roygard (Group Manager Natural Resources & Partnerships), Dr N Peet (Group Manager Strategy & Regulation), Mr R Strong (Group Manager River Management), Mr A Smith (Chief Financial Officer), Ms N Anderson and Ms C Holdsworth (Management Accountants), Mr K Russell (Operations Manager), Mr D Neal (Business Services Manager), Mr J Bell (Manager Investigations & Design), Mrs M Smith (Communications Advisor), Mr M Wilson, Ms D Macdonald, and Mr S Ketley (Aon Representatives), and a member of the press.

The Acting Chair welcomed everyone to the meeting.

APOLOGIES

An apology was noted from Cr EB Gordon.

PUBLIC FORUMS / DEPUTATIONS / PETITIONS

There were no requests for public speaking rights.

SUPPLEMENTARY ITEMS

There were no supplementary items to be considered.

MEMBERS' CONFLICTS OF INTEREST

There were no conflicts of interest declared.

CONFIRMATION OF MINUTES

ARI 20-10 *Moved* *Ferguson/Naylor*

That the Committee:

confirms the minutes of the Audit, Risk and Investment Committee meeting held on 22 September 2020 as a correct record, and notes that the recommendations were adopted by the Council on 24 November 2020.

CARRIED

FINANCIAL PERFORMANCE FOR THE FOUR MONTHS ENDED 31 OCTOBER 2020

Report No 20-164

Mr Smith (Chief Financial Officer) informed Members of the financial performance for the past four months to 31 October 2020 against the Council's Annual Plan budget. He also summarised the year to date figures and the spend to date for each part of the business with a CAPEX budget.

ARI 20-11 **Moved** **Keedwell/Ferguson**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 20-164.

CARRIED

AGRICHEMICAL NO SPRAY REGISTER RISK MANAGEMENT

Report No 20-165

Mr Strong (Group Manager River Management) outlined an issue with the way in which drain 'no-spray' requests were managed and the steps staff were taking to manage the risk. Following discussion of the systems / processes relating to drain spraying and ways to manage no-spray requests, a new recommendation b. was proposed.

ARI 20-12 **Moved** **Keedwell/Naylor**

That the Committee recommends that Council:

- a. receives the information contained in Report No 20-165;
- b. requests an update on implementation, including auditing, be brought to the April 2021 Catchment Operations Committee meeting.

CARRIED

RISK MANAGEMENT STRATEGY, SHOVEL READY PROJECT DELIVERY

Report No 20-166

Mr Strong (Group Manager River Management) introduced the item which outlined a risk management strategy that specifically addressed shovel ready project delivery. In response to Members' questions about the summary of different risks presented at Annex A, Mr Strong noted that staff were developing a dashboard format to ensure future robust reporting on shovel ready project delivery.

ARI 20-13 **Moved** **Keedwell/Naylor**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 20-166 and Annex.

CARRIED

INSURANCE STRATEGY

Report No 20-167

Mr Grant (Group Manager Corporate & Governance) introduced Aon insurance brokers; Mr M Wilson, Ms D Macdonald, and Mr S Ketley who spoke to a presentation covering a detailed market summary and strategy for Members' consideration which would help inform governance and also shape thinking for future decision-making.

ARI 20-14 **Moved** **Keedwell/Turkington**

That the Committee recommends that Council:

- a. *receives the information contained in Report No. 20-167 and Annex.*

CARRIED

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

ARI 20-15 **Moved** **Clarke/Keedwell**

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

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

CARRIED

General subject of each matter to be considered	Reason for passing this resolution	Ground(s) under section 48(1) for the passing of this resolution
PX1 Confirmation of Public Excluded Meeting held on 22 September 2020	s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
PX2 Risk Register Update	s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. The report refers to areas of risk which may be of a commercially sensitive nature.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
PX3 Council / Committee to consider whether any item in the Public Excluded minutes can be moved into the public domain and define the extent of the release		

The meeting adjourned to the Public Excluded part of the meeting at 2.21pm and resumed at 2.30pm.

The meeting closed at 2.31pm.

Confirmed

CHIEF EXECUTIVE

CHAIR

Report No.	21-29
Information Only - No Decision Required	

FINANCIAL PERFORMANCE FOR THE EIGHT MONTHS ENDED 28 FEBRUARY 2021

1. PURPOSE

- 1.1. This report is to inform members of Council of the financial performance for the past eight months to 28 February 2021 against the Council's revised budgets. Revised budgets include the Council approved end of year carry forwards along with any Council resolutions approving the use of reserves.

2. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the information contained in Report No. 21-29.

3. FINANCIAL IMPACT

- 3.1. This item reports Horizons Regional Council's overall financial performance for the period ending 28 February 2021.

4. COMMUNITY ENGAGEMENT

- 4.1. There is no requirement for community engagement.

5. SIGNIFICANT BUSINESS RISK IMPACT

- 5.1. Assuming that the activities track to the 2020-21 Annual Plan and the 2020-21 revised budget, there is no significant business risk.

6. FINANCIAL REPORTING OF ACTUAL RESULTS TO REVISED BUDGET

- 6.1. For the first eight months of 2020-21, the operating surplus is \$2.43M favourable (2019-20 \$2.62M). This has arisen primarily as a result of underspending in close to all areas of expenditure with major variances of \$762k in other expenditure and \$327k in environmental expenditure. Salaries are currently \$1.016M favourable to date, however this is timing as a result of the number of pays per month vs the budgeted allocation per month which is equal. Overspends in both Insurance and Rent, Leases & Rates have offset favourable variances somewhat. Minimal change from the previous months for variances to budget.
- 6.2. Attached to this report is the Council's monthly report for the period ending 28 February 2021, reporting actual revenue and expenditure for each of the business activities, along with explanations for the material variances to the revised budget.
- 6.3. Of particular note is that the most activities are tracking favourable to budget. Where managers believe this favourable variance is a permanent variance, as opposed to timing, Council will see this reflected in the forecast. Staff have forecast, when compared to the revised budget, that council will finish the year in an unfavourable position by (\$2.241M). This is due to less investment revenue, coupled with overspend in both external contractors and grants & subsidies.
- 6.4. The Investment activity is unfavourable due to a combination of factors. Investment Revenue is unfavourable due to lower than expected interest rates (although this will be

offset in other areas of the organisation with lower interest costs). Whilst Rate Penalty revenue is higher than anticipated this year, this has been more than offset by a greater amount of discounts provided earlier in the year. By year end, Investments is forecasting to be significantly unfavourable to budget as a result of a lower dividend anticipated from MWRC Holdings Ltd.

7. CAPITAL EXPENDITURE

- 7.1. Horizons has a significant capital works programme to undertake in this financial year. The 2020-21 Annual Plan has the capital budget set at \$17.560M. Council's capital budget has been growing year on year by approximately \$3M per year. Of the budget for the current year, \$11.152M is for the River Management team's infrastructure projects. Key projects included in the annual plan are; Reid's Line floodway upgrade, Rural Upgrade Project, Lower Whanganui River Training Structures, Parewanui stopbank upgrade, Foxton drainage and flood protection upgrade.
- 7.2. Council's other notable capital projects identified in the annual plan include Lake Horowhenua restoration works, silviculture & forestry improvements, Environmental Data site operation & upgrades, vehicle & plant replacements as well as building improvements & site developments.
- 7.3. Subsequent to the annual plan being adopted, Council approved the carry forwards from the 2019-20 financial year which arose from project delays, COVID-19 lockdown and the timing of works being completed across the end of the financial year. The approved carry forwards totalled \$2.945M. This resulted in the revised capital budget for the year increasing from \$17.560M to \$20.505M.
- 7.4. Central Government's response to COVID-19 resulted in funding being given to Regional Councils' who applied with appropriate projects that met the criteria. Horizons were successful in securing funding for two tranches of work – Jobs for Nature and Climate Resilience projects. The latter has resulted in a further increase on the current year's capital project of \$4.720M. This takes the total capital budget for council in the 2020-21 financial year to \$25.225M.
- 7.5. Council's forecast capital spend for the end of year is \$21.410M. the predicted underspend almost entirely comes from the River Management team as a result of delays on the two key projects of Lower Whanganui River Training Structures and the Rural Upgrade Project. Both projects have suffered delays during the year that have been outside council officer's control. Some work has been re-budgeted in the LTP as a result of this.

8. ACCOUNTS RECEIVABLE

- 8.1. Accounts receivable as at 28 February 2021 is **\$3,043k** (this does not include rates).

SUNDRY DEBT		INVOICE AMOUNTS						INVOICE AGES			
MONTH	TOTALS	Under \$1k	\$1k to \$5k	\$5k to \$20k	\$20k to \$50	\$50k to \$100k	Over \$100k	Current	1 month	2 month	3+ months
FEB 2021	\$3,042,727	-\$20,380	\$214,430	\$346,913	\$208,589	\$141,790	\$2,151,386	\$2,885,963	\$21,624	\$3,177	\$123,231
Percentage	100%	-0.67%	7.05%	11.40%	6.86%	4.66%	70.71%	94.85%	0.71%	0.10%	4.05%
No. of Invoices	661	521	91	38	6	2	2	315	20	16	88
JAN 2021	\$5,017,074	\$409,593	\$882,670	\$656,686	\$276,065	\$112,188	\$2,679,873	\$4,686,535	\$195,518	\$1,399	\$133,622
Percentage	100%	8.16%	17.59%	13.09%	5.50%	2.24%	53.42%	93.41%	3.90%	0.03%	2.66%
No. of Invoices	2,324	1,858	367	84	9	2	3	405	3	1	31
DEC 2020	\$1,430,699	-\$21,225	\$154,430	\$275,780	\$289,698	\$90,293	\$641,723	\$1,270,699	\$10,131	\$12,974	\$136,895
Percentage	100%	-1.48%	10.79%	19.28%	20.25%	6.31%	44.85%	88.82%	0.71%	0.91%	9.57%
No. of Invoices	333	225	67	29	8	1	2	166	17	19	238

The current balance (being one month or less) makes up 95% of total receivables. The debt over three months old is being actively managed.

9. INVESTMENT

9.1. MWRC Holdings

- 9.1.1. The 23 Victoria Avenue site is not yet fully tenanted so is performing financially as expected given the situation. Management are continually investigating opportunities to ensure this tenancy is filled as quickly as possible. The dividend originally indicated in the 2020-21 Statement of Intent is likely to be reduced in light of this.
- 9.1.2. The 2021-24 Statement of Intent was placed on the hub for Council at the end of February. Any feedback to this document needs to be provided to either the CFO or MWRC Holdings Ltd directors before 1 May 2021.
- 9.1.3. Hobson Wealth Portfolio value at 28 February 2021 was \$3.650M, an increase of \$317k in the current year.

9.2. Cash Investments

- 9.2.1. As at 28 February 2021 Horizons had a cash balance of \$6.6M (excluding term deposits). In addition there are term deposits of \$16M invested between 30 and 210 days from the date of deposit.
- 9.2.2. Interest rates remain variable and Horizons monitors the rates to maximise returns on its cash-flows whilst meeting policy and minimising risks. Interest rates continue to be much lower than what was budgeted for in the Annual Plan.

10. SWAPS

- 10.1. On 28 February Council had five interest rate swaps. These swaps in total fix \$8M of Council's debt at what was at the time historically low interest rates. Given the current interest rate climate, it is not intended to renew swaps as they become due. If new information regarding potential increases of interest rates comes to light, treasury staff will reconsider the use of interest rate swaps at that time.
- 10.2. The table below details the swaps in place at 28 February 2021:

Description	Amount	Term (yrs.)	Start Date	End Date	Fixed Rate
ASB Fixed	1,000,000	3.50	18 Sep 17	18 Mar 2021	4.26%
ASB Fixed	1,000,000	4.50	22 Mar 17	24 Sep 2021	3.90%
ASB Fixed	2,000,000	5.00	18 Sep 17	30 Sep 2022	4.47%
ASB Fixed	2,000,000	8.00	22 Mar 16	22 Mar 2024	4.54%
ASB Fixed	2,000,000	7.00	18 Sep 17	18 Sep 2024	3.87%

11. EXTERNAL LOANS

- 11.1. The below schedule details the loans that Horizons has borrowed externally. Excluding the one loan noted in the table below from Westpac, all other loans have been borrowed through the **Local Government Funding Agency (LGFA)**. The borrowing rates provided by LGFA have consistently been cheaper than alternative borrowing options. Council could further reduce interest expense by getting a credit rating. This is being investigated by staff, given the level of borrowing and the potential savings that would result from this. The grey shading through the table denotes those loans which have been borrowed on behalf of MWRC Holdings and directly on-lent to the holding company. Excluding the MWRC Holdings debt, Council's core debt position is \$37M.

Type	Term	\$ Value	Interest Rate	Date Maturing
Fixed	5 mo	4,000,000	0.51%	3-Mar-21
Fixed	6 mo	3,000,000	0.54%	15-Mar-21
Fixed	2 yrs 3 mo	3,000,000	2.25%	15-May-21
Fixed	6 mo	5,000,000	0.55%	2-Aug-21
Floating (Westpac)	7 yrs	5,000,000	Currently 0.97%	18-Aug-21
Fixed	3 yrs 8 mo	4,000,000	2.71%	14-Apr-22
Floating	5 yrs	2,500,000	Currently 0.91%	21-Aug-22
Floating	6 yrs	2,500,000	Currently 0.96%	21-Aug-23
Fixed	4 yrs 9 mo	2,000,000	2.09%	15-Apr-24
Fixed	5 yrs 10 mo	2,500,000	3.54%	15-Apr-24
Fixed	5 yrs 10 mo	2,500,000	3.75%	15-Apr-25
Fixed	5 yrs 2 mo	2,000,000	2.81%	15-Apr-25
Fixed	5 yrs 2 mo	5,000,000	2.81%	15-Apr-25
Fixed	6 yrs 4 mo	4,000,000	3.25%	15-Apr-25
Fixed	7 yrs 2 mo	2,000,000	2.97%	15-Apr-26
Fixed	8 yrs 2 mo	2,000,000	3.12%	15-Apr-27
Fixed	9 yrs 10 mo	3,000,000	3.19%	15-Apr-29
		54,000,000		

12. INTERNAL LOANS

- 12.1. Detailed below are the internal loans for the River Management activity of council. Many of the schemes below have multiple loans, covering various work programs and also have variable repayment dates. Interest is charged to the schemes based on the average interest expense incurred by Council over the previous financial year. The estimated closing balance for the current year forms the basis of the loan repayment budget for the 2021-31 Long Term Plan.

Scheme Name	30 June 2020 Actual Closing Balance	30 June 2021 Estimated Closing Balance
Ashhurst Stream	144,007	109,457
Foxton East Drainage	-	180,846
Hōkio Drainage	284,739	432,849
Koputaroa	269,662	227,710
Lower Kiwitea	119,508	96,885
Lower Manawatū	28,131,411	30,403,059
Lower Manawatū (Special Projects)	5,538,868	4,490,370
Lower Whanganui	1,831,414	2,637,399
Makerua Drainage	307,607	232,715
Manawatū Drainage	730,315	760,981
Matarawa	219,753	178,154
Moutoa Drainage	357,337	283,584
Ōhau - Manakau	396,423	357,002
Rangitikei	1,783,254	2,612,508
Upper Manawatū	114,739	96,889
Upper Whanganui	81,833	66,342
Whangaehu - Mangawhero	297,799	241,426
Whirokino Drainage	31,439	26,548
Total Schemes	40,640,108	43,434,725

- 12.2. The schemes have drawn internal loans at varying times based on the need for capital upgrade works or new infrastructure and as a result have many differing dates due for the repayment of the loans. In the above schedule there is one loan due for repayment at 30 June 2021. The longest loan term has a due date of 30 June 2040.
- 12.3. As part of the LTP, taking into account scheme rate rises and affordability for some schemes, there was a revision of loan repayment dates for the currently drawn internal loans. The longest loan due date is now 30 June 2046. There are two loans due for repayment at that date, the loan associated with the Reid's Line Upgrade and the loan associated with the Lower Whanganui River Training Structures.
- 12.4. In the latter part of the proposed LTP, some new loans also have a term of 20 years, taking the repayment dates out as far as 30 June 2049.

12.5. Pre-2004 floods, Council had a large amount of cash on hand. At the time the Council made the decision to lend the cash out to the schemes to help with the infrastructure project that followed the event. This is the main reason for the mismatch between the internal loan balance and the core external debt balances.

13. SIGNIFICANCE

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

Adrian Smith
CHIEF FINANCIAL OFFICER

Craig Grant
GROUP MANAGER CORPORATE & GOVERNANCE

ANNEXES

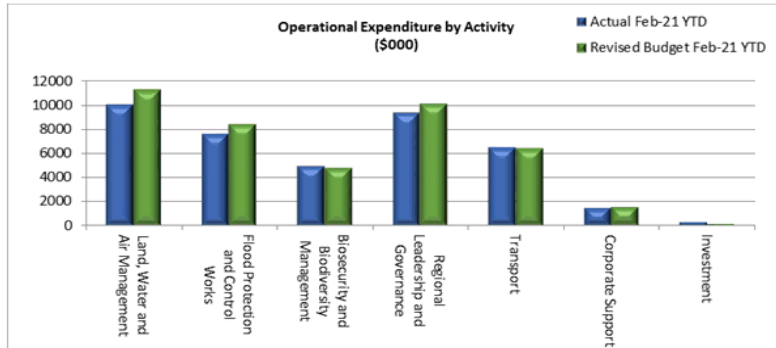
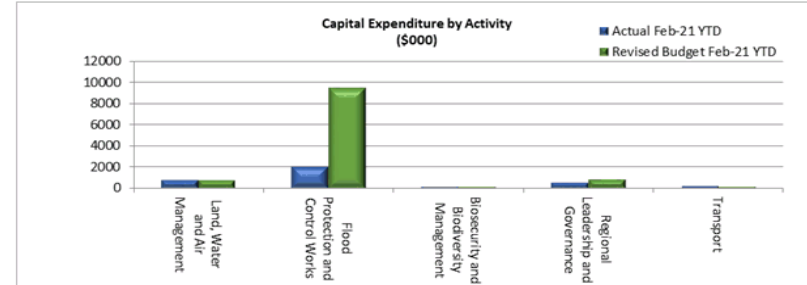
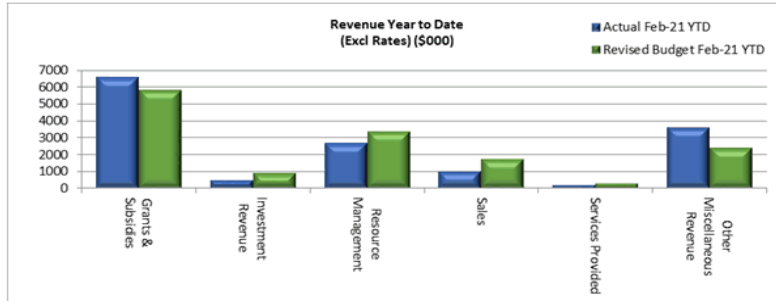
A Financial Performance Report

IMPORTANT NOTE: This report is strictly confidential and is for your information only. This information is not to be distributed to, or divulged to, any other person or organisation.

Horizons Regional Council

Financial Performance for the 8 months ended February 2021

Financial Measures



Sales Revenue is comprised of Nursery Sales, chargeable works.

Services Provided Revenue is comprised of EM Contract revenue & Technical services revenue

Monthly reporting for the period ending 28 February 2021

CFO Overview

	Year to Date			Full Year	
	Actual	Revised Annual Plan	Variance	Annual Plan	Revised Budget
Rating Revenue	31,308,570	31,455,756	(147,186)	47,263,657	47,263,657
Grants & Subsidies	6,608,521	5,834,259	774,262	7,020,536	15,543,468
Investment Revenue	455,443	925,560	(470,117)	3,738,322	3,738,322
Resource Management	2,694,803	3,399,298	(704,495)	4,353,104	4,353,104
Other Revenue	4,872,182	4,449,968	422,214	8,372,891	9,487,419
Revenue	45,939,518	46,064,841	(125,323)	70,748,510	80,385,970
Administration Expenses	2,642,909	3,489,704	846,795	5,791,214	5,981,839
Operating Expenses	17,657,282	18,049,562	392,280	27,888,528	33,432,680
Standing Charges	3,479,285	3,013,224	(466,061)	3,814,294	3,824,294
Depreciation	2,928,518	3,041,032	112,514	4,561,458	4,561,458
Personnel Expenses	13,275,238	14,947,686	1,672,448	21,881,929	22,721,429
Expenditure	39,983,231	42,541,208	2,557,977	63,937,423	70,521,700
Interdepartment Revenue	9,994,273	10,399,264	404,991	15,598,896	15,598,896
Interdepartment Expenses	9,993,844	10,398,951	405,107	15,598,856	15,598,856
Net Interdepartmental Transfers	429	313	(116)	40	40
Operating Surplus / (Deficit)	5,956,716	3,523,946	2,432,770	6,811,127	9,864,310
Capex	5,939,196	14,457,599	8,518,403	17,560,139	25,225,007
Total Cost of Activity	17,520	(10,933,653)	10,951,173	(10,749,012)	(15,360,697)

For the eight months of 2020-21, operating surplus is \$2.43M favourable to budget (2019-20 \$2.62M). This has primarily arisen as a result of underspending in all areas of expenditure. Capital spend is \$8.5M favourable (2020: \$4.1M). Key variances detailed as follows:

Operating Revenue is reflecting (\$125k) unfavourable variance:

- Rates revenue continues to remain unfavourable as a result of lower penalties being received and more discounts given. This is due to a growing number of rate payers either paying on time or entering into arrangements to pay by end of year. This is actually a success story as less penalty notices have

been sent out this year, signalling that there has been an increase in rate payers making arrangements to pay their rates through-out the year.

- Investment revenue is also lower primarily as a result of reduced interest income. Reduced interest income will be offset by reduced interest costs; again no change from the signals over the last few months.
- Resource Management revenue is down in Consent Processing and Compliance Monitoring, reflecting a shortfall due to an under-recovery of revenue as a result of timing of activities; partially offsetting this is an under-spend in operating costs.

Operating Expenditure is favourable by \$2.6M continuing a trend from the last few months, with minimal changes year to date.

- Administration costs are favourable due to reduced costs in both Freshwater & Partnerships \$592k and Governance \$160k. The Freshwater & Partnerships variance is driven by delays in external expenditure. The Governance variance relates to billing of the audit fee for the long-term plan which we had not received at the end of Feb.
- Personnel Expenses are favourable by \$1.7M however we are expecting a full spend of this budget by year end.
 - The biggest drivers of this favourable variance are Consents and Pollution Management \$477k and Water Quality and Quantity \$400k. The Consents and Pollution Management Teams carry a lot of

Monthly reporting for the period ending 28 February 2021

vacancies throughout the year and the Water Quality and Quantity Teams favourable variance relates to delays in recruitments and staff being redirected to other projects.

Capital Spend is still favourable to revised budget

While capital expenditure often lags in the first few months of the year; there was an expectation that this favourable result would start to reduce by now. Currently across the organisation we are \$8.5M favourable to budget.

River and Drainage is the main contributor of this \$7.5M with scheme work happening in the second half of the financial year when weather and conditions are favourable.

Corporate Support is currently underspent by \$473k however this is a timing issue with projects already underway.

Forecast

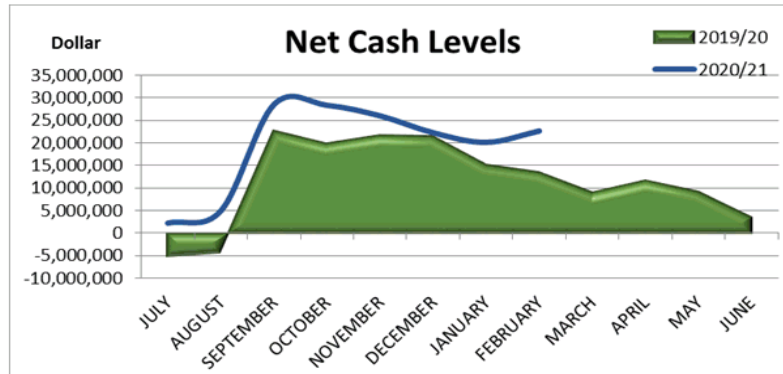
(\$000)	OPERATING SURPLUS/ (DEFICIT)				CAPITAL EXPENDITURE			
	FULL YR Annual Plan	FULL YR Revised Budget	FULL YR Forecast	Variance to Revised Budget	FULL YR Annual Plan	FULL YR Revised Budget	FULL YR Forecast	Variance to Revised Budget
Land, Water and Air Management	341,638	731,625	46,755	-664,870	1,341,000	1,501,468	1,651,468	-150,000
Land Management	400,622	400,622	-162,836	-663,458	521,000	681,468	681,468	0
Water Quality & Quantity	-56,916	331,069	199,657	-131,412	820,000	820,000	970,000	-150,000
Consent & Pollution Management	-66	-66	9,934	10,000	0	0	0	0
Flood Protection and Control Works	6,197,130	9,454,449	9,382,352	-72,097	11,152,144	16,232,732	12,461,796	3,770,936
River & Drainage General	-1	-1	74,999	75,000	0	0	0	0
River & Drainage Schemes	6,197,131	9,454,450	9,307,353	-147,097	11,152,144	16,232,732	12,461,796	3,770,936
Biosecurity and Biodiversity Mgmt	-99,954	-362,284	-284,837	77,447	519,930	519,930	519,930	0
Biosecurity	-100,039	-100,039	-134,270	-34,231	180,000	180,000	180,000	0
Living Heritage	85	-262,245	-150,567	111,678	339,930	339,930	339,930	0
Regional Leadership and Govt	48,034	-254,843	-132,643	122,200	1,650,079	2,116,549	1,922,749	193,800
Community Relationships	-48	-48	52,952	53,000	5,000	5,000	5,000	0
Environmental Reporting	14	14	49,653	49,639	0	0	0	0
Emergency Management	16	16	43,316	43,300	190,308	487,778	487,778	0
Governance	16,012	16,012	64,666	46,854	0	0	0	0
Information	22	-22,855	-43,445	-20,590	1,454,771	1,623,771	1,429,971	193,800
Hapu & Iwi Relationships	25	25	-29,975	-30,000	0	0	0	0
Strategic Management	29,993	-250,007	-270,010	-20,003	0	0	0	0
Transport	-288,606	-317,522	-326,534	-9,012	0	357,728	357,728	0
Road Safety	-9	-9	495	504	0	0	0	0
Transport Planning	-18,001	-18,001	-51,268	-33,267	0	0	0	0
Passenger Services	-270,596	-299,512	-275,761	23,751	0	357,728	357,728	0
Corporate Support	9	9	-174,921	-174,930	2,896,986	4,496,600	4,496,600	0
Investment	612,876	612,876	-887,124	-1,500,000	0	0	0	0
Total	6,811,127	9,864,310	7,623,048	-2,241,262	17,560,139	25,225,007	21,410,271	3,814,736

The forecast is signaling an unfavourable variance to revised budget of (\$2,241k). Investments is the biggest driver of this with a forecasted decrease in surplus of (\$1.5M) followed by Land Management (\$563k). Investments decrease is due to lower returns than expected on investments with term deposit interest rates rarely rising above 1%. Land Management's forecast relates to SLUI and the anticipated use of reserves to complete allocated work and is likely an overestimate of spend as a portion of allocated work will likely not be completed.

CAPEX forecast reflects an underspend of \$3.8M most of which relates to River & Drainage schemes Rural Upgrade project (\$2.5M), and River Training Structures (\$2.5M) off set by overspends in Foxton \$1M as a result of climate resilience works.

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Cash and Debt Position



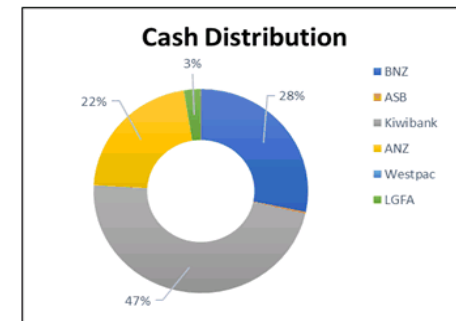
Our strategy has been to fund our capital expenditure through our own cash reserves and internal loans, rather than through external borrowing. This has used up the cash reserves and we are now utilising external debt as approved by Council to fund the capital spend for River and Drainage. Our net cash position is based off total cash at bank less the short term cash facility used. It does not include our borrowings with the LGFA.

Due to the nature of Horizons cash flow, majority of our cash is received in September when the annual rates are due. At this time cash is invested in Term Deposits with various banks based on the best interest rate offered on the day of investment. The maturities of these are staggered to meet the predicted ongoing council cash-flow requirements throughout the year.

Total rates collected as at February 2021 was \$49.99M. This is 92.33% (91.01% Feb 2020) of the total rates invoiced.



As at 28 February our term deposits equate to \$16 million with three banks (2020: \$13 million with one bank).



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Financial Position Measures

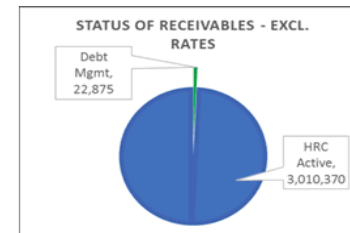
Accounts Receivables:

SUNDRY DEBT		INVOICE AMOUNTS						INVOICE AGES			
MONTH	TOTALS	Under \$1k	\$1k to \$5k	\$5k to \$20k	\$20k to \$50	\$50k to \$100k	Over \$100k	Current	1 month	2 month	3+ months
FEB 2021	\$3,042,727.37	\$-20,380	\$214,430	\$346,913	\$208,589	\$141,790	\$2,151,386	\$2,885,963	\$21,624	\$3,177	\$123,231
Percentage	100%	-0.67%	7.05%	11.40%	6.86%	4.66%	70.71%	94.85%	0.71%	0.10%	4.05%
No. of Invoices	661	521	91	38	6	2	2	315	20	16	88
JAN 2021	\$5,017,073.66	\$409,593	\$882,670	\$656,686	\$276,065	\$112,188	\$2,679,873	\$4,686,535	\$195,516	\$1,399	\$133,622
Percentage	100%	8.16%	17.59%	13.09%	5.50%	2.24%	53.42%	93.41%	3.90%	0.03%	2.66%
No. of Invoices	2,324	1,858	367	84	9	2	3	405	3	1	31
DEC 2020	\$1,430,698.60	\$-21,225	\$154,430	\$275,780	\$289,698	\$90,293	\$641,723	\$1,270,699	\$10,131	\$12,974	\$136,895
Percentage	100%	-1.48%	10.79%	19.28%	20.25%	6.31%	44.85%	88.82%	0.71%	0.91%	9.57%
No. of Invoices	333	225	67	29	8	1	2	166	17	19	238

Customer	Current	1mth	2mth	3mth +	Total
Ministry for Primary Industries	734,799	505,345	-	-	1,240,144
L A Landscapes Limited	-	-	-	39,283	39,283
Spiers, Murray John	-	-	-	28,802	28,802
Manawatu District Council	29,239	-	-	11,026	40,265
CMMB FARMING LIMITED	-	-	-	9,000	9,000
Tim McColl Contracting Limited	- 2,620	-	8,620	-	6,000
Moutoa Farms Limited	-	-	-	7,308	7,308
Chris Gommans Contracting Limited	-	683	248	5,939	6,870
Potaka, Ben	-	-	6,492	-	6,492
	761,419	506,027	15,360	101,357	1,384,163
Value of overdue account balances between \$ 4999-\$1000	7,924	4,090	1,423	28,877	42,314
Value of overdue account balances between \$ 999-\$ 0	1,036,719	1,335	798	7,320	1,046,173
Value of Credits/Payments yet to be allocated	77,415	-7,240	-3,278	-15,925	50,971
	1,122,058	-1,815	-1,057	20,272	1,139,458
	1,883,476	504,212	14,303	121,629	2,523,621

Our current practise is that all active receivables are managed by the Finance team.

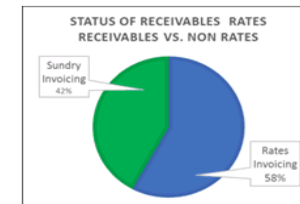
Once the sundry debt becomes 90 days overdue, it is assessed, and if warranted, passed onto Debt Management Central (DMC) for collection.



The current status of our aged receivables is shown in the graph. – Less than 1% of the debt is currently being managed by DMC. Current balance transferred to DMC totals \$23k of sundry debt and \$1.5M of rates revenue from multiple years.

Outstanding rates are transferred to DMC when they are deemed non-current, which is at the end of the financial year.

The total receivables including the rates is \$7.163M distributed as shown in graph.



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Key Results For The Activities

(\$000)	OPERATING SURPLUS/ (DEFICIT)			OPERATING REVENUE			OPERATING EXPENDITURE			CAPITAL EXPENDITURE			
	Year to Date	Actual	Revised Annual Plan	(unfav)/ Fav	Variance	Actual	Revised Annual Plan	Variance	Actual	Revised Annual Plan	Variance	Actual	Revised Annual Plan
Land, Water and Air Management	1,638,925	705,566	933,359		13,149,266	13,588,145	-438,879	11,510,341	12,882,579	1,372,238	799,347	790,174	-9,173
Land Management	472,445	336,480	135,965		4,211,457	4,128,910	82,547	3,739,012	3,792,430	53,418	223,993	215,174	-8,819
Water Quality & Quantity	1,210,259	369,102	841,157		6,172,915	6,087,211	85,704	4,962,656	5,718,109	755,453	575,354	575,000	-354
Consent & Pollution Management	-43,779	-16	-43,763		2,764,894	3,372,024	-607,130	2,808,673	3,372,040	563,367	0	0	0
Flood Protection and Control Works	5,570,704	4,245,714	1,324,990		13,560,451	13,025,486	534,965	7,989,747	8,779,772	790,025	2,045,496	9,527,974	7,482,478
River & Drainage General	182,853	0	182,853		477,979	618,752	-140,773	295,126	618,752	323,626	0	0	0
River & Drainage Schemes	5,387,851	4,245,714	1,142,137		13,082,472	12,406,734	675,738	7,694,621	8,161,020	466,399	2,045,496	9,527,974	7,482,478
Biosecurity and Biodiversity Mgmt	651,677	657,954	-6,277		5,714,968	5,635,988	78,980	5,063,291	4,978,034	-85,257	193,944	194,000	56
Biosecurity	327,492	337,216	-9,724		4,102,064	4,026,472	75,592	3,774,572	3,689,256	-85,316	179,994	180,000	6
Living Heritage	324,185	320,738	3,447		1,612,904	1,609,516	3,388	1,288,719	1,288,778	59	13,950	14,000	50
Regional Leadership and Govn	253,178	-221,117	474,295		10,644,931	10,939,210	-294,279	10,391,753	11,160,327	768,574	804,963	1,481,738	676,775
Community Relationships	150,894	-5,414	156,308		1,344,636	1,357,040	-12,404	1,193,742	1,362,454	168,712	0	5,000	5,000
Environmental Reporting	110,527	48,558	61,969		298,480	298,424	56	187,953	249,866	61,913	0	0	0
Emergency Management	-10,430	-69,778	59,348		1,494,390	1,569,626	-75,236	1,504,820	1,639,404	134,584	52,520	317,794	265,274
Governance	97,175	41,728	55,447		1,954,988	1,945,968	9,020	1,857,814	1,904,240	46,426	0	0	0
Information	92,540	-50,804	143,344		3,076,901	3,120,856	-43,955	2,984,361	3,171,660	187,299	752,444	1,158,944	406,500
Hapu & Iwi Relationships	52,016	0	52,016		276,220	412,824	-136,604	224,205	412,824	188,619	0	0	0
Strategic Management	-239,544	-185,407	-54,137		2,199,315	2,234,472	-35,157	2,438,859	2,419,879	-18,980	0	0	0
Transport	12,257	-420,483	432,740		6,840,177	6,363,792	476,385	6,827,920	6,784,275	-43,645	283,466	178,864	-104,602
Road Safety	-128,396	-187,366	58,970		477,162	490,573	-13,411	605,558	677,939	72,381	0	0	0
Transport Planning	-13,874	-12,000	-1,874		140,630	118,888	21,742	154,504	130,888	-23,616	0	0	0
Passenger Services	154,527	-221,117	375,644		6,222,384	5,754,331	468,053	6,067,857	5,975,448	-92,409	283,466	178,864	-104,602
Corporate Support	-154,118	-232,268	78,150		27,893,550	27,743,696	149,854	28,047,668	27,975,964	-71,704	1,811,980	2,284,849	472,870
Investment	-2,015,908	-1,211,420	-804,488		-455,590	207,660	-663,250	1,560,317	1,419,080	-141,237	0	0	0
Total	5,956,716	3,523,946	2,432,770		77,347,752	77,503,977	-156,225	71,391,037	73,980,031	2,588,994	5,939,196	14,457,599	8,518,403

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Key Messages for Each Activity

The following commentary compares Actual results and Forecast against the Revised Operating Budget, being Annual Plan plus carry forwards and Council approved adjustments.

Land, Water & Air Management

Land Management is currently favourable by \$136k compared to revised budget. Revenue is currently \$82k favourable driven by nursery sales which are \$100k favourable and SLUI is \$38k favourable primarily due to reduced vehicle running costs.

Land Management is forecasting a year end \$564k overspend compared to the revised budget, primarily through use of reserves in SLUI. This forecast includes all allocated work and it is therefore likely the year end position will result in less expenditure. Recent trends are showing a considerable drop in forecasted hectares of work (a reduction of approximately 25%). Staff are continuing to liaise with farmers to get more certainty around forecast spend. There is a risk the full budget for SLUI will not be spent this year.

Land Management capital spend in the annual plan was \$521k, made up of \$311k for silviculture and \$210k for irrigation at the nursery. A carry forward was also approved by council of \$160k for silviculture. A total of \$224k has been utilised for silviculture with a further approximate \$100k of expenses yet to be invoiced. Overall forecasting \$324k expenditure for silviculture more than the annual plan budget, but not utilising the carry forward due to unavailability of the contractor to complete additional work. The Woodville

irrigation project has progressed to obtaining design and quotes. The project is working through procurement and contractor availability may limit completion within this financial year. The aim is to establish irrigation for the next irrigation season (by the end of the calendar year).

Water Quality & Quantity activity including Monitoring & Research and the Freshwater and Partnerships programmes currently favourable by \$841k driven by staff savings and additional section 36 revenue.

Forecasting year end to have an overspend of \$131k compared to revised budget, made up of:
Water Quality \$37k favourable to revised budget
Water Quantity \$157k favourable to revised budget
Freshwater & Partnership (\$325k) unfavourable to revised budget.
The drivers of these results include staff cost savings, additional section 36 revenue and approved expenditure of reserves in the freshwater programme.

Water Quality monitoring and research is currently \$66k favourable due to savings in staff costs and delays in external expenditure. Savings have been allocated to be largely offset by external costs by year end with a forecast year end position of \$37k favourable. Section 36 revenue has been invoiced and is currently \$11k favourable which is expected to lower as adjustments are made during the period payments are received. Overall expenditure is

Monthly reporting for the period ending 28 February 2021

currently \$55k favourable to budget with staff and vehicle costs being the predominate reason. All revenue has been invoiced and accounted for. External expenditure year to date is approximate \$1.046M and there is approximate \$730k of external spend planned to land expenditure slightly over budget to offset vehicle savings. Internal charging for monitoring work is predicted to land \$40k favourable which is the main driver for the predicted \$37k favourable projection for water quality, monitoring and research. The key risks for delivery of this programme and budget forecast are the availability of contractors and their ability to deliver on time. A further related risk is several staff changes occurring within the science team over the year including the resignation of the Science and Innovation Manager.

CAPEX – The science capex budget for the year is \$70k, this is currently being prioritised and is considered on track for expenditure by year end.

Water Quantity monitoring and research is currently \$225k favourable to budget due to a combination of additional s36 revenue and expenditure savings. S36 revenue has been invoiced and is currently \$81k favourable due to additional auditing of the data prior to billing. This audit has identified additional consents to be charged. The work programme has not been adjusted to spend this additional income and this will contribute \$81k to the projected favourable result at year end.

Overall expenditure is currently showing \$165k favourable, with \$155k of staff savings being the primary driver of the favourable results. This is driven by staff changeovers, delays in recruitment

and staff time being directed towards consents and freshwater futures projects.

The year-end forecast is for the \$81k of additional revenue to remain unspent. The expenditure at year end is predicted to be \$75k favourable driven by \$170k of staff savings being offset by additional external expenditure. It is noted that some of the external work has not been commissioned as yet, and there are currently several staff changes occurring in the science team. This puts delivery to this forecast at risk. The year-end forecast is \$156k favourable for the water quantity monitoring and research part of the water monitoring and research programme. Overall for water monitoring and research programme (water quantity and water quality) the year end position is predicted to be \$193k favourable although could be considerably more favourable than that for the reasons outlined above.

Freshwater and Partnerships is currently \$550k favourable to budget. This includes under-recovery of revenue by \$6k. The revenue result includes recovery from landowners, Ministry for the Environment (MfE) reimbursement and rates income. The \$6k unfavourable result masks under recovery for some projects (as it includes recovery from landowners that are not part of the budget year to date figures) and due to timing of invoicing, as invoicing to MfE is done on a quarterly basis.

The expenditure is currently \$555k favourable comprising of \$210k of staff costs impact due to jobs for nature programme being for a part year, however budgets entered to represent these projects being a full year. Horizons will work to carry forward the balance of these costs as a part of the project. Another contributor is the

Monthly reporting for the period ending 28 February 2021

phasing of the Tokomaru project of the Manawātū Freshwater Improvement fund which was agreed through the MfE work programme to be delayed for a year but is still in the budget figures due to the timing of that decision after completion of the Annual Plan process.

The year-end forecast for the Freshwater and Partnerships programme is predicting a net \$325k overspend compared to revised budget. This is driven by approved use of reserves from the Manawatu Accord targeted rate and Regional Fencing and Planting programme. It is noted that the forecast includes a \$245k payment to Rangitikei District Council and associated recovery from MfE for Lake Waipu FIF project. This has no net impact on the year-end forecast but is highlighted as this expenditure is considered at risk of delivery due to delays in identifying a preferred land parcel. The forecast includes all allocated works for grants and it is noted it is likely some of these jobs will not be completed and therefore the expenditure prediction is likely an overestimate.

CAPEX - \$575k spend to date with a projected forecast of \$900k total spend, an additional spend of \$150k compared to revised budget. This additional spend is for the Lake Horowhenua boat ramp construction including needing security on site during works, employment of Tangata Tiaki during construction and legal costs associated with the project.

Consent & Pollution Management (\$44k) unfavourable.

Year End Forecast \$9k favourable.

Compliance (\$288k) unfavourable, some staff time has been diverted to incidents and special projects (Gorge).

Consent Processing is (\$19k) unfavourable, the team are working on a number of large/high profile resource consent applications and continue to triage applications to identify urgent or complex consents. There are number of appeals before the Environment Court, which include Pahiatua and Eketahuna WWTP renewals. Accordingly, it is important to note that cost recovery in relation to Environment Court appeals is generally low (approximately 30% of total costs).

Incidents and Hazards \$116k favourable due to approximately \$211k being received from courts in relation to prosecutions that have been concluded. Staff time is slightly over budget (\$69k), which is mainly due to staff responding to incidents received.

RMA Advice is \$147k favourable due to a variance in staff time, as staff are supporting other areas of the business.

Flood Protection & Control Works

\$1.325M favourable & \$7.483M favourable CAPEX.

Year End Forecast \$222k favourable & \$3.771M favourable CAPEX

Operational

Works through February are progressing well with the continuing settled weather giving ideal conditions for our maintenance and construction activities. With northern area schemes expenditure is largely as expected for this time of the year and tracking well relative to budget. The exception is the Porewa scheme - as reported in January actual expenditure has exceeded budget with an end of year overspend forecasted. The Lower KIWITEA and Ashhurst Drainage schemes in the Central area are currently slightly underspent with the majority of work expected in April. The Lower Manawatū scheme is approx. \$160k overspent due to increased insurance costs and lease costs as previously reported, with an end of year overspend forecasted.

The majority of the schemes in the Southern area are underspent mostly due seasonal timing of the works, and the favourable weather conditions. The over-spend with the Koputaroa Drainage scheme relates to review costs. The over-spend in the Moutoa Drainage scheme of \$25k is due to pump overhauls. The Southern schemes are expected to finish the financial year on budget. The South East Ruahines scheme in the Eastern area is currently underspent by \$33k but with some large scale works to be completed in the next few months this scheme as reported last month will finish unfavourable to budget but will not require a draw from reserves. The other scheme as reported last month in an

unfavourable position is the Upper Manawatū – Lower Mangahao scheme - this also will not require a drawdown from scheme reserves.

Investigations and advice activity is currently \$96k favourable against the revised budget. This is largely attributed to staff time spent in other areas, as well as lower than budgeted consultant hours. This favourable position will reduce towards the end of the financial year as consultants costs associated with asset management and valuations are invoiced. The Implementation activity is \$86k favourable against the revised budget, largely due to reduced demand for Environmental Grant Works, a function of the relatively benign weather conditions.

Climate Resilience

Foxton East Drainage Scheme Upgrade: There is a current underspend due to delays in initial construction works whilst planning advice was obtained in regard to the new NES for Freshwater. Staff are currently working through some valuation issues associated with the land purchase related to the Cook Street wetland. Prices have been sought for the supply of precast concrete box culverts and plastic sheet piling with supply contracts expected to be signed in April. Tender documents are being prepared for 2 culvert replacements and for construction of box culverts. Stage 2 design has progressed well including the route for conveying flood flows to storage area within the Whirokino basin.

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Rangitikei Scheme Enhancement Resilience: The project is currently underspent against the forecasted budget due to delay in commencing physical works, and the conceptual design has come in under budget with invoicing to be finalised in March. Planting design has commenced late, therefore the procurement of native plants has been delayed, as well as associated design costs. The property purchase component of the project is taking longer than anticipated but likely to match the forecast of March/April. Work not requiring a consent (under Code of Practice) has commenced, expected to bring spend back to plan around May. Plants will be ordered for winter planting within the coming months.

Lower Manawatū Scheme Resilience: Due to the project still being in the 'project programme finalisation' stages, project costs have only been attributed to staff costs. It is expected that once project works begin, consenting assessments undertaken and procurement entered into, costs for the project will start aligning with that shown in the current Project Plan's forecast costs.

Palmerston North Flood Protection: Works gaining momentum but has yet to reach forecasted levels. The request for prices covering the CCTV Inspection contract has been received, evaluated and awarded. CCTV Inspection should be completed this financial year. The scope for the Geotechnical Investigation is being refined with Tonkin & Taylor providing the particular specification and the Tender Documents are being created which will be ready to go for tender in March. Procurement for design with some of the simpler project components is just about to start.

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Biosecurity & Biodiversity Management

Biosecurity overall is currently (\$10k) unfavourable due to additional external contractor costs associated with alligator weed response.

Forecasting year end to have an overspend of (\$34k) compared to revised budget. This is driven from additional possum and rook control.

Pest Animals Biosecurity is currently \$3k favourable compared to budget. Biosecurity animals is projecting a year end position of an additional \$34k spend compared to revised budget to enable additional work where a high result for possum populations was recorded post control (RTC of 13%) and additional rook control following increased reporting by the public.

Pest Plant Biosecurity is currently (\$13k) unfavourable due to additional external contractor costs for plant incursions. Revenue is ahead of budget by \$76k due to MPI funding for Wilding Conifer project with this additional revenue offset by expenditure.

The projected year end position is for an overspend due to external contractor costs associated with alligator weed response. The programme spend will be larger than Annual Plan budget due to additional work in the wilding conifer project by Horizons and other agencies. This will be offset by additional income.

CAPEX – the budget of \$180k for possum bait stations has been fully spent.

Biodiversity overall is currently \$3k favourable driven by additional revenue through insurance claims.

Year End position is projecting \$111k favourable driven by \$66k additional revenue from insurance recovery from the Totara Reserve sewage plant damage last year. The remaining underspend of \$45k is driven from \$30k within Te Apiti activity for reduced pest animal control due to contractor availability, \$5k reduced vehicle costs and \$10k in staff savings.

Biodiversity Research is currently \$33k favourable compared to budget primarily due to a staff vacancy. The biodiversity research programme is forecasting a surplus of \$41k primarily due to staff time. Staff are working on options to reallocate these funds to projects using external capacity.

Priority Habitats is currently \$15k favourable driven by an underspend in external contractors. End of year forecast is to be on track for full expenditure of the budget. Contractor availability could impact achieving this spend by year end.

Regional Parks is currently showing (\$49k) unfavourable. Totara reserve budget is influenced by the approval of \$129k of reserve usage for poplar removal and income from an insurance claim for the septic tank repair that occurred and fixed last financial year. The poplar removal project was completed for a budget of \$138k utilising \$10k operational budget plus reserves. The septic tank claim has provided \$58k to date and is expected to provide a further \$10k by year end. The project is currently showing a \$49k deficit to budget, this is a favourable result compared to \$129k deficit (reserve usage) that was approved by council for the poplar project.

Overall the project is on track to spend its operational budget by year end. The project is projected to have a \$50k favourable result compared to revised budget. This is due to the insurance revenue that offsets costs from last financial year.

Biodiversity Partnerships is currently \$5k favourable. Revenue is reflecting a shortfall of \$45k driven from stakeholder contributions to Te Apiti that are still to be invoiced. Expenditure is \$38k more than budgeted with additional external contractor costs due to programmes being ahead of schedule.

Forecasting an underspend of \$20k compared to the revised budget driven by a combination of increased revenue from external stakeholders and slight savings in vehicle costs.

The approved use of reserves for the Manawatū Estuary management plan activity may not be completed by year end as the project may be extended to enable stakeholder engagement in the project.

The CAPEX budget for Totara Reserve is \$158k around \$40k has recently been invoiced and not showing as yet. Confirmation of the water supply upgrade budget is being progressed. Once that is complete other projects will be advanced. The priority habitats CAPEX budget of \$40k has not been allocated as yet. The Te Apiti CAPEX budget of \$142k is currently showing \$14k of spend and is projected to spend the full budget but is reliant on suppliers ability to deliver.

Monthly reporting for the period ending 28 February 2021

Regional Leadership & Governance

Community Relationships \$156k favourable.

Year End Forecast \$53k favourable.

Community Communications 60k favourable due to staff time being redirected to other areas of the business such as transport because of delayed or unscheduled projects requiring time from the comms team. Expected to be favourable at year end by \$27k in staff time to this activity. Large expenses which are coming up include sponsorship for the Rural Games to be held in March (\$20k) and website enhancements to improve user experience (\$32k).

Customer Services 1.5k favourable. This is expected to end with a (\$15k) unfavourable variance at year end as temp staff are required.

District Liaison \$52k favourable due to less hours charged than budgeted and external contractors and services include an over accrual from last year.

Rural Advisory \$42k favourable due to the impact of Plan Change 2 and Essential Freshwater there is expected increase in spend to support National Policy Statement Freshwater Management.

Environmental Reporting is currently \$62k favourable. Due to timing of external work. Overall forecasting to finish year end \$50k favourable primarily due to \$40k of external contractor savings in the drinking water programme. Staff are investigating options to advance work with these funds by the end of the financial year.

Emergency Management \$59k favourable.

Year End Forecast \$43k favourable, subject to no unforeseen events that require a significant response from Council.

Revenue is shown as \$75k unfavourable, \$63k of this is due the Horowhenua District Council (HDC) exiting contract arrangements September 2020 with the other \$8k being due to forecast costs for Maritime NZ activities coming in under budget. The other contributor to the reduced favourable position is additional unplanned depreciation cost of \$20k. Overall revenue will continue to be shown as unfavourable until financial year end due to the HDC contract however this will balance out in an under expenditure of Opex in the contracted services area.

Capex is currently \$265k favourable due to the Hazard Information Update work which has not been completed at this stage.

Horizon's EM \$15k unfavourable due to depreciation, being higher than budgeted and an increase in staff time due to Covid-19 recovery and training.

CDEM Group \$33k favourable, primarily as a result of an under spend in Operating Expenses.

Contracted Services \$42k favourable. This budget has been structured to achieve a slight net surplus primarily to cover any contract issues that may arise.

Governance \$55k favourable.

Year End Forecast \$65k favourable.

Monthly reporting for the period ending 28 February 2021

Representation \$48k favourable. Most of this variance is attributable to fewer events and conferences being able to occur than initially planned for due to changes in COVID-19 alert levels. Year-end forecast has the Representation budget ending with a surplus of \$145k which is \$47k favourable to budget.

Community and Annual Plan \$6k favourable. This is expected to end the year on an (\$80k) deficit (as budgeted) as the Long-Term Plan goes through consultation, adoption, and distribution and Audit fees are invoiced.

Information \$142k favourable.

Year End Forecast (\$21k) unfavourable, due to additional staff costs in Information Management (offset by savings in other parts of HRC).

Information Management Team \$41k favourable: the current favourable position is largely due to under-expenditure in software license fees and depreciation.

CAPEX is currently \$131k favourable. CAPEX is forecast to end the year approximately \$194k favourable to budget due to a stronger focus in operating activities.

Environmental Data Team \$101k favourable: Overall the favourable position is largely in site operation and maintenance and forecasted to complete the year within budget.

CAPEX is currently underspent however key projects are underway and expected to be completed by year end.

Hapū and Iwi Relationships \$52k favourable a consequence of holding funds from Treaty Settlement processes

Year End Forecast is expected to be \$45k favourable to budget.

Strategic Management \$54k unfavourable.

Year End Forecast \$317k favourable.

The Regional Growth study is favourable by \$136k due to the phasing of costs. The year-end forecast is to be on budget.

One Plan/Freshwater Futures is currently \$140k unfavourable. Primarily due to expenditure for Plan Change 2. The One plan budget for Plan Change 2 is fully expended for the 2020-2021 year. This is to be expected as the hearing has occurred and most remaining invoices paid. Remaining costs are likely to mean that this budget will be over expended by up to \$100k. There are two approaches to managing the over expenditure. The first is to look for a savings in other areas of the policy budget and secondly to request Council to authorise a loan from the following years' revenue for the One Plan. At this stage further forecasting is underway to check on the size of any overspend. The budget does not contain provision for an appeal of the Plan Change 2 decision. Should an appeal occur further advice will be provided to Council.

Emerging Issues (Policy & Corporate) \$74k favourable. This is expected to finish the year with an (\$80k) deficit due to the climate change work approved by Council to get an understanding of the base emissions of the Council.

Monthly reporting for the period ending 28 February 2021

Transport Services

The Transport Activity is \$433k favourable to budget.

Year End Forecast to be (\$57k) unfavourable.

Road Safety is \$59k favourable to budget – The favourable variance is purely a timing issue of promotional and educational programmes activities, and receipt of local share contributions from Whanganui District Council for its National Cycling education programme. The overall activity is expected to be on budget by year end.

Personnel expenses are \$23k (F) as currently less hours have been used than budgeted particularly by Manager Transport and Communication Team support. By year end personnel expenses are expected to align with budget.

Vehicle charges (\$5k F) and promotional and educational programme (\$47k F) are both tracking below budget, but are expected to be on budget by year end. As spend is currently tracking below budget this has knock-on effect on the subsidy revenue from Waka Kotahi, which will consequently also track below budget. Revenue is expected to track to budget by year end.

Transport Planning is \$2k unfavourable to budget – Expected to be \$33k Unfavourable to budget by year end

Forecasted year end overspend to budget relates to the development of the RLTP in this financial year.

- This work is being supported by external contractors, some of this cost has been offset by reduced use of internal transport team resources. However there has been an

increase use of Communications Team and Information Management staff time above what was budgeted.

- Also no allowance was made in the budget for design, production, and consultation of the draft RLTP. Contribution to stock effluent is currently \$7k favourable to budget

Passenger Services is \$376k favourable to budget

Note that Included in the operating surplus is the NZTA subsidy relating to the 2020/21 capex spend on the new ticketing system. The adjusted Operating surplus/deficit after removing this capex related subsidy is \$191k favourable to budget.

Favourable position is a combination of 2 elements relating to phasing of fare revenue budget and covid-19 revenue top up subsidy from Waka Kotahi.

The top up calculation is based on actual revenue received in 2018/19 and 2019/20.

The phasing of this financial year's fare revenue budget assumes less revenue in the first half of the year due transitional fares with Bee Card introduction but increasing in the second half of the year.

This has meant a higher level of top-up subsidy has been received in the first half of the year. By year end this variance will be removed.

By year end this activity is anticipated to be \$24k unfavourable to budget. The move to an unfavourable position primarily relates to:

Monthly reporting for the period ending 28 February 2021

Use of external consultants to assist with Palmerston North Bus review

Whanganui bus timetable change - use of external contractor costs for design and print of supporting collateral, increased use of coms to support roll-out of change

Roll-out of Bee Card – advertising and promotion and additional customer service staff support required during implementation.

Increased cost of running of Bee card ticketing system e.g. bank charges, and contract costs

Use of additional resources to support development of new reporting tools and website improvements.

Some of the above additional costs have been offset by bus contract inflation predicted to be less than budgeted, around \$130k.

Corporate Support

Corporate Support \$78k favourable to budget.

Year End Forecast to be (\$158k) unfavourable.

The favourable results year to date are a combination of Repairs & Maintenance which are due to occur in the latter part of the year once contractors can be sourced, and staff training which was delayed. It is expected both of these areas will be fully spent by year end.

The year-end position currently reflects an expected deficit of (\$158k) which is in line with the year to date deficit of (\$154k).

CAPEX is currently \$473k favourable to budget. In Facilities and Asset Management, we are currently \$168k favourable but it is expected we will be nil by the end of the year, providing contractors we need are available. In Finance we are currently \$283k favourable to budget due to delays in beginning the Ozone replacement project as completing the Asset Management system is the priority.

Investments

Investments (\$804k) unfavourable to budget.

Year End Forecast (\$887k) unfavourable.

Investments year to date is currently (\$804k) unfavourable. There are several areas at play affecting this. Firstly Investment Revenue is unfavourable due to term deposit interest rates remaining firmly under 1%. The difference is (\$470k) unfavourable. Penalties and Remissions are unfavourable by (\$148k), due to additional discounts and remissions granted, partially offset by additional penalties charged this year. Overall, revenue is unfavourable by (\$664k). Expenditure also is unfavourable, by (\$140k), which is mostly due to MWRC Holdings Ltd costs which are incurred on behalf of the company, and then charged back.

The year-end position forecasted is a direct result of lower interest rates in the market combined with lower cash available to invest and the impact that this has had Council this financial year. It is also expected that a slightly lower dividend will be received from MWRC Holdings as a result in delays with finalising tenancy arrangements, which has also been reflected in the forecast position.

Report No.	PX21-30
Information Only - No Decision Required	

PERFORMANCE MEASURES - FOR THE EIGHT MONTHS ENDED 28 FEBRUARY 2021

1. PURPOSE

- 1.1 This report is to inform members on the eight-month progress against the annual performance measures as outlined in the 2020-21 Annual Plan.

2. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the information contained in Report No. 21-30 and Annex.

3. FINANCIAL IMPACT

- 3.1 This report has no financial impact as it only provides detail on the performance against the qualitative performance measures set out in the 2020-21 Annual Plan.

4. COMMUNITY ENGAGEMENT

- 4.1 Not applicable at this stage. Performance at year-end will be reported in the Annual Report for the year ended 30 June 2021.

5. SIGNIFICANT BUSINESS RISK IMPACT

- 5.1 There is no significant risk to the business from this report.

6. BACKGROUND

- 6.1. Section 4 of Schedule 10 of the Local Government Act requires a local authority to include intended levels of service into their long-term plans. The intended levels of service are set out in the form of performance measures that the local authority considers will enable the public to assess Council's non-financial performance.

7. COMMENT

- 7.1. A copy of the performance measures for each activity, with commentary, is included at Annex A.
- 7.2. Overall, levels of service are on track at this stage of the year and are signalling to be better than last financial year. 11 activities are forecasting 100% completion by year end and the remaining seven are suggesting they will not be 100% successful in meeting their targets. Overall we anticipate achieving 87% of the targets by year end (87% in 2020).

Summarised details are in the table below:

Group	No. of measures	Forecast to be complete June 2021	Forecast to not achieve	Not applicable	% forecast to complete
Biosecurity	12	12	0	0	100%
Community Relationships	10	8	2	0	80%
Emergency Management	8	8	0	0	100%
Environmental Reporting	6	6	0	0	100%
Governance	4	2	0	2	100%
Information	3	3	0	0	100%
Investment	5	3	2	0	60%
Hapū and Iwi Relationships	1	1	0	0	100%
Land Management	6	6	0	0	100%
Living Heritage	5	4	1	0	80%
Passenger Services	4	2	2	0	50%
Resource Consent and Pollution Management	9	4	2	3	67%
River and Drainage – General	9	6	3	0	67%
River and Drainage – Schemes	24	18	3	3	86%
Road Safety	1	1	0	0	100%
Strategic Management	1	1	0	0	100%
Transport Planning	4	4	0	0	100%
Water Quality and Quantity	19	19	0	0	100%
	131	108	15	8	88%

7.3. Details of the individual performance measures can be found in the attached Annex. A couple of points to note are as follows:

- The Community Relationships activity has two targets at risk by year-end as a result. Due to a network outage which has meant that there won't be 24 hour, seven days a week access to Horizons via the phone call centres. The second target, which is hard to estimate, is the number of media releases and mentions.
- The Investment activity will not meet the target interest rate earned on investments in the current year due to the historically low interest rates falling even further than predicted. MWRC Holdings is also unlikely to declare a dividend to the level in the budget due to a delay in filling the last of the tenancies in the 17-23 Victoria Avenue site.
- Passenger Services is forecasting that they will not achieve a 1% patronage growth across all of our services due mostly to international students being largely absent from the city as a result of COVID-19. There is expected to be an improvement on the year to date figure by the time the financial year ends. Further, the target of new bus shelters will not be met as this work has been delayed during the year (as a result of other customer interface information being rolled out) resulting in the target not being met by year end.
- The Resource Consent and Pollution Management activity is forecasting to achieve four out of nine targets. Three are forecast to not be achieved and three are not applicable. The rural programme has been impacted by two main factors relating to personnel – one staff member has been diverted to National Environmental Standards work within the organisation, and staff vacancies for a couple of months.
- The River and Drainage activity is forecasting to achieve all but six of their targets. Three further targets are not applicable. Dry weather has resulted in no need for urgent response to flooding and also no demand on environmental grant funded works. The audit on one scheme has been replaced with a review to better assess the scheme with

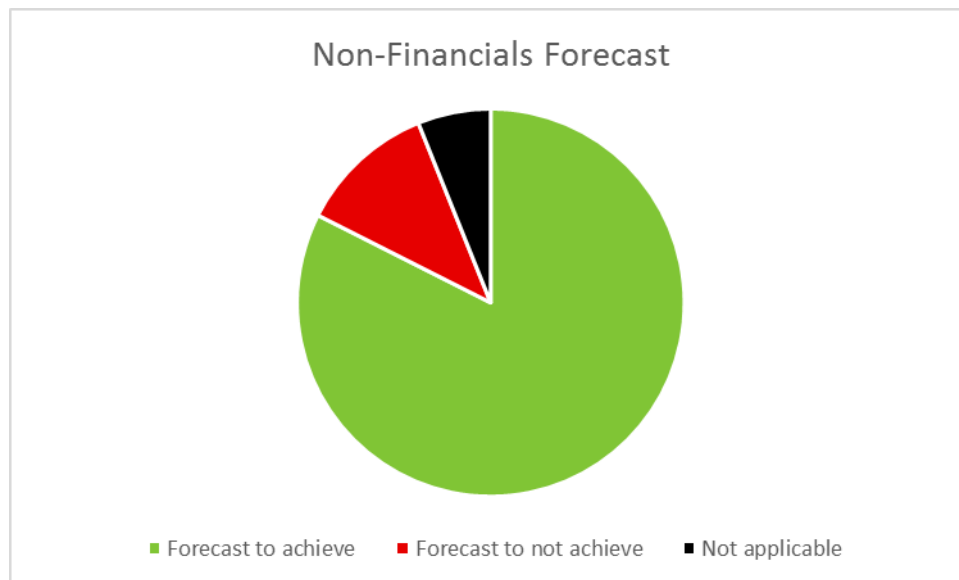
regards to level of service. Due to change in strategic output of the Rangitikei scheme, some operational assets have not been maintained to the level currently specified in the asset management plans, which are updated every LTP. Some capital works programmes have also been halted while the strategic review is undertaken. On the South Eastern Ruahines scheme, a programme of works is underway to increase the level of service provided by weirs, however by year end, this is anticipated to be lower than the levels stipulated in the asset management plan for that scheme.

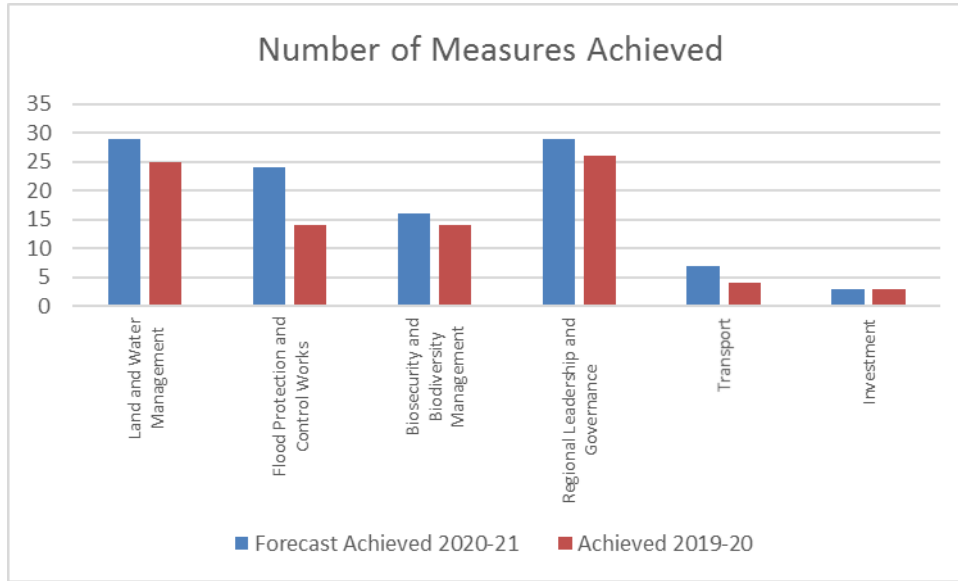
- There are eight measures deemed Not Applicable this year as they relate to performance indicators tagged to specific events which have not occurred this current year.

7.4. Most groups of activities are forecast to show improvements when compared to last year. This doesn't hold true for the Investment group of activities as this activity was less effected by the COVID-19 lockdown in March/April 2020, however the impact on interest rates is still being felt.

7.5. The activities where we see the biggest increase in expected measures achieved are River and Drainage – Schemes (part of the Flood Protection and Control Works Group of Activities) and Water Quality and Quantity (part of the Land and Water Management Group of Activities). Both of these activities were affected by the Level 4 COVID-19 lockdown in March/April 2020 where the ideal time for their work programs is late summer/autumn where river flows are lower. This financial year they are on track to complete work programs which were unable to be done in the previous financial year. Enhancing this work is the Climate Resilience and Jobs for Nature funding which is enabling higher levels of work to occur than initially planned for.

7.6. Graphs detailing overall results and comparison by group of activities to last year;





8. SIGNIFICANCE

8.1 This is not a significant decision according to the Council’s Policy on Significance and Engagement.


Scott Mancer
MANAGEMENT ACCOUNTANT

Adrian Smith
CHIEF FINANCIAL OFFICER

ANNEXES

A Non Financial Performance Measures to 28 February 2021










Land Management Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●●●●●							
6	0					0	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year End Forecast		Comment
PROJECT GROUP: SUSTAINABLE LAND USE INITIATIVE (SLUI)							
Erosion reduction works programmes in targeted SLUI catchments (hectares).	3,100	7,375	<input checked="" type="checkbox"/>	1,216	3,350	●	
Hectares of Whole Farm Plan properties mapped per year.	20,000	23,017	<input checked="" type="checkbox"/>	4,210	24,000	●	
PROJECT GROUP: REGIONAL LAND INITIATIVES (NON-SLUI AND WCS INCLUDING COASTAL DUNE AREAS) AND WHANGANUI CATCHMENT STRATEGY							
Manage environmental grant programme to deliver erosion reduction works (hectares).	175	221	<input checked="" type="checkbox"/>	146	262	●	
Support industry initiatives that promote sustainable land use via industry partnerships.	5	8	<input checked="" type="checkbox"/>	6	6	●	B&L, PWRT, SFF (poplar), SFF (catch crop), Landwise, SFF (winter grazing)
Operate Council nursery and source additional commercial material to deliver poles (poplar and willow) to erosion control programmes (number of poles).	30,000	31,732	<input checked="" type="checkbox"/>	32,600	32,600	●	
PROJECT GROUP: RESEARCH AND MONITORING							
Annual report on the land and fluvial monitoring and research activity.	1	Achieved	<input checked="" type="checkbox"/>	0	1	●	An annual report on land and fluvial monitoring and research will be delivered by June 2021.

Water Quality and Quantity Level of Service (what the Council has delivered)						
Achieved	Not Achieved					Not Applicable
						
19	0					0
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year End Forecast	Comment
PROJECT GROUP: DELIVER FRESHWATER ENHANCEMENT WORK WITHIN THE MANAWATŪ CATCHMENT IN ALIGNMENT WITH THE MANAWATŪ RIVER ACCORD						
Stream fencing - (km)	50 km	56 km	<input checked="" type="checkbox"/>	50	98	● Majority of works and claims are completed April through to June.
Riparian plants (number)	40,000	77,396	<input checked="" type="checkbox"/>	90,802	114,500	● No further works to be undertaken until the start of the planting season which runs from May through to September.
Remediate fish barriers (number)	4	1	<input checked="" type="checkbox"/>	0	6	● Works are completed during late summer/early autumn when river flows are lower and stable allowing instream works for remediation of fish barriers.
Community projects (funded)	9	8	<input checked="" type="checkbox"/>	2	12	● Decisions on which projects are funded is made in the first half of the financial year however, the projects have until the end of June 2021 to be completed.
Annual report to Council on Manawatū Catchment Freshwater Improvement Fund project.	1	1	<input checked="" type="checkbox"/>	0	1	● Reporting on the project occurs as close to the end of the financial year as possible to capture the majority of the works that have been completed.
PROJECT GROUP: DELIVER FRESHWATER ENHANCEMENT WORK WITHIN THE WHANGAEHU CATCHMENT THROUGH THE WHANGAEHU FRESHWATER IMPROVEMENT FUND						
Stream fencing - (km)	17 km	29 km	<input checked="" type="checkbox"/>	0.148	40.35	● Majority of works and claims are completed April through to June.
Riparian plants (number)	3,333	3,095	<input checked="" type="checkbox"/>	2,023	3,987	● No further works to be undertaken until the start of the planting season which runs from May through to September.
Remediate fish barriers (number)	2	1	<input checked="" type="checkbox"/>	3	7	● Works are completed during late summer/early autumn when river flows are lower and stable allowing instream works for remediation of fish barriers.
Community projects (funded)	3	4	<input checked="" type="checkbox"/>	0	8	● Decisions on which projects are funded is made in the first half of the financial year however, the projects have until the end of June 2021 to be completed.
Annual report to Council on Whangaeahu Catchment Freshwater Improvement Fund project.	1	1	<input checked="" type="checkbox"/>	0	1	● Reporting on the project occurs as close to the end of the financial year as possible to capture the majority of the works that have been completed.
PROJECT GROUP: DELIVER FRESHWATER ENHANCEMENT WORK WITHIN THE WAIPU CATCHMENT THROUGH THE FRESHWATER IMPROVEMENT FUND						
Annual report to Council on Waipu Catchment Freshwater Improvement Fund project.	1	1	<input checked="" type="checkbox"/>	0	1	● Reporting on the project occurs as close to the end of the financial year as possible to capture the majority of the works that have been completed.

Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year End Forecast		Comment
PROJECT GROUP: DELIVER FRESHWATER ENHANCEMENT WORK IN THE REGIONAL FRESHWATER PROGRAMME							
Stream fencing - (km)	12 km	22 km	<input checked="" type="checkbox"/>	10.09	45.815	●	Majority of works and claims are completed April through to June.
Riparian plants (number)	20,000	42,073	<input checked="" type="checkbox"/>	29,883	42,090	●	No further works to be undertaken until the start of the planting season which runs from May through to September.
Remediate fish barriers (number)	1	1	<input checked="" type="checkbox"/>	1	5	●	Works are completed during late summer/early autumn when river flows are lower and stable allowing instream works for remediation of fish barriers.
Community projects supported.	1	1	<input checked="" type="checkbox"/>	2	2	●	
PROJECT GROUP: DELIVER FRESHWATER ENHANCEMENT WORK WITHIN THE LAKE HOROWHENUA IN ALIGNMENT WITH THE LAKE HOROWHENUA ACCORD							
Annual report to Council on lake restoration activity including the Freshwater Improvement Fund project for Lake Horowhenua.	1	1	<input checked="" type="checkbox"/>	0	1	●	Reporting on the project occurs as close to the end of the financial year as possible to capture the majority of the works that have been completed.
Annual report on the work with the horticulture sector through the freshwater and partnerships programme to improve water quality.	1	1	<input checked="" type="checkbox"/>	0	1	●	Reporting on the project occurs as close to the end of the financial year as possible to capture the majority of the works that have been completed.
PROJECT GROUP: IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S WATER RESOURCE							
Water quantity and water quality information is made available to the public via LAWA (www.lawa.org.nz) and Horizons' website.	Data provided to LAWA as requested.	Complete	<input checked="" type="checkbox"/>	Complete	Complete	●	Data has been provided to LAWA as required.
Annual report on water quantity and quality monitoring and research activity and its findings.	1	Complete	<input checked="" type="checkbox"/>	0	1	●	Annual report will be presented to Council in June 2021

Resource Consent and Pollution Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●●●	●●					●●●	
4	2					3	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year End Forecast		Comment
PROJECT GROUP: CONSENTS PROCESSING							
Process all consents within Resource Management Act (RMA) timeframes.	85%	84%	<input checked="" type="checkbox"/>	88%	88%	●	
Advise all consent holders of consent expiry dates 9 months prior to expiration.	100%	0%	<input type="checkbox"/>	NA	NA	●	This is a timeframe we cannot report on accurately. It is recommended this target is removed via the LTP process.
PROJECT GROUP: COMPLIANCE MONITORING							
Monitor compliance of all resource consents identified in the rural annual compliance monitoring programme.	90%	54%	<input checked="" type="checkbox"/>	20%	82%	●	The Rural Programme consists of monitoring Farm Dairy Effluent consents and Nutrient Management Plans required as part of Intensive Land Use consents. Year to date we have inspected 110 FDE consents (out of the programmed 300), and will be monitoring the 259 nutrient management plans required by the ILU consents identified on the programme. the FDE programme has been impacted by two main factors being (a) staff resource being diverted to set-up and commence a limited proactive monitoring programme in relation to the NESPF and (2) staff vacancies for a couple months.
Monitor compliance on Category 1 and Category 2 (high priority) sites identified in the TA and industry annual monitoring programme.	100%	57%	<input checked="" type="checkbox"/>	44%	100%	●	It is expected that all sites will have received an annual audit.
Monitor compliance on Category 3 (average priority) sites identified in the TA and industry annual monitoring programme.	>60%	66%	<input type="checkbox"/>	NA	NA	●	Not Applicable. There are no Category 3 sites identified on the programme for proactive monitoring. Council's monitoring of these sites occurs where a complaint is received.
Monitor compliance on Category 4 (low priority) sites identified in the TA and industry annual monitoring programme.	>40%	NA	<input type="checkbox"/>			●	Not Applicable. There are no Category 4 sites identified on the programme for proactive monitoring. Council's monitoring of these sites occurs where a complaint is received.
Take follow-up action for significant non-compliers.	100%	100%	<input checked="" type="checkbox"/>	100%	100%	●	
PROJECT GROUP: INCIDENTS AND HAZARDS							
All notifications of non-compliance from the public are responded to. *	100%	100%	<input checked="" type="checkbox"/>	100%	100%	●	
Update contaminated sites information database for one TA each year.	100%	100	<input checked="" type="checkbox"/>			●	
*Options for response include: Desktop response; Immediate site inspection; Planned site inspection; Phone call only; Referred to external contractor; Subject to investigation; and Referred to other agency (i.e. relevant territorial authority, Civil Aviation Authority etc.).							

River and Drainage-General Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●●●●●	●●●						
6	3						0
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year end forecast		Comment
PROJECT GROUP: INVESTIGATIONS AND ADVICE							
Undertake investigations in relation to identified or potential flooding or erosion hazards, identify mitigation measures and consult with affected communities. Develop works and funding measures where appropriate.	2	1	<input checked="" type="checkbox"/>	0	2	●	Due to dry weather conditions, there have been no emerging issues to respond to. However, a number of erosion hazards are likely to be investigated as part of the Climate Resilience projects.
Provide river and drainage advice on demand in relation to flooding and erosion problems.	18	20+	<input checked="" type="checkbox"/>	20+	20+	●	Advice has been provided on numerous occasions through the District Advice Team
In accordance with the programme identified in the table on page 46, carry out and report to Council on audits of schemes, identifying any deficiencies in inspection and maintenance activity that materially impact service delivery.	1	0	<input checked="" type="checkbox"/>	0	0	●	The planned audit of the Mangatainoka Scheme, has been replaced with a Scheme Review, to better assess the Schemes levels of service in to the future
In accordance with the programme identified in the table on page 62, carry out and report to technical and rating classification reviews of schemes, assessing whether current levels of service meet the needs of the community and that the associated funding model is equitable	3	0	<input checked="" type="checkbox"/>	0	3	●	Ashhurst, Mangatainoka, and Ohau-Manakau Scheme Reviews are progressing well
In accordance with the programme identified in the table on page 62, produce operations and maintenance manuals that capture scheme history, operating context and the inspection and maintenance activities required to deliver the levels of service to the relevant communities	1	0	<input checked="" type="checkbox"/>	0	1	●	The planned Mangatainoka O&M Manual has been deferred to enable the completion of the O&M Manual for the Lower Manawatu Scheme
Survey rivers annually for identification and removal of obstacles presenting hazards to navigation and recreational use.	5	5	<input checked="" type="checkbox"/>	5	5	●	Undertaken across the Region's rivers as part of annual inspection programmes
PROJECT GROUP: IMPLEMENTATION							
Respond to the need for urgent flood or erosion mitigation works in situations where there is insufficient time to identify appropriate contributions from those who will benefit from the scheme.	1	0	<input checked="" type="checkbox"/>	0	0	●	Dry weather conditions have meant that no urgent issues have arisen this year.
Undertake investigations and designs, prepare engineering proposals for flood or erosion measures, and supervise works.	10	10+	<input checked="" type="checkbox"/>	2	10+	●	These have been undertaken as part of the capital works programme.
Apply environmental grant funding assistance where criteria are satisfied	10	3	<input checked="" type="checkbox"/>	0	2	●	Dry weather conditions have meant that there has not been demand for EG funded works

River and Drainage-Scheme Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
							
18	3					3	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year End Forecast		Comment
PROJECT GROUP: LOWER MANAWATŪ SCHEME							
Flood and erosion protection assets and systems are maintained - Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the LMS Asset Management Plan.	Not Achieved	<input checked="" type="checkbox"/>	NA	Achieved		Asset condition ratings are inspected and completed between May to June.
Flood and erosion protection assets and systems are maintained - System performance design standard	Stopbanks and associated structures within the rural area are maintained to the 1% AEP standard. Stopbanks within the Palmerston North 'City' area are maintained to th 0.2% AEP standard.	Achieved	<input checked="" type="checkbox"/>	ongoing	Achieved		Maintenance of structures as per Asset Rating Guidelines within budget constraints and prioritization based on risk assessment of asset failure.
Flood and erosion protection assets and systems are maintained - Oroua slit removal	Remove 10,000 cubic metres of silt from the critical sections of the Oroua River berm.	Achieved	<input checked="" type="checkbox"/>	NA	Achieved		Removal of silt will be undertaken during March April
Flood and erosion protection assets and systems are repaired - Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High	N/A	<input type="checkbox"/>	NA	NA		No flood events to date
Assets are renewed at end of useful life or to reinstate decline in service level - Completion of renewals programme	As per Asset Management Plan Renewals programme.	N/A	<input checked="" type="checkbox"/>	NA	Ongoing		Some items on the renewal programme items are to be undertaken as part of the Climate Resilience Project and one timber wall will be upgraded during the next 4 months.
New assets are constructed - Completion of new capital works programme	Progress the upgrade of the Reid Line floodway, providing Feilding with 0.5% AEP flood protection.	Not Achieved	<input checked="" type="checkbox"/>	NA	Ongoing		Programme of land purchases to enable the upgrade of the Reid Line Floodway is proceeding. 2 Properties have been purchased to date and ongoing discussions with several other land owners are proceeding.

Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year End Forecast		Comment
PROJECT GROUP: RANGITĪKEI RIVER SCHEME							
Flood and erosion protection assets and systems are maintained - Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Rangitikei River Scheme Asset Management Plan.	Not Achieved	<input checked="" type="checkbox"/>	Not achieved	Not Achieved	●	All hard flood protection assets meet level of service condition requirements. Some erosion protection assets will not be maintained/repared under the proposed new strategy management policy. An update of the Asset Management Plan required to represent these new values.
Flood and erosion protection assets and systems are maintained - System performance design standard	Parewanui stopbanks are maintained to the 1% AEP standard (except for those assets still to be upgraded under the Parewanui flood protection upgrade project). Tangimoana, Walker's and Kakariki stopbanks are maintained to the 2% AEP standard.	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	
Flood and erosion protection assets and systems are repaired - Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	N/A	<input checked="" type="checkbox"/>	Achieved	Achieved	●	There have been no significant floods resulting in scheme asset damage
Assets are renewed at end of useful life or to reinstate decline in service level - Completion of renewals programme	As per Asset Management Plan Renewal programme.	N/A	<input checked="" type="checkbox"/>	Not Achieved	Achieved	●	Stopbank upgrade will be completed by the end of the year
New assets are constructed - Completion of new capital works programme	Complete all programmed 'Year 17' Rural Flood Protection Upgrade project works. These will raise the standard from approximately 2% AEP to 1% AEP. Complete 'Year 11' Channel alignment project works.	Not Achieved	<input checked="" type="checkbox"/>	Not Achieved	Not Achieved	●	Rural flood protection work was unable to be completed last year due to Covid. Total planned project works to be completed this financial year. Channel alignment work is on hold as the scheme undertakes a strategic study on how best to manage the awa in future years in a more sustainable manner and in acknowledging climate resilience requirements.

Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year End Forecast		Comment
PROJECT GROUP: MANAWATŪ DRAINAGE SCHEME							
Flood and erosion protection and drainage assets and systems are maintained - Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Manawatū Drainage Scheme Asset Management Plan.	Achieved	<input checked="" type="checkbox"/>	Not achieved	Achieved	●	Agreed maintenance programs are currently underway and should be complete by the end of the financial year
Flood and erosion protection and drainage assets and systems are maintained - System performance design standard	Stopbanks and associated flood protection structures are maintained to the 20% AEP standard.	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	
Flood and erosion protection and drainage assets and systems are repaired - Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	N/A	<input type="checkbox"/>	N/A		●	There have been no significant floods resulting in scheme asset damage
Assets are renewed at end of useful life - Completion of renewals programme	As per Asset Management Plan Renewal programme.	Not Achieved	<input checked="" type="checkbox"/>	Not achieved	Achieved	●	Works are programmed to commence in March 2021
PROJECT GROUP: MANGATAINOKA SCHEME							
Flood and erosion protection assets and systems are maintained - Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Mangatainoka Asset Management Plan.	Not Achieved	<input checked="" type="checkbox"/>	Not achieved	Achieved	●	Works on programme to ensure all asset condition ratings are within the target. The key failure point for last year was the condition of the Kamo bend stopbank. This will be remediated by the end of the financial year.
Flood and erosion protection assets and systems are maintained - System performance design standard	Maintain the Burmeister, Kamo and Hamua stopbanks to 20%, 10% and 5% AEPs respectively.	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	Surveys from 2019 show that the stopbanks are able to meet the requirements of the respective flood returns.
Flood and erosion protection assets and systems are repaired - Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	N/A	<input checked="" type="checkbox"/>	Achieved	Achieved	●	A large flood event occurred in October and December of 2020. A works programme has been constructed and is being worked through. It is expected that most works will be completed within this financial year. The high priority works have already been completed.
New assets are constructed - Completion of new capital works programme	Complete all capital works as outlined in the Mangatainoka Asset Management Plan.	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	This is in progress. The CAPEX programme is on track and the CAPEX budget will be spent by the end of the financial year.

Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year End Forecast		Comment
PROJECT GROUP: SOUTH EAST RUAHINE SCHEME							
Flood and erosion protection assets and systems are maintained - Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the South Eastern Ruahine Asset Management Plan	Not Achieved	<input checked="" type="checkbox"/>	Not achieved	Not Achieved	●	A programme is in place to upgrade weirs on the SER scheme to meet the service potential requirements of the AMP. The new NES for fish passage significantly increases the cost of repair to each weir and it is unlikely that the scheme will have sufficient funds to effect enough repairs this financial year.
Flood and erosion protection assets and systems are maintained - System performance design standard	Stopbanks are maintained to the 20% AEP standard.	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	The stopbanks will meet the required AEP standard
Flood and erosion protection assets and systems are repaired - Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Achieved	<input type="checkbox"/>	N/A	N/A	●	There have been no flood events this financial year in the SER. All repairs from the last flood event in June 2019 were completed by Jan 2020.
New assets are constructed - Completion of new capital works programme	Complete all capital works as outlined in the South Eastern Ruahine Asset Management Plan.	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	CAPEX programme is up to date and will be completed by year end.
PROJECT GROUP: ALL OTHER SCHEMES (NON-MANDATORY REPORTING)							
Flood control, channel management and drainage schemes are maintained so as to provide communities with protection from flooding and erosion, and with drainage benefits to productive land within scheme areas - Prescribed asset condition ratings are achieved	Manage scheme and maintain scheme assets in accordance with scheme asset management plan and operations and maintenance manual.	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	

* Annual Exceedance Probability (AEP) refers to the probability of a flood event occurring in any year. The probability is expressed as a percentage. For example, a large flood which may be calculated to have a 1% chance to occur in any one year, is described as 1% AEP.

Return Period or Recurrence Interval	Probability of occurrence in any given year	Chance of occurrence in any given year (AEP)
500 years	1 in 500	0.2%
200 Years	1 in 200	0.5%
100 Years	1 in 100	1.0%
50 Years	1 in 50	2.0%
25 Years	1 in 25	4.0%
20 Years	1 in 20	5.0%
10 Years	1 in 10	10.0%

Biosecurity Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●●●●●●●●●●●●●							
12	0					0	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year End Forecast		Comment
PROJECT GROUP: PEST ANIMAL MANAGEMENT							
Possum densities are maintained at/below 10% residual trap-catch (RTC) in existing/new possum control operation (PCO) areas. This is to enhance production, biodiversity, disease protection and amenity values.	<10% RTC	2.9%	<input checked="" type="checkbox"/>	3%	3%	●	
Additional hectares included in control programme.	6,217	42,765	<input checked="" type="checkbox"/>	36,920 ha	36,920 ha	●	
All known rookeries are treated annually to reduce crop losses and damage.	1	100%	<input checked="" type="checkbox"/>	100%	100%	●	
Provide an urban/peri-urban animal pest management service to assist urban ratepayers with specialist advice and equipment and animal pest control assistance/enquiries are responded to within 2 working days.	1	100%	<input checked="" type="checkbox"/>	100%	100%	●	

Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year End Forecast		Comment
PROJECT GROUP: PEST PLANT MANAGEMENT							
Any exclusion category pest plants that are found in the Region are promptly managed. - Exclusion category pest plants are found in the Region.	Number of response plans required.	1	<input checked="" type="checkbox"/>	1	1	●	
Any exclusion category pest plants that are found in the Region are promptly managed. - An initial response plan will be completed within 2 weeks.	Percentage where a response plan has been produced within 2 weeks (target 100%).	1	<input checked="" type="checkbox"/>	1	1	●	
Any exclusion category pest plants that are found in the Region are promptly managed. - Response plan enacted (if not enacted before 2 weeks).	Number of response plans enacted within their specified timeframes (target 100%).	1	<input checked="" type="checkbox"/>	1	1	●	
Number of managed sites at zero-levels increases for pest plants identified for eradication in the Regional Pest Management Plan.	Overall % of managed sites at zero-levels increases by 10%.	100%	<input checked="" type="checkbox"/>	100	100	●	
Number of managed sites at zero-levels increases for pest plants identified as progressive containment mapped in the Regional Pest Management Plan.	Overall % of managed sites at zero-levels increases by 10%.	100%	<input checked="" type="checkbox"/>	100%	100%	●	
Financially support the national bio-control agent development programme and report annually to Council on this programme.	Financial support provided and annual report to Council.	1	<input checked="" type="checkbox"/>	1	1	●	
Monitoring of some released biological agents will be completed to assess establishment and host damage (using the national protocol).	20 assessment plots will be monitored.	100%	<input checked="" type="checkbox"/>	0	20	●	The assessments will be undertaken in the third period of the year
Pest plant enquiries received are responded to within 3 working days.	95% of enquiries will be responded to within 3 working days.	100%	<input checked="" type="checkbox"/>	100%	100%	●	
<p>*1 Initial control programme completed 2016-17.</p> <p>*2 There are many mechanisms by which plants can be established in the Region that are outside Horizons' ability to control. Horizons' role includes work to reduce some potential pathways for these pests to arrive in the Region, surveillance for these pests, and potentially a role in management of them once they are discovered.</p>							

Living Heritage Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●●●	●						
4	1						0
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year End Forecast		Comment
PROJECT GROUP: PROTECT/ENHANCE PRIORITY HABITAT REMNANTS							
Additional Top 100 wetlands actively managed.	4	2	<input checked="" type="checkbox"/>	0	4	●	Potential wetlands identified, however not actively managed yet
Additional Top 200 bush remnants actively managed.	7	2	<input checked="" type="checkbox"/>	1	7	●	Potential bush remnants identified, however not actively managed yet
PROJECT GROUP: SUPPORT COMMUNITY INVOLVEMENT IN BIODIVERSITY PROTECTION							
Support existing community-based biodiversity improvement projects.	12	27	<input checked="" type="checkbox"/>	2		●	Many projects are underway but not completed
PROJECT GROUP: IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S BIODIVERSITY							
Annual report on biodiversity monitoring and research activity.	1	1	<input checked="" type="checkbox"/>	0	1	●	Annual report will be provided to Council in June 2021.
PROJECT GROUP: TOTARA RESERVE REGIONAL PARK							
Annual report on the management of Totara Reserve Regional Park for biodiversity and recreational values, including managing the camping facility.	1	1	<input checked="" type="checkbox"/>	0	1	●	

Community Relationships Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●●●●●●●	●●						
8	2					0	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year End Forecast		Comment
PROJECT GROUP: COMMUNICATIONS							
Connect our communities with Horizons' work through a number of channels in a proactive and transparent way.	>90 media releases. >1,950 media mentions.	91 media releases. 1,137 media mentions	<input checked="" type="checkbox"/>	48 media releases, 630 media mentions		●	Media mentions hard to determine. We received an end of year report from our monitoring company which gives an accurate figure.
Likes/followers on social media (all accounts that Horizons manages).	>23,000	29,829	<input checked="" type="checkbox"/>	32,529	33,000	●	
Videos produced.	16	66	<input checked="" type="checkbox"/>	14	23	●	
Website sessions.	>660,000	646,482	<input checked="" type="checkbox"/>	494,067	660,000	●	
PROJECT GROUP: DISTRICT LIASON							
All information requests are met within timeframe (approximately 450 formal and 650 informal requests received per year, with approximately 20 plan change proposals assessed per year).	20 days	100%	<input checked="" type="checkbox"/>	100%	100%	●	Responded to a total of 719 requests as at the end of February. 513 informal and 206 formal.
Meet Building Act 2004 legislative requirements.	100%	100%	<input checked="" type="checkbox"/>	100%	100%	●	Responded to 2 dam enquiries, no dam proposals received and no Project information Memorandums (PIMs) were issued.
PROJECT GROUP: CUSTOMER SERVICE							
Maintain 24-hour, seven days a week access to Horizons via internal and external call centre support.	100%	Not Achieved	<input checked="" type="checkbox"/>	98%	98%	●	Target not met due to a network outage - proactive measures were taken to transfer the phones system. The transfer took longer than usual due to system constraints. 98%
95% of all calls received on a 24/7 basis are answered.	95%	Achieved	<input checked="" type="checkbox"/>	95%	95%	●	Monthly stats reviewed and signed off - Target met.
The Council provides a friendly, professional and knowledgeable service to its customers. Ninety per cent of customers are satisfied with the friendliness, professionalism and knowledge of the service.	90%	Achieved	<input checked="" type="checkbox"/>	90%	90%	●	Customer satisfaction analysis on a monthly basis's, review inbound call recording for consistency, service delivery and resolution. Target met.
PROJECT GROUP: ENVIRONMENTAL EDUCATION							
Increase participation levels in the EnviroSchools and Waiora programmes at a manageable rate. Engage the community through environmental education opportunities.	50 EnviroSchools. 34 Waiora Sessions. 33 community engagements.	74 EnviroSchools. 19 Waiora Sessions. 59 Community Engagements	<input checked="" type="checkbox"/>	80 EnviroSchools, 26 Waiora Sessions, 37 community engagements	On track to exceed all targets by Year End	●	

Emergency Management Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●●●●●●●							
8	0					0	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year End Forecast		Comment
PROJECT GROUP: ACHIEVE TARGETS AS SET OUT IN CDEM BUSINESS PLAN							
Critical outputs pertaining to Operational Capability, Community Resilience and Riskscape are monitored and reviewed.	1	100%	<input checked="" type="checkbox"/>	75%	100%	●	
CDEM targets are reported to both the Joint Standing Committee and Coordinating Executive Group.	4 per year	7	<input checked="" type="checkbox"/>	4	7	●	
PROJECT GROUP: HORIZONS' RESPONSE CAPABILITY							
Emergency Operations Centre staff are trained (min. 4 training activities/year) and ready to respond; emergency management duty officer available 24/7/365; response manuals, flood action plans and procedures available and reviewed at least annually.	1	100%	<input checked="" type="checkbox"/>	100%	100%	●	
Hazard information update project carried out to update information as per the approved project plan.	1	90%	<input checked="" type="checkbox"/>	50%	100%	●	
Manage and promote business continuity planning arrangements (BC Plans).	1 per year	2 this year	<input checked="" type="checkbox"/>	1	1	●	
Manage and promote navigation safety.	1	100%	<input checked="" type="checkbox"/>	75%	100%	●	
PROJECT GROUP: CONTRACTED SERVICES							
Maritime New Zealand (MNZ) oil spill response capability maintained to MNZ audit standards.	1	100%	<input checked="" type="checkbox"/>	1%	100%	●	
Emergency management contracts for Civil Defence services completed to the satisfaction of Rangitikei, Manawatu and Horowhenua District Councils	1	100%	<input checked="" type="checkbox"/>	50%	100%	●	Note HDC of their own valition have opted to perform this function in house going forward

Governance Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●						●●	
2	0					2	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year end forecast		Comment
PROJECT GROUP: GOVERNANCE							
Undertake the triennial election process in accordance with the Local Electoral Act 2001.	100%	100%	<input type="checkbox"/>			●	
Conduct Horizons' meetings and hearings in accordance with Horizons Regional Council Standing Orders.	100%	100%	<input checked="" type="checkbox"/>	Achieved	Achieved	●	
Undertake a representation review to be determined in 2019 in accordance with the Local Electoral Act 2001.	1	100%	<input type="checkbox"/>			●	
PROJECT GROUP: LONG-TERM PLAN (LTP)							
Adoption of this and subsequent annual plans, Long-term Plans and amendments, and annual reports by Council within statutory timeframes.	100%	Not Achieved	<input checked="" type="checkbox"/>	Achieved to date	Achieved to date	●	

Information Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
● ● ●							
3	0					0	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year end forecast		Comment
PROJECT GROUP: CATCHMENT DATA							
Collection of 98.5% water level, rainfall, soil moisture, wind and water temperature data (approx. 15.2 million data-points p.a.).	98.5%	98.4%	<input checked="" type="checkbox"/>	98.8%	99.0%	●	
Collection of 90.0% of continuous data relating to other water quality parameters (approx. 2.0 million data-points p.a.).	90.0%	92.2%	<input checked="" type="checkbox"/>	95.1%	95.0%	●	
PROJECT GROUP: CATCHMENT INFORMATION							
Information requests received from the public and external agencies are processed and delivered according to agreed timeframes.	95%	95.6%	<input checked="" type="checkbox"/>	95.60%	95.00%	●	

Hapū and Iwi Relationships (what the Council has delivered)							
Achieved	Not Achieved						Not Applicable
●							
1	0						0
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year end forecast		Comment
PROJECT GROUP: IWI RELATIONS							
Iwi and hapū satisfaction with their collaborative relationships with Horizons.	Reported Biennially	Survey Completed	<input checked="" type="checkbox"/>	Completed	Completed	●	Results published in the 2019/20 Annual Report.

Changes in Delivery: It is expected that the number of projects Horizons will need to deliver on will continue to increase during the term of the LTP as a direct result of Treaty settlements.

Strategic Management Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●							
1	0					0	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year end forecast		Comment
PROJECT GROUP: ONE PLAN IMPLEMENTATION							
One Plan review process.	Two catchment review processes initiated.	100%	<input checked="" type="checkbox"/>	100%	100%	●	When this KPI was set it was the intention to stage progress but has now been done simultaneously to meet the deadlines set by the Government's 2020 Essential Freshwater package. The work programme to review the region's seven FMUs is underway, including iwi and hapū engagement; wider public and stakeholder communications and engagement; preparation of catchment 'stocktakes'; a gap analysis of the region's existing resource management documents and science work programme; development of a detailed implementation plan.

Transport Planning Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●●●							
4	0					0	
Key Performance Indicator	Annual Plan 2019-20	Actual Prior Year 2018-19	Applicability	Year To Date	Year end forecast		Comment
Through the preparation and implementation of its Regional Land Transport Plan, Horizons will advocate for the improved integration of all transport modes with existing modes and land use, to maximise the safe and efficient movement of freight and maximise economic regional growth opportunities.							
Prepare a quarterly monitoring report on the implementation of the Regional Land Transport Plan.	Achieved	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	Monitoring of implementation the RLTP is built into the Approved Organisation updates provided at each quarterly RTC meeting. AOs report on the road and transport activities in their region, with focus on significant activities that have been prioritised within the Plan.
Keep an up-to-date Regional Land Transport Plan through plan variations to the Regional Transport Committee.	Achieved	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	Any variation requests received are submitted to the RTC for consideration. Very few variation requests have been received since the RLTP (2018 review) was adopted.
Prepare submissions on Central Government policy as and when needed.	Achieved	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	Multiple submissions on Central Government Policy (such as the GPS, draft Rail Plan, Arataki, etc) have been made. Detail of any submissions made are provided to the Regional Transport Committee via a regular update item in the quarterly agenda
Complete a 3-yearly review of the 2018-21 Regional Land Transport Plan as per the Land Transport Management Act (LTMA).	No Measure	Not Applicable	<input checked="" type="checkbox"/>	Underway	Achieved	●	Draft RLPT 2021 currently out for consultation, expected to be endorsed by RTC in June and adopted by Council in June. The adopted RLTP will be submitted to Waka Kotahi Nz Transport Agency by required 30 June 2021

Passenger Services Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●●	●●						
2	2					0	
Key Performance Indicator	Annual plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to Date	Year End Forecast		Comment
To provide the Manawatū-Whanganui community with an efficient and reliable public transport system that enables an alternative to private vehicle travel and access to all essential services.							
Greater than 97% of all scheduled bus trips are operated.	>97%	99.9%	<input checked="" type="checkbox"/>	99.99%	99.99%	●	
Achieve a 1% patronage growth increase in total across all of our bus services in the Region.	1.0%	Not Achieved	<input checked="" type="checkbox"/>	-27.42%	-11.56%	●	Patronage is down across the region due to the absence of international students as a result of COVID-19. Passenger trips are forecasted to show more promising results as the academic year kicks off.
Install 8 new shelters each year on our urban bus routes.	8	6	<input checked="" type="checkbox"/>	0	7	●	Additional on-street customer information has been rolled out in Whanganui and Palmerston North. This will result in one less shelter being installed than planned. Installation of the remaining 7 shelters are planned in the final quarter of the financial year subject to the work being delivered by the relevant district and city councils.
Achieve 99% satisfaction with Total Mobility provision in the Region - as measured by survey in one district in which Total Mobility operates in each year.	90.0%	0.0%	<input checked="" type="checkbox"/>		Achieved	●	This year's client survey covers Palmerston North and will be undertaken during March and April. Results will be available by year end.

Road Safety Education Level of Service (what the Council has delivered)							
Achieved	Not Achieved					Not Applicable	
●							
1	0					0	
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	year to date	year end forecast		Comment
PROJECT GROUP: COMMUNITY ROAD SAFETY EDUCATION ACTIVITIES – DISTRICT FOCUSED							
Deliver a number of road safety education across the Region's seven districts to address the following issues: <ul style="list-style-type: none"> • Drink driving; • Crashes caused by driver fatigue; • Intersection crashes; • Cyclist and pedestrian safety; • Driver distraction; • Motorcycle crashes; • Crashes by high risk and older drivers; and 	30	28	<input checked="" type="checkbox"/>	37	45	●	A range of projects across all districts have occurred. The projects cover promotion and advertising campaigns as well as practical community activities. Post covid there has been a greater focus on non-physical contact promotion and activities, which has enabled more advertising campaigns to occur over the period.

Investment Level of Service (what the Council has delivered)							
Achieved	Not Achieved						Not Applicable
●●●	●●						
3	2						0
Key Performance Indicator	Annual Plan 2020-21	Actual Prior Year 2019-20	Applicability	Year to date	Year End Forecast		Comment
PROJECT GROUP: INVESTMENT ACTIVITIES (INCL. PORTS OF NAPIER LIMITED)							
MWRHC dividends meet budget expectations and comply with Council Controlled Trading Organisation Statement of Intent.	Achieved	Not Achieved	<input checked="" type="checkbox"/>	Not Achieved	Not Achieved	●	Due to delays in tenancies being filled Holdings is unlikely to declare as high of a Dividend as originally forecast.
Monthly weighted average interest rate exceeds 90-day Bank Bill Rate (BKBM) by 30 basis points. Note, targets are based on current predicted interest rates, which will change over time.	1.30%	1.96%	<input checked="" type="checkbox"/>	Not Achieved	Not Achieved	●	Interest rates on all term deposits have generally been under 1% so we are unlikely to achieve this by year end
PROJECT GROUP: RATE PENALTIES							
Apply penalties in accordance with the Local Government (Rating) Act 2002 and Horizons' policies.	Achieved	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	
PROJECT GROUP: RATE DISCOUNT							
Apply prompt payment discount in accordance with Horizons' policies.	Achieved	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	
PROJECT GROUP: RATE REMISSIONS							
Allow remissions according to Horizons' policies.	Achieved	Achieved	<input checked="" type="checkbox"/>	Achieved	Achieved	●	

Report No.	21-31
Information Only - No Decision Required	

CLIMATE RESILIENCE PROJECTS UPDATE

1. PURPOSE

- 1.1. The purpose of this item is to update members on progress with delivering the Flood Protection Climate Resilience Projects.

2. EXECUTIVE SUMMARY

- 2.1. In April 2020 Horizons along with other regional councils and unitary authorities submitted a list of flood protection shovel ready projects for central government funding consideration. Approval in principle was announced in July, with each project confirmed by Council (including the local share contribution) in August; central government confirmation was subsequently received in September / October.
- 2.2. Although the projects represent welcome investment in flood protection by central government that investment comes with a substantial challenge – the delivery timeframe. Accordingly at the November 2020 Audit, Risk and Investment Committee meeting it was agreed that staff provide regular updates on delivery of the projects.
- 2.3. At this early stage delivery is behind the programme contained in the funding agreement, noting that this picture (personal comm. with Provincial Development Unit staff) is a universal one across the sector. There are a range of reasons for that, primarily shaping the delivery team and building momentum – bringing consultants on board, scoping the project elements and bringing the external resource on board needed to undertake the work. The signs are promising that spend will ramp up in the fourth quarter of the Financial Year.

3. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the information contained in Report No. 21-31 and Annex.

4. FINANCIAL IMPACT

- 4.1. This item has no direct financial impact associated with it.

5. COMMUNITY ENGAGEMENT

- 5.1. No consultation is considered necessary with this item.

6. SIGNIFICANT BUSINESS RISK IMPACT

- 6.1. There are two elements to this – the overall risk mitigation that the projects achieve (more resilient flood protection schemes) and the specific risk related to the timeframe for completion set by central government. The former could arguably be defined as significant – the consequential effects that more resilient flood defences for the Lower Manawatu and Rangitikei have on the risk to life and property.
- 6.2. The latter is not considered significant – as noted previously resilience is a theme with the current Infrastructure Strategy with a related programme of work intended to be put before Council as a necessary investment (albeit at a less amount with a longer timeframe) as part of the Long-term Plan update before the shovel-ready opportunity arose. In that regard any funding from central government (\$2M to date) is money that does not have to come from ratepayers.

7. CLIMATE IMPACT STATEMENT

- 7.1. This item reports on progress with project delivery but as previously noted the projects themselves will improve the resilience of the Lower Manawatu Scheme, the Rangitikei Scheme and the town of Foxton to the effects of climate change (more frequent floods, sea level rise).

8. BACKGROUND

- 8.1. Early in the COVID-19 lockdown central government sought options from infrastructure owners for providing economic stimulus through infrastructure investment. River managers from around the country compiled a single ‘sector’ application – a national compendium of shovel ready flood protection projects totalling \$299.2M; in June central government approved a grant of \$211.5M. The Horizons component of that application totalled \$35.9M with a grant amount of \$26.9M.
- 8.2. The success of that application is a direct result of the efforts the sector has been making to engage with central government around co-investment in flood protection; the value-add flood protection infrastructure provides to the national economy, how vulnerable transport links and other key lifelines are without it and the instances where central government benefits but the operating costs often fall on a relatively small ratepayer base. That dialogue also emphasises the future challenges with a changing operating environment, principally the need for investment to improve resilience in the face of climate change.
- 8.3. The investment made by central government is under the banner of ‘shovel ready’ emphasising the urgency of the spend to achieve that economic stimulus and accordingly the projects have a nominal three year delivery timeframe. That necessitates close / particular management of issues that have the potential to extend delivery timeframes. The November 2020 meeting of the Audit, Risk and Investment Committee considered a management plan addressing that discrete set of risks.

9. FOXTON FLOOD MITIGATION

- 9.1. This project is separated into two parts - Stage 1 addresses the capacity / integrity issues related to Kings Canal along the eastern edge of the town and Stage 2 the modifications required to convey floodwater into / through the Whirokino basin and out to the Foxton Loop. It differs to the other three in that the benefit is in part tied to completing all of the project elements. Stage 1 provides some benefit but the full benefit is realised with Stage 2.
- 9.2. Pressures on project management resource (the prioritisation afforded to Lake Horowhenua boat ramp construction) has resulted in some delays. The lead time of some

elements (resource consents, land purchase) adds to some of the challenges with this project, as does some vocal local opposition.

- 9.3. Design for Stage 1 is almost complete with design for Stage 2 underway. The project has an element of property purchase that does impact the overall critical path (the sequence of events that defines the completion date). Those are the footprint for the Cook Street wetland, the Duck Creek wetland and the new pump station. All three negotiations are underway although delays in receiving valuation assessments has resulted in some delays.
- 9.4. Consenting is also a critical path matter - a consultant planner has been employed to assist. That includes (subject to Council approval) the use of the fast-track provisions and assuring compliance with the new National Environmental Standard.
- 9.5. A relatively simple measure that will speed up future construction work (and help the expenditure profile early in the project) is to have materials ordered and delivered in advance – contractually materials supplied by the Principal (Horizons). Those materials include the large box culvert units that will replace some of the small pipe culvert crossings of Kings Canal and the sheet piling that will be incorporated into the rebuilt Kings Canal stopbank. Tender documents are being prepared for two other culvert replacements intended to be constructed this season.
- 9.6. Noting that representatives from Ngāti Raukawa and the Horowhenua District Council meet fortnightly with the delivery team to ensure a collaborative approach to project delivery.

10. PALMERSTON NORTH

- 10.1. A contract for the **Closed Circuit Television (CCTV)** inspection of all pipeline penetrations of the city's stopbanks has been awarded to contractor Intergroup Limited. This is a key resilience element – stopbank failure is often linked to soil / structure interface (Edgecumbe). Intergroup will accurately ascertain the condition of those pipelines with any issues identified flagged to the asset owner for rectification (most are **Palmerston North City Council (PNCC)** assets). Clearly it's reliant to some degree on the accuracy / completeness of existing services plans and in that regard staff are also looking to conduct ground penetrating radar surveys to aid confidence that the CCTV survey will capture all pipelines present. This work should be complete this financial year.
- 10.2. Another 'early win' that the delivery team have focussed on is obtaining better information on stopbank composition and foundation integrity. The scope of that work is presently being refined with geotechnical engineers Tonkin & Taylor and will be tendered during March. Procurement associated with some of the simpler resilience project elements has just commenced.
- 10.3. Staff have also been part of PNCC discussions with those landowners within the Kākātangiata Plan Change area who border the Mangaone Stream; the Palmerston North Flood Protection Resilience Project includes rebuilding / setting back the Mangaone Stream true right (western) stopbank to make it sufficiently resilient to enable Kākātangiata to proceed. Those initial discussions have gone well.

11. LOWER MANAWATŪ SCHEME

- 11.1. Much of the focus this period has been on scoping / prioritising sub-projects (to be workshopped with Council on 24 March) in parallel with progressing some core elements. Discussions have already taken place in regard to rebuilding some sections of Tokomaru stopbank not considered to be of an acceptable standard, not captured as part of the Rural Upgrade Project (whose focus is on crest level not embankment integrity) and assessed as having relatively high failure consequences.
- 11.2. Consulting engineers E2 Environmental have been appointed and have carried out an initial assessment of the lower reach of the Moutoa floodway – balancing flood protection (Moutoa floodway conveyance) and drainage (ageing infrastructural assets) considerations

with the sensitivity of the operating environment (downstream impacts on the Foxton Loop); in essence what the optimal configuration is that best satisfies those three somewhat competing requirements.

12. RANGITIKEI

- 12.1. This project is well underway and is progressing well. The purchase of the part of the true right corridor not owned by Horizons is progressing well with the valuation complete. Consultation with the existing lease holders is underway - 4 of 6 are complete with varying levels of appetite to surrender their lease early.
- 12.2. Two contractors are locked in to start vegetation removal (widening the river fairway clearing colonising exotic vegetation) this month with two more in planning. We are awaiting the **Short Form Agreement (SFA)** from forestry consultant Ground Truth intended to assist staff with the vegetation planning, critical for winter planting to occur.
- 12.3. We are working closely with Ngāti Apa around the planting project at the confluence of the Tutaenui Stream (a separate shovel ready project that Ngāti Apa have obtained funding for) and are looking to initiate a discussion around how we might partner with iwi in a way that aligns with the social procurement requirements contained in the funding agreement with central government.

13. COMMENT

- 13.1. Staff continue to maintain a close / robust relationship with key **Professional Development Unit (PDU)** staff. PDU organised a national workshop on 26 February with three Horizons staff in attendance. Much of the focus of that workshop was on social procurement; staff are arranging for the provider contracted by PDU to advise Councils on social procurement (Amotai) to visit Palmerston North for an interactive session with the project delivery team. This has overlap with the Te Puwaha / Whanganui Port Revitalisation Project – the funding agreement contains similar requirements.
- 13.2. Engagement / collaboration with both iwi and the relevant city / district councils, although not a major component of risk mitigation in regard to delivery timeframe, remains an integral part of successful project delivery and is at varying stages of maturity across the four projects. Horowhenua District Councillors will be briefed on the Foxton project on 24 March; Horowhenua District Council are making a financial contribution to the project in addition to Horizons and MBIE.

14. TIMELINE / NEXT STEPS

- 14.1. The project will continue as planned until scheduled completion in 2024.

15. SIGNIFICANCE

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

Jon Bell
MANAGER INVESTIGATIONS AND DESIGN

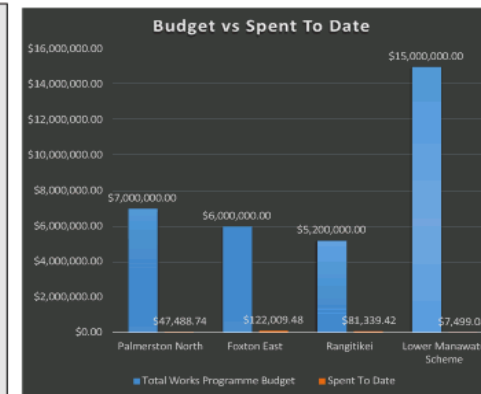
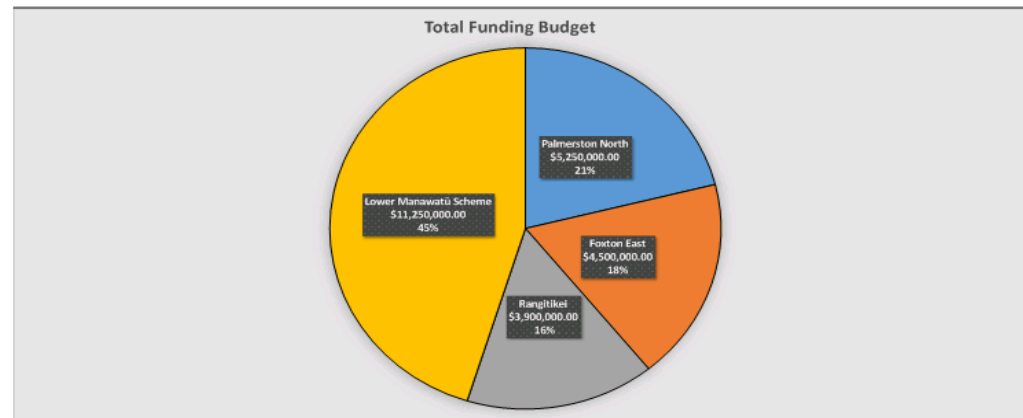
Ramon Strong
GROUP MANAGER RIVER MANAGEMENT

ANNEXES

- A Dashboard Report No 1

Contract No	Contract Title	Engineering Officer / Project Engineer	Procurement Type	Contractor Name	Contract Value	Contract Spend	%	Contract Type	Current Status
2020/09	Palmerston North Flood Protection Professional Services in Stopbank Penetration CCTV	Andy Williams	EOI - RFP	Intergroup	\$17,917.00	\$0.00	0%	NZS3910-2013	Evaluation Report being signed off.
2021/06	Palmerston North Flood Protection Resilience - Timber Retaining Wall Replacement	Andy Williams	Direct Engagement from Supply Panel		\$0.00	\$0.00	#DIV/0!	SFA	Just in initial start up phase
2020/11	Foxton Flood Mitigation Consenting	Shaun Edwards	Direct Engagement from Supply Panel	Good Earth Matters	\$15,200.00	\$0.00	0%	SFA	In progress
2021/03	Foxton Flood Mitigation Box Culvert Supply	Shaun Edwards	Direct Engagement from Supply Panel		\$0.00	\$0.00	#DIV/0!	NZS3910-2013	Just in initial start up phase
2021/04	Foxton Flood Mitigation Coley and Union Street Culvert Upgrades	Shaun Edwards	Direct Engagement from Supply Panel		\$0.00	\$0.00	#DIV/0!	NZS3910-2013	Just in initial start up phase
2021/05	Vegetation Removal 4.8-5.8km.	Dougal Ross	Direct Engagement from Supply Panel	Andrew Morris Concrete and Works Ltd	\$ 40,160.00	\$0.00	0%	Memorandum	In progress
None	PN SB Upgrade - Dev. Of Works Programme - Stage 1A	Andy Williams		Tonkin & Taylor	\$14,900.00	\$0.00	0%	Offer of Service	Complete
None	PN SB Upgrade - Geotechnical Investigation Scoping	Andy Williams	Direct Engagement	Tonkin & Taylor	\$591,983.00	\$0.00	0%	Offer of Service	In progress
None	PN Flood Protection Scheme - acquisition of part or all the residential property at 14 Belvedere Cr.	Andy Williams	Direct Engagement	The Property Group	\$15,200.00	\$0.00	0%	SFA	In progress
None	Rangitikei River Enhancement - acquisition of part of the Walmac Farms property on which the existing SB and flood protection assets are located.	Dougal Ross	Direct Engagement	The Property Group	\$12,000.00	\$0.00	0%	SFA	In progress
None	Foxton Flood Protection - acquisition of part of 59 Coley St and potentially part of 56 Coley St, Foxton as part of the drainage plan for the town.	Shaun Edwards	Direct Engagement	The Property Group	\$12,000.00	\$0.00	0%	SFA	In progress
2020/12	Contractors and Consultants Professional Services in Flood Protection, Flood Mitigation and Flood Protection Enhancement Works	Rachel Pinny	EOI		\$0.00	\$0.00		Supply Panel	Supplier panel is fluid and will be added to over the life of the projects.

Work Programme	Total Funding Budget	Total Works Programme Budget	Spent To Date
Palmerston North	\$5,250,000.00	\$7,000,000.00	\$ 47,488.74
Foxton East	\$4,500,000.00	\$6,000,000.00	\$122,009.48
Rangitikei	\$3,900,000.00	\$5,200,000.00	\$ 81,339.42
Lower Manawatu Scheme	\$11,250,000.00	\$15,000,000.00	\$7,499.08
	\$24,900,000.00	\$33,200,000.00	\$258,336.72



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.

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

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
	New project year	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
	New project year	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

- 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	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	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.

- 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 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.
 - 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

Jobs for Nature Risk Management

Regional Stream Fencing and Riparian Planting

Table 1 Risk management table from Work Programme incorporated into the Deed for the Regional Stream Fencing and Riparian Planting project

Risk management				
<i>Provide a brief description of the major risks to the project achieving the tasks and activities in this financial year. Include consideration of potential barriers that may pose a risk to the success of the project. Where possible give an indication of the likelihood and significance of the risk and any mitigation strategies to be included in the project.</i>				
Potential risk	Likelihood of risk occurring	Consequence on project	Impact on project	Strategy to mitigate
<i>Identify the potential risk to your project (for example, project not completed on time, unpredictable events such as weather, lack of resource commitment, time and cost estimates too optimistic, unexpected budget cuts, stakeholders changing requirements after the project has started, risks to the industry or sector to which the organisation belongs).</i>	<i>Low, medium or high.</i>	<i>Minor, moderate or severe.</i>	<i>Describe the impact the risk would have on the project if it occurred (for example, misunderstandings, duplication of work, incomplete work).</i>	<i>Describe what will be done to minimise and/or manage the risk (for example, project manager monitors functional roles to ensure enough time is allocated to complete each task/activity and the project as a whole).</i>
Lack of support from landowners to fund their share of projects.	Low	Moderate	If landowners are unable to fund a share of the cost of some works (e.g. fencing streams), then projects may have to be stopped or delayed.	The stream fencing and planting projects have been designed with a component of funding from land owners. Consideration has been given to the share from landowners that is consistent with what Horizons and some other programmes around the

Risk management				
				country currently do. The landowner contribution (50% of the total cost of the works) has been set at a level that results in high buy-in to the project. Recent announcements of Stock Exclusion regulations coming into force will see demand for grants increase.
Major weather event, similar to February 2004, strikes region.	Low	Moderate	The impacts of a major event could be catastrophic for the projects as resources may be redirected to response and clean-up efforts. A major event could slow or delay or even prevent some proposed projects from proceeding.	The project is set to occur over four years and if there was a major event work timeframes and milestones could be adjusted to accommodate delivery with potentially different timing during the three years or over a longer time frame.
Funding is constrained in Long Term Plan and Annual Plans over the four year project timeline.	Low	Severe	Removing the funding commitment from Horizons could severely constrain the projects.	From a contractual perspective the Regional Council would be contractually bound to MfE. In addition HRC Councillors made a resolution in July 2020 to fund the project over a four year period.
A lack of fencers to complete the fencing work.	Medium	Severe	A delay in being able to meet the proposed stream fencing milestones.	As many projects as possible will be signed up at the start of the programme to allow a large lead in time for the fencers.
A lack of suitable riparian plants to	Low	Severe	A delay in being able to meet	Council has made a

Risk management				
be able to meet the riparian planting targets.			the proposed riparian planting milestones.	commitment through a resolution to allow for pre-ordering of plants to ensure that we have enough plants to deliver on the milestones over the life of the project. As soon as contracting allows orders will be placed with the nurseries.
Covid-19 interruption to work programme.	Medium	Moderate	<p>Dependent on Covid-19 levels that might be re-imposed. Could result in the ground works being delayed or not being able to be signed off due to restrictions.</p> <p>Depending on works being completed and by whom may mean that contractors (fencers and planters) and suppliers (plants and fencing materials) might not be able to access land to complete works.</p>	Depending on Covid-19 restrictions it may require Freshwater Advisors to visit properties without the landowners being present or evidence provided via photos etc of works that have been completed or proposed. If needed works can be covered over into later project years given the highest likelihood of occurrence is during the initial years of the project.
Number of jobs committed to being lower than expected.	Medium	Minor	The new FTE total are dependant on staffing being at full level over the duration of the project. Where staff vacancies occur due to staff resinging or moving onto other roles there may be gaps in the employment while recruitment is undertaken or if short term staff leave partways through a	<p>Sought approval from MfE to advertise for positions ahead of signing the contract and speed up the recruitment process.</p> <p>Within the Collective Employment Agreement there is a four week notice period.</p>

Risk management				
			summer or winter 3 month employment they may not be replaced in that season. Further Year 1 is nine months rather than 12 months and there will be a gap in getting staff recruited.	
Change in core project members during the project.	Medium	Moderate	Potential loss of continuity for the project if core staff members resign or move into other roles in the Council.	Documentation of key roles and responsibilities in the project. Application and claim forms stored in a central location for team members to find and action.

Enhancing fish populations through Fish Passage Remediation

Table 2 Risk management table from Work Programme incorporated into the Deed for the Enhancing Fish Populations through Fish Passage Remediation project

Risk management				
<p><i>Provide a brief description of the major risks to the project achieving the tasks and activities in this financial year. Include consideration of potential barriers that may pose a risk to the success of the project. Where possible give an indication of the likelihood and significance of the risk and any mitigation strategies to be included in the project.</i></p>				
Potential risk	Likelihood of risk occurring	Consequence on project	Impact on project	Strategy to mitigate
<p><i>Identify the potential risk to your project (for example, project not completed on time, unpredictable events such as weather, lack of resource commitment, time and cost estimates too optimistic, unexpected budget cuts, stakeholders changing requirements after the project has started, risks to the industry or sector to which the organisation belongs).</i></p>	<p><i>Low, medium or high.</i></p>	<p><i>Minor, moderate or severe.</i></p>	<p><i>Describe the impact the risk would have on the project if it occurred (for example, misunderstandings, duplication of work, incomplete work).</i></p>	<p><i>Describe what will be done to minimise and/or manage the risk (for example, project manager monitors functional roles to ensure enough time is allocated to complete each task/activity and the project as a whole).</i></p>
Lack of support from barrier owners to fund their share of projects.	Low	Moderate	If barrier owners are unable to fund a share of the cost of some works (e.g. fencing streams), then projects may have to be stopped or delayed.	The fish passage project has been designed with a component of funding from barrier owners. Remediation of barriers to fish passage is beneficial to barrier owners as the barrier owners move towards meeting their requirements under the Freshwater Fisheries Regulations and some provisions within the One Plan.

Risk management				
				The barrier owner contribution has been set at a level that will result in high buy-in to the project.
Major weather event, similar to February 2004, strikes region.	Low	Moderate	The impacts of a major event could be catastrophic for the projects in the short term as resources may be redirected to response and clean-up efforts. A major event could slow or delay or even prevent some proposed projects from proceeding.	The project is set to occur over four years and if there was a major event work timeframes and milestones could be adjusted to accommodate delivery with potentially different timing during the three years or over a longer time frame.
Covid-19 interruption to the work programme.	Medium	Moderate	Dependent on Covid-19 levels that might be re-imposed. Could result in the ground works being delayed or not being able to be signed off due to restrictions e.g. contractors not being able to undertake works such as construction of fish passes which at stages of construction can involve multiple people being on site.	Depends on Covid-19 restrictions and levels. Modify ways of working depending on levels i.e. report writing if lockdown conditions are required. Likely to be highest risk during the first year of the project with the ability to push some deliverables to later years if needed
Finding suitable team members to be able to complete tasks as part of the recruitment process.	Medium	Moderate	The project overall requires a certain skill set to be delivered. If these skill sets cannot be found during the recruitment processes then the project may be delayed while team members are	On the job training can and will be provided to staff. Training and upskilling will require additional time to get team members up to speed. This may require some of the deliverables be pushed back

Risk management				
			trained.	into later project years. Within a four project there is space to allow for this.
Number of jobs committed to being lower than expected.	Medium	Minor	The new FTE total are dependant on staffing being at full level over the duration of the project. Where staff vacancies occur due to staff resinging or moving onto other roles there may be gaps in the employment while recruitment is undertaken or if short term staff leave partways through a summer or winter 3 month employment they may not be replaced in that season. Further Year 1 is nine months rather than 12 months and there will be agap in getting staff recruited.	Sought approval from MfE to advertise for positions ahead of signing the contract and speed up the recruitment process. Within the Collective Employment Agreement there is a four week notice period.
Change in core project members during the project.	Medium	Moderate	Potential loss of continuity for the project if core staff members resign or move into other roles in the Council.	Documentation of key roles and responsibilities in the project. Application and claim forms stored in a central location for team members to find and action.

Horowhenua Freshwater Management Unit Interventions

Table 3 Risk management table from Work Programme incorporated into the Deed for the Horowhenua Freshwater Management Unit Interventions project

Risk management				
<i>Provide a brief description of the major risks to the project achieving the intended outcomes. Include consideration of potential barriers that may pose a risk to the success of the project. Where possible give an indication of the likelihood and consequence of the risk and any mitigation strategies to be included in the project.</i>				
Potential risk	Likelihood of risk occurring	Consequence on project	Impact on project	Strategy to mitigate
<i>Identify the potential risk to your project (for example, project not completed on time, unpredictable events such as weather, lack of resource commitment, time and cost estimates too optimistic, unexpected budget cuts, stakeholders changing requirements after the project has started, risks to the industry or sector to which the organisation belongs).</i>	<i>Low, medium or high.</i>	<i>Minor, moderate or severe.</i>	<i>Describe the impact the risk would have on the project if it occurred (for example, misunderstandings, duplication of work, incomplete work).</i>	<i>Describe what will be done to minimise and/or manage the risk (for example, project manager monitors functional roles to ensure enough time is allocated to complete each task/activity and the project as a whole).</i>
Landowners where proposed interventions are best placed not being willing to sell.	Medium	Moderate	Interventions might not be placed in the optimal parts of the catchment resulting in a lower improvement in water quality than the optimal placement.	A range of water quality interventions are to be developed for throughout the catchment, with a particular focus on the Arawhata catchment. A number of locations will be identified over a number of land parcels.
Major weather event, similar to February 2004, strikes region.	Low	Moderate	The impacts of a major event could be catastrophic for the project as resources may be redirected to response and	The project is set to occur over four years and if there was a major event work timeframes and milestones could be

Risk management				
			clean-up efforts. A major event could slow, delay or even prevent some proposed projects from proceeding.	adjusted to accommodate delivery with potentially different timing during the three years or over a longer time frame.
Funding is constrained in Long Term Plan and Annual Plans over the four year project timeline.	Low	Severe	Removing the funding commitment from Horizons could severely constrain the projects.	From a contractual perspective the Regional Council would be contractually bound to MfE. In addition HRC Councillors made a resolution in July 2020 to fund the project over a four year period.
Covid-19 Community transmission.	Medium	Moderate	Dependent on Covid-19 levels that might be re-imposed. Could result in the ground works being delayed or not being able to be signed off due to restrictions.	Depends on Covid-19 restrictions and levels. Modify ways of working depending on levels i.e. report writing if lockdown conditions are required. Likely to be highest risk during the first year of the project with the ability to push some deliverables to later years if needed.
Legal challenges to the work occurring.	Medium	Severe	The interventions identified are all likely to be on privately owned land that is likely to be able to be purchased. Subject to resource consent requirements the opportunities for legal challenge are limited.	Regular legal advice as the project progresses will be important and be considered as a part of the project programme.
Number of jobs committed to being lower than expected.	Medium	Minor	The new FTE total are dependant on staffing being at	Sought approval from MfE to advertise for positions ahead of

Risk management				
			<p>full level over the duration of the project. Where staff vacancies occur due to staff resigning or moving onto other roles there may be gaps in employment while recruitment is undertaken. If short term staff leave partway through a summer or winter 3 month employment they may not be replaced in that season. Further, Year 1 is nine months rather than 12 months and there will be a gap in getting staff recruited.</p> <p>The delay in commencing this project may result in the job numbers for year 1 being lower than expected.</p>	<p>signing the contract and speed up the recruitment process.</p> <p>Within the Collective Employment Agreement there is a four week notice period.</p>
Change in core project members during the project.	Medium	Moderate	Potential loss of continuity for the project if core staff members resign or move into other roles in the Council.	Documentation of key roles and responsibilities in the project. Application and claim forms stored in a central location for team members to find and action.
Project is not completed by June 2024 as a result of starting in December 2020.	Low	Minor	Project will still be able to be completed although at a slightly later date.	<p>The majority of the work streams are currently or have been scoped and can commence as soon as the contract is signed.</p> <p>Some of the projects have the ability to be run concurrently</p>

Risk management				
				to reduce time pressures. There is the possibility to extend the deed by up to a year if necessary.
Lack of support from Treaty Partners for the proposed works.	Low	Moderate	Failure to get project partners buy in to the project. Potential delay in the delivery of the project outputs.	Engagement with partners for the project has already commenced. The project has time to allow for adequate engagement and to allow for parties to feed into the final design of the intervention complex.

Report No.	21-33
Information Only - No Decision Required	

MANAGING RISK AND INSURANCE WITHIN A HARDENING MARKET - OUR JOURNEY AND STRATEGY: A PRESENTATION FROM THE ASSET MANAGEMENT LEADERSHIP GROUP

1. PRESENTATION

- 1.1 The Horizons Asset Management Leadership Group will make a presentation to the Audit, Risk and Investment Committee regarding our journey and strategy as to how we manage asset risk and insurance in a hardening market and how we facilitate Governance in making informed decisions. This workshop will also provide opportunity for Governance to direct next-steps.
- 1.2 Craig Grant and Ramon Strong will provide an executive level summary of what this means for Horizons Council in regards to context, and allow Governance to direct any potential action plan going forward.
- 1.3 Aon our insurance broker, will also provide a complementary presentation regarding risk management and insurance from both a global and governance perspective.

2. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the presentation from the Asset Management Leadership Group.

3. SIGNIFICANCE

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

David Neal
BUSINESS SERVICES MANAGER

ANNEXES

There are no attachments for this report.

Public Excluded Section

RECOMMENDATION

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

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

General subject of each matter to be considered	Reason for passing this resolution	Ground(s) under section 48(1) for the passing of this resolution
PX1 Confirmation of Public Excluded Meeting held on 24 November 2020	s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
PX2 Risk Register Update	s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. The report refers to areas of risk which may be of a commercially sensitive nature.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
PX3 Council / Committee to consider whether any item in the Public Excluded minutes can be moved into the public domain and define the extent of the release		