

I hereby give notice that a meeting of Horizons Regional Council will be held on:

Date: Tuesday, 24 September 2019
Time: To follow Audit, Risk & Investment Committee
Venue: Meeting
Tararua Room Horizons Regional Council
11-15 Victoria Avenue
Palmerston North

REGIONAL COUNCIL

AGENDA

MEMBERSHIP

Chair	Cr EB Gordon JP
Deputy Chair	Cr PW Rieger, QSO JP
Councillors	Cr JJ Barrow
	Cr LR Burnell, QSM
	Cr DB Cotton
	Cr RJ Keedwell
	Cr GM McKellar
	Cr JM Naylor
	Cr NJ Patrick
	Cr BE Rollinson
	Cr WK Te Awe Awe

Michael McCartney
Chief Executive

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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

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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		
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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 MEMBER'S 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 thirty-first meeting of the tenth triennium of Horizons Regional Council (live streamed) held at 10.00am on Tuesday 27 August 2019, in the Tararua Room Horizons Regional Council, 11-15 Victoria Avenue, Palmerston North.

PRESENT Crs EB Gordon JP (Chair), JJ Barrow, LR Burnell QSM, DB Cotton, RJ Keedwell, GM McKellar, JM Naylor, NJ Patrick, PW Rieger QSO JP, BE Rollinson, and WK Te Awe Awe.

IN ATTENDANCE Chief Executive Mr MJ McCartney
Committee Secretary Mrs JA Kennedy

ALSO PRESENT At various times during the meeting:

Dr N Peet (Group Manager Strategy & Regulation), Mr R Strong (Group Manager River Management), Mr G Shirley (Group Manager Regional Services and Information), Dr R Roygard (Group Manager Natural Resources & Partnerships), Mr A Smith (Acting Chief Financial Officer), Ms K Booth (Acting Electoral Officer), Mrs K Tongs (Governance Co-ordinator), Mr C Morris (People & Capability Manager), Ms C Morrison (Media & Communications Manager), Mr S Ferguson (Deputation), Mr R Gibb and supporters (Deputation).

WELCOME

The Chair welcomed everyone to the meeting and invited Cr Te Awe Awe to say a Karakia.

APOLOGIES

There were no apologies.

PUBLIC FORUMS / DEPUTATIONS / PETITIONS

Mr Sam Ferguson and Mr Robert Gibb had been granted a Deputation.

Mr Ferguson outlined his support for the proposed Climate Change Memorandum of Understanding (MoU) attached to Report No. 19-121, acknowledged the great work Horizons had undertaken to reduce carbon emissions, provided his comments on the proposed MoU, and explained his proposal for the addition of a further bullet point to be included.

Mr Gibb, representing **Green Taskforce** applauded Horizons for taking action on climate change and facilitating joint action through a proposed Memorandum of Understanding (MoU). He outlined his concerns in regard to the proposed MoU and advocated for clear strategies and specific action on how to lower carbon emissions.

PROPOSED CLIMATE CHANGE MEMORANDUM OF UNDERSTANDING FOR THE HORIZONS REGION

Report No 19-121

This item sought Council's endorsement of a draft Memorandum of Understanding (MoU) on climate change. It was proposed to be agreed across councils in the Horizons region. Dr Peet (Group Manager Strategy & Regulation) provided a brief commentary on Horizons ongoing work with preparing its own climate change strategy. He then explained the importance of the proposed draft MoU to provide a unified approach and relationship around climate change across the region. Discussion ensued with Members having the opportunity to express their views around the content of the MoU, and suggestions to strengthen its intent. To incorporate a suggestion put forward by Mr Ferguson during his deputation, a new bullet point was proposed for inclusion in the MoU, plus an additional bullet point was put forward by Cr Keedwell.

19-481 **Moved** **Keedwell/Rieger**

It is recommended that Council:

- a. *receives the information contained in Report No. 19-121 and Annex.*
- b. *endorses the draft Memorandum of Understanding as at Annex A, with the following bullet point additions:*

“Collaborate and communicate within our organisations and our communities, openly sharing how our community can transition to a sustainable future and a significantly lower contribution to the causes of climate change”.

“Place priority on developing strategies to address climate change”.
- c. *endorses the Chief Executive, in consultation with the Chair, to make minor amendments to the Memorandum of Understanding following feedback from councils across the region.*

CARRIED (unanimous)

SUPPLEMENTARY ITEMS

There were no supplementary items to be considered.

MEMBERS' CONFLICTS OF INTEREST

There were no conflicts of interest declared.

CONFIRMATION OF MINUTES

19-482 **Moved** **Gordon/McKellar**

That the minutes of the Regional Council meeting held on 25 June 2019 as circulated, be confirmed as a correct record.

CARRIED

CHIEF EXECUTIVE'S REPORT

The Chief Executive (CE) took Members through his report, highlighted areas of interest, and responded to Members' questions.

19-483 **Moved** **Gordon/Rieger**

That the Chief Executive's report be received.

CARRIED

LOCAL BODY ELECTIONS - OCTOBER 2019

Report No 19-120

This report informed Members of the full list of candidates standing for election to Horizons Regional Council, the process up to and including the day of election, and asked Members to consider the need of Council to undertake urgent business between the day after the day when the official results of the election were declared, and the date of the Inaugural meeting of Council. Ms Booth (Acting Electoral Officer) introduced the item.

19-484 **Moved** **Naylor/Barrow**

It is recommended that Council:

- a. *receives the information contained in Report No. 19-120 and Annex.*
- b. *approves delegated authority to the Chief Executive to make urgent business decisions on Council's behalf and be the Council's spokesperson, only on decisions within the delegated authority of the Chief Executive of \$400,000. This delegated authority applies for the period between the day after the day when the official results of the election are declared, and the date of the Inaugural meeting.*
- c. *approves delegated authority to Chair of Council Bruce Gordon to continue to act in the capacity of Director for MWRC Holdings Limited for the period between the day after the day when the official results of the election are declared, and the date of the Inaugural meeting.*

CARRIED

REGIONAL SOFTWARE HOLDINGS LIMITED 2020-22 STATEMENT OF INTENT

Report No 19-122

The purpose of this report was to present the Statement of Intent of Regional Software Holdings Ltd to the shareholders of the Company as required by the Local Government Act 2002. Mr Smith (Acting Chief Financial Officer) introduced the item.

19-485 **Moved** **Rollinson/McKellar**

It is recommended that Council:

- a. *receives the information contained in Report No. 19-122 and Annex.*
- b. *agrees to Regional Software Holdings Ltd (RSHL) 2020-22 Statement of Intent.*

CARRIED

AFFIXING OF THE COMMON SEAL

Report No 19-123

This paper reported on documents to which Horizons Regional Council's Common Seal had been affixed

19-486

Moved

Rieger/Patrick

That the Council:

a. *acknowledges the affixing of the Common Seal to the below mentioned documents.*

- *Warrant Card
Enforcement Officer
Georgia Baker*
- *Lease – Renewal
Lessee: Te Hou Farms Ltd Partnership
Area: 53.6298 ha
Location: Rangitikei River Lease, Parewanui Road
Period: 2 July 2019 – 1 July 2028*

CARRIED

RECEIPT AND ADOPTION OF COMMITTEE RESOLUTIONS AND RECOMMENDATIONS

REPORT OF STRATEGY & POLICY COMMITTEE MEETING - RECEIVE AND ADOPT RESOLUTIONS AND RECOMMENDATIONS - 13 AUGUST 2019

19-487

Moved

Keedwell/Rieger

That the Council receives and adopts the resolutions and recommendations of the Strategy & Policy Committee meeting held on 13 August 2019.

CARRIED

REPORT OF ENVIRONMENT COMMITTEE MEETING - RECEIVE AND ADOPT RESOLUTIONS AND RECOMMENDATIONS - 14 AUGUST 2019

19-488

Moved

McKellar/Keedwell

That the Council receives and adopts the resolutions and recommendations of the Environment Committee meeting held on 14 August 2019.

CARRIED

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

19-489

Moved

Rollinson/Cotton

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 Update on MWRC Holdings Ltd	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 Chief Executive Performance Review 2019	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. This report is confidential because it discusses employment terms of an identifiable individual.	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		
PX4 Members' Questions		

The meeting adjourned to the Public Excluded part of the meeting at 11.42am and resumed at 12.31pm.

The meeting closed at 12.32pm.

Confirmed

CHIEF EXECUTIVE

CHAIR



CHIEF EXECUTIVE'S REPORT TO COUNCIL

Tuesday, 27 August 2019

Michael McCartney – Chief Executive

Introduction

1. This report updates Members on key organisational activities. Members are asked to view the upcoming activities in the Council Update (Annex A) and advise us of any meetings/events that may be of interest.

Planning and Policy

2. The Annual Report and Freshwater Futures are the two areas of focus currently. The Annual Report is on schedule to be presented at the Council meeting in September with a preview to results being provided at the Audit, Risk and Investment Committee.
3. In the Freshwater Futures space we are now into the formal submission process for Plan Change 2 approved by Council in June. The submission period will run until 21 October, an extended period.
4. The follow up Co Governance meeting with Manawatu River Iwi leaders and Council took place at Rangimarie Marae in mid August. The outcome of that meeting was an agreement to bring a high level draft set of principles to the September Council meeting around the role and function of the Co Governance entity

Enhancing Strategic Conversations

5. I have initiated a new approach to improve the Council's strategic conversations. The weekly executive meeting will have a dedicated time for key strategic discussion including thought leader staff. To date we have held thought leader discussions around Freshwater Futures and Climate Change Adaption/Mitigation. I have suggested to the Chair that we provide an opportunity to share those conversations with Council on a regular basis and proposed that we set aside a one hour workshop either prior to or after future Strategy and Policy meetings. This could take effect with the incoming Council.

Manawatū-Whanganui LASS Limited

6. The MWLASS Directors met on 12 August. A copy of the agenda cover is provided at Annex B to this item. As mentioned in the June report both the Archives Central and Debt Management (DMC) businesses are performing very well. As a consequence the company will undergo a minor restructure with the appointment of an Operations Manager (from existing staff resources). This role will effectively have oversight of the entire operational business units within MWLASS.
7. Next week the annual meeting and presentations will be given to our (and several other LASS companies) to Lloyds of London. As has been the case in previous years MWLASS will be represented at the reinsurance meeting in London. In addition discussions will be held with Asian interests in the reinsurance market in Singapore on the way over. To give a sense of scale and growth of the sum insured in 2013, both MWLASS and the Waikato LASS presented a portfolio to the London market of \$4 billion. This represented 12 Councils. In

2018 the cohort had grown to 42 Councils having a asset worth of \$40 Billion. Over half the Councils in NZ are part of the combined insurance approach.

Te Apiti Gorge

8. The Governance Group met on 15 August. A copy of the agenda cover for that meeting is provided at Annex C. The Governance Group confirmed the Terms of Reference for the group which identified purpose and representation. Like the Manawatu Leaders Forum there is considerable interest by a number of groups and organisations to be one of the Governance Group. A copy of the Terms of Reference is available to Councillors if desired. One of the very active issues for Te Apiti is defining its role in terms of the impacts and opportunities around the new west/east highway.

Transport

9. The NZ Transport Agency has received a number of appeals to the Gorge replacement road Notice of Requirement. The Agency is proposing some amendments to the alignment to address the issues raised in the appeal and are hopeful the matters can be resolved in a way that doesn't unduly cause delay.
10. In my June update I reported that the Otaki to North Levin (O2NL) re-evaluation was now complete with the NZ Transport Agency (at an officials level) generally agreeing to an approach for the future roading Plan for the O2NL corridor. The Plans included:
 - Delivering short and medium term safety improvements
 - Designating a new route with allowance for four lanes in the future
 - Working to enhance public transport options and improve amenity within Levin.
11. Since then the Agency has advised that there is now funding set aside for the project which has come as a real disappointment to the regions' Mayors. O2NL is seen as a key infrastructural project to improve both road safety while bringing enhanced economic opportunities/efficiency.

Accelerate25 – Regional Economic Growth

12. The A25 Lead Team met on 21 August in Whanganui. A copy of the Agenda cover for that meeting is provided at Annex D. The regional growth initiatives are progressing well with a strong sense of regional focus continuing amongst the local government leaders across the region. An A25 Action Plan refresh is currently underway with the work being tendered out this week. The intention of the refresh isn't to undertake a wholesale review rather it's more about assessing successes and where future emphasis should be placed going forward.

Leaders Forum

13. On 9 August the Council's Managers held their regular Leaders Forum. A copy of the agenda for that meeting is provided at Annex E. I feel it useful to give Council some insights into the work being undertaken around leadership development.

National /Regional

14. On 6/7 of August the Regional Council Chief Executives and Chief Executives Environment and Economy Forum meetings will be held. Rather than outlining the meeting discussion here, I have provided Council with a copy of my RCEO update to the Regional Sector Chairs

and Mayors meeting to be held on 30 August at Annex F. In addition I have provided a copy of the agenda cover for that 30 August Sector meeting at Annex G.

15. In early September we anticipate the announcements from Minister Parker on the NPSFM Policy changes. The timing of this has been slightly delayed meaning that the Sector Freshwater Symposium is now scheduled for 24 September.

Attachments

Annex A	Council Operational Update (July/August)
Annex B	MWLASS Directors meeting agenda
Annex C	Te Apiti Governance Group Meeting Agenda (cover)
Annex D	A25 Meeting Agenda (cover)
Annex E	Leaders Forum Agenda
Annex F	RCEO update to Regional Sector meeting
Annex G	Regional Sector Meeting Agenda (cover)

ACTIVITIES

Ruapehu

River Management

1. Staff attended a hui at Te Rongoroa Marae, Ongarue on 13 August to river management issues.

Whanganui

Natural Resources & Partnerships

2. Decisions have been made on the successful Ngā Wai Ora o te Whangaehu Freshwater Community Grant applications.

River Management

3. Staff have been working with the Wharf Street Te Kaihau o Kupe Waka Ama group to improve their access to the awa around flood protection structures.

Regional Services & Information

4. EMO conducted a combined meeting of Taranaki and Manawatu-Wanganui Civil Defence Emergency Management Offices on 27 August 2019 – hosted at Whanganui District Council.

Strategy & Regulation

5. Staff met with Iwi and Whanganui District Council regarding the cycleway bridge

Manawatū

Natural Resources & Partnerships

6. Decisions have been made on the successful Manawatū Accord Community Grant applications

River Management

7. Staff have met with Manawatu District Council staff and their advisors around Horizons submission on Plan Change 51 – Growth Precinct 4 and the adequacy of the provisions made for stormwater management within the structure plan.

Regional Services & Information

8. EMO attended Manawatu Emergency Management Committee meeting on 28 August 2019.

Strategy & Regulation

9. Continued engagement with NZTA and the Alliance in relation to the 'Te Ahu a Turanga' project.

Tararua

Natural Resources & Partnerships

10. Attended the Tararua District Growers Association Ninth Annual General Meeting and Dinner on 20 August.

River Management

11. 1 and 22 August – meetings with Ngāti Rangitāne o Tamaki nui a Rua.

Regional Services & Information

12. Friday 9 August – YDA (Young Driver programme) at Tararua College
13. EMO attended Tararua Emergency Management Committee meeting 8 August 2019.

Palmerston North City

Strategy & Regulation

14. Meeting with PNCC staff regarding both progress on the BPO for the WWTP and planning for stormwater discharge consent application(s).

Horowhenua

River Management

15. 29 July Foxton River Loop Working Party met with the consultant charged with compiling/preparing an all-encompassing PGF application for Foxton.

Regional Services & Information

16. EMO attended Horowhenua Emergency Management Committee meeting 6 August 2019.
17. Thursday 14 August – Rail Safety Week activity in Levin

Rangitikei

Natural Resources & Partnerships

18. Attended the Rangitikei Catchment Group meeting on 6 August with farmers from Whangaehu and Turakina.

River Management

19. Noting the commencement of whitebaiting in August and the added demands that places on staff resources (conflict that inevitably arises particularly along the lower reach of the Rangitikei River).

Regional Services & Information

20. EMO hosted meeting of Civil Defence Emergency Management Welfare Coordinating Group at Horizons Marton Service Centre 22 August 2019.

CORPORATE & GOVERNANCE UPDATE

21. Strategy & Policy Committee meeting held 13 August 2019.
22. Environment Committee meeting held 14 August 2019.
23. Nominations for Local Body Elections closed 16 August 2019.
24. Rates notices being sent out 19-30 August 2019.
25. Council meeting held 27 August 2019.
26. Audit, Risk and Investment Committee meeting held 27 August 2019 to receive the 12 month financial performance information.
27. Regional Sector meeting held 30 August 2019.

Number of FTEs

28. The total number of FTEs is: 242.

COMMUNICATIONS UPDATE

29. 31 July, Comms Manager attended national Public Information Management hui with Ministry of Civil Defence
30. 31 July – 2 August, Comms Manager attended Emergency Management and Public Affairs conference.
31. 4 August – planting day with Turbos, Manawatū Rugby, and Higgins.
32. 7 August – Environmental Educator attended National Enviroschools hui for secondary schools.
33. 16 August – Environmental Educator and Natural Resources and Partnerships representatives judging Manawatū Science and Technology Fair.

UPCOMING COMMUNITY ENGAGEMENT EVENTS AND ACTIVITIES

Natural Resources & Partnerships

34. 29 August – Science and Innovation team presenting on the 2019 State of Environment report at Awapuni Library
35. Ngā Wai Ora o te Whangaehu Freshwater Improvement Fund Governance Group meeting to be held on 24th October.

River Management

36. Briefing to Federated Farmers Manawatu Branch scheduled for 22 August.

GENERAL

Natural Resources & Partnerships

37. The Group Annual Report was presented at the 14 August Environment Committee meeting.
38. Science and Innovation Manager attended the Emergency Management and Public Affairs conference from 31 July – 2 August.
39. Staff were involved in judging at the Manawatu Science & Technology Fair.
40. The Te Āpiti Manawatū Gorge Governance Group met on 15th August.
41. Met with Minister Park on 23 July and Ministers Mark and Jones on 29 July with the Regional Sector Water sub group.

River Management

42. 5 August meeting of RM SIG action plan champions.
43. Briefing to PNC Councillors scheduled for 9 September.
44. Discussions with HBRC on working collaboratively around updating of LTP Infrastructure Strategies.
45. 2 September joint meeting with GNS Science, NIWA and University of Canterbury Quake Centre staff looking at earthquake damage scenarios for RM assets.

Regional Services & Information

Manager Emergency Management Office attended National Emergency Management Development Group hui 15-16 August 2019 – hosted by the Ministry of Civil Defence & Emergency Management.

Report No.	19-144
Decision Required	

COUNCILLOR INDUCTION TRAINING PROGRAMME

1. PURPOSE

- 1.1. The purpose of this item is to inform Council of the proposed induction training programme for newly elected members following the upcoming Local Body Elections (refer Annex A). The programme is also intended to be a 'refresher' for returning members.

2. EXECUTIVE SUMMARY

- 2.1. The proposed suite of training activities is intended to provide newly elected members with the basic 'must haves' needed to work effectively within local government and to provide an introduction to the core functions of Horizons' business activities. This set of meetings, workshops, events and infield visits is designed to expand and update Members' knowledge and equip them to ask the right questions of the right people at the right time in order to make better decisions. The overall programme will provide the basis for a solid foundation in key areas of Horizons Regional Council.

3. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 19-144 and Annex;
- b. approves the proposed programme for the new Council at Annex A with/without amendment.

4. FINANCIAL IMPACT

- 4.1. All costs associated with this proposed training programme will come from within existing budgets.

5. COMMUNITY ENGAGEMENT

- 5.1. There is no requirement for community engagement.

6. SIGNIFICANT BUSINESS RISK IMPACT

- 6.1. There is no significant business risk associated with this item.

7. BACKGROUND

- 7.1. Training for new and returning elected members is typically undertaken by both Local Government New Zealand (LGNZ) and individual councils. The proposed programme includes key LGNZ courses and has been designed to introduce key Horizons Regional Council functions and activities in a progressive and coordinated way. Legislative functions associated with the formation of a new Council have also been included in the programme. It is proposed that a two day tour for new Councillors will occur in November 2019.

8. It is intended that the majority of the training programme be undertaken before the end of the calendar year.

9. TIMELINE / NEXT STEPS

9.1. The proposed timeline is included within the programme at Annex A.

10. SIGNIFICANCE

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

Craig Grant

GROUP MANAGER CORPORATE & GOVERNANCE

ANNEXES

A Proposed Programme for new Council

Proposed Programme for new Council

OCTOBER 2019

Saturday	12		ELECTION DAY
Thurs	17	3.00pm	Meet and Greet for Councillors <ul style="list-style-type: none"> To include familiarisation tour of relevant areas of Regional House DVD presentation on 'what we do' Nibbles and drinks, followed by short presentations (1-2 mins) by Executive
Tues	22	10.00am	Inaugural Council Meeting <ul style="list-style-type: none"> Declaration of results, elect Chair, elect Deputy Chair, explain Acts, induct Councillors (map of region, organisation structure, strategic direction of Council, Annual Plan 2019-20, Annual Report 2018-19, Long Term Plan 2018-28) explain Committee structure, remuneration and Standing Orders, present schedule of meetings, and elect Council reps to LGNZ Regional Sector. Formal photos, and lunch
Wed	23	9.00am	Workshop for new Crs <ul style="list-style-type: none"> 'Finance 101' 30 mins Adrian Smith iPad and Hub training 1.5 hours William Gordon Training by Governance Team 30 mins Craig, Katharine, Julie Tour of Te Ao Nui Overview of recent Henley Hutchings report

NOVEMBER 2019

Tues	5	10.00am	Council Meeting <ul style="list-style-type: none"> Committee membership, Councillor roles for Non-Regulatory Projects, Elect Council reps to LGNZ Zone 3, Code of Conduct, followed by Councillors' Workshop – Draft Annual Plan #1
Wed	6	9.00am	Councillor Training in Boardroom <ul style="list-style-type: none"> Media and Social Media training 30 mins Chrissie Morrison Employment obligations) 30 mins Colin Morris Managing performance of CE) Health & Safety 30 mins tbc
Mon	11	10.00am-4.00pm	LGZ New Elected Members' full day training in Palmerston North (venue tbc)
Tues	12	10.00am	Strategy & Policy Committee Meeting followed by Councillors' Workshop – Draft Annual Plan #2
Wed	13	9.00am	Environment Committee Meeting
Tue-Wed	19/20	TBC	Tour for new Councillors

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Tues	26	10.00am	Council Meeting followed by Councillors' Workshop – Draft Annual Plan #3, followed by Audit, Risk and Investment Committee Meeting
Wed	27	9am-12pm	Councillors Workshop run by the Office of the Auditor General <ul style="list-style-type: none"> ▪ Audit and Risk Committees ▪ Managing Conflicts of Interest, particularly the Local Authorities (Members' Interests) Act 1968 ▪ Sensitive expenditure ▪ Ethics and integrity
Thurs/ Fri	28/29	12 noon-12 noon	Zone 3 Meeting at Palmerston North

DECEMBER 2019

Tues	3	9.00am 10.30am 2.00pm 7.00pm	Civil Defence Emergency Management Joint Standing Committee Regional Transport Committee followed by Regional Chiefs Manawatu River Users' Advisory Group
Tues	10	10.00am	Strategy & Policy Committee followed by Councillors' Workshop – Draft Annual Plan #4
Wed	11	9.00am	Catchment Operations Committee
Tues	17	1.00pm 6.00pm	Council Meeting followed by Councillors' Workshop – Draft Annual Plan #5 followed by Crs' Christmas Dinner

JANUARY 2020

Wed	29	10.00am	Audit, Risk and Investment Committee financial briefing, followed by Cr Workshop – Annual Plan #6 followed by Poss Crs Workshop
TBC			Possible LGNZ training for new Committee Chairs (if required)

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Report No.	19-145
Decision Required	

FRESHWATER FUTURES – DRAFT IN PRINCIPLE APPROACH TO GOVERNANCE PROCESS FOR THE MANAWATŪ CATCHMENT

1. PURPOSE

- 1.1. The purpose of this paper is for Members to consider support for a set of draft in principle governance arrangements for Te ia o Manawatū.

2. EXECUTIVE SUMMARY

- 2.1. Three hui have been held to discuss potential governance arrangements for a Manawatū catchment process with a primary focus on the development of a strategy for the catchment. A set of draft in principle arrangements have been produced and these are attached at **Annex A**.
- 2.2. In the new triennium Council and iwi will meet again to continue to firm up arrangements and to consider the implications of Government's Essential Freshwater package for catchment planning.

3. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 19-145 and Annex.
- b. notes that there are further discussions to be held between iwi and council;
- c. notes the progress of discussions to date as outlined in this report;
- d. supports the approach in the attached governance document noting that it is a draft in principle and not a final set of arrangements.

4. FINANCIAL IMPACT

- 4.1. Council established a funding mechanism for Freshwater Futures as part of the current Long Term Plan. Specific arrangements to support the proposed governance model will be brought to the new Council early in its triennium.

5. COMMUNITY ENGAGEMENT

- 5.1. Three hui have been held involving tangata whenua from several iwi, Councillors and council officers. Council has outlined its broad approach to freshwater management in public documents and on its website.

6. SIGNIFICANT BUSINESS RISK IMPACT

- 6.1. Timeframes proposed in Government's Essential Freshwater package will likely make community based catchment planning challenging. There will be an ongoing conversation about how Council delivers on both community collaboration and Essential Freshwater as Government's package becomes clearer.

7. BACKGROUND

- 7.1. Council has sought to put in place a catchment based planning process across the region to deliver on its Freshwater Futures programme and to give effect to the National Policy Statement for Freshwater Management.
- 7.2. The catchment based process is designed to enable community input into setting values, objectives and approaches to freshwater and the land management that impacts on freshwater.
- 7.3. The first catchment proposed for this collaborative approach is the Manawatū catchment.
- 7.4. The first step in the catchment planning process is to establish a governance arrangement.
- 7.5. As a result, Council has been exploring a governance relationship with iwi with interests in the Manawatū Rver and its tributaries.
- 7.6. A governance arrangement is being sought with the initial task of the governance entity being to produce a strategy for the river, noting the potential for a governance arrangement to extend to other key areas of work in the catchment in the future.
- 7.7. A series of three hui have been held with a number of iwi across the catchment and Councillors and senior staff.
- 7.8. The first two hui were facilitated by Paul Beverley, a partner at Buddle Findlay, and experienced Treaty lawyer. Mr Beverley also drafted the proposed governance document at Annex A.
- 7.9. The draft in principle document is being presented to Council to allow Members to consider direction and approach. The draft in principle document is also available to iwi to enable iwi to use it for their processes.
- 7.10. In terms of process steps the following have been taken or are yet to occur:
 - 7.10.1. Step 1 has been engagement at three hui. The product is the draft In principle governance document
 - 7.10.2. Step 2 will be consideration by iwi and Council of the draft in principle arrangements. That is the purpose of this paper for Council.
 - 7.10.3. Step 3 will be to confirm the proposed arrangements with Council and iwi. This step will happen once a new Council has been sworn in and iwi processes have been completed.
 - 7.10.4. Step 4. Completion of final terms of reference for a Manawatū strategy.

8. DISCUSSION

- 8.1. The arrangements detailed in Annex A provide for:
 - 8.1.1. An overall vision which is the same as that for the Manawatu Accord.
 - 8.1.2. A set of principles starting with the Treaty of Waitangi and working through a set of guiding principles. These essentially frame how those involved with the governance process intend to work together.
 - 8.1.3. A joint Tangata Whenua – Council committee whose first job will be to produce a strategy for the river, its tributaries, lakes, streams, wetlands and groundwater that form part of those interconnected waterways.
 - 8.1.4. A set of proposed arrangements for the committee including for membership, voting and a quorum.
 - 8.1.5. An appendix outlining the first task of the committee being the development of strategic direction for the Manawatū River.

9. SIGNIFICANCE

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

Nic Peet

GROUP MANAGER STRATEGY & REGULATION

ANNEXES

- A Draft Te ia o Manawatū Governance Document

In Principle Draft

TE IA O MANAWATŪ GOVERNANCE DOCUMENT

VISION

Kei te ora te wai, kei te ora te whenua, kei te ora te tangata
If the water is healthy, the land and the people are nourished

OVERVIEW

1. Purpose

- 1.1 Te ia o Manawatū is a process established by Tangata Whenua and Horizons Regional Council as a joint council committee to provide governance and a strategic direction for the Manawatū River.
- 1.2 This process is focussed on:
 - the Manawatū River, which includes the interconnected waterways comprising the river, tributaries, lakes, streams, wetlands and groundwater that form part of those interconnected waterways; and
 - activities on the land in the Manawatū River catchment to the extent that those activities affect the interconnected waterways; and
 - the mauri of Manawatū River.
- 1.3 The initial task for the governance group, is to develop a strategic direction for the Manawatū River, is set out in **Appendix One**.

2. Te Tiriti o Waitangi / Treaty of Waitangi

- 2.1 Te ia o Manawatū and the governance group is underpinned by the Treaty of Waitangi and the principles which can be summarised as:

- **Partnership:** tangata whenua and Council working together through a partnership-based approach;
- **Participation:** tangata whenua and Council working together to ensure that tangata whenua and all communities can participate effectively in the process; and
- **Protection:** the protection of Māori knowledge, interests, values, protocols, customs and language and other taonga, and the protection of the values of the Manawatū River.

Guiding Principles

2.2 Te ia o Manawatū and the governance group are guided by the following principles:

- **Kotahitanga** – Developing and maintaining a unity of purpose and direction towards a shared vision.
- **Pūkengatanga** – Celebrating the strengths of each partner which stems from their diverse culture and identity.
- **Kaitiakitanga** – Nurturing, consolidating, developing and expanding each partner so that each can continue to fulfil their functions and duties.
- **Wairuatanga** - Fostering the spiritual essence of each partner in addition to the physical dimension.
- **Whanaungatanga** – Recognition of strength of the individual being a part of a larger whole of the governance group. It is about knowing that each partner has a wider set of acquaintances that can provide support, assistance, nurturing, guidance and direction when needed.
- **Manaakitanga** – Expressing acknowledgment of each partner’s mana, respecting another’s point of view, perspective and behaviour. Each partner should endeavour to enhance the mana of the other.
- **Rangatiratanga** – Expressing the attributes of a rangatira including humility, leadership by example, generosity, altruism, diplomacy, professionalism.
- **Tino Rangatiratanga** – Respecting the self-governance of each partner and their control over their own destiny.
- **Ūkaipōtanga** – Recognition of each partner’s place of belonging or identity; recognising or knowing the importance of where each partner belongs, where they count, where they can contribute and the connection between the partners.

- **Whakapapa** - Acknowledging whakapapa as the framework that connects people to one another, to generations past and future, and to the wider environment. It reminds us of our responsibilities to one another as well as to the kaupapa.

3. Membership

- 3.1 Up to six Regional Councillors and six tangata whenua members.
- 3.2 The Regional Councillors will be appointed by Council.
- 3.3 The tangata whenua members will be recommended by Rangitāne o Manawatū, Rangitāne o Tamaki nui-ā-Rua, Ngāti Kahungunu, Muaūpoko, Ngāti Kauwhata and Ngāti Raukawa through their respective internal processes and appointed by Council.

4. Co-Chairs

- 4.1 The governance group will have two Co-Chairs:
- A Councillor member of the group, and
 - A tangata whenua member of the group appointed by tangata whenua.
- 4.2 At the commencement of each triennium:
- The Council shall appoint the Councillor Co-Chair
 - The tangata whenua members shall appoint the other Co-Chair
- 4.3 Each Co-Chair shall be the presiding member at meetings of the governance group on an alternate basis. If a Co-Chair is absent from a meeting of the governance group for which they are scheduled to be the presiding member, the other Co-Chair shall preside at the meeting.

5. Voting entitlement

- 5.1 Members of the governance group have full speaking rights and voting entitlements.

6. Quorum

- 6.1 The quorum for the governance group is three members appointed by the Council and three members appointed by tangata whenua.
- 6.2 Decision-making shall be by consensus where possible.
- 6.3 In the event that consensus cannot be reached then decisions will be made by support of the majority of:

- the members appointed by the Council (who are present and voting at a meeting); and
- the members appointed by tangata whenua (who are present and voting at a meeting).

7. Remuneration

- 7.1 The remuneration of the non-Councillor members of the governance group will be determined and approved by the Council.

8. Duration of the governance group

- 8.1 With reference to clause 30(7) of Schedule 7 of the Local Government Act 2002 (LGA), the governance group/committee is not discharged following the next triennial election.

9. Review of the governance group

- 9.1 A review of the governance group's terms of reference will be undertaken when the Manawatū catchment strategy has been approved, or at any time at the governance group's discretion.
- 9.2 It is acknowledged that the Manawatū River Advisory Board will in due course be established to provide advice to Council on issues relating to the Awa. Once established, governance arrangements for the catchment, including this governance group, will be reviewed.

10. Special terms of reference

- 10.1 Members are to be appointed and are to apply their particular skills and knowledge to deliver on the vision of Te ia o Manawatū, to enhance the mauri of the awa, and the communities that rely upon the river.
- 10.2 While members will reflect the perspectives of their appointers, they must work together with the primary focus being on the mauri of the awa and the wellbeing of communities.
- 10.3 The governance group shall provide for the disclosure of any potential conflicts of interest and shall adopt procedures to deal with those matters so as to avoid any perceptions or allegations of conflict, bias or predetermination.
- 10.4 The participation of tangata whenua members on the governance group will not be a substitute for any engagement with Iwi authorities as required by the RMA.

- 10.5 The participation of tangata whenua on the governance group is consistent with the Council's obligations under the LGA to facilitate Māori participation in the Council's decision-making processes.

APPENDIX ONE

TE IA O MANAWATŪ

DEVELOPMENT OF STRATEGIC DIRECTION FOR THE MANAWATŪ RIVER

- 1.1 The first task for the governance group is to develop a strategic direction for the Manawatū River.
- 1.2 This process is focussed on:
 - the Manawatū River, which includes the interconnected waterways comprising the river, tributaries, lakes, streams, wetlands and groundwater that form part of those interconnected waterways; and
 - activities on the land in the Manawatū River catchment to the extent that those activities affect the interconnected waterways; and
 - the mauri of Manawatū River.
- 1.3 Once the governance group has completed the strategic direction process, it may agree to move on to other tasks relating to the Manawatū River.
- 1.4 In order to develop the strategic direction, the governance group will:
 - Oversee development of a freshwater management strategy for the Manawatū River and its catchment. That strategy will contain recommendations to the Council in relation to improving the mauri, health and sustainable management of the Manawatū River and its catchment.
 - Appoint a community collaborative group to assist in development of that strategy. This collaborative group will undertake 'on the ground' work, with hapū, whānau, communities and stakeholders, to develop the detail of the strategy, and will report back to the governance group with a draft strategy.
 - Approve the Manawatū catchment strategy, and support its implementation, once completed.
 - Provide advice to the Manawatū-Whanganui Regional Council in relation to freshwater and estuarine management issues concerning the Manawatū River catchment.

- To avoid doubt, the respective functions of the Council and governance group are as follows:
 - the governance group will be responsible for developing and approving the strategy which will include recommendations to the Council in relation to improving the mauri, health and sustainable management of the Manawatū River and its catchment;
 - the Council will consider the strategy and its recommendations and will meet with the governance group to work through those recommendations;
 - the Council and the governance group will seek to reach consensus on the strategy and recommendations;
 - the Council will have the function of deciding what and how any recommendations, particularly those with fiscal or statutory implications for Council, will be taken forward into the implementation phase (for example through an RMA planning process);
 - the Council will seek advice and support from the governance group in relation to proposals for the implementation and monitoring of the strategy.

- 1.5 The catchment strategy is not intended to be a statutory document. It will, however, inform the implementation process including the potential development of proposed plans, variations, and plan changes in accordance with the requirements of the RMA and its instruments. When preparing and approving the strategy, the governance group will ensure that the contents of the strategy reflect the purpose, principles and requirements of the RMA and are able to be adopted through RMA processes, should the Council decide to do so.
- 1.6 The catchment strategy is a core component of the Council's implementation of national environmental policy, including the National Policy Statement for Freshwater Management. It must also consider estuarine and coastal effects, in accordance with the New Zealand Coastal Policy Statement.
- 1.7 It is expected that development of a catchment strategy will follow a collaborative process, with the meaningful involvement of community members and interest groups. That process may differ from the Collaborative Planning Process described in Schedule 1 of the RMA, but should be guided by the engagement requirements of the RMA and the LGA.

Report No.	19-146
Decision Required	

MW LASS LIMITED - EXEMPTED ORGANISATION

1. PURPOSE

- 1.1. This report is to seek Council's endorsement to review the **Manawatū-Whanganui Local Authority Shared Services Ltd (MW LASS)** status as an 'Exempted Organisation' under the provisions of section 7 of the Local Government Act 2002.

2. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 19-146.
- b. approves that, subject to confirmation by all LASS member councils, Manawatū-Whanganui Local Authority Shared Services Ltd be exempt for the purposes of section 6(4)(i) of the Local Government Act 2002 and thus not be a council-controlled organisation under that Act; and
- c. approves that this exemption applies for the period ending 30 June 2022 or until member councils determine an earlier date when this exemption should no longer apply.

3. FINANCIAL IMPACT

- 3.1. Nil.

4. COMMUNITY ENGAGEMENT

- 4.1. There is no requirement for community engagement for this matter.

5. SIGNIFICANT BUSINESS RISK IMPACT

- 5.1. There is no significant business risk impact for this matter.

6. BACKGROUND

- 6.1. This company was set up as a council controlled organisation during 2007-08 to provide councils in the Horizons region with an umbrella vehicle to investigate, procure, develop and deliver shared services. At its meeting on 12 March 2013 Council resolved to grant an 'Exempted Organisation' status to the company. This exemption must be reviewed no later than 30 June 2019 and every third year thereafter.

Consideration is being given to whether a further three year exemption from the Council-Controlled Organisation requirements might be an appropriate recognition for the nature of the company. That consideration requires that account be taken of the matters specified in section 7(5) of the Local Government Act 2002. The matters are:

- the nature and scope of the activities provided by the organisation; and
- the costs and benefits, if an exemption is granted, to the local authority, the council-controlled organisation, and the community.

- 6.2. The exemption has previously been granted every three years since 12 March 2013. The exemption provides for less legislative reporting and requirements for MW LASS Ltd. Mainly a formal Statement of Intent, including performance reporting, as well as presenting to shareholders a set of six-monthly accounts. However, in best practice, MW LASS does still prepare a six-monthly set of financial statements as well as an operational plan each year which does include performance reporting.
- 6.3. Secondly, while it is important to maintain reporting as part of the accountability to councils within the region, the LASS member councils are all represented by their Chief Executives on the Board of Directors. This means they are well-placed to keep their respective communities up-to-date with the activities of the LASS.
- 6.4. The Council is required to review this exemption every three years, so the recommendation takes that into account and also the need to align with other member councils of the LASS.

7. SIGNIFICANCE

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

Craig Grant
GROUP MANAGER CORPORATE AND GOVERNANCE

ANNEXES

There are no attachments to this report.

Report No.	19-147
Information Only - No Decision Required	

HORIZONS REGIONAL COUNCILS' COUNCIL-CONTROLLED ORGANISATIONS' 2018-19 ANNUAL REPORTS

1. PURPOSE

- 1.1. The purpose of this report is to present four Annual Reports for Horizons Regional Council's Council-Controlled Organisations to the shareholders of the Company as required by the Local Government Act 2002. This includes:

Regional Software Holdings Limited (RSHL);

Manawatu-Wanganui Local Authority Shared Services (MW LASS); and

MWRC Holdings Ltd (MWRCH); and

The Manawatu-Wanganui Regional Disaster Relief Fund Trust (MWRDRF Trust).

2. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 19-147 and Annexes.

3. FINANCIAL IMPACT

- 3.1. There is no financial impact as this report is for your information.

4. COMMUNITY ENGAGEMENT

- 4.1. The Annual Reports are publically available documents.

5. SIGNIFICANT BUSINESS RISK IMPACT

- 5.1. There is no significant business risk.

6. BACKGROUND

- 6.1. Two of the entities annual reports being presented are Public Limited Liability Company incorporated and registered under the Companies Act 1993 and are a **Council-Controlled Organisations (CCO)** as defined in section 6 of the Local Government Act 2002. These are **MW LASS** and **RSHL**. The third entity is **MWRCH**; this is a **Council-Controlled Trading Organisation (CCTO)**, also, as defined in section 6 of the Local Government Act 2002. Finally, the fourth entity, being **MWRDRF Trust**, is a Charitable Trust incorporated in NZ under the Charitable Trusts Act 195.
- 6.2. As part of the Local Government Act 2002, a **CCO or CCTO**, must deliver its annual report to the shareholders within three months of the end of the financial year, being 30 September.
- 6.3. At the time of writing this report RSHL has received their unmodified audit opinion by Audit NZ and the Board has adopted their Annual Report.

- 6.4. MWRDRFT has received verbal clearance of an unmodified audit opinion and the Board has adopted their annual report subject to the written opinion being received from Audit NZ.
- 6.5. MW LASS has yet to receive the audit opinion. It is anticipated that this is an unmodified opinion, due to be given at any stage. The Board have adopted the Annual Report in anticipation of receiving this audit opinion and the accounts will be signed at that stage.
- 6.6. Currently MWRC Holdings Ltd is scheduled to adopt its Annual Report on 23 September 2019. This entity is also in a similar position where the verbal clearance has yet to be received, but the Board will adopt this for signing once the audit opinion is received. This also assumes the technical clearance has been issued from Audit NZ. Once adopted, the MWRC Holdings Annual Report will be placed on the hub for Council to view
- 6.7. Attached are all of the CCO Annual Reports in their current state.

7. SIGNIFICANCE

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

Adrian Smith
ACTING CHIEF FINANCIAL OFFICER

Craig Grant
**GROUP MANGER
CORPORATE & GOVERNANCE**

ANNEXES

- A RSHL Annual Report 2019
- B MW LASS Annual Report 2019 - Latest Draft
- C MWRCH Annual Report 2019 - Latest Draft
- D MWRDRFT Annual Report 2019

**Regional Software Holdings Limited
Annual Report Including Financial
Statements**

For the Year Ended 30 June 2019

Regional Software Holdings Limited
For the Year Ended 30 June 2019**CONTENTS**

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Regional Software Holdings Limited Entity Information for the Year Ended 30 June 2019

Legal Name

Regional Software Holdings Limited (RSHL)

Type of Entity and Legal Basis

RSHL is a Limited Liability Company incorporated and registered under the Companies Act 1993 and is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

The Company's purpose or mission

The primary objective is to provide a framework for collaboration between the shareholders. It supports the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own.

Structure of the Company

The Company comprises of a Board of seven directors. The Board oversee the governance of RSHL. In addition there is a general manager who is responsible for the day-to-day operations of RSHL and reporting to the Board. Each Shareholder is entitled to separately appoint one director each.

Main sources of RSHL's cash and resources

Funds are received by way of levies from each Council. These levies are set annually in the Statement of Intent. These are the primary source of funding to RSHL.

Outputs

Outputs are described in the statement of performance and reported upon as part of the Annual Report.

Regional Software Holdings Limited Directors' Report For the Year Ended 30 June 2019

Regional Software Holdings Limited's Director's Report

On behalf of Regional Software Holdings Ltd, and the six regional council shareholders, it is our pleasure to present the Company's 2018/2019 Annual Report.

Regional Software Holdings Ltd is a major shared service undertaking by the Northland, Waikato, Taranaki, Horizons, West Coast and Southland regional councils. Hawke's Bay Regional Council is also a customer of Regional Software Holdings Ltd.

Regional Software Holdings Ltd is responsible for the long-term maintenance and development of the Integrated Regional Information System (IRIS) product as developed for and by the shareholding councils. Over the last few years, the six regional councils have developed a software solution (IRIS) for the regional council specific functions undertaken by those councils. The development project has been a remarkable success.

2018/2019 was a year of growth and development for Regional Software Holdings Ltd.

For the flagship IRIS product, the year was one of consolidation of the existing product and preparation for the next generation of IRIS development. Two releases of new functionality were delivered over the year with a total of four major enhancements and 29 minor enhancements. The focus during 2018/2019 was addressing design flaws affecting performance in the long term removing the dependency on Silverlight (mapping component).

As noted in last year's Annual Report, there is a need to undertake a reinvestment in the IRIS product to ensure the underlying technology remains current and fit for purpose. Regional Software Holdings Ltd has identified development of the roadmap for the next generation of IRIS (IRIS NG) as a key strategic priority. The objectives of this process are:

- To have selected a solution or solutions that meet the needs of Regional Software Holdings Ltd shareholders and customers for the long-term. Regional Software Holdings Ltd's philosophy is to develop only that software which is necessary deliver a complete solution for regional councils. With IRIS NG it is expected that commercial software will be a greater proportion of the solution than is the case with IRIS.
- Create a transition plan for existing IRIS councils from IRIS to IRIS NG.
- Develop long-term financial projections for Regional Software Holdings Ltd, shareholders and customers for the implementation of the next generation platform.

Regional Software Holdings Ltd has a number of opportunities going forward. In particular, the Company continues to look to grow the number of IRIS users in other regional councils. Regional Software Holdings Ltd has continued to work with other regional councils to attract them as either shareholders or customers. This year Regional Software Holdings Ltd has worked very closely and intensively with Hawke's Bay Regional Council (HBRC) in their implementation of IRIS. IRIS is now live and working well at HBRC. Regional Software Holdings Ltd has presented a proposal to one other regional council to bring them on as a customer and user of IRIS.

This time last year we noted that Regional Software Holdings Ltd was starting to work with the regional council sector to establish how the company vehicle can be used for the betterment of the regional council community. This has resulted in the Regional Council Collaboration (ReCoCo) initiative. ReCoCo facilitates unitary and regional councils entering into collaboration initiatives where there are overlapping or shared objectives, covering areas of common interest or joint responsibility. Regional Software Holdings Ltd is the delivery vehicle used to facilitate and administer ReCoCo. This year saw the implementation of ReCoCo commence with the first projects delivered to the benefit of the wider regional council community.

All of these initiatives put considerable pressure on the time commitments of our part time General Manager John Crane. Consequently, the Board decided to appoint and employ its first full time General Manager. The Board wishes to acknowledge and thank John for his contribution as General Manager. The work of John has placed Regional Software Holdings Ltd in an excellent position to move forward. The Board also welcomes Mark Donnelly as the new full-time General Manager. The ability to deliver the initiatives outlined above would not be possible without a full-time General Manager.

John's expertise and experience will not be lost to Regional Software Holdings Ltd as he has been appointed to represent Waikato Regional Council on the board. Mr Mike Garrett was Waikato's representative since the company's inception but has now retired. The Board wishes him well in his future endeavours and thanks him for his contribution to the successes of Regional Software Holdings Ltd.

We also farewell Regional Software Holdings Ltd.'s Company Secretary (Leanne MacDonald) and Accountant (Amanda Calman) as they advance their careers. Again we acknowledge and thank Leanne and Amanda for their contributions.

Financially, the company is in a sound position as planned. Regional Software Holdings Ltd.'s revenue comes from licence charges and fees from the shareholding councils. This funding is used for the maintenance and development of the IRIS product. Therefore, the company does not trade to make a profit. Rather, it charges to cover its planned level of expenditure. The continuing investment in the development and enhancement of IRIS ensures that the product maintains its value within the Company's balance sheet. The growth in the user base of IRIS allows the company to reduce the licence charges and fees. This is a real tangible financial benefit to the regional councils involved in IRIS.

The success of IRIS and Regional Software Holdings Ltd is due to the collaborative approach of the six regional councils. The success and richness of the IRIS product is a reflection of the contribution, expertise, and commitment of a team of well over 100 people from all the shareholding councils, in a variety of roles.

The outlook for Regional Software Holdings Ltd and the IRIS product is bright and there are significant opportunities to support the activities and achievements of New Zealand regional councils and unitary authorities.

Financial Statements

The financial statements required by section 67 of the Local Government Act 2002 (LGA (2002)), together with the audit report required by section 69 of the LGA (2002), are attached.

Registered Office

C/o Horizons Regional Council
11-15 Victoria Avenue
Palmerston North

Auditors

Audit New Zealand on behalf of the Controller and Auditor General.

Directors

The following directors were in office at the end of the year:

	2018-19		2017-18	
	Remuneration	Benefits	Remuneration	Benefits
Mike Neild (Chairman)	-	-	-	-
Malcolm Nicolson	-	-	-	-
Ged Shirley	-	-	-	-
Les Gibbs	-	-	-	-
Neil Selman	-	-	-	-
Mike Garrett (Retired Dec 2018)	-	-	-	-
John Crane (Appointed Dec 2018)	-	-	-	-
A Aakjaer (Independent Director)	30,000	-	17,500	-
Total Remuneration	30,000	-	17,500	-

Replacement Deputy Chair (position vacated by Mike Garrett) is yet to be appointed.

Interest Register

All Directors listed their interests in the register on being appointed to the company. The following interests were registered:

Director	Organisation	Interest
MC Nicolson	Hawk Hill Estates Limited	Director
	The Masters Group Holdings Limited	Director
MJ Nield	Taranaki Stadium Trust	Trustee
L Gibbs		
N Selman	Mount Cook Alpine Salmon Limited	Shareholder
	Real estate financial Services Limited	Director &
	Left Brain Creations Limited	Shareholder
G Shirley		
A Aakjaer	Negotiate Limited	Director & Shareholder
	Aakjaer Trustee Company Ltd	Director & Shareholder
	Ice Bear Holdings Ltd	Director & Shareholder
	One Sheep at a Time Limited	Director & Shareholder
	<i>Note: Negotiate Consulting may from time to time provide advisory services to Northland Regional Council and Waikato Regional Council</i>	
	J Crane	

Additional Disclosure

The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000. For this financial year, one employee was employed by RSHL however the remuneration was not over \$100,000. The audit fee for the period is expected to be \$5,289 (GST exclusive) paid to Audit New Zealand.

Statement of Compliance

The Board of Directors hereby confirm that all statutory requirements in relation to the annual report, as outlines in the Local Government Act 2002, have been complied with.


Statement of Responsibility

In terms of the Local Government Act 2002 and the Companies Act 1993, the Board of Directors is responsible for the preparation of Regional Software Holdings Limited's financial statements and to assist the company meet its objectives and any other requirements in its Statement of Intent (SOI).

The Board of Directors of Regional Software Holdings Limited has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of Regional Software Holdings Limited for the year ended 30 June 2019.

Signed on behalf of the Board of Directors:



MJ Nield – Chairman
Date: 29 August 2019



Ged Shirley - Director
Date: 30/8/19

**Regional Software Holdings Limited
Statement of Financial Performance
For the Year Ended 30 June 2019**

	Note	Actual 2018-19	Budget 2018-19	Actual 2017-18
Revenue				
Members Contributions	1	1,210,458	1,117,579	1,151,350
Interest Income		391	600	277
Regional Sector Share Services		51,059	500,000	-
Other Income	2	218,064	211,213	77,255
Total Revenue		1,479,971	1,829,392	1,228,882
Expenses				
Administration Costs	3	32,329	26,120	42,870
Audit and Legal Fees		5,250	11,100	5,250
Datacom Support Services		172,653	178,000	278,468
Technical Services		-	50,000	-
Environmental Charges		14,258	10,500	9,476
Implementation Costs		6,551	-	19,505
Promotional Costs			10,000	-
Travel and Meeting Costs		8,897	7,000	-
Management Fees		125,926	157,500	148,773
Personnel Costs		24,046	-	-
External Director Fees		30,000	30,000	18,627
Regional Sector Shared Services		41,595	500,000	-
Other Direct Software Expenses		207,097	62,750	68,041
Depreciation	7	817,721	786,423	740,460
Total Expenses		1,486,323	1,829,392	1,331,470
Surplus/(Deficit) Before Tax		(6,351)	-	(102,588)
Income Tax Expense	4	-	-	-
Surplus/(Deficit) After Tax		(6,351)	-	(102,588)

Explanations of major variances against budget are provided in note 14
The accompanying notes form part of these financial statements

Regional Software Holdings Limited
Statement of Financial Position
As at 30 June 2019

	Note	Actual 2018-19	Budget 2018-19	Actual 2017-18
Assets				
Current Assets				
Bank Accounts and Cash	5	282,355	137,932	305,693
Debtors and Prepayments	6	383,469	-	6,317
GST Receivable		-	-	33,237
Withholding Tax Paid		115	-	94
Total Current Assets		665,939	137,932	345,341
Non Current Assets				
Property, Plant and Equipment(PPE)	7	4,885,346	5,202,007	5,025,893
Total Non Current Assets		4,885,346	5,202,007	5,025,893
Total Assets		5,551,286	5,339,939	5,371,234
Liabilities				
Current Liabilities				
Creditors and Accrued Expenses	8	182,054	-	166,199
Revenue in Advance – ReCoco		161,441	-	-
GST Payable		9,106	-	-
Total Current Liabilities		352,601	-	166,199
Total Liabilities		352,602	-	166,199
Net Assets	9	5,198,684	5,339,939	5,205,035
Represented By:				
Equity				
Contributed Capital	9	5,149,150	5,149,150	5,149,150
Accumulated Surpluses	9	49,534	190,790	55,885
Total Equity		5,198,684	5,339,939	5,205,035

Explanations of major variances against budget are provided in note 14
The accompanying notes form part of these financial statements

**Regional Software Holdings Limited
Statement of Cashflows for the year
Ended 30 June 2019**

	Note	Actual 2018-19	Budget 2018-19	Actual 2017-18
Cashflows from Operating Activities				
Cash was provided from:				
Receipts from Members		919,615	711,213	1,148,084
Interest		391	600	277
Recoco Income		212,500		
Other Income		180,948	1,117,579	94,926
Tax Refunds Received		-	-	-
Total Operating Receipts		1,313,454	1,829,392	1,243,288
Cash was applied to:				
Payments to Suppliers		(589,313)	(1,042,970)	(503,931)
Net GST Movement		(7,346)		(26,111)
Total Operating Payments		(596,659)	(1,042,970)	(530,042)
Net cash from operating		716,795	786,422	713,246
Cashflow from Investing Activities				
Cash was applied to:				
Purchase of PPE/Intangible Assets		(740,133)	(785,248)	(760,628)
Term deposits		-	-	-
Total Investment Payments		(740,133)	(785,248)	(760,628)
Net cash from investing		(740,133)	(785,248)	(760,628)
Net increase (decrease) in cashflow for the year		(23,338)	1,175	(47,382)
Opening Cash Balance		305,693	136,758	353,075
Closing Cash Balance		282,355	137,932	305,693
Made up of:				
Westpac Current Account	5	102,261	25,000	141,786
Westpac Online Saver Account		180,095	112,932	163,907
		282,355	137,932	305,693

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Departments. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent.

Explanations of major variances against budget are provided in note 14
The accompanying notes form part of these financial statements

Regional Software Holdings Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by Waikato Regional Council (32.75%) Northland Regional Council (16.75%) Horizons Regional Council (15.50%) Taranaki Regional Council (15.50%) Southland Regional Council (15.50%) and West Coast Regional Council (4.00%). RSHL was incorporated on 17 October 2012. RSHL was primarily incorporated for the purposes of managing the investment and development of IRIS Software, and has designated itself a Public Benefit Entity (PBE), in keeping with the designation of the shareholders.

The financial statements are those of RSHL, for the 12 months ended 30 June 2019, and were authorised for issue by the Board of Directors on 29 August 2019.

Basis of Preparation of the Financial Statements

RSHL qualifies for Public Benefit Simple Format Reporting – Accrual (PBE-SFR-A) on the basis that the Company does not have publicly accountable (as defined) and has total annual expenses of less than \$2 million.

The financial statements have been prepared in accordance with Tier 3 Public Benefit Entity (PBE) Standards.

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The financial statements have been prepared on a historical cost basis.

All transactions in the financial statements are reported using the accrual basis of accounting.

Presentation Currency and Rounding

The financial statements have been prepared in New Zealand dollars and there will be rounding in the numbers in the financial statements, as the financial model used calculates to the cent but the annual report is rounded to the nearest dollar.

The functional currency of RSHL is New Zealand dollars.

Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Members Contributions and Other forms of Revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on a stage of completion basis at balance date as a percentage of total services to be provided.

Interest revenue is recorded as it is earned.

Expenditure

Expenditure is recognised on as an expense when the service was provided, or the goods received.

Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

Bank Accounts and Cash

Cash and cash equivalents includes include cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Goods and Services Tax (GST)

RSHL is registered for GST; these financial statements are presented exclusive of GST, except for receivables and payables which are inclusive of GST.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Income tax expenses calculated using the taxes payable method. As a result no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Employee-related costs

Wages, salaries, and annual leave are recognised as an expense as staff provide services and become entitled to wages, salaries, and leave entitlements.

Performance payments are recognised when the employee is notified that the payment has been granted.

Superannuation contributions are recognised as an expense as staff provide services.

Property, Plant and Equipment

Property, plant, and equipment are recorded at cost, less accumulated depreciation/amortisation and impairment losses

Software acquisition and development

Costs that are directly associated with the development or acquisition of the IRIS software suite and E-learning are recognised as property, plant and equipment.

Depreciation

Depreciation begins when the asset is available for use and ceases at the date that the asset is derecognised. The depreciation charge for each period is recognised through the Statement of Financial Performance.

The carrying value is depreciated on a straight-line basis over its useful life. The following useful lives and associated depreciation rates apply to property, plant, and equipment

Plant, property, equipment	Useful Life	Depreciation Rate
IRIS software Intellectual property	10 years	10%
E-Learning software	10 years	10%
Computer Hardware	10 years	10%

Impairment

Where an item of property, plant, equipment asset is replaced, upgraded or determined by RSHL to be of no further operational benefit, a change in value will be recognised through the Statement of Financial Performance. This change in value will be the difference between the carrying value of the original item and its fair value.

If there is any indication that an impairment charge recorded in prior periods may no longer exist or has reduced, an impairment reversal is recognised. The reversal of impairment shall be all or part of the previous impairment charge. However, it must not result in the carrying amount of the asset (net of depreciation) being recorded at more than it would have been had the impairment not been recorded.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, RSHL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Budget Figures

The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing the financial statements.

Changes in Accounting Policies

Other than noted below, accounting have been applied consistently to all periods presented in these financial statements.

Omnibus Amendments

The 2018 Omnibus amendments to Tier 3 and Tier 4 PBE Accounting Requirements has been early adopted in preparing this set of financial statements. The adoption of the amendments has resulted in additional disclosures in the financial statements and clarification on the treatment of impairment reversals. This has not resulted in any changes in the accounting policies applied during the financial year and no impact on the reported amounts.

Tier 2 PBE Accounting Standards applied

RSHL has not applied any Tier 2 Accounting Standards in preparing its financial statements.

Notes to the Financial Statements for the Year Ended 30 June 2019

1. Members Contributions

Statement of Intent set the member contributions to be \$1,117,579.

	2018-19	2017-18
Members Contributions as per SOI	1,117,578	1,098,534
Subsequently agreed contributions		
Capital Funding	52,435	
Shared Licence Funding	40,445	9,991
E-Learning Software Purchase		42,525
Total Member Contributions	1,210,458	1,151,350

2. Other Income

	2018-19	2017-18
Recovery of other direct software expenses	57,750	57,750
Hawkes Bay Regional Council Reimbursements	5,259	19,505
User Funding – Hawkes Bay Regional Council	155,055	-
Total Other Income	218,064	77,255

3. Administration Costs

	2018-19	2017-18
Administration Support	449	1,851
Accounting & Technical Support	29,756	35,667
Insurance	1,866	1,970
External Contractors	-	2,933
Legal Expenses	-	315
Bank Fees	259	134
Total Administration Support	32,329	42,870

4. Income Tax – to provide

	2018-19	2017-18
Current Tax	-	-
Adjustments to current tax in prior years	-	-
Income Tax Expense	-	-
Relationship between income tax expense and accounting surplus/(deficit)		
Net surplus/(deficit) before tax	(6,351)	(102,588)
Tax at 28%	(1,778)	(28,725)
Plus/(Less) tax effects of:		
Temporary differences	55,040	36,587
Non-deductible expenses	-	-
Tax losses not recognised	(53,262)	(7,862)
Income Tax Expense	-	-

Unused tax losses of \$3,593,564 (2018; \$3,778,166) are available to carry forward and offset against future taxable income.

5. Bank Accounts and Cash

	2018-19	2017-18
Current Account	102,261	141,786
Savings Account	180,095	163,907
Total Bank Accounts and Cash	282,355	305,693

6. Debtors and Accrued Revenue

	2018-19	2017-18
Debtors	383,469	6,317
Prepayments	-	-
Total Debtors & Prepayments	383,469	6,317

7. Property, Plant and Equipment

	E-learning Software	IRIS Software Intellectual Property	Computer Hardware	Total
Carrying amount as of 1 July 2017	5,198	5,097,160	-	5,102,358
Additions	37,327	707,440	-	744,767
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation Expense	(2,835)	(737,625)	-	(740,460)
Work in Progress written off/impaired	-	(80,772)	-	(80,772)
Carrying amount as of 30 June 2018	39,690	4,986,203	-	5,025,893
Carrying amount as of 1 July 2018	39,690	4,986,203	-	5,025,893
Additions	-	744,903	2,299	747,202
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation Expense	(4,252)	(813,341)	(128)	(817,721)
Work in Progress written off/impaired	-	(70,028)	-	(70,028)
Carrying amount as of June 2019	35,438	4,847,737	2,171	4,885,346

At balance date the work in progress value of the IRIS Asset is \$350,375 (2018: \$352,572) with \$636,050 capitalised during the year (\$426,430). The work in progress written off/impaired has been included in other direct software expenses.

8. Creditors and Accrued Expenses

	2018-19	2017-18
Creditors	156,272	160,069
PAYE Payable	3,939	-
Employee Entitlements	7,408	
Accrued Expense - Audit New Zealand	5,250	5,250
Accrued Expense – Environment charge Feb 18	-	839
Accrued Expense – Xero Software subscription June 2018	-	41
Accrued Expense – ReCoCo Shared Services	9,185	-
Total Creditors and Accrued Expenses	182,054	166,199

9. Equity

	2018-19	2017-18
Contributed Capital		
Balance at 01 July	5,149,150	5,149,150
Capital Contribution	-	-
Balance at 30 June	5,149,150	5,149,150
Retained Earnings		
Balance at 01 July	55,885	158,472
Surplus/(Deficit) for the year	(6,351)	(102,588)
Balance at 30 June	49,534	55,884
Total Equity	5,198,684	5,205,035

There are 10,000 shares which have been fully called to the value of \$514,915. Share capital is currently \$5,149,150.

10. Commitments

There are the following commitments at balance date (2018: Major Enhancements \$92,931, Minor enhancements \$Nil).

	Balance Committed
Major Enhancement Commitments	
Eagle Technologies - Map Component	50,805
Datacom - MAJ043 – IRIS Tactical Technology Changes	7,614
Datacom - MAJ046 – Replace Expired Consents on Regimes	14,570
Datacom- HRC004 – IRIS Actions Menu Extension	6,572
Datacom - TRC023 – Regime Activity Timeline	12,896
Datacom - HRC005- Associate Management Site	<u>8,804</u>
Total Commitments	<u>101,261</u>

11. Contingencies

There are no contingent liabilities at balance date and no contingent assets at balance date, (previous year: Nil).

12. Related Party Transactions

Related party transaction disclosures have not been made for transactions with related parties that are within a normal supplier/client or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect RSHL would have adopted in dealing with the party at arm's length in the same circumstances.

Related Party Transactions Significant to RSHL Requiring Disclosure:

Shareholder	Share	2018/19 (Incl GST)	2017/18 (Incl GST)	Description of services
Waikato Regional Council	32.75%	151,010	166,317	Management fees
Waikato Regional Council	32.75%	2,643	-	Office equipment reimbursement
Waikato Regional Council	32.75%	5,998	17,850	IRIS Implementation Costs
Horizons Regional Council	15.50%	22,014	13,912	Accounting support costs
Horizons Regional Council	15.50%	955	-	Reimbursement of meeting travel
Horizons Regional Council	15.50%	-	197	IRIS Implementation Costs
Southland Regional Council	15.50%	-	42,795	Reimbursement of duplicate payment received
Taranaki Regional Council	15.50%	1,883	845	IRIS Implementation Costs
Taranaki Regional Council	15.50%	-	1,276	Reimbursement of Board Chair Travel and Parking
Northland Regional Council	16.75%	-	895	Reimbursement of Advisory Chair travel costs
Northland Regional Council	16.75%	-	3,540	IRIS Implementation Costs
Northland Regional Council	16.75%	694	-	Reimbursement of meeting travel

Total services purchased for IRIS implementation of \$7,881 (Incl GST) (2018: \$22,431 (Incl GST)) were on-charged to Hawkes Bay Regional Council (non-related party).

Revenue of \$1,210,458 was received from the shareholder councils as member contributions as outlined in note 1.

Funding for the regional shared services (Recoco) was received of \$212,500 from the member councils, costs of \$51,058.61 has been spent on Recoco projects as at 30 June 2019 and revenue in advance of \$161,441 has been recognised in relation to the unspent funds to be used on ongoing Recoco projects.

At 30 June 2019 \$ 383,469 (2018 \$6,317) was owed to RSHL by Member Councils and \$26,213 (2018 \$Nil) was payable by RSHL to member councils.

13. Events After Balance Date

There are no significant events after balance date.

14. Explanations on Major Variances

Explanations for major variances from RSHL's budgeted figures in the 30 June 2018 Statement of Intent are as follows:

Statement of Financial Performance	Actual	Budget	Variance	
Members Contributions	1,210,458	1,117,579	92,879	Contributions as per SOI on budget, additional revenue received due to agreed contributions for licencing and individual council funded capital work.
Regional Sector Shared Services	51,059	500,000	(488,941)	SOI based on estimate of agreement, actual agreement equated to \$212.5k which is \$287.5k less than budget. Revenue has been recognised for ReCoco project costs as at 30 June 2019. The balance of funding of \$161k, has been recognised as revenue in advance to fund ongoing and future ReCoco projects.
Other Income	218,064	211,213	6,851	Reimbursement of additional licence costs and implementation costs.
Administration Costs	32,329	26,120	(6,209)	Additional time incurred with reporting and ReCoco structure set up
Audit and Legal Fees	5,250	11,100	5,850	No legal costs incurred
DATAKOM Support Services	172,653	178,000	5,347	Minor variance to contract
Technical Services	-	50,000	50,000	Budget not required during the year
Environmental Charges	14,258	10,500	(3,758)	Additional environments were required to be built during the year to enable more adequate testing.
Implementation Costs	6,551	-	(6,551)	There are unbudgeted implementation costs which were subsequently offset in the "Other Revenue"
Promotional Costs	-	10,000	10,000	Not required during the year
Travel and Meeting Costs	8,897	7,000	(1,897)	Additional face to face meeting to introduce new General Manager.
Management Fees	125,926	157,500	31,574	Full time GM role budgeted to be outsourced, however role was directly recruited

	Actual	Budget	Variance	
Personnel Costs	24,046	-	(24,046)	Full time GM role budgeted to be outsourced, however role was directly recruited
Independent Director	30,000	30,000	-	This was for a independent director for RSHL.
Regional Sector Shared Services	41,595	500,000	467,590	Statement of Intent (SOI) was based on estimate of the agreement (which had not yet been established at the time the SOI had been adopted) The actual agreement was to \$212.5k. As at 30 June 2019 the revenue for this has not yet been earned and is currently stated as revenue in advance on the liability side of the balance sheet.
Other Direct Software Expenses	207,097	62,750	(144,347)	Additional write offs identified during year as enhancements that wouldn't progress, combined with cost of unexpected 'hot fix' which was related to a patch to correct a software error (or bug).
Depreciation	817,721	786,423	(31,298)	Higher level of capitalisations then expected during the year resulting in higher depreciation.
Statement of Financial Position				
Bank Accounts and Cash	282,355	137,932	144,423	ReCoCo funds unspent during the year resulting in higher cash levels
Debtors and Accrued Revenue	383,469		383,469	A contribution request was made at year end and in prior years these were made prior to 30 June.
Property, Plant and Equipment	4,885,346	5,202,007	(316,661)	As at balance date some WIP jobs were not completed and not capitalized and other WIP was considered to be operating expense.

Statement of Cash Flow	Actual	Budget	Variance	
Total Operating Receipts	1,313,454	1,829,392	(515,938)	There was anticipated income of \$500,000 from Regional Sector Share payments, the actual income from this was only \$51,059.
Total Operating Payments	\$596,165	1,042,970	446,805	Payments to suppliers were \$446,805 under budget due to Regional Shared Services costs being significantly less than budgeted.
Total Investment Payments	740,133	785,248	45,115	Purchase of PPE was lower than anticipated in the budget.

15. Statement of Performance Targets for 2018-19

Performance target	Level of Achievement		Comment
	2018-19	2017-18	
Undertake an annual survey of users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Baseline to be developed following the completion of the first survey.	In Progress	Not applicable or new measure in 2018/19	The Customer and Users Surveys are currently under way with results expected in August.
Develop, approve, communicate and refine the annual roadmap for RSHL major enhancement projects. Draft annual roadmap presented to the Board by 31 December of each year for the following year. Adoption by the Board by 30 June of each year.	Achieved	Not applicable or new measure in 2018/19	The major enhancements roadmap for 2018/19 was developed and approved by the Advisory Group, under the management of RSHL. The 2018/19 draft annual roadmap was presented to the Board at the 22 November board meeting. It was included in the General Managers report and adopted.
Major Enhancement projects identified on the Annual Roadmap are all completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	Achieved	Achieved	There were 9 enhancements on the roadmap for 2018/19. Three were delivered in the 3.07 data release, and 4 will be delivered in 3.08 data release – scheduled for release in July. All are expected to come in under budget and as scheduled. One additional developments in progress for a future release, having been reprioritized by the Advisory Group, and one other was closed after further evaluation. 3.05 was released in June 2018 and capitalized at the end of warranty in August. This is normal practice as bug fixes during the warranty period as included in the cost of the release.
Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group (AG).	Achieved	Achieved	The minor enhancements and support budgets were fully consumed under the direction of the AG.

Performance target	Level of Achievement		Comment
User Groups and business representatives are engaged in the development of the Major Enhancement Annual Roadmap.	Achieved	Not applicable or new measure in 2018/19	Users continue to collaborate and participate in RSHL through the User Groups. Fortnightly user group meetings have continued and been well attended. Different users from RSHL councils have participated in the development of Major initiatives on this years roadmap.
Financial	2018-19	2017-18	
RSHL will operate within 5% (plus or minus) of its overall annual budget.	Not Achieved	Not Achieved	The overall result was less than 6% variance from budget with a net deficit of \$(6,351) compared to a budgeted surplus/(deficit) of \$Nil. The balance sheet showed closing equity of \$5,198,684 compared to budget of \$5,339,939 a variance of \$(141,255) which is -2.64%.
Annual charges will be kept to a maximum of 2% increase year on year	Achieved	Achieved	The annual charges stated in the Statement of Intent has been achieved. (The Budget for 2017/18 \$1,098,534 2018/19 budget \$1,117,579 and the actual increase was 1.7%)
Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Achieved	Not applicable or new measure in 2018/19	In the past year RSHL won a competitive process to implement IRIS at Environment Canterbury, who subsequently chose not to proceed. Information was also provided to Gisborne District Council.
Consider, evaluate and, if appropriate, implement new service areas or areas outside of the current scope of IRIS	Achieved	Not applicable or new measure in 2018/19	ReCoCo is RSHLs main focus outside of the core IRIS platform and this continues to grow. ReCoCo is established as a delivery vehicle for collaborative initiatives involving regional and unitary councils. ReCoCo has MOUs in place with the Regional CEOs Group and councils. An advisory group has been established which is supported by the Corporate Services SIG. A regular reporting cycle has been put in place.

Performance target	Level of Achievement		Comment
<p>Be a service delivery agent for wider regional council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the Regional Council Corporate Services SIG.</p>	Achieved	Achieved	<p>RSHL has been established as the 'delivery vehicle' for collaborative and cross-sector projects as part of the Regional Council Collaboration initiative (ReCoCo).</p> <p>ReCoCo is established as a delivery vehicle for collaborative initiatives involving regional and unitary councils. ReCoCo has MOUs in place with the Regional CEOs Group and councils. An advisory group has been established which is supported by the Corporate Services SIG. Project management is in place for all projects. A regular reporting cycle has been put in place. 12 Projects are in the ReCoCo portfolio. All are operating within agreed budgets and timetables.</p>

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Regional Software Holdings Limited's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of Regional Software Holdings Limited (the company). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 7 to 19, that comprise the statement of financial position as at 30 June 2019, the statement of financial performance, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 20 to 22.

In our opinion:

- the financial statements of the company on pages 7 to 19:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting –Accrual (Public sector) standard.
- the performance information of the company on pages 20 to 22 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2019.

Our audit was completed on 30 August 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 6, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

A handwritten signature in blue ink, appearing to read "Debbie Perera".

Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand



Annual Report

Manawatū-Whanganui LASS Ltd.
For the year ended 30 June 2019

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Entity Information

Manawatū-Whanganui LASS Ltd. For the year ended 30 June 2019

Legal Name of Entity

Manawatū-Whanganui LASS Ltd. (MW LASS Ltd.)

Entity Type and Legal Basis

MW LASS Ltd is a Public Limited Liability Company Incorporated and registered under the Companies Act 1993 and is a Council-Controlled Organisation as defined in section 6 of the Local Government Act 2002. MW LASS Ltd. is an exempt Council Controlled Organisation.

Entity's Purpose or Mission

The primary objective is to provide benefit to Councils and their staff through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation. The vision is to:

- Promote collaboration between Councils in the Manawatu-Wanganui Region in delivery of all services but particularly support services.
- Recognise that collaborative services can only be provided with the support and involvement of staff.
- That staff involved in the delivery of services have expert knowledge which can benefit the process.
- Capitalise on the the opportunities provided by technology to improve service delivery.
- To aspire to excellence and best practice in all services provided.

Entity Structure

The Company comprises of a Board of eight directors. The Board oversee the governance of MW LASS Ltd.

Main Sources of Entity's Cash and Resources

Funds are received by way of levies from each Council. These levies are set annually in the Operational Plan. MW LASS Ltd. also has user-pays services.

Entity Information**Outputs**

MW LASS Ltd.'s outputs are to enable the provision of shared services to any or all local authorities within the Manawatu-Wanganui Region.

MW LASS Ltd. may also sell 'shared' processes and systems as set up under individual agreements to local authorities outside the Region.

Pursue all opportunities to procure shared services that will benefit the community in the widest sense, through enhanced back office services and/or reduced costs for Councils.

For the 2018-19 year MW LASS continued to offer the following shared services of:

Debt collection and archiving for the region and we are currently exploring a new collaborative approach to health and safety across the region.

The debt collection unit has continued to grow and this year has collected \$4.2 million of debt. Five new non-member councils enlisted their debt with the unit this year, taking the total council membership to 21.

Shared procurement has continued, the key areas being insurance, ERoads, shared valuation database, a collaboration portal and the internal auditor role. In addition two member councils have commenced a shared procurement of an automated accounts payable system.

MW LASS will continue to look for ways to create efficiencies in either shared procurement and/or services.

Directors Report

Manawatū-Whanganui LASS Ltd. For the year ended 30 June 2019

State of Affairs

The year ended 30 June 2019 was the tenth full year of operations. The net result for the company was a surplus of \$31,700 after tax for the year.

Financial Statements

The financial statements required by Section 67 of the Local Government Act 2002 (LGA (2002)), together with the audit report required by Section 69 of the LGA (2002), are attached hereto.

Directors

The following directors were in office at the end of the year. Numbers in brackets refer to board meetings attended, compared to the numbers of meetings available.

B.P.King	(2/6)	(Taranua District Council)
M.J.McCartney	(5/6)	(Horizons Regional Council)
A.R.McNeil	(5/6)	(Rangitikei District Council)
D.Clapperton	(3/6)	(Horowhenua District Council)
K.A.Fell	(4/6)	(Whanganui District Council)
C.A.Manley	(6/6)	(Ruapehu District Council)
C.N.O'Connell	(6/6)	(Independent)
R.G.Templer	(6/6)	(Manawatu District Council)

Mr C.N. O'Connell, an independent Director, received remuneration of \$7,900 during the year (last year \$8,500). No other Director received any remuneration or other benefits in their capacity as Directors of the company during the financial year.

Registered Office

C/- Horizons Regional Council, 11-15 Victoria Avenue, Palmerston North, 4410.

Auditors

Audit New Zealand on behalf of the Controller and Auditor General

Directors Insurance

The company has arranged Directors' and Officers' liability insurance cover for \$5 million with AON NZ Insurance to indemnify the Directors against a loss as a result of actions undertaken by them as Directors provided they operate within the law.

Interest Register

No entries were made in the interest register during the year. With the exception of Mr C. N O'Connell, all of the Directors are Chief Executives of their respective Councils. Mr O'Connell has no dealings with MW LASS Ltd., other than in his capacity as a Director.

Directors Report**Statement of Compliance and Responsibility**

In terms of the Local Government Act 2002 and the Companies Act 1993, the Board of Directors is responsible for the preparation of Manawatū-Whanganui LASS Limited's financial statements and to assist the company to meet its objectives.

The Board of Directors of Manawatū-Whanganui LASS Limited has the responsibility for establishing and has established a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board of Directors' opinion, these financial statements fairly reflect the financial position and operations of Manawatū-Whanganui LASS Limited for the year ended 30 June 2019.

Signed on behalf of the Board of Directors:

_____ M.J. McCartney

_____ R.G. Templer

Date : 9 September 2019

Statement of Financial Performance

Manawatū-Whanganui LASS Ltd.
For the year ended 30 June 2019

	NOTES	2019	2018
Revenue			
Administrative Revenue			
Interest Income		14	61
Total Administrative Revenue		14	61
Project Revenue			
Archives Central	1	396,190	392,421
Debt Management Central	2	429,629	302,059
Health & Safety	3	64,056	132,973
Internal Audit	4	2,538	48,240
Shared Services	5	311,615	269,195
Total Project Revenue		1,204,028	1,144,888
Total Revenue		1,204,042	1,144,949
Expenses			
Administrative Expenditure			
Accounting & Audit		25,829	18,459
Administration, Accommodation & Travel National		479	4,244
Advertising		350	180
Bank Fees		636	150
Board Expenses		9,372	12,217
Executive Officer & Secretary		15,000	15,000
Insurance		6,493	6,652
Legal expenses		7,955	-
Motor Vehicle Expenses		513	417
Office Expenses		-	794
Other Staff Costs		55,275	24,254
Printing & Stationery		-	686
Recruitment Expenses		613	-
Repairs and Maintenance		261	-
Sundry Expenses		465	-
Total Administrative Expenditure		123,241	83,053
Project Expenditure			
Archives Central	1	433,607	360,926
Debt Management Central	2	273,035	247,222
Health and Safety	3	60,367	114,360
Internal Audit	4	2,538	68,662
Shared Services	5	259,726	230,026
Total Project Expenditure		1,029,273	1,021,196
Total Expenses		1,152,514	1,104,249
Surplus/(Deficit) before Taxation		51,528	40,700

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Statement of Financial Performance

	NOTES	2019	2018
Taxation			
Taxation	6	14,428	5,126
Surplus/(Deficit) after Taxation		37,100	35,574

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Statement of Financial Position

Manawatū-Whanganui LASS Ltd.

As at 30 June 2019

	NOTES	30 JUN 2019	30 JUN 2018
Assets			
Current Assets			
Bank Accounts and Cash	7	261,472	174,522
Debtors	8	91,816	43,457
Prepayments		70,534	61,764
Goods and Services Tax		15,307	20,517
Resident Withholding Tax Paid		21	17
Total Current Assets		439,149	300,277
Non-Current Assets			
Property, Plant and Equipment	9	119,922	127,411
Total Non-Current Assets		119,922	127,411
Total Assets		559,071	427,688
Liabilities			
Current Liabilities			
Creditors and Accrued Expenses	10	234,803	189,612
Employee Entitlements		16,001	12,330
Income in Advance		49,266	49,267
Debt Holding Account	11	45,734	4,520
Income Tax	6	9,334	5,126
Total Current Liabilities		355,138	260,855
Total Liabilities		355,138	260,855
Total Assets less Total Liabilities (Net Assets)		203,933	166,833
Accumulated Funds			
Capital Contributed by Owners or Members	12	112,000	112,000
Accumulated Surpluses or (Deficits)	12	91,933	54,833
Total Accumulated Funds		203,933	166,833

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Statement of Cash Flows

Manawatū-Whanganui LASS Ltd.
For the year ended 30 June 2019

	2019	2018
Cash Flows from Operating Activities		
Receipts from providing goods or services	1,201,383	1,409,303
Interest, dividends and other investment receipts	14	61
GST	7,610	(20,106)
Payments to suppliers and employees	(1,117,170)	(1,205,345)
Sundry Revenue	5,336	3,224
Income Tax	(10,219)	49
Interest Withholding Tax Paid	(4)	(17)
Total Cash Flows from Operating Activities	86,949	187,169
Cash Flows from Investing and Financing Activities		
Payments to acquire property, plant and equipment	-	(73,721)
Total Cash Flows from Investing and Financing Activities	-	(73,721)
Net Increase/ (Decrease) in Cash	86,949	113,448
Cash Balances		
Cash and cash equivalents at beginning of period	174,522	61,074
Cash and cash equivalents at end of period	261,472	174,522
Net change in cash for period	86,949	113,448

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Statement of Accounting Policies

Manawatū-Whanganui LASS Ltd. For the year ended 30 June 2019

Reporting Entity

Manawatū-Whanganui LASS Ltd. (MW LASS Ltd.) is an exempt Council Controlled Organisation (CCO), owned equally by six District Councils and one Regional Council in the Manawatu-Wanganui Region. MW LASS Ltd. was incorporated on 21 October 2008, and commenced trading after 30 June 2009. MW LASS Ltd. was primarily incorporated for the purposes of a local authority shared services facility, and has designated itself a Public Benefit Entity (PBE), in keeping with the designations of member shareholders.

The Financial Statements are those of MW LASS Ltd., for the year ended 30 June 2019 and were authorised for issue by the Board of Directors on 9 September 2019.

Public Benefit Entity Simple Format reporting

MW LASS Ltd. qualifies for Public Benefit simple Format Reporting - Accrual (PBE-SFR-A) on the basis that the Company is not publicly accountable (as defined) and has total annual expenses of less than \$2 million.

Basis of Preparation

The Financial Statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The Financial Statements have been prepared on a historical cost basis. All transactions in the Financial Statements are reported using the accrual basis of accounting.

Statement of Compliance

The financial Statements of MW LASS Ltd. have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, which include the requirement to comply with the New Zealand Generally Accepted Accounting Practice (NZGAAP).

The Financial Statements comply with Tier 3 PBE Standards.

Presentation Currency and Rounding

The Financial Statements have been prepared in New Zealand dollars and there will be rounding in the numbers in the financial statements, as the financial model used calculates to the cent but the annual report is rounded to the nearest dollar.

The functional currency of MW LASS Ltd. is New Zealand Dollars (NZD).

Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

There have been no significant changes in accounting policies.

Statement of Accounting Policies

Capital Management

MW LASS Ltd.'s capital is its equity (or member Councils' Funds), which comprise retained earnings. This is represented by MW LASS Ltd's net assets.

The activities of MW LASS Ltd. are governed by its Board of Directors which requires MW LASS Ltd. to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings, prudently, and in a manner that promotes the current and future interests of the members councils. This approach is confirmed through the Operational Plan.

MW LASS Ltd's Operational Plan also identifies the accounting principles, activities and annual budgets, and sets out the sources and level of funding necessary to achieve these.

There are no imposed capital requirements that MW LASS Ltd. is subject to.

Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Members Contributions and Other forms of Revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis, in proportion to the stage of completion at balance date.

Interest Revenue is recorded as it is earned.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received.

Bank Accounts and Cash

Bank accounts and cash include; cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Goods and Services Tax (GST)

MW LASS Ltd. is registered for GST; these financial statements are presented net of GST, except for receivables and payables which are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or recovered from, the Inland Revenue Department is recognised as an item in operating cash flow in statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Income tax expenses calculated using the taxes payable method. As a result no allowance is made for deferred tax. Tax expenses includes the current tax liability and adjustments to prior year tax liabilities.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Statement of Accounting Policies

Property, Plant and Equipment

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probably that future economic benefits or service potential associated with the item will flow to MW LASS Ltd., and the cost of the item can be measured reliably. In most instances, such items are recognised at cost. Where an asset is acquired at no, or nominal cost, it is recognised at fair value as at the date of acquisition.

If the value of the asset is under \$2,000; this is not recognised as an asset and instead is treated as an operating expense.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying value of the asset. Gains and losses on disposals are included in the statement of financial performance. Where revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets, are transferred to retained earnings.

Depreciation

Operation assets as listed below are depreciated on the straight-line basis at rates that will write off the cost (or valuation) less their estimated residual values, over their useful lives, as follows;

Communication, computer and heating equipment	5-20 years
Furniture, fittings and leasehold improvements	6-15 years
Other Assets - Plant & Machinery	10 years
Other Assets - Equipment and Electronics (other)	8-12.5 years

Leases

Operating leases

An operating lease is a lease that does not transfer automatically all the risks and rewards incidental to ownership of an asset. Where MW LASS Ltd. is the lessee, lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Impairment of Non-Financial Assets

Assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where there is an indicator of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and its value in use.

Notes to the Performance Report

Manawatū-Whanganui LASS Ltd.
For the year ended 30 June 2019

	2019	2018
1. Archives Central Project Revenue and Expenditure		
Revenue		
Copying Revenue	178	88
Levies Revenue	363,923	370,265
Rent Revenue	26,753	18,844
Sundry Revenue	5,336	3,224
Total Revenue	396,190	392,421
Expenditure		
Conferences & Workshops	2,235	751
Consultants Expenses	1,585	2,425
Depreciation	10,662	11,889
IT	24,898	19,415
Other Staff Costs	28,783	7,446
Packaging & Storage Items	-	13,939
Printing And Stationery	16,308	4,762
Property Expenses	168,476	162,526
Staff Costs	148,640	135,565
Subscriptions	940	513
Supplies	2,423	1,660
Temporary Contract Staff	22,617	-
Tools & Equipment (Non Capital)	4,885	-
Vehicle Running Costs	1,155	35
Total Expenditure	433,607	360,926
	2019	2018

2. Debt Management Central Revenue and Expenditure

Revenue		
Commission	395,482	273,751
Sundry Income	34,147	28,308
Total Revenue	429,629	302,059
Expenditure		
Bank Fees	1,774	1,626
Building Overhead	9,439	6,685
Cleaning, Consumables	128	-
Consulting & Agency Fees	3,775	13,849
Depreciation Expense	4,269	4,145
Furniture & Equipment	1,131	-
Information/Subscriptions Expense	591	2,013
IT/Computing Costs	512	1,225
IT Software	7,218	3,895

Notes to the Performance Report

Management Overhead	5,000	1,785
Legal Proceedings Expense	30,412	30,269
Photocopying & Stationery	3,194	9,193
Staff Expenses	200,158	170,098
Sundry Expenses	1,131	16
Telecommunications	1,347	739
Travel Costs	2,241	794
Vehicle Running	717	890
Total Expenditure	273,035	247,222

2019 2018

3. Health and Safety Revenue and Expenditure

Revenue

Levies Income	64,056	123,128
Health & Safety Sundry Revenue	-	9,845
Total Revenue	64,056	132,973

Expenditure

Consultancy Expense	45,870	16,387
Leave Expense	(1,732)	-
Overheads	-	3,133
Printing And Stationery	-	20
Salary	16,119	94,820
Sundry Expenses	110	-
Total Expenditure	60,367	114,360

2019 2018

4. Internal Audit

Revenue

Service Fees	2,538	48,240
Total Revenue	2,538	48,240

Expenditure

Building Overhead	-	2,748
Consultants Fees	2,538	-
It/Computing Costs	-	409
Staff Expenses	-	58,044
Sundry Expenses	-	3,843
Telecommunications	-	380
Travel Costs	-	2,790
Vehicle Running	-	448
Total Expenditure	2,538	68,662

2019 2018

5. Shared Services Project Revenue and Expenditure

Revenue

Acuity Database Services Income	25,788	25,788
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Notes to the Performance Report

Collaboration Portal Revenue	28,000	28,000
Eroads - Revenue	109,029	88,663
Regional Procurement Project Income	-	2,667
Shared Services Income - Members	12,000	(1,715)
Shared Valuation Database - Members Income	59,121	59,120
Shared Valuation Database - Non Members Income	77,677	63,093
Sundry Expense Reimbursement	-	1,950
Sundry Revenue	-	1,629
Total Revenue	311,615	269,195

Expenditure

Acuity Database Services Expenses	51,576	51,576
Collaboration Portal Expenses	28,000	28,000
Eroads - Expense	109,029	88,663
Regional Procurement Project Expenses	-	2,667
Share Services Expenses	12,000	-
Shared Valuation Database Expenses	59,121	59,120
Total Expenditure	259,726	230,026

2019 2018

6. Income Tax Liability

Income Tax

Current Tax	14,428	5,126
Adjustments to Current Tax in Prior Years	-	-
Total Income Tax	14,428	5,126

Relationship between Current Income Tax Expense and Accounting Surplus

Net Surplus/(deficit) before Tax		
Current Year Earnings	51,528	40,700
Total Net Surplus/(deficit) before Tax	51,528	40,700
Total Relationship between Current Income Tax Expense and Accounting Surplus	(51,528)	(40,700)
Tax at 28%	14,428	11,396
Plus/(Less) Tax effects of Temporary adjustments	-	(2,395)
Plus/(Less) Tax effects of unrecognised tax losses	-	(3,875)
Current Income Tax Expense		
Current Income Tax Expense	14,428	5,126
Less Tax Paid	(5,094)	-
Total Current Income Tax Payable	9,334	5,126

2019 2018

7. Bank Accounts and Cash

Call Account	5,468	90,458
Cheque Account	211,300	79,452
Debt Recovery Account	44,554	4,462
Petty Cash Account	150	150
Total Bank Accounts and Cash	261,472	174,522

Notes to the Performance Report

	2019	2018
8. Trade and Other Receivables		
Accounts Receivable	83,752	43,457
Accrued Revenues	8,064	-
Total Trade and Other Receivables	91,816	43,457

The Accounts Receivable figure includes \$64,214 of Related Parties (last year \$32,164)

9. Property, Plant and Equipment

	Furniture and Fittings	Computer and Software	Other Assets	Total
Carrying amount as of 1 July 2018	112,308	13,118	1,985	127,411
Additions	-	7,440	-	7,400
Work In Progress	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation Expense	(8,894)	(5,399)	(636)	(14,929)
Carrying amount as of 30 June 2019	103,414	15,159	1,349	119,922

	Furniture and Fittings	Computer and Software	Other Assets	Total
Carrying amount as of 1 July 2017	47,340	19,763	2,621	69,724
Additions	73,721	-	-	73,721
Work In Progress	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation Expense	(8,753)	(6,645)	(636)	(16,034)
Carrying amount as of 30 June 2018	112,308	13,118	1,985	127,411

	2019	2018
10. Creditors and accrued expenses		
Accounts Payable	219,967	176,272
Accrued Expenses	14,836	13,340
Total Creditors and accrued expenses	234,803	189,612

11. Debt Holding Account

The Debt Holding Account of \$45,734 (last year \$4,520) reflects the balance of the Debt Recovery bank account which relates to money collected by Debt Management Central and is to be paid onto the appropriate Council customer to which the debt was collected on behalf of. \$37,275 (last year \$3,704) is held on hand for related parties.

Notes to the Performance Report

	2019	2018
12. Equity		
Capital contributed by owners or members		
Opening Balance	112,000	112,000
Total Capital contributed by owners or members	112,000	112,000
Accumulated Funds		
Opening Balance	54,833	19,259
Accumulated surpluses or (deficits)	37,100	35,574
Total Accumulated Funds	91,933	54,833
Total Equity	203,933	166,833

There are 112 shares of no par value on issue. All rights to vote, alter the constitution, appoint and remove directors, approve amalgamation and major transactions participate in distributions, and share in any surplus assets, attach equally to all of the shares on issue.

13. Related Parties

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted in dealing with the party at arm's length in the same circumstances.

	2019	2018
14. Commitments		
Commitments to lease or rent assets		
Less than, and up to one year	133,248	133,248
Two to five years	532,992	532,992
Greater than five years	433,056	566,304
Total Commitments to lease or rent assets	1,099,296	1,232,544

As at balance date MW LASS Ltd. has an operating lease commitment as Lessee totalling \$1,099,296 covering the balance of a 15 year lease of Feilding premises from the Manawatu District Council for the MW LASS Ltd. building, (Last year \$1,232,544). This commitment is summarised in the table above.

15. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2019 (Last year - nil).

16. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (Last year - nil).

17. Specific Disclosures

There was no staff receiving remuneration in excess of \$100,000. (last year nil)

MW LASS Ltd. recognised audit fees of \$8,823 (last year \$8,688) for the 2018-2019 annual report and accounts.

Statement of Intent

Manawatū-Whanganui LASS Ltd. For the year ended 30 June 2019

As MW LASS Ltd. (the Company) is an exempt Council Controlled Organisation, no reporting under this subject is required.

(At the Directors' meeting on 11 February 2019, it was resolved that all member Councils confirm the exemption of Manawatū-Whanganui LASS Limited from being a Council Controlled Organisation (CCO) for a further three years to 30 June 2022.)

Annual Report

MWRC Holdings Ltd
For the year ended 30 June 2019

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Directors Report

MWRC Holdings Ltd For the year ended 30 June 2019

Chairman's Report

Following the successful bid to build the Inland Revenue building in Victoria Avenue in the previous financial year, these financial accounts now reflect the impact of that successful outcome. There has been a significant increase in the asset base due to the work in progress for the building, which currently sits at \$18.5M of a total projected cost of \$25M, plus the recent revaluation of the shareholding in CentrePort Ltd. This is offset by the introduction of debt in the form of the loan from Horizons Regional Council, which was approved as part of the Horizons Consultation process and adoption of the Councils Long-term Plan. At year end \$15M of the approved \$17M had been received.

North Street has progressed as expected making a surplus of \$206k, slightly ahead of the year end forecast position by \$16k due to the timing of the rental review being earlier than expected. The valuation for the North Street building came in at \$3.05 million, which is no change from prior years.

The Victoria Avenue development is tracking as planned with the project approximately 80% complete at year end. In addition to the \$18.7M costs incurred in the development to date, there are additional costs relating to the development that are not being capitalised, such as the ground lease and project management costs. Currently the net impact of these is (\$320k).

Overall MWRCH is showing a profit of \$595k, compared to a budget of \$531k. Dividends have been received from CentrePort in line with budget, however the subvention payment to Council for 2018 was less than expected resulting in a favorable variance of \$280k.

Financial Statements

The financial statements required by section 66 of the Local Government Act 2002 (LGA(2002)), are attached.

E B Gordon

I A Wilson

Date: 23 September 2019

Registered Office

C/o Horizons Regional Council
11-15 Victoria Avenue
Palmerston North

Auditors

Audit New Zealand on behalf of the Controller and Auditor General.

Directors Report

All Directors listed their interests in the register on being appointed to the company.

The following interests were registered at balance date:

Director	
I A Wilson	
Corporate Involvements Ltd	- Director/Shareholder
Levno Ltd	- Director
Wilson Trusts Partnership	- Trustee/Beneficiary
E B Gordon	
Bruce Gordon Contracting Ltd	- Director
E.B. Gordon Ltd	- Director and 100% Shareholder

The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000. For this financial year, no staff were employed by MWRCH. The audit fee was \$7,298 GST exclusive to Audit New Zealand. There were no audit fees for other services and no donations made.

Directors' Insurance

The company has arranged Directors' and Officers' liability insurance cover for \$2 million with QEB Insurance(International) Limited and IAG NZ Limited to indemnify the Directors' against loss as a result of actions undertaken by them as Directors and employees provided they operate within the law. This disclosure is made in terms of Section 162 of the Companies Act 1993.

Directors' use of Company Information

The Board received no notices during the year from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.

Statement of Responsibility

In terms of the Local Government Act 2002, the Board of Directors is responsible for the preparation of MWRC Holdings Limited's financial statements and to assist the company meet its objectives and any other requirements in its Statement of Intent (SOI).

The Board of Directors of MWRC Holdings Limited has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of MWRC Holdings Limited for the year ended 30 June 2019.

Directors Report

Signed on behalf of the Board of Directors:

E B Gordon

I A Wilson

Date: 23 September 2019

Statement of Comprehensive Revenue and Expense

MWRC Holdings Ltd For the year ended 30 June 2019

	NOTES	2019	2019 SOI	2018
Revenue				
Rents		248,371	233,520	233,520
Interest	1	94,439	10,204	14,647
Dividends		923,077	923,202	461,539
Gain on Investment property revaluation		13,761	-	-
Total Revenue		1,279,648	1,166,926	709,706
Expenses				
Administration Costs	2	179,013	193,142	175,629
Directors Fees		10,000	10,000	10,000
Finance Costs	1	263,478	413,000	3,987
Rental Expenses		47,941	20,000	20,986
Subvention Payment to Council		(280,212)	-	393,195
Feasibility Study - New Business		-	-	249,385
Victoria Avenue Development	3	464,577	-	11,927
Total Expenses		684,797	636,142	865,110
Surplus/(deficit) before tax		594,851	530,784	(155,404)
Income tax expense				
Income tax expense	4	(78,823)	-	8,090
Surplus/(deficit) after tax		673,674	530,784	(163,494)
Surplus/(deficit) attributable to MWRC Holdings Ltd		673,674	530,784	(163,494)
Surplus/(deficit) after distributions		673,674	530,784	(163,494)
Other comprehensive revenue and expense				
Revaluation of Financial Assets to fair value	8	11,700,000	-	-
Total comprehensive revenue and expense		12,373,674	530,784	(163,494)

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.

Statement of Financial Position

MWRC Holdings Ltd As at 30 June 2019

	NOTES	30 JUN 2019	2019 SOI	30 JUN 2018
Assets				
Current Assets				
Cash and cash equivalents	5	4,977,162	1,013,000	4,540,445
Debtors and Accruals	6	71,024	-	7,688
Goods and Services tax	6	471,282	-	161,289
Income Tax Receivable	6	31,155	3,000	14,556
Other Current Assets	7	312,228	-	-
Total Current Assets		5,862,852	1,016,000	4,723,978
Non-Current Assets				
Other Financial Assets	8	39,000,000	27,300,000	27,300,000
Investment Property	10	21,550,000	20,150,000	5,815,267
Deferred Tax Asset	4	59,634	-	-
Total Non-Current Assets		60,609,635	47,450,000	33,115,267
Total Assets		66,472,487	48,466,000	37,839,244
Liabilities				
Current Liabilities				
Creditors and Accrued Expenses	12	2,551,117	209,000	875,786
Provisions	11	-	-	396,573
Borrowing and other financial liabilities	13	-	-	-
Total Current Liabilities		2,551,117	209,000	1,272,359
Non-Current Liabilities				
Borrowing and other financial liabilities	13	15,000,000	11,000,000	-
Deferred Tax Liability	4	-	11,000	19,189
Total Non-Current Liabilities		15,000,000	11,011,000	19,189
Total Liabilities		17,551,117	11,220,000	1,291,548
Net Assets		48,921,370	37,246,000	36,547,696
Equity				
Contributed Capital	14	31,500,000	31,500,000	31,500,000
Accumulated Funds	14	3,803,369	3,828,000	3,129,695
Reserves	14	13,618,001	1,918,000	1,918,001
Total Equity		48,921,370	37,246,000	36,547,696

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated.

Explanations of major variances against budget are provided in the notes.

Statement of Changes in Equity/Net Assets

MWRC Holdings Ltd For the year ended 30 June 2019

	2019	2019 SOI	2018
Equity			
Balance at 1 July	36,547,696	36,715,000	30,611,190
Total Comprehensive Revenue and Expense for the year	673,674	531,000	(163,494)
Revaluation reserves	11,700,000	-	-
New Capital Introduced	-	-	6,100,000
Balance at 30 June	48,921,370	37,246,000	36,547,696
Total Comprehensive Revenue and Expense Attributable to			
MWRC Holdings Ltd	673,674	531,000	(163,494)

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated.

Explanations of major variances against budget are provided in the notes.

Statement of Cash Flows

MWRC Holdings Ltd For the year ended 30 June 2019

	2019	2018
Cash Flows from Operating Activities		
Dividends	923,077	461,539
Interest Received	94,410	14,647
Other Income	248,011	233,880
Income tax received/(paid)	(31,155)	(4,834)
Payments to suppliers	(793,225)	(472,784)
GST	(402,554)	(64,444)
Total Cash Flows from Operating Activities	38,564	168,004
Cash Flows from Financing Activities		
Proceeds from loans borrowed from other parties	16,000,000	-
Repayments of loans borrowed from other parties	(1,000,000)	(1,000,000)
Capital introduced/received	-	6,100,000
Cash Flows from Other Investing and Financing Activities	(39,333)	-
Subvention payments	(116,361)	(116,218)
Total Cash Flows from Financing Activities	14,844,306	4,983,782
Cash Flows from Investing Activities		
Payments to purchase investment property	(14,446,153)	(2,099,439)
Total Cash Flows from Investing Activities	(14,446,153)	(2,099,439)
Net Increase/ (Decrease) in Cash	436,717	3,052,347
Cash Balances		
Cash and cash equivalents at beginning of period	4,540,445	1,488,098
Cash and cash equivalents at end of period	4,977,162	4,540,445
Net change in cash for period	436,717	3,052,347

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated.

Explanations of major variances against budget are provided in the notes.

Statement of Accounting Policies

MWRC Holdings Ltd For the year ended 30 June 2019

MWRC Holdings Limited (MWRCH) is a Council Controlled Trading Organisation (CCTO), owned 100% by Horizons Regional Council (HRC). MWRCH was incorporated on 14 December 2009 and commenced trading on 15 December 2009. MWRCH was primarily incorporated for the purposes of managing the investments of HRC and has designated itself a Public Benefit Entity (PBE) for Financial Reporting purposes, in keeping with the designation of the shareholder.

The financial statements are those of MWRCH, for the year ended 30 June 2019, and were authorised for issue by the Board of Directors on 23 September 2019.

Basis of Preparation

The Financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of MWRCH have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. MWRCH is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Specific accounting policies for major categories of revenue are outlined below:

Other Revenue

Other forms of revenue including fees, charges, and other revenues are recognised on a percentage of completion of the transactions as at the reporting date.

Dividends received are recognised when the right to the payment is established.

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the term of the lease.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received.

Statement of Accounting Policies

Income Tax

Income tax expense may comprise both current and deferred tax and is calculated using tax rates that were enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which MWRCH expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination or transactions recognised in other comprehensive revenue and expense, or directly in equity.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities, in the Statement of Financial Position.

Trade and Other Receivables

Trade and other receivables are initially stated at their face value, less any provision for impairment.

Statement of Accounting Policies

Other Financial Assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which MWRCH commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and MWRCH has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired. MWRCH has the following assets:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above.

They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. MWRCH includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Statement of Accounting Policies

Impairment of Financial Assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence that the Company will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the assets is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expenses

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the assets is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Payables

Short term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless MWRCH has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

Statement of Accounting Policies**Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "financial costs".

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- investment revaluation reserves;
- accumulated funds; and
- contributed capital.

Investment Revaluation Reserves

These reserves relate to the revaluation of MWRCH's investment in CentrePort Limited. This reserve comprises the cumulative net change in the fair value through other comprehensive revenue and expense.

Goods and Services Tax (GST)

These financial statements are presented net of GST, except for receivables and payables which are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or recovered from, the IRD is recognised as an item in operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Statement of Accounting Policies

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumption have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of the Investment Property – Note 10
- Estimating the fair value of the CentrePort Investment – Note 8

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Fair value of the Investment Property – Note 10
- Fair value of the CentrePort Investment – Note 8
- CentrePort is not an associate due to its minority shareholding and has therefore been accounted for as fair value – Note 8

Notes to the Performance Report

MWRC Holdings Ltd For the year ended 30 June 2019

	NOTES	2019	2018
1. Interest Revenue and Finance Costs			
Interest revenue from term deposits, call accounts and use of money interest		94,439	14,647
Finance Costs			
Interest on borrowings from parent (Horizons Regional Council)		263,478	3,987
Total Finance Costs		263,478	3,987
Net Finance Costs		(169,039)	10,661
	NOTES	2019	2018
2. Administration Expenses			
Consulting and accounting fees		142,134	118,360
Insurance		23,163	6,495
Audit Fees		7,298	7,196
Other administration		6,418	43,578
Total Administration Expenses		179,013	175,629
	NOTES	2019	2018
3. Victoria Avenue Development			
Project Management		228,767	-
Ground Lease		132,000	-
Local Authority Rates		21,159	11,092
Insurance		82,651	836
Total Victoria Avenue Development		464,577	11,927
	NOTES	2019	2018
4. Tax			
Components of tax expense			
Current Tax		-	-
Deferred Tax		(78,823)	8,090
Total Components of tax expense		(78,823)	8,090
Relationship between tax expense and accounting surplus			
Net surplus/(deficit) before tax		921,781	(155,404)
Tax and Tax Adjustments			
Tax at 28%		258,099	(43,513)
Non-deductible expenditure		-	77,513
Non-assessable income		(78,460)	-
Gross up effect of imputation credits		100,512	10,077
Tax credit arising from imputation credits		(358,974)	(35,987)
Tax expense for the year		(78,823)	8,090

Notes to the Performance Report

No subvention payment required this year as there are enough imputation credits to satisfy the total tax liability. (2018 - \$396,573).

Deferred Tax Liability

Deferred tax assets/(liabilities)	Investment Property	Financial Instruments	Other Provisions	Total
Balance at 1 July 2017	(13,805)	-	1,986	(11,099)
Charged to surplus or deficit	(6,104)	-	(1,986)	(8,090)
Charged to other comprehensive revenue and expense	-	-	-	-
Balance at 30 June 2018	(19,189)	-	-	(19,189)
Charged to surplus or deficit	(6,104)	-	84,927	78,823
Charged to other comprehensive revenue and expense	-	-	-	-
Balance at 30 June 2019	(25,293)	-	84,927	59,634

NOTES 2019 2018

5. Cash and cash equivalents

Cash at bank and on hand	4,977,162	4,540,445
Total Cash and cash equivalents	4,977,162	4,540,445

NOTES 2019 2018

6. Receivables and Accruals

GST Refund Due	471,282	161,289
Income Tax Receivable	31,155	14,556

Debtors and Accruals

Prepayments	56,804	7,688
Sundry Receivables	2,643	-
Accounts Receivable	11,578	-
Total Debtors and Accruals	71,024	7,688

Total Receivables and Accruals	573,462	183,532
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NOTES 2019 2018

7. Other Current Assets

Retentions Held in Trust	312,228	-
Total Other Current Assets	312,228	-

Retentions held are in a bank account managed by Council. Retentions are expected to be paid at the end of the 12 month defect liability period.

Notes to the Performance Report

	NOTES	2019	2018
8. Other financial assets			
Unlisted shares in CentrePort Ltd (23.08% shareholding). Recognised at fair value.		39,000,000	27,300,000

Impact of the 2016 Kaikoura Earthquake on investments**Overview**

CentrePort's property and port assets sustained significant damage during the 14 November 2016 (Kaikoura) earthquake. CentrePort is the single largest investment that MWRC Holdings Ltd owns and represents 80% of the \$49 million of MWRC Holdings Ltd net assets at 30 June 2019.

The Directors' have increased the carrying value of the Company's 23.08% shareholding in CentrePort as at 30 June 2019 after receiving independent valuation advice from PwC (In 2018 there was no change).

CentrePort's property and port assets sustained significant damage during the 14 November 2016 (Kaikoura) earthquake. CentrePort has significant material damage and business interruption insurance cover. The earthquake's impact on CentrePort's cash flows this year and over the period of its forecasts is material. In particular the extent of the Company's future capital spend on port operating assets. The valuation advice for port operations was determined using a discounted cash flow methodology based on the following information provided by CentrePort:

- 2020 to 2022 Statement of Intent (SOI)
- previously provided forecast statements in the 2019 to 2028 10 year plan model
- guidance on to forecast longer term capital expenditure
- forecast operations revenue

The carrying value of the Company's 23.08% shareholding in CentrePort as at 30 June 2019 has been increased.

As noted earlier CentrePort's property and port assets sustained significant damage during the earthquake. CentrePort has received significant funds from its material damage and business interruption insurance cover. The remainder of the insurance proceeds related to the earthquake are expected to be received in FY20.

The earthquake's impact on CentrePort's cash flows this year and over the period of its forecasts is material. In particular the extent of the Company's future capital spend on port operating assets remains a matter of considerable uncertainty and with a very material impact on the valuation of the Council's shareholding.

Notes to the Performance Report

The valuation advice for port operations was determined using a discounted cash flow methodology based on the following information provided by CentrePort:

- 2020 – 2022 Statement of Intent (SOI)
- previously provided forecast statements in the 2019 to 2028 10 year plan model
- guidance on to forecast longer term capital expenditure
- forecast operations revenue

An asset based approach was used for the commercial property interests.

Uncertainties in the valuation advice

The Directors' note that there are key uncertainties highlighted in the fair value valuation advice they have received. Those uncertainties include:

- The extent of insurance proceeds may be greater or lesser than expected, and be received earlier to later than forecast by CentrePort
- Capital expenditure may be greater or lesser than expected and at the time of the preparation of the CentrePort forecasts
- there was significant uncertainty as to the future spend arising from CentrePort's desire to build resilience into the port's infrastructure
- CentrePort's future operating performance may be better or worse than expected over the forecast period.

Assumptions

The independent valuation advice is based on the following key assumptions:

- In material respects, most key forecasts assumptions are as per the SOI and 10-year plan prepared by CentrePort.
- An annual maximum capital expenditure spend of \$102 million in any one year.
- CentrePort will continue to provide port services at its current site and consistent with its current scale and scope of operations.
- A valuation date as at 30 June 2019
- Mid period cash-flow timing
- A tax rate of 28%, with tax being paid in the year incurred
- A nominal terminal growth rate of 2.0%
- A discount range of 6.1% to 6.7%.

The valuation assessment assumes 2% annual growth, if annual growth is 1%, then the valuation would decrease by \$6.7m or 17.1%. If annual growth is 3% then the valuation would increase by \$10.3m or 26.3%.

A discount of 35% has been applied due to MWRCH's minority shareholding. MWRCH has little control over CentrePort's operations as the other shareholder Greater Wellington has a majority shareholding of greater than 75%. This discount reflects the lower value this shareholding has since it has limited ability to influence strategy setting, dividend policy and the right to refuse the transfer of shares.

Notes to the Performance Report

Sensitivity Analysis

Sensitivity analysis has been completed where changes in key inputs to assumptions would significantly change the fair value. The change to the valuation from changing these inputs has been estimated as follows:

- The weighted average cost of capital (WACC) utilised to determine the DCF of the port operations ranged from 6.1% to 6.7% across the 10-year forecast period. If the WACC was increased by 0.5% for every time period, the impact on the value of the Council's shareholding would be a reduction of \$4.4m or 11.2%. If the WACC was reduced by 0.5% for every time period the impact on the value of the shareholding would be an increase of \$5.7m or 14.4%.
- If the value of CentrePort's commercial property interests was to vary by \$10m, the value impact would be \$1.5m or 3.8%
- If the capital expenditure forecasts were to decrease by 5% from those assumed in the valuation, the value impact would be an increase of \$4.0m or 10.0%. If the capital expenditure forecasts were to increase by 5% from those assumed in the valuation, the value impact would be a decrease of \$4.0m or 10.0%.
- If the discount rate applied for the minority interest was to vary by 5% (to 30% or 40%) the value impact would be \$3.0m or 7.7%

The valuation advice including calculating the discount rate has been carried out by an independent third party (PWC) with experience in valuing investments of this type.

	NOTES	2019	2018
9. Financial Instrument Categories			
Financial Assets			
Loans & Receivables			
Cash and Cash Equivalents	5	4,977,162	4,540,445
Receivables	6	573,462	183,532
Total Loans & Receivables		5,550,625	4,723,978
FV through Comprehensive revenue and expenses			
CentrePort unlisted shares	8	39,000,000	27,300,000
Total FV through Comprehensive revenue and expenses		39,000,000	27,300,000
Financial Liabilities			
Payables	12	2,551,117	875,786
Borrowings from Horizons	13	15,000,000	-
Total Financial Liabilities		17,551,117	875,786
Total Financial Instrument Categories		26,999,507	31,148,191
	NOTES	2019	2018
10. Investment Property			
Balance 1 July		5,815,267	3,050,000
Development Costs for the year		15,720,973	2,765,267
Renovations		-	-
Revaluation as at 30 June to reflect fair value		13,760	-
Total Investment Property		21,550,000	5,815,267

Notes to the Performance Report

The North Street property applies the fair value model for valuing the property and is valued at \$3,050,000 as at 30 June 2019. In determining the fair value the valuers have utilised an income capitalisation approach referred to the lease of the property. Yields are derived from analysis of comparable sales in the market. The property was valued by an independent registered valuer Blackmores Group who has the relevant professional qualifications and recent experience. There are no known restrictions to the realisability of the investment property

Key assumptions in the valuation include:

- Future net rental revenue will be maintained for the medium term.
- No extra ordinary maintenance costs will be incurred or impact upon rental revenue for the medium term.
- Net income capitalised at a 7.0% discount rate for valuation determination.

While the development at 23 Victoria Avenue is still in progress, the development has been independently valued at fair value as at 30 June 2019, being near 80% complete as at that date. The valuation reporting reflects the same.

The amount of contractual commitments for the acquisition of investment property is:

	NOTES	2019	2018
Capital Commitments			
Buildings		4,782,046	2,667,544
Total Capital Commitments		4,782,046	2,667,544

	NOTES	2019	2018
Rental Information			
Rental Revenue		248,371	233,520
Direct Operating Expenses - property generates rental revenue		47,631	20,986

Operating leases as lessor

The North Street property is leased under an operating lease. It is for a non-cancellable term of nine years from 1 June 2015. The future lease payments to be collected are as follows:

	NOTES	2019	2018
Operating leases			
Not later than one year		247,185	234,000
Later than one year and not later than five years		968,423	934,000
Later than five years		-	234,000
Total Operating leases		1,215,608	1,402,000

	NOTES	2019	2018
11. Provisions			
Opening Balance		396,573	119,596
Additional provisions made during the year		-	396,573
Payments made during the year		(396,573)	(119,596)
Total Provisions		-	396,573

Notes to the Performance Report

	NOTES	2019	2018
Made up of:			
Provisions		-	396,573

	NOTES	2019	2018
12. Creditors and Accrued Expenses			
Accounts Payable		173,768	733,278
Accrued Retentions		312,228	31,645
Income in Advance		-	360
Sundry Accruals		2,065,121	110,504
Total Creditors and Accrued Expenses		2,551,117	875,786

Creditors and accrued expenses includes retentions held of \$312,228 (2018 - \$31,645) related to construction contracts in progress.

	NOTES	2019	2018
13. Borrowings and other financial liabilities			
Term Portion		15,000,000	-
Total Borrowings and other financial liabilities		15,000,000	-

The loan is from Horizons. Interest is being charged to MWRCH at the same rate as what Horizons pays for its own long term borrowing.

	NOTES	2019	2018
14. Equity			
Accumulated Funds			
Balance at 1 July		3,129,695	3,293,189
Surplus/(deficit) for the year		673,674	(163,494)
Less Dividend paid		-	-
Balance at 30 June		3,803,369	3,129,695
Authorised Capital (56,100,000 shares issued and fully paid)			
Balance at 1 July		31,500,000	25,400,000
Movement - Issued Capital		-	6,100,000
Balance at 30 June		31,500,000	31,500,000
Revaluation Reserve			
CentrePort Shares			
Balance at 1 July		1,918,001	1,918,001
Gain/(Loss) on revaluation		11,700,000	-
Balance at 30 June		13,618,001	1,918,001
Total Equity		48,921,370	36,547,696

	NOTES	2019	2018
Number of Shares Issued			
Opening Number of Shares Issued		56,100,000	50,000,000

Notes to the Performance Report

	NOTES	2019	2018
Additional Shares Issued		-	6,100,000
Closing Number of Shares Issued		56,100,000	56,100,000

15. Operating Lease Commitments

The land situated at 17-23 Victoria Avenue, is leased by MWRC Holdings Ltd under an operating lease. The lease was signed 17 October 2017 and is for a non-cancellable term of 35 years. The future lease payments to be made are as follows:

	NOTES	2019	2018
Commitments to lease land			
Not later than one year		132,000	132,000
Later than one year and not later than five years		528,000	528,000
Later than five years		3,735,419	3,960,000
Total Commitments to lease land		4,395,419	4,620,000

	NOTES	2019	2018
16. Retentions			
Opening Retentions		31,645	-
Retentions Recognised		280,583	31,645
Retentions Released		-	-
Closing Retentions		312,228	31,645

A separate bank account has been set up in the Council for the recording and recognition of the retentions. Retentions are expected to be paid at the end of the 12 month defect liability period.

17. Contingent Liabilities and Guarantees

MWRC Holdings Ltd has entered into an agreement with a future tenant and the agreement contains construction timelines which are required to be met. Should these not be met there is potential liability for the company (there were no contingent liabilities or guarantees in 2018).

18. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Group (such as dividends paid and received), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Key management personnel

There are no employees employed by MWRCH. All functions are performed by Horizons staff with their costs invoiced to MWRCH. Similarly Bruce Gordon is not paid a salary by MWRCH with his Horizons salary deemed to cover his responsibilities as Chairman of MWRCH. Ian Wilson the independent director is paid \$10,000 per year.

Notes to the Performance Report

19. Explanations of major variances against budget

Explanations for major variations (+/- 10%) from MWRCH's SOI for 2018-19 are as follows:

Statement of Comprehensive Revenue and Expense

- Interest revenue is significantly higher than budgeted due to increased cash balances throughout the year. These related to cash secured for the property build which was invested in short term deposit to maximize returns.
- Other revenue of \$119,150 relates to the on charging to Inland Revenue for the fit out of their dedicated lease space in the Victoria Avenue property. The costs associated with this is included in the Victoria Avenue Development costs.
- The Subvention Payment to Council is a negative expense due to \$396,573 being accrued for the 2018 year, however this was subsequently adjusted and \$116,361 actually paid.
- Victoria Avenue Development costs relate to those costs associated with the property that fall outside the capital project, such as the ground lease and internal project management.

Statement of Financial Position

- Current assets are above budget by 472%. The main variance is due to the timing of the loans from Horizons to meet cash flow requirements.
- Payables and accruals are higher than budgeted with the main driver being payables for Victoria Avenue Development for June that were unbudgeted.

20. Subsequent Events After Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year - MWRC Holdings Ltd negotiated a construction contract with McMillan Lockwood for the development at 23 Victoria Avenue, Palmerston North which was signed on the 14th of August 2018.

Notes to the Performance Report

21. Performance Targets

The targets are to:

1. Provide a minimum cash return on investment to Council of 65% NPAT

	Actual 2019 \$000	SOI 2019 \$000	Actual 2018 \$000
Net Profit After Tax (NPAT)	674	531	(163)
Dividend/subvention payment	-	-	(393)
Dividend as percentage of NPAT	(0%)	(0%)	(241%)

These targets have been met. The Directors moved that no dividend be declared for the current year but rather cash be retained to ensure completion of the Victoria Avenue development. Once complete this will generate positive returns for the Shareholder.

2. Operate within agreed budgets

3. Maintain the following financial performance targets

	Actual 2019 \$000	SOI 2019 \$000	Actual 2018 \$000
Net Profit Before Tax	674	531	(155)
Income Return on Total Assets	1.46%	1.29%	(0.41%)
Dividend and subvention Payment	-	-	(393)
Capital Growth on Investments	83%	(0.00%)	(0.00%)

Net profit before tax is above budget due to additional interest revenue offset by costs associated with Victoria Avenue.

Return on Total Assets is in line with budget.

Capital Growth on Investments is above budget due to the significant increase in the value of the CentrePort shareholding.

Manawatu Whanganui Regional Disaster Relief Fund Trust

**Financial Statements
For the year ended
30 June 2019**

**Manawatu-Whanganui Regional Disaster Relief Fund Trust
Annual Report for the year ending 30 June 2019**

It is with pleasure that I present the Annual Report for the Manawatu-Whanganui Regional Disaster Relief Fund Trust for the year ending 30 June 2019.

I am happy to report that the Trust has not had to react to a disaster event during this year, and consequently has not held a meeting.

In 2017, the Regional Chiefs agreed that the management of the Trust was to be transferred to Horizons Regional Council; this arrangement has now been in place for the last two years and all accounting, including the preparation of the Annual Report is now completed by the team of Horizons Regional Council.

As of 30 June 2019, the Trust has a reserve of \$75,581, which includes interest earned during 2018-19 of \$2,200



Bruce Gordon
Chair
Dated: 3 September 2019

MANAWATU-WHANGANUI REGIONAL DISASTER RELIEF FUND TRUST

Statement of entity information for the year ended 30 June 2019

- 1. Reporting entity**
Manawatu-Whanganui Regional Disaster Relief Fund Trust (the Trust).
- 2. Type of entity & legal basis**
The Trust is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is controlled by councils in the Manawatu-Whanganui region but is exempted under s7 (3) of the Local Government Act 2002 from being a Council Controlled Organisation. This exemption was renewed by way of resolution by all councils in the Manawatu-Whanganui region and is effective for a further 3 years from 28 August 2018. The Trust is a registered Charity (No CC23417) under the Charities Act 2005.
- 3. The Trust's purpose or mission**
The primary objective of the Trust is to provide financial and other relief or assistance to meet the welfare and other needs of people who have suffered any damage or loss following a significant natural or man-made disaster in the Manawatu-Whanganui Region or elsewhere in New Zealand, and to seek public donations and to raise funds.
- 4. Structure of the Trust's operations including governance arrangements**
A Board of eight trustees (representing each of the Councils in the region) oversees the governance of the Trust. The Trust has appointed the Chief Executive and staff of the Horizons Regional Council to undertake the roles of secretary and treasurer.
- 5. Main sources of the Trust's cash and resources**
Public donations and grants from the Crown and local Councils is the main source of funding for the Trust.
- 6. Statement of Service Performance**
The Trust is being maintained to provide finance and other relief assistance following a significant natural or man-made disaster. There have been no such events for the year ended 2019 and no further claims relating to the 2015 June flood event.

MANAWATU-WANGANUI REGIONAL DISASTER RELIEF FUND TRUST

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Actual 2019 \$	Actual 2018 \$
Revenue			
Interest		2,200	2,158
Council funding		0	0
Crown funding		0	0
Other grants and donations	3	0	2,034
Total revenue		2,200	4,192
Expenses			
Grants		0	0
Bank Charges		50	50
Audit fees		2,087	2,061
Total expenses		2,137	2,111
Surplus (Deficit)		64	2,081

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Actual 2019 \$	Actual 2018 \$
Balance at 1 July	75,518	73,437
Surplus (deficit) for the year	64	2,081
Total recognised revenue for the year ended 30 June	64	2,081
Balance at 30 June	75,582	75,518

These statements should be read in conjunction with the Statement of Accounting Policies & accompanying notes

MANAWATU-WANGANUI REGIONAL DISASTER RELIEF FUND TRUST

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

		Actual 2019	Actual 2018
		\$	\$
Assets			
Current Assets			
Bank accounts and cash		10,538	11,317
Investments	2	66,387	66,085
Interest accrual		794	217
Total Assets		77,718	77,629
Liabilities			
Current Liabilities			
Trade and other payables		2,137	2,111
Total Liabilities		2,137	2,111
Total Assets less Total Liabilities		75,581	75,518
Trust Equity			
Contributed Capital and accumulated surpluses		75,582	75,518
Total Trust Equity		75,582	75,518

Bruce Gordon
Chairperson



These statements should be read in conjunction with the Statement of Accounting Policies & accompanying notes

MANAWATU-WANGANUI REGIONAL DISASTER RELIEF FUND TRUST**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Actual 2019	Actual 2018
	\$	\$
Cash flows from operating activities		
Council funding received	0	0
Crown funding received	0	0
Interest received	1,623	2,154
Operating Expenses	(2,111)	(50)
Net cash flow from operating activities	(488)	2,104
Cash flows from investing activities		
Net cash flow from investing activities	(291)	(1,976)
Net increase/(decrease) in cash for the year	(779)	128
Bank accounts and cash at beginning of the year	11,317	11,189
Bank accounts and cash at end of the year	10,538	11,317

These statements should be read in conjunction with the Statement of Accounting Policies & accompanying notes

MANAWATU-WHANGANUI REGIONAL DISASTER RELIEF FUND TRUST
Statement of accounting policies for the year ended 30 June 2019

1. Basis of preparation

The Trustees have elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* on the basis that the Trust does not have public accountability (as defined) and has total expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

2. Goods and Services Tax

The Trust is not registered for GST. No GST was payable on revenue and no GST was claimable for expenses.

3. Significant Accounting Policies

3.1. Revenue

Grants – Council, government and other non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met (“use or return condition”). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Interest – interest revenue is recorded as it is earned during the year.

3.2. Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts and deposits held at call with banks.

3.3. Debtors

Debtors are initially recorded at the amount owing. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

3.4. Investments

Investments comprise investments in term deposits with banks.

3.5. Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

4. Changes in Accounting Policies

There have been no changes in the trust's accounting policies since the date of the last audited financial statements.

MANAWATU-WHANGANUI REGIONAL DISASTER RELIEF FUND TRUST

Notes to the Financial Statements

1 Related party transactions

The Trust received a payment of \$0.00 from related parties toward the audit (see note 3) (\$2,034: 2018).

There were no distributions made to related parties in 2019. (Nil: 2018).

2 Funds held for specific purposes

The investments balance of \$66,387 includes \$5,000 which can only be used for a specified purpose as outlined when received by the Trust. (\$66,095; \$5,000: 2018)

3 Grants received

During the year the Trust received grants totaling \$0.00 from the Councils in the region to pay the annual audit fee for the year ended 30 June 2018. (received \$2,034 in 2018 to pay for the annual audit fee for the year ended 30 June 2017). As the payments were made directly and not through the Trust, the sum is not included in the cashflow statement.

4 Events after balance date

There have been no events after balance date.

5 Contingent Liabilities

The Trust has no contingent liabilities at balance date.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of the Manawatu-Wanganui Regional Disaster Relief Fund Trust's financial statements for the year ended 30 June 2019

The Auditor-General is the auditor of Manawatu-Wanganui Regional Disaster Relief Fund Trust (the Trust). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 4 to 8, that comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion:

- the financial statements of the Trust on pages 4 to 8:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting- Accrual (Public Sector) Standard.

Our audit was completed on 3 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from clause 13.2 of the Trust Deed of the Trust.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included on pages 2 and 3, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Andrew Clark
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Report No.	19-148
Information Only - No Decision Required	

COUNCILLORS' WORKSHOP ATTENDANCE - 19 JUNE 2019 TO 18 SEPTEMBER 2019

1. EXECUTIVE SUMMARY

- 1.1. This item is to note the Councillors' Workshop Attendance from 19 June 2019 to 18 September 2019.

2. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 19-148 and Annex.

3. SIGNIFICANCE

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

Craig Grant
GROUP MANAGER CORPORATE & GOVERNANCE

ANNEXES

- A Workshop Attendance

HORIZONS REGIONAL COUNCIL
COUNCILLORS' WORKSHOP ATTENDANCE
(for the period)
19 June 2019 to 18 September. 2019

Date / Time	Details	Councillor Attendance
9.30 am 10 Sept 19	Essential Freshwater	Present: Cr LR Burnell Cr DB Cotton Cr EB Gordon Cr RJ Keedwell Cr GM McKellar Cr JM Naylor Cr NJ Patrick Cr PW Rieger Cr BE Rollinson Cr WK Te Awe Awe Apology: Cr JJ Barrow
Afternoon 10 Sept 19	Draft Annual Plan Process	Present: Cr JJ Barrow Cr LR Burnell Cr DB Cotton Cr EB Gordon Cr RJ Keedwell Cr GM McKellar Cr JM Naylor Cr NJ Patrick Cr PW Rieger Cr BE Rollinson Apology: Cr WK Te Awe Awe
Afternoon 10 Sept 19	HRC / Henley Hutchings Report	Present: Cr JJ Barrow Cr LR Burnell Cr DB Cotton Cr EB Gordon Cr RJ Keedwell Cr GM McKellar Cr JM Naylor Cr NJ Patrick Cr PW Rieger Cr BE Rollinson Apology: Cr WK Te Awe Awe

Report of the eleventh meeting of the tenth triennium of the Audit, Risk and Investment Committee held at 1.15pm on Tuesday 27 August 2019, in the Tararua Room, Horizons Regional Council, 11-15 Victoria Avenue, Palmerston North.

PRESENT Crs BE Rollinson (Chair), LR Burnell QSM, EB Gordon JP (ex officio), RJ Keedwell, GM McKellar, JM Naylor, NJ Patrick, and PW Rieger QSO JP.

IN ATTENDANCE Councillors Te Awe Awe
Chief Executive Mr MJ McCartney
Committee Secretary Mrs JA Kennedy

ALSO PRESENT At various times during the meeting:
Dr N Peet (Group Manager Strategy & Regulation), Mr R Strong (Group Manager River Management), Mr G Shirley (Group Manager Regional Services & Information), Dr J Roygard (Group Manager Natural Resources & Partnerships), Mrs K Tongs (Governance Coordinator), Mr C Morris (People & Capability Manager), Mr A Smith (Acting Chief Financial Officer), Ms C Morrison (Media & Communications Manager), Mr Mancer, Ms E Bethel, Ms K Hodges (Management Accountants).

The Chair welcomed everyone to the meeting.

APOLOGIES

ARI 19-35 *Moved* **Rollinson/Rieger**
That the Committee receives an apology from Cr Cotton.
CARRIED

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 19-36 *Moved* **Rollinson/Rieger**
That the Committee:
confirms *the minutes of the Audit, Risk and Investment Committee meeting held on 26 March 2019 as a correct record, and notes that the recommendations were adopted by the Council on 30 April 2019.*
CARRIED

HEALTH AND SAFETY REPORT TO 12 AUGUST 2019

Report No 19-125

This item provided Members with a summary of health and safety related activities and performance for the financial year up to 12 August 2019. Mr Morris (People & Capability Manager) spoke to the report. He highlighted progress with the Traffic Light activity, noted that WorkSafe NZ had released a policy clarification “strongly recommending” the installation of Quad Bike Crush Protections Devices (CPDs), and commented on discussions held at a recent Health & Safety Committee meeting around quad bike activities and the use of CPDs. Mr Morris responded to Members’ questions.

ARI 19-37 Moved Naylor/Burnell

That the Committee recommends that Council:

- a. *receives the information contained in Report No. 19-125 and Annex.*

CARRIED

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

ARI 19-38 Moved Rollinson/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 26 March 2019	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 Draft Annual Report for 2018-19 Financial Year	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 draft Annual Report is subject to Council approval and Audit review before being released to the public.	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 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.
PX4 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		
PX5 Members' Questions		

The meeting adjourned to the Public Excluded part of the meeting at 1.24pm and resumed at 2.08pm.

The meeting closed at 2.09pm.

Confirmed

CHIEF EXECUTIVE

CHAIR

Report of the twelfth meeting of the tenth triennium of the Regional Transport Committee held at 10.30am on Tuesday 3 September 2019, in the Tararua Room, Horizons Regional Council, 11-15 Victoria Avenue, Palmerston North.

PRESENT Crs EB Gordon JP (Chair), RJ Keedwell, Mayor M Feyen (Horowhenua District Council), Mayor H Worboys (Manawatu District Council), Ms E Speight (New Zealand Transport Agency), Mayor G Smith (Palmerston North City Council), Mayor A Watson (Rangitikei District Council), Mayor D Cameron (Ruapehu District Council), Mayor T Collis (Tararua District Council), Mayor H McDouall (Whanganui District Council), Inspector D White (NZ Police), Mr E Christiansen (Road Users), Mr S Walker (Road Transport Association).

IN ATTENDANCE

Councillors	P Rieger
Group Manager Regional Services and Information	Mr G Shirley
Manager Transport Services	Mr P Hindrup
Committee Secretary	Mrs KA Tongs

ALSO PRESENT At various times during the meeting:
Mr A Mayston & Ms D Webster (Road Safety Coordinators), Mr J Miguel (Transport Planner), Ms C Morrison (Media & Communications Manager), various territorial authority roading / asset managers, and a member of the Press.

The Chair welcomed everyone to the meeting.

APOLOGIES

There were no apologies.

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

RT 19-84 **Moved** **Watson/Collis**

That the Committee:

confirms the minutes of the Regional Transport Committee meeting held on 5 June 2019 as a correct record, and notes that the recommendations were adopted by the Council on 25 June 2019.

CARRIED

VARIATION TO THE REGIONAL LAND TRANSPORT PLAN 2015-25: GLADSTONE ROAD REALIGNMENT PROJECT

Report No 19-129

Mr Hindrup (Manager Transport Services) presented this report to the Committee, to consider a request from the Horowhenua District Council to vary the operative Regional Land Transport Plan 2015-25 (2018 Review) (RLTP). The variation was to include the Gladstone Road Realignment Project as a road improvements activity in the RLTP. Mr Hindrup outlined the problems with Gladstone Road and discussed funding for the project.

RT 19-85 **Moved** **Feyen/Gordon**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 19-129 and Annex;
- b. recommends that the Regional Land Transport Plan 2015-25 (2018 Review) be varied to include the Gladstone Road Realignment Project as a road improvements activity.

CARRIED

ROAD SAFETY UPDATE - 2018-19 YEAR REPORT

Report No 19-130

Ms D Webster (Road Safety Coordinator) gave a presentation which provided an update on road safety education activities undertaken throughout the region during the 2018-19 financial year and highlighted the results from the three major focus areas for the year; Driver Licencing, Child Restraints and Senior Drivers. She also summarised the road safety trends and statistics in the Horizons region for the year to date. Discussion was had around drug testing and the process of gaining a drivers' licence.

RT 19-86 **Moved** **Keedwell/Cameron**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 19-130 and Annex.

CARRIED

APPROVED ORGANISATION QUARTERLY UPDATE

Report No 19-131

This report updated Members on significant regional roading, public transport, road safety and planning activities within the Horizons Regional Council region.

Mayor Feyen, **Horowhenua District Council**, commented on safety issues with the Otaki to North of Levin Expressway (O2NL) and the popularity of the Levin to Palmerston North buses by gold card users.

Manawatu District Council's report was taken as read and Mayor Worboys highlighted the need to talk to NZTA regarding the timeline for the Feilding to Palmerston North walkway, and safety measures that could be introduced on SH54 Kimbolton Road close to the new housing development.

The report for **Palmerston North City Council** was taken as read. Mayor Smith mentioned the completion of work in Cuba Street and the reduction of speed as a result, the number of visitors to the He Ara Kotahi Bridge, and the ongoing issue of the safety of pedestrians crossing the James Line railway line.

Mayor Watson, **Rangitikei District Council**, took the report as read and highlighted the support to retain the Mangaweka bridge for walking, cycling and tourism. He also mentioned the need for solutions to the merging difficulties for traffic from the Wallace Development site in Bulls to SH1.

Ruapehu District Council's report was taken as read and Mayor Cameron commented on the insurance issues facing logging companies when working in wet weather, the success of recent public transport service trials, and the numbers of public using the gondolas each month.

Mayor Collis, **Tararua District Council** took the report as read and commented on a feasibility study for the Dannevirke Rail Hub which would incorporate Route 52 and the community's concerns about the safety and width of those roads.

Mayor McDouall, **Whanganui District Council**, commented on the logging issues faced in the Kaurapaoa area, the completion of the last major project arising from the June 2015 weather event, and encouraged NZTA to complete their SH4 part of the project.

The report for **Horizons Regional Council** was taken as read. Mr Hindrup (Manager Transport Services) gave a presentation which included a snapshot of what the region and the Regional Transport Committee had achieved over the last three years.

RT 19-87

Moved

Gordon/Watson

That the Committee recommends that Council:

a. receives the information contained in Report No. 19-131 and Annex.

CARRIED

NEW ZEALAND TRANSPORT AGENCY DIRECTOR'S REPORT

Report No 19-132

Ms Speight (New Zealand Transport Agency (NZTA)) spoke to a powerpoint presentation which provided Members with an update on the NZTA's regional and national activities, specifically: the organisational changes within NZTA, preparation for the 2021-24 NLTP, commented on the Safe Network Programme and explained the funding for State Highway improvements.. Ms Speight also gave project updates on Whirokino Trestle Replacement, Peka Peka to Otaki and Te Ahu a Turanga. Ms Speight responded to Members' questions relating to various projects and concerns were raised about the lack of stock effluent sites on the Manawatū-Tararua Highway.

RT 19-88 **Moved** **Gordon/Smith**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 19-132.

CARRIED

The meeting adjourned to the Public Excluded part of the meeting at 12.15pm.

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

RT 19-89 **Moved** **Gordon/McDouall**

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 Update on the Capital Connection rail service.	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.

UPDATE ON THE CAPITAL CONNECTION RAIL SERVICE

Mr Hindrup (Manager Transport Services) and Mr Shirley (Group Manager Regional Services & Information) briefed Members on the future investment options to retain the Capital Connection service.

PX RT 19-01 *Moved* *Smith/McDouall*
That the Committee moves out of Public Excluded.
CARRIED

The Public Excluded section of the meeting concluded at 12.30pm.

The meeting closed at 12.31pm.

Confirmed

MANAGER TRANSPORT SERVICES

CHAIR

Report of the twenty-sixth meeting of the tenth triennium of the Strategy and Policy Committee held at 10.30am on Tuesday 10 September 2019, in the Tararua Room, Horizons Regional Council, 11-15 Victoria Avenue, Palmerston North.

PRESENT Crs EB Gordon JP (Chair), JJ Barrow, LR Burnell QSM, DB Cotton, RJ Keedwell, GM McKellar, JM Naylor (to 12.27pm and from 1.12pm), NJ Patrick, PW Rieger QSO JP, BE Rollinson, and WK Te Awe Awe.

IN ATTENDANCE Chief Executive Mr MJ McCartney
Acting Group Manager
Corporate and Governance Mr D Neal
Committee Secretary Mrs KA Tongs / Mrs JA Kennedy

ALSO PRESENT At various times during the meeting:
Mr R Strong (Group Manager River Management), Dr N Peet (Group Manager Strategy & Regulation), Mr G Shirley (Group Manager Regional Services & Information), Dr J Roygard (Group Manager Natural Resources & Partnerships, Mr R Smillie (Environmental Manager), Mr T Bowen (Principal Advisor), Ms A Matthews (Science & Innovation Manager), Ms R Mercer (Senior Environmental Scientist), Mr A Smith (Acting Chief Financial Officer), Ms C Morrison (Media & Communications Manager), and a member of the press.

The Chair welcomed everyone to the meeting.

The meeting adjourned at 10.32am.

The meeting reconvened at 10.38am.

The Chair invited Cr Te Awe Awe to say a Karakia.

APOLOGIES

There were no apologies.

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

Chair Bruce Gordon declared a conflict of interest in Report No. 19-138 in regard to lakes within the Rangitikei District.

CONFIRMATION OF MINUTES

SP 19-163 Moved Rieger/Naylor

That the Committee:

confirms the minutes of the Strategy and Policy Committee meeting held on 13 August 2019 as a correct record, and notes that the recommendations were adopted by the Council on 27 August 2019.

CARRIED

COUNCILLOR REPORTS

Chair's Report

The Chair presented his report and, together with the Chief Executive, updated Members on the recent Regional Sector meeting in Wellington.

Councillors' Reports

Councillors commented on their attendance at various events.

NATURAL RESOURCES & PARTNERSHIPS OPERATIONAL PLAN

Report No 19-138

This item presented the 2019-20 Operational Plan for the Natural Resources & Partnerships group of Horizons. The group was tasked with delivery of the non-regulatory programmes for land, water, biosecurity and biodiversity and delivery of Horizons' core science programme. Dr Roygard (Group Manager Natural Resources & Partnerships) gave a presentation and highlighted the key themes of the single operational plan which would replace seven operational plans. Members asked questions of clarification and discussion was had regarding ongoing feedback in relation to the operational plan, both with the current Council and the new Council to be formed after the local body elections, 12 October 2019.

SP 19-164 Moved McKellar/Burnell

That the Committee recommends that Council:

- a. *receives the information contained in Report No. 19-138 and Annex.*
- b. *formally adopts, approves and releases the 2019-20 Natural Resources and Partnerships Operational Plan annexed to this item.*

CARRIED

STATE OF ENVIRONMENT - CATCHMENT SUMMARIES

Report No 19-139

Ms Matthews (Science & Innovation Manager) gave a presentation which provided Council with a summary of the current state and trends of each of the region's major catchments (as defined by the Freshwater Management Unit). Each report summarised the current state and trends in air, land and water, and (in some cases) reported on performance against One Plan targets. Members provided feedback and suggestions for future summary information and target audiences.

SP 19-165 **Moved** **Patrick/Burnell**

That the Committee recommends that Council:

a. receives the information contained in Report No. 19-139 and Annex.

CARRIED

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

SP 19-166 **Moved** **Cotton/Rollinson**

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 Award of Contract No. 2019/16 Land Mapping and Whole Farm Plans Under the Sustainable Land Use Initiative	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 reason for this report being heard in public excluded is because of commercial sensitivity.	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 Update of Councillors' Expense Claims Process	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege. The reason for this report being heard in public excluded is because of commercial sensitivity.	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 Presentation: Results of 2019 Chief Executive Performance Review	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. This report is confidential because it discusses employment terms of an identifiable individual.	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.

PX4

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

PX5

Members' Questions

The meeting adjourned to the Public Excluded part of the meeting at 12.01pm and resumed at 2.02pm.

During discussion of Report No. PX19-141, Update of Councillors' Expense Claims Process, resolution PX SP 19-165 agreed that the item could be moved into the public domain.

UPDATE OF COUNCILLORS' EXPENSE CLAIMS PROCESS

Report No PX19-141

This report informed Members of the current system for processing Councillor Expense Claim Forms. The Chair introduced the item. Members provided their comments on the entry for Councillors expenses in the 2018-19 AR with suggestions on how to make it more transparent for future reporting. A followup action was taken for management to produce clear guideline principles for adoption by the incoming Council following the local body elections, 12 October 2019.

PX SP 19-60 Moved Patrick/Keedwell

That the Committee recommends that Council:

- a. *receives the information contained in Report No. PX19-141 and Annex*
- b. *requests management to bring back a revised policy and reporting model for Councillor Expenses.*

CARRIED

The meeting closed at 2.03pm.

Confirmed

CHIEF EXECUTIVE

CHAIR

Report of the seventeenth meeting of the tenth triennium of the Catchment Operations Committee held at 9.00am on Wednesday 11 September 2019, in the Tararua Room, Horizons Regional Council, 11-15 Victoria Avenue, Palmerston North.

PRESENT Crs DB Cotton (Chair), LR Burnell QSM (from 9.05am), EB Gordon JP (ex officio), RJ Keedwell, GM McKellar, JM Naylor, NJ Patrick (via audio-visual link), PW Rieger QSO JP, BE Rollinson (via audio-visual link), and WK Te Awe Awe (from 9.03am).

IN ATTENDANCE Chief Executive Mr M McCartney
Committee Secretary Mrs JA Kennedy

ALSO PRESENT At various times during the meeting:
Mr R Strong (Group Manager River Management), Dr J Roygard (Group Manager Natural Resources & Partnerships), Mr G Shirley (Group Manager Regional Services & Information), Mr J Bell (Manager Investigations & Design), Mr G Cooper (Manager Land & Partnerships), Mr W Spencer (Area Engineer), Ms E Whale (River Management Analyst), Mrs C Hesselin (Senior Communications Advisor), Mr W Spencer (Area Engineer), and Mr T Hoang (Tonkin & Taylor).

The Chair welcomed everyone to the meeting and invited Cr Te Awe Awe to say a Karakia.

APOLOGIES

The Committee noted an apology from Cr Barrow.

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

COP 19-122 *Moved* *Naylor/Gordon*

That the Committee:

***confirms** the minutes of the Catchment Operations Committee meeting held on 11 June 2019 as a correct record, and notes that the recommendations were adopted by the Council on 25 June 2019..*

CARRIED

PRESENTATION: THE APPLICATION OF THE DAM SAFETY GUIDELINES TO THE STOPBANKS PROTECTING PALMERSTON NORTH

Report No 19-135

River Management staff and Mr Hoang (Tonkin & Taylor) reported on the findings of the work associated with applying the 2015 Dam Safety Guidelines to parts of the stopbank network that had a high level of criticality.

Mr Strong (Group Manager River Management) depicted an indicative Palmerston North Flood Hazard Zone map and highlighted the areas in the city that were potentially at risk of flooding. Mr Hoang (Tonkin & Taylor) presented the findings of the preliminary condition and risk assessment project for the stopbanks around Palmerston North and clarified Members' questions. He acknowledged and thanked Horizons Regional Council staff who contributed to the project.

COP 19-123 *Moved* *Keedwell/Gordon*

That the Committee recommends that Council:

- a. *receives the information contained in Report No. 19-135.*

CARRIED

OROUA GRAVEL RESOURCE STUDY

Report No 19-135

Ms Whale (Graduate River Management Analyst) informed Members of the findings of an updated assessment of the gravel resource in the lower reach (from Feilding to Manawatu River confluence) of the Oroua River. Mr Bell (Manager Investigations & Design) and Mr Strong (Group Manager River Management) responded to Members' questions about the challenges associated with sedimentation of the berms and the narrowing of the river channel.

COP 19-124 *Moved* *Te Awe Awe/Keedwell*

That the Committee recommends that Council:

- a. *receives the information contained in Report No. 19-135.*

CARRIED

RIVER AND DRAINAGE ENGINEERING REPORT

Report No 19-133

This item reported on progress with river and drainage activities for the months of June, July and August 2019. Mr Strong (Group Manager River Management) introduced his report, provided updates on the various activities, and showed a series of photographs in support of some of the activities. His highlights included the environmental enhancement projects and developmental opportunities in and around Foxton, progress with negotiations around land purchases for the Oroua River stopbank alignment project, the work being undertaken around river alignment issues to protect the Ashhurst Domain, and the diversion of river flow away from the Rata rubbish dump on the Rangitikei River. Mr Strong clarified Members' questions.

COP 19-125 *Moved* **Keedwell/Te Awe Awe**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 19-133.

CARRIED

The meeting adjourned at 10.35am.

The meeting reconvened at 10.44am.

LAND MANAGEMENT ANNUAL REPORT AND PROGRESS UPDATE

Report No 19-136

This report covered work carried out by the Natural Resources and Partnership Land Management team for the 2018-19 financial year. It included the activity areas of the Sustainable Land Use Initiative, Regional Land and Coast, and Nursery. Dr Roygard (Group Manager Natural Resources & Partnerships) summarised achievements towards the operational targets of the Annual Plan 2018-19 and the contract targets with the Ministry for Primary Industries, and updated Members on the Sustainable Land Use Initiative programme. Mr Cooper (Environmental Manager Land) presented the activities and progress associated with the Regional Coast, Land and Nursery Management report and the Sustainable Land Use Initiative progress report. Members' questions relating to nursery sites, sourcing of various tree varieties, and engagement with landowners were responded to by Dr Roygard and Mr Cooper.

COP 19-126 *Moved* **Burnell/Te Awe Awe**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 19-136 and Annexes.

CARRIED

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

COP 19-127 *Moved* **Keedwell/Gordon**

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 Whanganui Update (PRD 05 36)	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.</p> <p>The reason for this report being heard in public excluded is because it contains potentially sensitive information.</p>	<p>s48(1)(a)</p> <p>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.</p>
PX2 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		
PX3 Members' Questions		

The meeting adjourned to the Public Excluded part of the meeting at 11.33am and resumed at 12.29pm.

The Chair thanked Members and staff for their input and efforts associated with the Catchment Operations Committee meeting over the past triennium.

The meeting closed at 12.30pm.

Confirmed

CHAIR

GROUP MANAGER RIVER MANAGEMENT

GROUP MANAGER NATURAL RESOURCES
AND PARTNERSHIP

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 27 August 2019	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	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 Annual Report for the year ended 30 June 2019	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 draft Annual Report is subject to Council approval and Audit review before being released to the public..	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 Lower North Island Passenger Rail Rolling Stock Business Case	s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. Commercial sensitivity around costs and procurement process.	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.
PX4 Contract Award for Contract No. 2018/89: Rural Upgrade Project, Tokomaru River Stopbank Upgrade (PRD 07 18 89)	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.

PX5	Report of Audit, Risk & Investment Committee Meeting - Endorse and Adopt Resolutions and Recommendations – 27 August 2019	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.
PX6	Report of Strategy & Policy Committee Meeting - Receive and Adopt Resolutions and Recommendations – 10 September 2019	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.
PX7	Report of Catchment Operations Committee Meeting - Receive and Adopt Resolutions and Recommendations – 11 September 2019	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.
PX8	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		
PX9	Members' Questions		

