

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

Date: Tuesday, 25 September 2018
Time: To follow the Audit, Risk & Investment Committee meeting
Venue: 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 NJ Patrick |
| | Cr BE Rollinson |
| | Cr CI Sheldon |
| | Cr WK Te Awe Awe |

Michael McCartney
Chief Executive

Contact Telephone: 0508 800 800
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Palmerston North 4442

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

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

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|------------------------|---|--|--------------------------------------|--|
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| SERVICE CENTRES | Kairanga Cnr Rongotea & Kairanga-Bunnythorpe Rds, Palmerston North | Marton 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 11 Bruce Road | Taihape Torere Road Ohotu | | |
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AGENDA

1 WELCOME / KARAKIA

2 APOLOGIES AND LEAVE OF ABSENCE

- Cr Rieger – Leave of Absence

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 nineteenth meeting of the tenth triennium of Horizons Regional Council held at 10.00am on Tuesday 28 August 2018, in the Tararua Room Horizons Regional Council, 11-15 Victoria Avenue, Palmerston North.

PRESENT Crs EB Gordon JP (Chair), LR Burnell QSM, DB Cotton, RJ Keedwell, GM McKellar, NJ Patrick, PW Rieger QSO JP, BE Rollinson, CI Sheldon, WK Te Awe Awe (to 1.38pm).

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

ALSO PRESENT At various times during the meeting:
Dr N Peet (Group Manager Strategy & Regulation), Mr G Shirley (Group Manager Regional Services & Information), Mr R Strong (Group Manager River Management), Dr J Roygard (Group Manager Natural Resources & Partnerships), Mr C Morris (Manager People & Capability), Mrs K Booth (Committee Advisor), Ms P Tucker (Policy Analyst), Mr P Hindrup (Manager Transport Services), Mrs L Macdonald (Chief Financial Officer), Mr R Smillie (Biodiversity, Biosecurity & Partnerships Manager), Mr C Davey (Environmental Programme Coordinator-Plants), Mrs C Morrison (Media & Communications Manager), and a member of the press.

WELCOME

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

APOLOGIES

18-343 *Moved Cotton/Te Awe Awe*
That the Council receives an apology from Cr Barrow.

CARRIED

PUBLIC SPEAKING RIGHTS

There were no requests for public speaking rights.

SUPPLEMENTARY ITEMS

A Supplementary Agenda containing the minutes of the Passenger Transport Committee meeting held on 21 August 2018 had been distributed to Members.

Report No. 18-18-157, Lake Horowhenua Update and Discussion with the Lake Horowhenua Trust had been withdrawn to allow further conversations with the Lake Horowhenua Trustees.

MEMBERS' CONFLICTS OF INTEREST

There were no conflicts of interest declared.

PETITIONS / DEPUTATIONS

There were no petitions/deputations.

CONFIRMATION OF MINUTES

18-344 **Moved** **Rieger/Patrick**

That the minutes of the Regional Council meeting held on 20 June 2018 as circulated, be confirmed as a correct record.

CARRIED

Matters Arising:

A spelling error under Members' Reports, Page 15, 'Cr Te Awe Ae' to read 'Cr Te Awe Awe'.

CHIEF EXECUTIVE'S REPORT

The Chief Executive presented his report, referred to the information contained in the attached annexes, and responded to Members' questions on matters raised in his report. He noted that the draft Annual Report for 2017/18 would be presented to the 28 August, 2018 Audit, Risk & Investment Committee and not to the August Council meeting as stated in paragraph 2 of his report.

18-345 **Moved** **Gordon/Keedwell**

That the Chief Executive's report be received.

CARRIED

REPRESENTATION REVIEW 2018 - REFERRAL OF FINAL PROPOSAL TO THE LOCAL GOVERNMENT COMMISSION

Report No 18-143

This report provided an update on the review of Horizons' representation arrangements for the 2019 local government elections, as required by the Local Electoral Act 2001 (LEA). It outlined the steps required to complete the process. The Chief Executive introduced the report. Ms Tucker (Policy Analyst) explained that all further decisions relating to the appeals and any adjustments to Council's final proposal would be determined by the Local Government Commission (LGC). She noted that the outcome of representation reviews undertaken by territorial authorities within the Region may influence the final decision of the LGC. Members discussed the amendment proposed by the Manawatu District Council and its relevance to the Horizons/Horowhenua-Kairanga and Manawatu/Rangitikei boundaries with questions clarified by Mrs Tucker and Mrs Booth (Governance Advisor). Ultimately a new recommendation (c) was put.

18-346 **Moved** **McKellar/Gordon**

It is recommended that Council:

- a. receives the information contained in Report No. 18-143 and Annexes.*
- b. instructs officers to forward all relevant documentation to the Local Government Commission for its consideration and final determination.*
- c. resolves to support the Manawatu District Council's initial representation review proposal and to include in the material submitted to the Local Government Commission a statement supporting further changes to Horizons/Horowhenua-Kairanga and Manawatu/Rangitikei boundaries should Manawatu District Council adopt these changes through its final proposal.*

Against: Cr Sheldon (against recommendation (c) only)

CARRIED

APPOINTMENT OF DEPUTY CHAIR OF THE ENVIRONMENT COMMITTEE

Report No 18-144

The purpose of this report was to appoint an elected member to the position of Deputy Chair of the Environment Committee due to the vacancy created by the unexpected passing of the previous incumbent. The Chair called for nominations for the position of Deputy Chair. Cr Burnell, seconded by Cr Sheldon, nominated Cr Te Awe Awe. Cr Keedwell, seconded by Cr Patrick, nominated Cr Patrick. Mrs Booth (Governance Advisor) provided an explanation of the voting systems. Members agreed to use System B. Following a ballot, the Chair declared Cr Te Awe Awe be appointed to the position of Deputy Chair of the Environment Committee.

18-347 **Moved** **McKellar/Rollinson**

It is recommended that Council:

- a. receives the information contained in Report No. 18-144;*
- b. resolves that System B of the procedures as set out in Clause 25 Schedule 7 of the Local Government Act 2002 (attached at Annex A) be adopted for the election of the Deputy Chair of the Environment Committee;*
- c. approves the appointment of Councillor Te Awe Awe to the position of Deputy Chair of the Environment Committee.*

CARRIED

BY-ELECTION - PALMERSTON NORTH CONSTITUENCY - SEPTEMBER 2018

Report No 18-145

This report updated Members on the By-Election for the Palmerston North constituency and the date when the official oral declaration would be made by the successful candidate. The Chief Executive took Members through the item and commented on the 'Meet the Candidates' meeting held on Tuesday 14 August 2018. Mrs Booth (Governance Advisor) responded to questions about the eligibility of Mr Ross Barber to stand for Office.

18-348 **Moved** **McKellar/Cotton**

It is recommended that Council:

- a. receives the information contained in Report No. 18-145.*

CARRIED

THE MANAWATU WANGANUI DISASTER RELIEF FUND TRUST - EXEMPTION FROM COUNCIL CONTROLLED ORGANISATION STATUS

Report No 18-146

This item responded to a request from the Manawatu Wanganui Regional Disaster Relief Fund Trust board for an exemption from Council-Controlled Organisation (CCO) status for the Trust.

18-349 **Moved** **Rieger/Rollinson**

It is recommended that Council:

- a. *receives the information contained in Report No. 18-146.*
- b. *agrees to exempt the Manawatu Wanganui Regional Disaster Relief Fund Trust from being a Council-Controlled Organisation for a further three years. The reasons for this are detailed below in Item 5 - Discussion.*

CARRIED

PRESENTING REGIONAL SOFTWARE HOLDINGS LIMITED 2019-2021 STATEMENT OF INTENT

Report No 18-147

This item presented for agreement the Statement of Intent (SOI) of Regional Software Holdings Limited (RSHL) to the shareholders of the Company as required by the Local Government Act 2002. Mrs Macdonald (Chief Financial Officer) introduced the item and responded to Members' questions associated with the independent director's fees. She noted that the SOI had been placed on The Hub seeking Members' feedback. No feedback had been received. During discussion of the SOI a suggestion was made to in future use the wording 'at better value' rather than 'at lower cost' (page 49). Mrs Macdonald undertook to pass on the feedback.

18-350 **Moved** **McKellar/Keedwell**

It is recommended that Council:

- a. *receives the information in Report No. 18-147.*
- b. *agrees to the Regional Software Holdings Limited 2019-2021 Statement of Intent.*

CARRIED

BIOSECURITY PLANTS OPERATIONAL PLAN 2018-19

Report No 18-148

This item presented to Council the Regional Pest Management (Plant) Operational Plan for the 2018-19 year. Dr Roygard (Group Manager Natural Resources & Partnerships) introduced the item. He outlined the approach taken to manage pest plants across the region and explained that the Biosecurity Operational Plan was now merged with an annual report. Mr Davey (Environmental Programme Coordinator-Plants) commented on the increased financial support for some of the pest programmes and noted that the Operational Plan provided considerable detail and transparent information on the proposed work programme. Dr Roygard and Mr Davey clarified Members' questions.

18-351 **Moved** **McKellar/Keedwell**

It is recommended that Council:

- a. *receives the information contained in Report No. 18-148 and Annex.*
- b. *recommends that Council formally adopts and releases the 2018-19 Biosecurity Plants Operational Plan annexed to this item.*

CARRIED

BIODIVERSITY OPERATIONAL PLAN 2018-19

Report No 18-149

This item presented to Council the Biodiversity Implementation Operational Plan for the 2018-19 year. Dr Roygard (Group Manager Natural Resources & Partnerships) introduced the item and gave a brief overview of the changes and further sections that had been made to the implementation programme: the priority sites programme (bush remnants and wetlands); the biodiversity partnerships programme; and Totara Reserve Regional Park. He and Mr Smillie (Biodiversity, Biosecurity & Partnerships Manager) then responded to Members' questions.

18-352 **Moved** **McKellar/Patrick**

It is recommended that Council:

- a. *receives the information contained in Report No. 18-149 and Annex.*
- b. *recommends that Council formally adopts and releases the 2018-19 Biodiversity Implementation Operational Plan annexed to this item.*

CARRIED

AFFIXING OF THE COMMON SEAL

Report No 18-150

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

18-353 **Moved** **Rieger/Sheldon**

That the Council:

- a. *acknowledges the affixing of the Common Seal to the below mentioned documents.*
 - *Lease*
Leasee: Wharekoa and Coal Creek Partnership
Area: 12.3 ha
Location: Reu Reu Road
Period 18 March 2018 – 30 June 2027
 - *Lease*
Leasee: Wharekoa and Coal Creek Partnership
Area: 9.5 ha
Location: Reu Reu Road
Period 1 June 2018 – 30 June 2027

- *Warrant Card
Biosecurity Act
Paul Bowers*

- *Warrant Card
Biosecurity Act
Kane Harrison*

- *Lease
Leasee: Porewa Holdings Ltd
Area: 47.2 ha
Location: Rangitikei River Lease, Bridge Street, Bulls
Period: 1 July 2018 – 30 June 2027*

- *Lease
Leasee: Michelen Farms Ltd
Area: 38.0844 ha
Location: Poplar Road
Period: 1 July 2018 – 30 June 2027*

- *Lease
Leasee: Michelen Farms Ltd
Area: 35.8854 ha
Location: Poplar Road
Period: 1 July 2018 – 30 June 2027*

- *Lease
Leasee: Whisker Farming Ltd
Area: 1.66 ha
Location: Rangitikei River
Lease: Parewanui Road, Bulls
Period: 1 July 2018 – 30 June 2027
Renewal of grazing land lease*

- *Lease
Leasee: Te Hou Farm Ltd Partnership
Area: 13.8 ha
Location: Rangitikei River
Lease: Parewanui Road, Bulls
Period: 2 December 2018 – 1 December 2027
Renewal of grazing land lease*

CARRIED

**COUNCILLORS' WORKSHOP ATTENDANCE - 22 MARCH 2018 TO
22 AUGUST 2018**
Report No 18-151

This item noted the Councillors' Workshop Attendance from 22 March 2018 to 22 August 2018.

18-354 **Moved** **Rieger/Sheldon**

It is recommended that Council:

- a. *receives the information contained in Report No. 18-151 and Annex.*

CARRIED

RECEIPT AND ADOPTION OF COMMITTEE RESOLUTIONS AND RECOMMENDATIONS

**REPORT OF STRATEGY & POLICY COMMITTEE MEETING - RECEIVE AND ADOPT
RESOLUTIONS AND RECOMMENDATIONS - 14 AUGUST 2018**

18-355 **Moved** **Gordon/Rieger**

That the Council receives and adopts the resolutions and recommendations of the Strategy & Policy Committee meeting held on 14 August 2018.

CARRIED

Matters Arising:

Cr Keedwell referred to the 'Lost' recommendation under Report No. 18-112, Proposed Planning Package to Address Intensive Land Use Rules and Policies and Wider Catchment Planning, and explained why she believed the environment was not represented around the table.

**REPORT OF CATCHMENT OPERATIONS COMMITTEE MEETING - RECEIVE AND ADOPT
RESOLUTIONS AND RECOMMENDATIONS - 15 AUGUST 2018**

18-356 **Moved** **Cotton/Te Awe Awe**

That the Council receives and adopts the resolutions and recommendations of the Catchment Operations Committee meeting held on 15 August 2018.

CARRIED

**REPORT OF ENVIRONMENT COMMITTEE MEETING - RECEIVE AND ADOPT
RESOLUTIONS AND RECOMMENDATIONS - 15 AUGUST 2018**

18-357 **Moved** **McKellar/Patrick**

That the Council receives and adopts the resolutions and recommendations of the Environment Committee meeting held on 15 August 2018 with an amendment to the second paragraph, 10th line, Report No. 18-126, Regulatory Management Report – June to July 2018 – remove sentence, 'Unfortunately the data that had been provided to Forest and Bird was not correct'.

CARRIED

Matters Arising:

Dr Peet (Group Manager Strategy & Regulation) clarified that the data provided to Forest and Bird was correct, it was Forest and Bird's interpretation of the data that was incorrect.

**REPORT OF PASSENGER TRANSPORT COMMITTEE - RECEIVE AND ADOPT
RESOLUTIONS AND RECOMMENDATIONS - 21 AUGUST 2018**

18-358

Moved

Keedwell/Patrick

That the Council receives and adopts the resolutions and recommendations of the Passenger Transport Committee meeting held on 21 August 2018, as amended:

- *Add late apology for Cr Ash (Rangitikei District Council).*
- *Report No, 18-134, Palmerston North Trial Bus Service Improvements, last paragraph, amend '(b. ii)' to read '(b i)'.*
- *Report No. 18-138, Report on Actions Arising from Submissions to the Regional Land Transport Plan 2015-25 (2018 Review), replace 'equal fund' with 'EECA'.*
- *Members' Questions – add "In discussing bus services and the safety of vehicles, Members asked for a report to a future meeting on the measures in place to ensure services and vehicles were safe now and in the future".*

CARRIED

Cr Keedwell, Chair of Passenger Transport Committee, briefed Members on the background, financial impact, and options associated with recommendation PT18-46 relating to extended weekday hours of operation of the Palmerston North urban bus services and the 10 minute peak frequency trial on Routes 5 and 6 in Palmerston North. Cr Keedwell and Transport staff responded to Members' questions about transport activities.

MEMBER'S QUESTIONS

In response to a query about the possibility of live streaming Council meetings, the Chief Executive said a paper would be prepared outlining the options for Members consideration.

Cr Keedwell tabled a letter from the New Zealand Tax Payers' Union. The letter challenged every local councillor in the country to follow the Prime Minister's lead and freeze their pay rates until local government finances were brought under control. The Chief Executive received the letter and undertook to investigate and provide a formal response to Council.

The Chief Executive explained that Item 8.10 on the agenda, Lake Horowhenua Update, had been withdrawn to allow for further conversations with the Lake Horowhenua trustees with a view to bringing an item back to a future Council meeting.

The meeting adjourned at 11.56am

The meeting reconvened at 12.40pm.

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

18-359

Moved

Sheldon/Rieger

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 20 June 2018 | s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. 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 Report of Strategy & Policy Committee - Receive and Adopt Resolutions and recommendations – 14 August 2018 | 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. |
| PX3 Rural Upgrade Project Property Matters (OMS 15 40) | s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. The reason for this report being heard in the public excluded is to protect the privacy of the individuals named in it. | 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. |

| | | |
|---|---|--|
| <p>PX4 Rural Upgrade Project Property Matters (OMS 15 40)</p> | <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>The reason for this report being heard in the public excluded is to protect the privacy of the individuals named in it.</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> |
| <p>PX5 Tender Award for Contract No. 2018/03: Oroua River Right Bank Stopbank Upgrade, Kawakawa Road to Aorang Road (PRD 07 18 03)</p> | <p>s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>Commercially sensitive information has been submitted by tenders. It is important that the confidentiality of that information is maintained through the Council's consideration of the recommendations.</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> |
| <p>PX6 Tender Award for Contract No. 2018/04: Oroua River Left Bank Stopbank Upgrade, Te Arakura Road to Feilding (PRD 07 18 04)</p> | <p>s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>Commercially sensitive information has been submitted by tenders. It is important that the confidentiality of that information is maintained through the Council's consideration of the recommendations.</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> |
| <p>PX7 Tender Award for Contract No. 2017/25: Manawatu River Right Bank Stopbank Upgrade, Himatangi Block Road (PRD 07 17 25)</p> | <p>s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>Commercially sensitive information has been submitted by tenders. It is important that the confidentiality of that information is maintained through the Council's consideration of the recommendations.</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> |
| <p>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</p> | | |

PX9
Members' Questions

The meeting adjourned to the Public Excluded part of the meeting at 12.41pm and resumed at 2.23pm.

In the Public Excluded part of the 28 August Regional Council Meeting, Members agreed that the following items could be moved into the public domain.

Scheduling of future Catchment Operations and Environment Committee Meetings

(from Strategy & Policy public excluded minutes, 14 August 2018)

After discussion on the scheduling of these meetings, Members agreed to hold the Catchment Operations Committee meeting and the Environment Committee meetings on alternate months.

Letter from Hon David Parker

(from Regional Council public excluded minutes, 28 August, 2018)

The Chair tabled a copy of a letter from Hon David Parker. The Chief Executive explained the letter was in response to a letter from the Chair around an approach to deal with the freshwater challenge for New Zealand going forward. He then briefed Members on the contents of the letter. Dr Peet (Group Manager Strategy & Regulation) explained the 'At Risk catchments' project being run by the Ministry for the Environment.

The meeting closed at 2.24pm.

Confirmed

CHIEF EXECUTIVE

CHAIR



CHIEF EXECUTIVE'S REPORT TO COUNCIL

Tuesday, 28 August 2018
Michael McCartney – Chief Executive

Introduction

1. Attached, at Annex A, is a more detailed round-up of the main organisational activities. Members are asked to view the upcoming events and advise us of any meetings/events that may be of interest.

Planning and Policy

2. With the 2018-28 Long-term Plan now in play our focus has been with the Annual Report. The draft Annual Report for 2017-18 is to be presented to Council at the August meeting.
3. The team are now applying thought to the 2019-20 Annual Plan. We hope to bring a position paper on an approach to the Annual Plan in the next couple of months.
4. The major event with respect to the One Plan has been the Council resolution to embark upon a sequenced plan change process. The most significant of these being the Freshwater Futures work, where Council will apply a higher level strategic lens to the future challenges with respect to the Region's freshwater challenges. A number of early stakeholder conversations around the Freshwater Futures work have already occurred. These have largely centred on ideas about approach as opposed to issues or content.
5. Council's Strategic Directions were considered at a recent workshop. Essentially, the overall direction currently in play is generally supported, however, a sub-group of Councillors will meet to better wordsmith the material. That meeting is yet to be held.

Regulatory

6. Over the period, Council has been involved in three formal prosecutions under the RMA for offences related to pollution. All three of these cases have resulted in guilty verdicts, either via a defended hearing process or a guilty plea after charges were laid.
7. As members are aware, the officers run a very robust and even-handed process when it comes to both making the decision to prosecute as well as the prosecution itself.
8. Recently, there was some publicity by Forest and Bird around regional council compliance. Effectively, that organisation undertook an analysis of how regional councils undertook their enforcement. While there is real value in organisations undertaking these types of analysis, it is vital that detail and context are correct. Unfortunately, in many cases across the country data and context were not accurately conveyed, leading to a less than accurate picture – this was certainly the case for this Region. Our concerns have been communicated to Forest and Bird in this regard.

River Management

9. The civil works programme is taking shape for the upcoming construction season. There are a number of works contracts to be formally considered by Council at the August meeting. These activities were signalled at the recent Catchment Operations Committee.

10. One of the most significant challenges for the River Management team is around staff retention. With the very buoyant civil construction industry, both here and overseas, there is a premium demand for skills. Lately we have lost two project engineers and we are now in the process of recruitment.
11. A short time ago the River Management team hosted their counterparts from the Waikato Regional Council. These intel-sharing opportunities are very informative and helpful in gaining new insights into the challenges for the activity into the future.
12. The team, and particularly the Group Manager, has been very involved in working on the Lower Whanganui River issues, both in terms of Te Awa Tupua and the Accelerate25 (A25) project proposals.

Maori Engagement

13. Work in this area has been very busy during the period. Staff have attended a number of hui and meetings with Iwi across the Region, ranging from treaty settlement negotiations through to specific project works.
14. In early August the Chair and senior Executive hosted a meeting with Ngāti Raukawa, a wide range of issues were discussed.
15. Details of hui and these meetings are outlined in Annex A.

Accelerate25 – Regional Economic Growth

16. A copy of the most recent A25 Lead Team meeting agenda is provided at Annex B, and earlier this month a copy of the August 2018 Growing our Region newsletter was circulated to members. The recent meeting, held at Manawatu District Council, was well attended with all but one of the Region's Mayors, or their representative, in attendance. One of the key items on the agenda (alongside the project update) was a discussion on repositioning the project governance, given we have had one of the Lead Team stand down. There remains a high degree of collaboration around the A25 initiatives, with a number of groups and organisations seeking A25 endorsement of projects. In considering A25 support for projects, the Lead Team is very conscious of ensuring any support is clearly aligned to the A25 objectives as set out when this Regional Growth project was formalised.
17. A major focus for the Lead Team is moving with greater pace around the Skills and Talent Enabler. We are consistently hearing that attracting and retaining skills is one of the greatest challenges for the Region. The next Lead Team meeting will include an in-depth workshop on this topic.

National Issues

18. There is a good deal of activity with the Sector at a national level. The agendas for both the Regional and Unitary Chief Executive Officers' (RCEOs) Group and the Chief Executives' Environment and Economic Forum meetings can be found at Annex C and D respectively. One of the major areas of focus for the Sector in the freshwater space is to better understand, align and communicate what is actually happening (implementation/works) around freshwater improvement. Much of the commentary both locally and nationally is in a policy/regulatory context. We see the need to ensure implementation effort is better understood and targeted. This is especially important as we move to a focus on "At Risk Catchments".

19. The Sector has completed a position document on the future challenges for River Management in New Zealand. The key issue in this context is the need for government support for future investment to ensure New Zealand is more resilient to flood management risk. That report will be formally presented to Council in the near future.
20. A similar report is being undertaken by the Sector in the context of sediment and the billion trees initiative. The aim of this work is to ensure afforestation is aligned to environmental/economic and climate change challenges/opportunities into the future. We hope to complete this work by October this year to inform Government of the Sector's suggestions/criteria for future afforestation.
21. The third piece of work is around the Sector's approach to Climate Change adaption. The RCEOs approved a piece of work to be undertaken to evaluate the current and future opportunities the Sector has/could have around climate change adaption. We expect that work to be completed early in 2019.
22. A fortnight ago I facilitated a training session of new Special Interest Group (SIG) Convenors. Within the Sector we have upwards of 2000 staff working on similar issues and challenges and the SIG network is an excellent way to share knowledge and grow skills. The training was designed to help new convenors understand their role and techniques around leadership through influence. A copy of the agenda for that training is provided at Annex E.
23. Next week, the Regional Sector will be meeting and I have provided a copy of their draft agenda for members' information at Annex F.

Attachments

Annex A Council Update

Annex B Accelerate 25 Lead Team August 2018 Meeting Agenda

Annex C Regional and Unitary Chief Executive Officers' Group August 2018 Meeting Agenda

Annex D Chief Executives' Environment and Economic Forum August 2018 Meeting Agenda

Annex E Regional Sector Special Interest Group Convenors August 2019 Training Agenda

Annex F Regional Sector August 2018 Draft Meeting Agenda



COUNCIL UPDATE

From 01 July 2018 to 31 August 2018

ACTIVITIES

Ruapehu

Natural Resources & Partnerships

1. The first Whangaehu Freshwater Improvement Fund governance group meeting was held on 8 August 2018.
2. Four Land Management workshops were held in the Ruapehu area with Councillor Cotton and Councillor Rollinson and staff in attendance. Both MPI and Horizons presented at these workshops that were hosted by the Rural Support Trust, coordinated by Lyn Niessen.

River Management

3. Staff met with Ngāti Haua representatives in Taumarunui on 10 July 2018 to discuss river management issues and initiatives in and around Taumarunui.
4. Staff attended the Nga Wai O Te Whangaehu Group meeting in Ohakune on 31 July 2018.

Regional Services & Information

5. Turoa Fatigue Stop – 11 July 2018.
6. Whakapapa Fatigue Stop – 17 July 2018.
7. Emergency Management Office (EMO) attended a Central Plateau Volcanic Advisory Group public information management workshop at the Chateau on 8 August 2018.

Strategy & Regulation

8. Relationship hui held with Ngāti Rereahu whose rohe straddles our border with Waikato Region.
9. Follow-up relationship hui with Ngāti Hāua Iwi.
10. Further Treaty settlement hui with Te Korowai o Wainuiārua (Ngāti Uenuku, Ngāti Tamahaki and Ngāti Tamakana).
11. Paraweka Marae development hui with Ngāti Kurawhatia at Pipiriki.
12. Attended relationship hui with Ruapehu District Maori Council and Ruapehu District Council.

Whanganui

River Management

13. Staff met with Nga Tangata Tiaki representatives on 23 July 2018 to cover river management matters relating to the lower reach of the Whanganui River.
14. 25 July 2018 workshop with Whanganui District Council, Iwi and Ministry for Business Innovation and Employment staff to discuss funding bid to central government.

Regional Services & Information

15. EMO attended a Whanganui District Emergency Management Committee meeting on 12 July 2018.
16. UCOL Market Day, road safety messaging – 2 August 2018.
17. Whanganui Plunket Child Restraint Stop – 22 August 2018.
18. Civil Defence and Emergency Management (CDEM) Welfare Coordination Group meeting, hosted by Whanganui District Council on 30 August 2018.

Strategy & Regulation

19. Relationship and marae development hui at Te Ao Hou Marae on the banks of the Whanganui River at Aramoho.
20. Treaty settlement meeting with Whanganui Land Settlement Negotiation Trust.

Manawatū

Natural Resources & Partnerships

21. Staff attended a meeting with iwi/hapū hosted by Manawatū District Council (MDC) in relation to the PFAS issue at Ohakea, that included discussion and circulation of information around the food safety aspects of sourcing kai from rivers and streams in the locality.

River Management

22. Staff hosted Waikato Regional Council Integrated Catchment Management team on 4 and 5 July 2018.
23. The Turitea Stream Restoration inaugural meeting was held on 13 July 2018.

Regional Services & Information

24. CDEM Rural Coordination Group meeting hosted by MDC on 17 July 2018.
25. EMO attended a Manawatu District Emergency Management Committee meeting on 15 August 2018.

Tararua

River Management

26. Affected party meetings – Mangaramarama diversion consent.
27. Completion of work plans for all schemes, including the new TRM scheme.

Regional Services & Information

28. Child restraint checks, Huia Range School in Dannevirke – 24 July 2018.
29. Tararua RSAP meeting and Tararua Road Safety Group meeting – 7 August 2018.
30. EMO attended a Tararua District Emergency Management Committee meeting on 9 August 2018.

Strategy & Regulation

31. Attended pōwhiri to welcome Yvette Grace Rangitāne Tū Mai Rā Trust's newly appointed Chief Executive.
32. Attended plantain hints and tips workshop at Woodville.

Palmerston North City

River Management

33. River Asset and Amenity Partnership - 16 July 2018.

Regional Services & Information

34. CDEM Coordinating Executive Group meeting hosted by Palmerston North City Council on 4 July 2018.
35. Massey Student Flatting Expo (Young Drivers) – 25 July 2018.
36. Walking and Cycling Conference, Palmerston North – 31 July 2018, 1 and 2 August 2018.
37. PN Public Transport Advisory Group – 7 August 2018.

Horowhenua

Natural Resources & Partnerships

38. Staff attended a Lake Horowhenua Accord Governance Group meeting in Levin on 9 July 2018 and on 13 August 2018.
39. Staff attended the first Governance Group meeting of the Lake Horowhenua Freshwater Improvement Fund project on the 13 August 2018. (Councillor Sheldon was officially appointed to the project by Council 15 August 2018).
40. Staff attended a Te Mana O Te Wai Governance Group meeting in Levin on 13 August 2018.
41. Staff and Councillor Rollinson attended the first project meeting for the future proofing vegetable production sustainable farming fund project, along with horticultural growers, industry representatives and other technical advisors. The meeting took place on 9 July 2018.

River Management

42. 2 August 2018 Foxton Save our River Trust (SoRT) workshop to discuss framing the request to central government for financial assistance under the Provincial Growth Fund.

Regional Services & Information

43. Older Persons' Network meeting, Levin – 19 July 2018.
44. EMO attended a Horowhenua District Emergency Management Committee meeting on 24 July 2018.
45. EMO staff meet with Mayor Feyen to provide one on one training in CDEM 25 July 2018.
46. Child restraint checks, Levin – 8 August 2018.
47. Catchment Data staff successfully serviced the Lake Horowhenua water quality buoy by helicopter.

Strategy & Regulation

48. Relationship hui with Muaūpoko Tribal Authority.
49. Staff attended a growers' workshop run by Dan Bloomer reporting on his project to evaluate practical N loss mitigation for horticulture.

Rangitikei

River Management

50. Staff will attend the Rangitikei Treasured Natural Environment meeting at the Rangitikei District Council on 22 August 2018.
51. 10 August 2018 hui with Ngati Raukawa.

Strategy & Regulation

52. Attended plantain hints and tips workshop at Scotts Ferry.
53. Attended inaugural Land Optimisation meeting at Marton. This was led by Ministry of Primary Industries and discussion focused on alternative land uses for LUC I and II soils.

CORPORATE & GOVERNANCE UPDATE

54. Regional Sector Pre-Conference Tour held 12-14 July 2018.
55. LGNZ Conference held 15-17 July 2018.
56. Strategy & Policy Committee meeting held 14 August 2018.
57. Councillors' Workshop on Wording around strategic direction, Rural Upgrade Project Overview, LTP Debrief and Rates/Invoices FAQs held 14 August 2018.
58. Catchment Community meeting Chairs Debrief held 14 August 2018.
59. Meet and Greet the Candidates' evening held 14 August 2018.
60. Catchment Operations Committee meeting held 15 August 2018.
61. Environment Committee meeting held 15 August 2018.
62. Rates invoice mail out commenced 20 August 2018.
63. Passenger Transport Committee meeting held 21 August 2018.
64. Council meeting held 28 August 2018.
65. Audit, Risk and Investment Committee meeting to receive Financial Performance for previous 12 months held 28 August 2018.
66. Councillors' Workshop held 29 August 2018.
67. Regional Sector meeting held 31 August 2018.
68. Horizons audit commences late August 2018.

Number of FTEs

69. The total number of FTEs is: 238.

COMMUNICATIONS UPDATE

70. #plantinourregion campaign launched – 1 July 2018.
71. Comms Manager attended NZTA's *The Future of NZ's Transport* workshop – 2 July 2018.
72. EnviroSchools Regional Road Trip – 4 July 2018.
73. Senior Comms Advisor attended MCDEM Public Information Management (PIM) teleconference – 5 July 2018.
74. Comms Officer attended CEDA website launch – 5 July 2018.
75. Comms Manager attended MfE's Zero Carbon Bill event – 5 July 2018.
76. Whanganui Service Centre Open Day – 13 July 2018.
77. Hosted Horowhenua District Council's comms team – 24 July 2018.
78. Horowhenua planting day – 25 July 2018.
79. Hosted Central Plateau Volcanic Advisory PIM planning event, Ohakune – 8 August 2018.
80. Comms Manager attended Massey University internship networking function – 9 August 2018.
81. Comms Manager and Environmental Educator attended Te Kāhui Hōraoa Taiao – Conservation Communicators Aotearoa Hui, Wellington 10-11 August 2018.
82. Comms Manager attended sector Special Interest Group convener training, Napier – 16 August 2018.
83. Comms team attended Emergency Management Public Affairs conference, Wellington – 20-22 August 2018.
84. Comms Manager attended National CDEM Group PIM Forum, NCMC – 22 August 2018.
85. Te Apiti – Manawatū Gorge Governance Group meeting – 24 August 2018.
86. Regular All of Government telephone conference for PFAS comms.

UPCOMING COMMUNITY ENGAGEMENT EVENTS

Events and Activities

Natural Resources & Partnerships

87. A meeting of the Whangaehu Freshwater Improvement Fund Governance Group meeting will be held on 14 September 2018.
88. Staff will update Horowhenua District Council on the Lake Accord on 29 August 2018.
89. Te Mana o Te Wai and Freshwater Improvement Fund Governance Group meetings will be held Monday 24 September 2018.

River Management

90. A Pohangina-Oroua Scheme meeting is planned for 13 September at Pohangina to discuss damage incurred during the June floods.

GENERAL

Natural Resources & Partnerships

91. The SLUI Advisory Group met at Horizons on 17 July 2018.
92. The Office of Auditor General freshwater audit continued with a range of meetings with iwi hosted across the Region during July 2018.
93. Judging and presentation of Horizons' internship prizes for the Manawatū Science Fair took place on 3-4 August 2018.
94. A Manawatū River Leaders' Accord hui-a-iwi/hapū meeting was held at Caccia Birch on 10 August 2018.
95. Staff attended a meeting with the Horizons Dairy Leaders group chaired by James Stewart on Monday 13 August 2018.
96. The Te Apiti Manawatū Gorge Governance Group met on 24 August 2018.
97. The Governance Group for the Manawatū Freshwater Improvement Fund project met on 24 August 2018.

98. Horizons hosted staff from the Region's district councils for a workshop around drinking water management, this involved the senior asset managers from the districts and Horizons staff to advance the collaborative drinking water project that is currently underway.
99. The Ministry for Primary Industries announced an additional \$310,000 funding for the Sustainable land Use Initiative through the Hill Country Erosion Fund boost round.

River Management

100. 3 September 2018 overview of Horizons river management activity to Palmerston North City councillors.
101. Local Government New Zealand Climate Change Symposium 7 September 2018.

Regional Services & Information

102. The Future of New Zealand's Transport System workshop – 2 July 2018.
103. Regional Freight Ring Road Joint Working Group – 4 and 25 July 2018, and 15 and 29 August 2018.
104. Road Controlling Authority, Wellington – 27 July 2018.
105. Manager EMO attended change of command parade Linton Military Camp 1 August 2018.
106. Accessing Central New Zealand meeting – 21 August 2018.
107. Catchment Data staff continue to have significant involvement in the development of a suite of National Environmental Monitoring Standards.

Strategy & Regulation

108. Relationship hui with Ngāti Raukawa, Ngāti Whakareta and Ngāti Kauwhata. These hui are held at regular intervals during the year.
 109. Staff attended inaugural Māori Special Interest Group hui. This group is being set up for transfer of knowledge between staff members working with Māori at regional councils and to provide advice to the Regional Chief Executive Officers' forum.
 110. Attendance at meeting of local authority staff working with Māori in the Manawatū-Whanganui Region. This was a great opportunity to review the scope of this kind of work in the Region and how we could work more efficiently together.
 111. Participated in the regional council OVERSEER® workshop held in July 2018.
- Participated in Fluxmeter Project Team Meeting. Trials are being held using fluxmeters to monitor nitrogen leaching under various cropping land uses.

| | |
|-------------------|--------|
| Report No. | 18-157 |
| Decision Required | |

LAKE HOROWHENUA UPDATE

1. PURPOSE

- 1.1. This item is to update Council on progress with the restoration of Lake Horowhenua through the **Lake Horowhenua Accord (Lake Accord)** and seeks Councils endorsement around the next steps for **Horizons Regional Council (Horizons)** in this work.

2. EXECUTIVE SUMMARY

- 2.1. The fifth anniversary of the signing of the Lake Accord was celebrated on the 4th of August 2018. Through the Lake Accord, considerable progress has been made in the restoration of Lake Horowhenua.
- 2.2. The Lake Accord is a collaboration led by the Lake Trust (that are elected to represent the Beneficial Owners of lake). Other partners include the **Horowhenua Lake Domain Board (Domain Board)**, the Regional and District Councils and the Department of Conservation.
- 2.3. The Lake Accord was formed following the completion of lake restoration option reports commissioned by Horizons and completed by **National Institute of Water and Atmospheric Research (NIWA)**. Horowhenua District Council led the formation of the Lake Accord.
- 2.4. The collaboration has delivered the Lake Accord, an Action Plan and significant works to implement these. The collaboration has been extended to involve Central Government, horticulture growers and the dairy industry across three large work programmes comprising of the Lake Horowhenua Freshwater Clean-up Fund, Te Mana o Te Wai and **Freshwater Improvement Fund (FIF)** projects. Horizons, the Accord Partners, Universities, NIWA and others have collaborated to undertake science and monitoring to inform restoration options and to measure progress. This work is ongoing and in recent months new reports on pest fish populations and the sediment in the lake have been advanced.
- 2.5. Some Beneficial Owners of the lake and community members have actively challenged the work to restore the lake and this has considerably slowed progress on the restoration of Lake Horowhenua. Regulatory processes in various courts have included cases around the Lake Horowhenua Trust, its elections and its management, the regulatory consents for undertaking restoration programmes and the legality of Horizons being able to access the lake. Beyond the legal processes, work on the ground has been hampered by physical intervention, aggressive behaviour and threats toward the Lake Accord partners, usually Horizons staff and Lake Trustees, undertaking work or participating in activities relating to the lake. The paper provides and updates on a number of legal proceedings.
- 2.6. The individuals challenging the work to restore the lake have actively advocated for less work being done to restore the lake. This has included court processes seeking to block the completion of restoration works including the installation of a fish pass to enhance native fish populations (Photo 1) and the construction of a sediment trap to reduce sediment and phosphorus inputs into the lake. Without the actions of these individuals, restoration of the lake would have been much further advanced. In particular, the weed harvesting activities to reduce the seasonal algal blooms and toxic conditions that close the lake for recreation and impact on fish and other aquatic life in the lake. Further, the opposition to the restoration of the lake has significantly increased costs and diverted funds from action to restore the lake, either on the ground or in the lake.

- 2.7. Recent aggressive behaviour to staff during monitoring, verbal and physical threats to Horizons staff, and a confrontational presentation to Council that included giving Councillors and one staff member a “trespass notice”, have resulted in Horizons ceasing a some activity in and around Lake Horowhenua. Some activity away from the lake has been able to continue. Monitoring has largely ceased, although limited monitoring is being done by accessing the lake though the use of helicopters with permission from the Domain Board and Lake Trust. Science work has continued using information gathered through the significant amount of field work completed earlier this year and prior to that.
- 2.8. This item overviews the various projects and activities of the lake restoration programme including providing updates on a number of legal proceedings and seeks Council’s endorsement around the next steps for a range of activities/projects in and around the lake.



Photo 1. Lake Trust representatives and Horizons Councillors and Staff at the newly installed fish pass at the weir on the Hōkio stream.

3. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 18-157 and Annexes.
- b. endorse the continuation of Horizons work programmes as a part of the Lake Trust led Lake Horowhenua Accord in collaboration with the Lake Trust and other Lake Accord partners.
- c. endorse the continuation of the following works that occur outside of the Lake Domain and Lake Trust land area.
 1. Water quality and flow monitoring of the tributaries that enter the lake. Noting that one monitoring site that was in the Lake Domain will need to be moved to a location outside of the Lake Domain;
 2. Installation of two continuous flow sites on tributaries that flow into Lake Horowhenua to contribute to Horizons requirements to the Freshwater Improvement Fund (FIF) project;
 3. Continuation of the groundwater monitoring within the catchment, including an increase in the groundwater monitoring as part of Horizons contribution to the FIF project around groundwater;
 4. Continuation of animal and plant pest control in the catchment (including possum and some purple loosestrife control);
 5. Continuation of Horizons presence on Governance Groups as both Governance and advisor roles;
 6. Continuation of work with the horticulture growers, including the Sustainable Farming Fund project;
 7. Completion of the processes with HeritageNZ to provide for the completion of the access road, boat ramp and associated dredging;
 8. Participation in the Maori Appellate Court process, specifically around the Maori Land Court injunction decision that was appealed by Ms. Taueki;
 9. Monitoring and maintenance of the sediment trap including actions required by consent conditions and additional efficiency monitoring; and
- d. endorses the continuation of the following works that occur within the area of Lake Domain and Lake Trust Land area (including the lake).
 1. Continuing monitoring of the lake both through the collection of water quality samples and servicing of the water quality monitoring buoy using helicopters. Noting the preference is to do this work by boat and the use of helicopters is ideally an interim measure until the boat ramp location near the sediment trap (or another location other than in the Lake Domain) is operational;

2. Returning to monitoring of the lake outlet and Hōkio Stream both through the collection of water quality samples and servicing of the lake water level and Hōkio Stream water level and flow site. Noting the continuous monitoring at these locations has not been ceased over recent months, however the servicing of these sites has;
3. Undertaking ongoing science and monitoring to inform the lake restoration programme and other programmes where it is assessed as safe to do so;
4. Assessing options for purple loosestrife management within the Lake Domain and Lake Trust land areas and where assessed as feasible, including budgetary considerations, undertaking purple loosestrife control;
5. Completion of the construction of the access road to the boat ramp for the weed harvester on Horizons and Lake Trust land under the current contract for this work, which includes establishment of a docking bay and some limited dredging of the lake. Noting this includes working through the HeritageNZ and Maori Appellate Court processes, with the latter involving a challenge to installation of the access road and boat ramp;
6. Finalising design and completing construction of the boat ramp for the weed harvester at the alternate location near the sediment trap;
7. Undertaking monitoring as required by consent conditions to enable the harvesting of weed in Spring 2019 and completing work on other lake weed harvesting related consent conditions;
8. Enabling lake weed harvesting in 2019. Noting this requires some preparatory work on the harvester including obtaining spare parts and equipment for monitoring the activity on the lake. Further it requires procurement for a contractor to undertake the works; and
9. Reestablishing the ability to launch boats and undertake monitoring etc from the Lake Domain if the assessment of risk changes.

4. FINANCIAL IMPACT

- 4.1. This item does have financial impact. The recommendations relate to budget items previously approved by Council noting the removal of funding from year 1 (2018-19, this year) of the **Long Term Plan (LTP)** for lake weed harvesting has reduced the ability to complete some preparatory work in advance of the LTP signalled weed harvesting activity in 2019-2020.
- 4.2. If Council decide to not proceed with finishing the access road, docking bay and dredging associated with the boat ramp for the lake weed harvesting project, there will be additional costs as a result of breaking the contract. If works proceed as currently contracted (noting, as above, that these works are presently the subject of litigation) then works will be completed as per the approved budget (and procurement process that has already been completed). Additional costs associated with responding to the regulatory permissions will also be incurred.

- 4.3. Proceeding with some activities in a modified way may result in additional costs for some activities. For example, the use of helicopter sampling of the lake compared to sampling by boat. Additional involvement of Tangita Tiaki from the Lake Trust in the monitoring will also likely increase the costs of the monitoring. Modifying the way of working to implement some projects with additional health and safety measures in place may also increase costs, for example additional security costs.

5. COMMUNITY ENGAGEMENT

- 5.1. The Lake Horowhenua Accord has been subject to considerable community engagement. The activities have been reported by various means including via media, public reporting to Council through the Environment Committee Agenda, through publicly notified resource consent hearings, the Lake Horowhenua Domain Board meetings and through various other reporting by the Lake Accord partners.

6. SIGNIFICANT BUSINESS RISK IMPACT

- 6.1. Possible risk impacts include potential further community concern around the increasing cost of this activity and uncertainty around it progressing. Further, there are risks in progressing this activity in the field. These risks include the risk of the project not progressing due to weather type delays or delays caused via protest type action, including potential harm to staff or contractors. The health and safety implications of completing this work have led to the reduction in work currently being carried out. If Horizons is to resume these functions health and safety obligations exist for Horizons, both for staff and governance. This is discussed further within the item and its annexes.
- 6.2. The significant risk impacts of not proceeding with the activity include reputational damage with Lake Accord Partners, the community, funding partners (e.g. the Ministry for the Environment) and others due to the inability to progress what is viewed as key interventions identified by NIWA, that Horizons have actively pursued and invested in. There is also risk that not progressing this work will result in the Lake Accord partnerships no longer functioning.

7. BACKGROUND

- 7.1. Lake Horowhenua has had a long complicated history of management. This has been traversed and is still a matter of discussion as a part of ongoing treaty settlement processes. This paper focuses on the more recent management in the lead up to the Lake Horowhenua Accord signing and beyond. The management is complicated by multiple agencies and organisations having statutory roles. These responsibilities are discussed in the Lake Accord Action Plan and are not repeated here for the sake of brevity. The Lake Accord Action Plan can be located at <http://www.horizons.govt.nz/HRC/media/Media/Reserves%20and%20Projects/Action-Plan-for-Lake-Horowhenua.pdf?ext=.pdf>
- 7.2. There is also a level of challenge within iwi around who should manage the lake and how this should be done. The Lake Horowhenua Trust is the body who administers the lake on behalf of the Beneficial Owners of the lake. Trustees are appointed by way of election. The Trust has been challenged legally a number of times over recent years and there are still some matters before the court. A recent Maori Appellate Court decision (12 September 2018) concluded:
- "...that Judge Doogan should have recused himself from sitting on 19 May 2016. It follows that his decision to appoint trustees at 354 Aotea MB 54-88 (354 AOT 54-88), should be quashed."; and

- “We direct a rehearing before the Māori Land Court pursuant to s 56(1)(e). The purpose of the rehearing is to (1) consider the results of the 9 April 2016 election; (2) enquire into any objections to trustee candidates; and (3) appoint trustees. The Lake Horowhenua Trust will be without trustees in the meantime, so the re-hearing should occur soon.”

- 7.3. This decision was released recently and there has not been sufficient time to assess what, if any, implications this may have for Horizons activity at the Lake. Staff will endeavour to have a further update for Council around this at the time of presentation of this item.
- 7.4. A range of other iwi/hapu organisations and individuals have been involved and expressed views in the lake restoration programme through a range of processes such as the consent process and through the Long Term Plan and Annual Plan processes. These individuals and groups have included some who have supported the Lake Accord work and some who have opposed it.

8. POLICY CONTEXT

- 8.1. Lake Horowhenua was previously managed under the Lake Horowhenua and Hōkio Stream Catchment Management Strategy (1997). The policy process of the One Plan (notified in 2007), identified Lake Horowhenua as a priority for regulatory effort including being a target catchment for the nutrient management rules for intensive farming. Further Lake Horowhenua was identified in the One Plan for non-regulatory effort around monitoring and restoration.
- 8.2. Horizons in collaboration with the Lake Trust commissioned work around restoration options that was completed by NIWA scientists in 2011 & 2012 (Gibbs 2011, Gibbs and Quinn 2012). These reports compiled the available monitoring and science information for the lake and identified a suite of options to restore the lake. The monitoring information clearly showed the lake had poor water quality and also showed water quality had declined for a key measure of lake health, the Trophic Lake Index (TLI). The restoration options information determined that restoration of the lake was possible. These and a range of other factors led to the Horowhenua District Council taking the lead to form the Lake Accord. The Lake Accord has enabled the reestablishment of monitoring at the lake, the subsequent Action Plan and associated projects including the Freshwater Clean-up Fund project, Te Mana o te Wai project and the new Freshwater Improvement Fund project.
- 8.3. The work of the Lake Accord is consistent with the statutory requirements of Horizons to maintain and improve water quality through the Resource Management Act and requirements through the **National Policy Statement for Freshwater Management (NPS-FM)** to improve water bodies that are below national bottom lines. The monitoring and research has clearly shown Lake Horowhenua has poor water quality that is below national bottom lines for a range of water quality indicators (Annex A). The Lake Horowhenua report card (Annex A) overviews the likely improvements from the key lake intervention projects (including lake weed harvesting) as predicted by Dr Gibbs of NIWA. These improvements include moving four out of five key water quality indicators out of the category of being below national bottom lines. The predicted improvements are for parameters that include toxicity measures of ammonia and cyanobacteria that can impact on aquatic life, and in the case of cyanobacteria also close the lake for recreational use.
- 8.4. The proposed non-regulatory lake restoration projects are intended to advance the restoration of the water quality in Lake Horowhenua. The projects are considered interim steps toward a broader longer term programme to restore Lake Horowhenua. These actions alone will not fully restore the lake. This has been made clear through a range of court processes and Council papers. As an example the lake weed harvesting activity seeks to reduce the toxicity issues of cyanobacteria and ammonia in the lake, however will not likely address the production of green algae in the lake. The key difference being the

weed harvesting will reduce the frequency the green algae is in a toxic form (cyanobacteria). A further example is the sediment trap on the Arawhata, which is one method to reduce sediment and phosphorus entering the lake. Other sediment reduction methods including addressing the sediment at source, drainage improvements and sediment traps on other streams would be complementary and build on the improvements provided by the sediment trap on the Arawhata.

9. LEVEL OF INVESTMENT

- 9.1. Lake Horowhenua is the largest of over 220 lakes in the Manawatū-Whanganui Region that are greater than a hectare in size. Through the Lake Accord, Lake Horowhenua has received significantly more restoration investment than any other lake in the Region over recent years.
- 9.2. Overall, the three core projects with Central Government and local investment total when announced of around \$4.117 million, with approximately \$2.354 million (57%) from Central Government. Other funding partners include Horizons, Horowhenua District Council, the Lake Trust, DairyNZ, and the Tararua Growers Association. Over and above these projects Horizons has contributed more than \$580,000 in regulatory costs to obtain resource consents for lake weed harvesting, a sediment trap and a fish pass. Horizons has also invested significantly in monitoring and science for the lake. This cost is broadly estimated to be over \$600,000 over the life of the Accord, with some further funding obtained from external sources i.e. not from rates.
- 9.3. Other costs for Horizons ratepayers have included purchase of a monitoring boat specifically for Lake Horowhenua, costs for other court processes, staff costs, additional costs for the weed harvesting project including equipment costs and establishing the access track etc. Overall, the non-regulatory work of the Accord is estimated to be in excess of \$4 million over the past five years across a range of funding organisations.
- 9.4. Horizons Long Term Plan commits approximately \$2.156 million of further funding to restoration of the lake over ten years (2018-28) via the Lake Horowhenua Restoration Rate and further funding for staff time, monitoring, science etc in the order of \$1 million in total over 10 years. This comprises approximately \$100,000 per year for monitoring of the lake health using the monitoring buoy, lake sampling, lake level, monthly monitoring of inflow/outflow flows and water quality, as well as measurements of water level and flow on the Arawhata inflow and the Hōkio Stream outflow. A **Sustainable Farming Fund (SFF)** project with the horticulture growers and industry is budgeted to spend approximately \$400,000 over 3 years including \$120,000 from Horizons. Horizons has budgeted \$700,000 over the next 10 years (\$70,000 per annum) for work with the horticulture growers, including the support of the SFF project. The projected spend for the next five years including the total FIF project budget is estimated to be greater than \$3 million.
- 9.5. Broadly the investment in the lake is estimated to total over \$7 million over the first decade of the Lake Accord to restore the lake. This excludes some of the costs from other agencies, landowners and the regulatory processes around policy development and consents for nutrient management, water takes etc. Included within this investment has been a significant amount from the Regions ratepayers. The regional rate contribution has been a mixture of general rate for monitoring/research and some implementation work as well as the targeted rate of the Lake Horowhenua Restoration that is funded 80% from Horowhenua District Ratepayers and 20% from general rates (i.e. across the Region, including the Horowhenua District).
- 9.6. This level of investment in water quality improvement is not isolated, with many large water quality restoration programmes underway through the country and Region. Iconic lakes such as Lake Taupō and the Rotorua lakes have investments in the order of hundreds of millions of dollars over recent decades. Other lakes like Te Waihora (Lake Ellesmere) near

Christchurch, and Lake Wairarapa have had more modest budgets, with Te Waihora estimated to have received more than the budgets going into Lake Horowhenua (with approximately \$9 million secured from the Freshwater Clean-up Fund). Lake Wairarapa is estimated to have received lower investment than Lake Horowhenua, having received some funding through the Freshwater Clean-up Fund. The only other lake in the Horizons Region with significant planned investment is Lake Waipu. The Lake Waipu Freshwater Improvement Fund (FIF) project, has approximately \$1.9 million programmed to be spent over 5 years with funding from central government, Horizons and Rangitikei District Council. Other lakes have received some investment, with riparian planting and fencing typically dominating the work to restore lakes. Horizons has recently upgraded the lakes monitoring programme and the results show a large proportion of the monitored lakes are below national bottom lines for several measures of water quality in the National Policy Statement for Freshwater Management. Restoration options for these lakes has been assessed through Horizons science programme and two reports on this are nearly complete (one for deep lakes and the other for shallow lakes).

- 9.7. Other water quality restoration measures in the Region have spent large budgets including \$72 million for the Sustainable Land Use Initiative over about 10 years, the Manawatū River Leaders' Accord spending \$46 million over approximately four years through the Freshwater Clean-up Fund. The Horowhenua District Council has undertaken significant recent investments in water quality including in the order of \$8 million for Shannon wastewater to be land applied (with support from the Freshwater Clean-up Fund) and a current project to land apply Tokomaru wastewater to land (with support from the FIF).

10. ACHIEVEMENTS

- 10.1. While progress has been slow in some aspects of the restoration, a range of work has been completed or advanced. Some of the first achievements of the Accord include the Accord itself, the Action Plan and re-establishing a monitoring and science programme.
- 10.2. The sections below provide updates on the achievements and current progress on the three key projects that have involved Central Government and local investment i.e. the Freshwater Clean-up Fund, Te Mana o te Wai project and the Freshwater Improvement Fund projects.

11. THE FRESHWATER CLEAN-UP FUND

- 11.1. The Freshwater Clean-up Fund project for Lake Horowhenua was led by Horizons Regional Council, with Horowhenua District Council managing the boat wash project. The overall programme completed the following:
1. Purchase of a lake weed harvester for lake weed harvesting to address toxic conditions in the lake (Annex B overviews the rationale for lake weed harvesting);
 2. Establishment of a boat wash facility near the lake to assist with biosecurity management in the lake;
 3. 4.397 kilometres of stream fencing and 7,100 riparian plants established in the catchment and a fish pass on the Patiki Stream;
 4. Establishment of a sediment trap on the Arawahata Stream that Dr Max Gibbs of NIWA estimated would reduce the annual load of sediment input to Lake Horowhenua from the Arawhata Stream by more than 50%, equivalent to reducing the yearly sediment inputs from all of the inflowing streams by approximately 25% and the annual load of phosphorus from these by 30%. The sediment trap is a part of a wider programme to reduce sediment entry into the lake with the design of this trap focussed on coarse sediment removal during large storm events. This design focus means the sediment trap does not always operate during rainfall events and

may not visually change the colour of the water between entering the sediment trap and exiting the sediment trap, which can be more of a reflection of the fine sediment content. The measure of success over time will be the amount of sediment accumulated in the trap, and subsequently removed from the sediment trap, rather than deposited into the lake;

5. Drainage and Erosion Management Plans (DEMPs) have been completed for eight horticultural growers within the Lake Horowhenua Catchment. Twenty (DEMPs) were produced covering 82% or 368 ha of the total area assessed (446 ha). In the Arawhata area, 15 plans covered 81% of the estimated 404 hectares cropped in the sub-catchment. The blocks without specific DEMPs were very similar to nearby properties operated by the same grower. Planning for a phased upgrade of the drainage infrastructure in the catchment was completed to complement this work. The phased upgrade was funded separately via Horizons last Long Term Plan over three years and there is already more work that could be done to improve the management of water in the Arawhata Catchment during storm events.
6. Sustainable Milk Plans were prepared for all 10 dairy farms in the Lake Horowhenua Catchment. The plans cover a total of 1,765 ha of land used for dairy farming and associated runoff blocks; and
7. A fish pass on the weir in the Hōkio Stream, a restoration measure recommended via the fish population monitoring in 2013 to enable fish to have improved access to the lake. Observations indicate the fish pass is working, with schools of inanga viewed on multiple occasions in the Arawhata Stream in 2018. In the 2013 fish survey over several days, only a few inanga were detected.

12. TE MANA O TE WAI

- 12.1. The Te Mana o Te Wai work programme “Te Kakapa Manawa o Muaūpoko” contains thirteen projects and is led by the Lake Horowhenua Trust. Horizons assisted with the application for this funding. The Lake Trust has appointed a Governance Group that includes Councillor Sheldon, a Horizons staff member is also listed as a non-voting advisor to the group. The project has been underway for about 2 years and is ongoing and on track to be completed by December. Horizons has a role in assisting with the delivery of some projects that are managed via a contract between the Lake Trust and Horizons. The status of the component projects is outlined below.
- 12.2. **Community engagement** – The work of the Accord including Te Mana o te Wai project have been on display at Te Takere (the Levin Library/community hub). Several community planting days have been held, including a recent one to celebrate the 5th anniversary of the Accord. Horizons have assisted with the community planting days.
- 12.3. **Manawhenua engagement** – Two versions of a magazine have been produced, one for the beneficial owners and one for a wider public audience. These have been circulated through various mechanisms. The second and third magazines are being produced in an online video type format. Six wananga have been programmed with some of these now complete.
- 12.4. **Lake report card, website and lake signage.** A lake report card has been developed (Annex A). A website has also been developed. The signage work has included establishing a pou (Figure 1) that is located on Horizons land (at the sediment trap location). Horizons assisted with the production of the lake report card and an update is currently being progressed.



Figure 1: Image of the pou established and unveiled on the 4th August 2018 during the Lake Horowhenua Accord anniversary celebrations.

- 12.5. **Sediment legacy study and options report** – This project sought to answer questions around the rate at which the lake is infilling (sediment accumulation rate) and also the source of that sediment from within the catchment. This involved work by NIWA, Massey University, the Lake Trust, and Horizons and involved the collection of sediment cores from the lake and analysis of these. Key points from the study include that sediment rates have increased over recent decades and that predominate sources of sediment to the lake have changed over time (Annex C). The results show that over the last 5 years the Arawhata Stream Catchment has been contributing between 48% and 75% of the sediment, and the Mangaroa Stream catchment, has been contributing between 20% and 45% over the same period. This result reinforces the importance of the work to address sediment in the Arawhata sub-catchment.
- 12.6. **Cultural monitoring programme** – The cultural monitoring programme has been completed in several stages with a computer mapping (GIS) tool to map cultural information and scientific data, and a cultural monitoring programme being developed and presented to the Lake Trust. Kakahi monitoring was a component of this programme (Annex D). This was a joint project by the Lake Trust, Niwa and Horizons. The monitoring concluded that although adult kakahi are producing larvae in Lake Horowhenua recruitment failure is probably occurring with poor or no survival of either larvae and/or juveniles. A likely cause of recruitment failure is poor water quality, specifically elevated pH and ammonia concentrations during the summer larval release period. Other factors may be contributing including reduced populations of host fish and/or sedimentation in juvenile habitat. In addition, the presence of many dead adult mussels *in situ* in the sediment suggests that adult survival is also decreasing in recent years. The adult mussels may simply be aging and reaching the end of their life span or they may be affected by multiple stressors in Lake Horowhenua, particularly degraded water quality and sedimentation. The

results indicate that without in-lake interventions such as the lake weed harvesting, the kakahi populations in Lake Horowhenua will eventually become extinct.

- 12.7. **Nursery** – The Lake Horowhenua Trust have established a new nursery to provide plants for the restoration of the lake and elsewhere. Approximately 36,000 plants are in production.
- 12.8. **In-lake planting** – This trial sought to implement one of the recommendations made in the Gibbs (2012) report for the restoration of Lake Horowhenua. The trial involved the planting of approximately 2,500 plants on the lake edge extending into the lake up to a depth of 60 cm's. Although exact numbers aren't known, after numerous visits to the site following the planting it is estimated that the plant survival rate was around 5%. Factors influencing the survival rate were birds, pest plants, and wave action. During the planting it was noted that vegetation was beginning to naturally extend out from the lake edge into the lake and this appeared far more stable than the plants that were planted as part of the trial. On-site observation was that as the plants grow out from the lakes edge they provide a mat and stability which prevents the wave action from eroding the plants. Although this natural succession may be slow it is likely to be more successful.
- 12.9. **Removal of rubbish from the lake** – This project is targeting the locating and removing rubbish such as steel standards and wire from the lake and also mapping the location of significant structures in the lake. Procurement for this work has been completed and the work is underway.
- 12.10. **Lake weed cordon** – This project to enhance biosecurity protection aimed to establish a weed cordon at the launching location in the Domain. Weed cordons are established in some Rotorua lakes and provide a mechanism to reduce the potential for weeds coming into the lake from boats, waka etc. The project was ceased and the funding redirected within the Te Mana o Te Wai project.
- 12.11. **Stormwater upgrades** – Originally this project targeted stormwater upgrades to be led by Horowhenua District Council at Makomako Road, Patiki Stream and Mangaroa Stream). Late in the project this changed to works on the Queen Street drain. Horizons governance and officers were not a part of the decision to change the location of the works or any decisions in relation to completion of the works.
- 12.12. **Stream fencing and riparian planting** – There have been issues with establishing fencing and planting on some leased land particularly in the Patiki Catchment. Some blocks with multiple owners have been difficult to source permissions for work to proceed. In some cases, while the people leasing the land have signaled interest, Horizons have not been able to secure permissions to undertake the work. This leaves further gaps in the level of stock exclusion on some streams. By the end of the project approximately 5.7 km's of stream fencing and 15,000 riparian plants planted.
- 12.13. **Pest Fish Survey** – As a requirement of the consent conditions for the fish pass on the Hōkio Stream, Horizons was required to monitor pest fish in the lake before and after the installation of the fish pass. Monitoring indicated that populations of the main pest fish species recorded in Lake Horowhenua (perch, goldfish and koi carp) had not increased since the installation of the fish pass (Annex E). Although koi carp are a difficult species to capture and all fishing methods will underestimate their abundance, the continued difficulty in capturing koi carp within Lake Horowhenua since 2013 suggests this species remains at densities below those known to cause adverse ecological impacts.
- 12.14. **Glass eels** – The glass eels project involved capturing glass eels, growing them in a establish facility to increase survival rates and releasing them into Lake Horowhenua. Approximately 1,000 eels were released as a part of the 5th anniversary celebrations on the 4th August 2018.

13. FRESHWATER IMPROVEMENT FUND

- 13.1. A further achievement of the Lake Accord is the establishment of the Freshwater Improvement Fund project for Lake Horowhenua, led by the Lake Trust. The project has been underway from 1 July 2018 and is programming delivery over a three year period. The Lake Trust has appointed a governance group that includes Councillor Sheldon. A Horizons staff member is also listed as a non-voting advisor to the group. Horizons is involved as a co-funding partner and will lead the groundwater research component of the project. The component projects and some of their linkages with Horizons work programmes are outlined below.
- 13.2. **Stormwater upgrades** – This project is led by the Horowhenua District Council and includes a range of stormwater upgrades. This links to Horizons regulatory programmes where Horowhenua District Council are completing monitoring and compiling a resource consent application for the discharge of stormwater to Lake Horowhenua.
- 13.3. **Cultural monitoring** – This programme is being led by the Lake Trust and builds on work in the Te Mana o Te Wai project. The programme has linkages with Horizons monitoring of the lake and the reporting of lake health through the lake report card, state of environment report, LAWA etc.
- 13.4. **Groundwater research** – This project is being led by Horizons and seeks to refine the knowledge of groundwater inputs to Lake Horowhenua. The lakes water balance has been studied and reported on several times over the last decade or so and this work seeks to reduce the uncertainty around the groundwater inputs. The new study will have the benefit of new information from the lake level monitoring and inflow/out flow monitoring completed recently as a part of the monitoring programme (see below). Groundwater and hydrology information is important to inform lake restoration efforts and resource consent processes around water allocation in the catchment. In the past resource consents to take water have been declined based on potential effects on the lake e.g. Levin Meats and some applications by horticulture growers. Further, some horticulture growers have water take consents that have short terms and this work will likely inform the decisions around any new applications to take beyond the expiry of the existing consents.

14. MONITORING AND SCIENCE

- 14.1. The monitoring and science programme has evolved over the last decade or so. Horizons was actively doing work in the catchment in 2008, however ceased activity due to health and safety concerns for staff. Monitoring restarted in 2013 following the signing of an intent to form an Accord. The monitoring and science programme are briefly outlined below including updating on work that has recently ceased due to health and safety concerns.
- 14.2. A summary of the state and trends of water quality in the Lake Horowhenua Catchment is provided in Annex F. This is based on a recent analysis of the regions water quality information for state and trends that is programmed to be presented to Council as a part of the next Environment Committee meeting. The report shows that the ability to calculate trend information has been impacted by the disruptions to water quality information collection that have resulted in sampling not being undertaken consistently due to health and safety concerns. Only trend information for the macroinvertebrate community index is able to be presented. This does not show any definitive trends that there is strong statistical confidence in, however the information indicates a general degradation over the ten year period 2007 to 2017. The state information compared to the One Plan targets show E. coli targets are met in the lake and outflow stream, but not in the inflowing tributaries where monitored, nutrient targets are almost uniformly not meet in the lake and tributaries and the lake does not meet chlorophyll a targets. Compared to the National Policy Statement categories of water quality state as outlined in the National Objectives Framework (NOF), the lake is below national bottom lines (band D for phytoplankton and nutrient measures, nitrogen and phosphorus). Inflowing tributaries are band E for E. coli,

with the outflow stream being band B). Nitrate as assessed for toxicity to aquatic life as a part of the NOF is band B or C in most tributaries, however band D (below the national bottom line) in the Arawhata stream.

- 14.3. The monitoring and science at the lake is done as a part of the Lake Accord and the Lake Trust provide Tangata Tiaki to assist with some of the monitoring as a standard practice. Permissions are obtained for the work from the Lake Trust and the Lake Domain Board. Various components of the monitoring programme are overviewed below.
- 14.4. **Lake monitoring buoy** to monitor changes in a range of parameters over time.
- This has provided critical information to inform the restoration programme including data on the pH changes in the lake and frequency and duration of deoxygenation of the base of the lake (that leads to phosphorus release).
 - Recently Horizons moved to servicing this via helicopter following ongoing access issues for boats at the lake over many years. Launching and retrieving boats from the lake now includes notifying police as a standard practice and arrests have been made during this type of activity on multiple occasions. The opposition to Horizons (or its contractors) using boats is often cited around biosecurity concerns. Horizons have put in place measures to manage the biosecurity risk including use of a dedicated monitoring boat that is only used in Lake Horowhenua.
 - The potential longer term solution for this is Horizons accessing the lake, from the alternative boat ramp near the sediment trap that has been proposed to enable lake weed harvesting.
 - This is the only lake monitoring buoy Horizons currently has deployed permanently in the Region.
 - Previously completed by the dedicated monitoring boat, this work is now delivered via the helicopter sampling. When the monitoring was completed by boat Tangata Tiaki were assisting with this monitoring when they were available. However, with the change to helicopter sampling they are no longer assisting with this work.
- 14.5. **Monthly Lake Monitoring** to measure lake health.
- This monitoring involves collection of samples and measurement from the lake in multiple locations.
 - This monitoring provides for calculation of compliance with One Plan targets, National Policy Statement requirements and links to a target of the Lake Accord to improve the Trophic Lake Index (TLI). The TLI is the measure that was determined to be statistically declining by the Niwa report and is the measure that is used to compare lakes on a national level through the LAWA website. In 2010, Lake Horowhenua was ranked as the 7th worst lake out of 112 monitored for TLI nationally.
 - This information also allows calculation of trend information over time to assess the effectiveness of interventions including regulatory and non-regulatory measures.
 - The sampling also measures a range of other parameters that enables comparison to measures specified in One Plan Targets and the National Policy Statement for Freshwater Management.
 - The lakes monitored for water quality in the region are mostly monitored via helicopter on a quarterly basis. Lake Horowhenua is the only lake monitored monthly by Horizons.
 - Previously completed by the dedicated monitoring boat, this work is now delivered via the helicopter sampling. When the monitoring was completed by boat Tangata Tiaki

were assisting with this monitoring when they were available. However, with the change to helicopter sampling they are no longer assisting with this work.

14.6. **Continuous flow and lake level monitoring**

- This currently consists of monitoring of the Arawhata Stream level and flow, the Hōkio Stream level and the lake level.
- These recording sites provide critical information about groundwater and hydrology of the streams and lake.
- The Arawhata site also informs the management of the sediment trap.
- The servicing of these monitoring sites ceased in June due to health and safety concerns.
- Two further similar sites are proposed and budgeted for this year as a part of the Freshwater Improvement Fund. These have been on-hold and are now proposed to be installed.
- The Hōkio Stream recorder and the lake level recorder are located on Lake Trust land.

14.7. **Monthly inflow and outflow monitoring**

- This comprises of measuring flow and collecting water quality on the inflows and outflow of the lake once a month.
- The measurement of flows, via flow gaugings is a technical exercise involving specialist training and equipment.
- This has provided key information on enabling the calculation of the relative contributions to nutrient and sediment loads in the lake from various catchments to help inform lake restoration options.
- The data also allows calculation trend information over time to assess the effectiveness of interventions including regulatory and non-regulatory measures. This monitoring programme is relatively new and the records are nearing the length of time where trend information can be generated. Water quality trend analysis such as those used in national state of environment reporting or the LAWA website typically use 10 years of record to generate trend information. It is noted that gaps in the record can influence the ability to complete trend analysis. This is currently an issue for trend analysis of information from the Lake Horowhenua monitoring programme.
- This monitoring ceased in June 2018 and has been sporadic at times prior to this due to health and safety concerns.
- The majority of this monitoring is not on Lake Trust land, however the outflow monitoring of the Hōkio Stream is.
- Tangata Tiaki have not regularly been involved in this monitoring, however the Lake Trust has recently requested that Tangata Tiaki become involved in this work on a regular basis.

14.8. **Other targeted investigations**

- These have included fish surveys, lake weed mapping, and other monitoring work linked to the restoration programme and/or national research work.
- Outputs from this include improved understanding of the fish populations and lake weed in the lake. This includes the development of a lake weed harvesting strategy that was submitted as a part of the consenting process.

- At the present time there is no programmed monitoring in this space in 2018. Mapping of lake weed over this spring/summer would be helpful, however at this stage is not progressing due to funding requirements and the health and safety issues of having to launch a boat on the lake.

15. MANAGEMENT OF PURPLE LOOSESTRIFE

- 15.1. Purple loosestrife is a highly invasive weed of wetland areas, stream and lake margins, and drains. It is present across much of the Region in relatively low and reducing populations, except the Lake Horowhenua infestation. Horizons has been managing the infestation at Lake Horowhenua over many years. This has met resistance in the field by some individuals and has at times required Police involvement to provide safe access to areas around the lake for control work. Over recent years, Horizons staff have not been able to complete the full level of weed control due to health and safety issues. This year staff undertook some control work, however were unable to complete the work following a directive from management that no further work in and around the lake take place.
- 15.2. The interruption to the programme over several years, has meant a considerable loss of the gains previously made against this weed. It is noted that this year, no budget has been allocated to purple loosestrife control at the lake. Without ongoing control this weed is approaching, if not at, a point where current management methods are insufficient to regain control of the weed in this area.

16. CURRENT WORK PROGRAMME

- 16.1. Horizons has involvement in a range projects within the Lake Horowhenua catchment, some of these are currently on hold or only being completed in part. This section overviews the current status and work remaining on a range of the non-regulatory projects underway in the catchment. The monitoring and science programmes covered above are not repeated in this section but do form part of the current work programme.

Lake weed harvesting

- 16.2. The lake weed harvesting project is viewed as a key intervention for the health of the aquatic life in the lake and for improving the suitability of the lake for recreation. This in-lake activity seeks to address the in-lake processes that lead to toxic conditions in the lake including elevated pH, ammonia toxicity and the cyanobacteria blooms that occur in the lake.
- 16.3. The project has been delayed by regulatory processes and including a publicly notified consent hearing, Environment Court and the High Court. The project was delayed by a further year through the Long Term Plan process following delays in establishing the infrastructure for the 2018 harvesting season. Council included the target of lake weed harvesting in 2019 and beyond in the Long Term Plan.
- 16.4. The delays were in part due to an injunction in the Maori Land Court about the establishment of the access track and boat ramp on Lake Trust land to enable weed harvesting. This application was dismissed by the Maori Land Court, however has recently been appealed to the Maori Appellate Court. The outcome of this process will be a factor in determining if and how the lake weed harvesting programme is to proceed in 2019.
- 16.5. Prior to the injunction, the construction of the access track was underway on Horizons land. This work located some middens that triggered a requirement to cease work and to work with HeritageNZ regarding this and the process to undertake further work. Horizons has previously worked with HeritageNZ to obtain archaeological authorities for a range of lake restoration activities including the sediment trap on the same site. HeritageNZ had previously advised that an authority was not required for the work on the access road and boat ramp, however locating the middens triggered some further process requirements.

These processes require completion if the work on the access road and boat ramp is to proceed.

- 16.6. The completion of the access road, a docking bay and some limited dredging of the lake is currently contracted to be completed. This contract is on hold. There is the ability to restart the contract. If the contract is ceased there will be some further costs.
- 16.7. There is some boat ramp design work to be completed and a contract for the construction of boat ramp itself to be established. There is the ability to complete this work in close alignment with the timing of the completion of the current contract for the access road etc.
- 16.8. A further task related to the lake weed harvesting (and the sediment trap and fish pass) is the cost recovery for the resource consent process from both the Environment and High Courts. This equates to approximately \$135,000 needing to be recovered through processes in both the District and High Courts. This recovery process is underway.

Sediment trap

- 16.9. The sediment trap is operational. Further work on the sediment trap includes completing some consent condition requirements that relate to monitoring for potential fish entrapment. Ongoing maintenance of the sediment trap is budgeted via the Drainage Scheme and is a further task.
- 16.10. There is further optional work around measuring the efficacy of the sediment trap and potentially modifying it, as is permitted by the resource consent conditions, to make it more effective. This work has not been prioritised for completion this year.

Work with the horticulture growers

- 16.11. The Long Term Plan provides funding for work with the horticulture growers to implement the Drainage and Erosion Management Plans and to complete the new Sustainable Farming Fund project “future proofing vegetable production”. There is an associated PhD project being formulated to support this project with funding from Massey University and Horizons. A further project related to this is the management of and continual improvement of the drainage network in the Arawhata Catchment by the River Management Team.

Te Mana o Te Wai Fund

- 16.12. Horizons remaining work on the Te Mana o Te Wai fund includes:
- Ongoing governance of the project (Councillor Sheldon) and staff support of the governance project.
 - Coordinating the finalisation of the legacy sediment and pest fish reports with NIWA and the Lake Trust.
 - Finalising the stream fencing and planting work.
 - Provision of information for an update to the Lake Report Card.
 - Final invoicing and reporting on the project.

Freshwater Improvement Fund

- 16.13. Horizons remaining work on the Freshwater Improvement Fund includes:
- Ongoing governance of the project (Councillor Sheldon) and staff support of the governance project.
 - Finalising the scope and activity for the groundwater component of the project.

- Commissioning the science work and undertaking the field work required for the groundwater project, including installing two additional flow sites on tributary streams that flow into the lake. This work has been budgeted for.
- Administration including invoicing and reporting on the project.

17. NEXT STEPS

- 17.1. There are range of potential options for Horizons ongoing work programme around Lake Horowhenua, all of which have an element of complexity to them.
- 17.2. As outlined above there are significant challenges for continuing work on the ground in the catchment following staff experiencing aggressive and confrontational behaviour when undertaking some work, threats to staff, a “trespass notice” being given to Councillors (and one staff member) and further legal and regulatory work to complete (associated with the Maori Appellate Court proceedings and with HeritageNZ).
- 17.3. In relation to the confrontational behaviour, charges have recently being laid against Phillip Taueki regarding alleged intimidation of a Horizons staff member. This has placed some limitations on Mr Taueki’s interactions with the staff member, some Lake Trustees and other witnesses (including another Horizons staff member) until the court process is completed.
- 17.4. There are legislative requirements around health and safety to manage given the significant history of threats and aggressive behaviour experienced during some types of work. In simple terms, the advice Horizons has received indicates that if Horizons is initiating projects and contributing funding to projects, then Health and Safety requirements remain if Horizons:
- Undertakes the work itself via its own staff or with its own staff, including when delivered in collaboration with the Lake Trust (noting Tangata Tiaki receive remuneration from Horizons for their involvement);
 - Engages contractors to complete the work (including if someone else manages the contracts for Horizons).
 - Provides a grant to enable some other agency to undertake the work (themselves or via contractors).
- 17.5. It is noted that if Horizons initiating and setting out the work, as well as funding the work, provides the ability to 'influence and control the work'. This places requirements on Horizons to be a part of managing the risk of the work. More information on Health and Safety requirements is provided in Annex G.
- 17.6. For the purposes of forming options for the next steps, Horizons work programme is considered in two parts. This has been done to separate the area where the most frequent increased health and safety risk has been experienced to date. The two areas being:
1. Works that occur within the Lake Domain and within the Lake Trust land (including on the lake); and
 2. Works that occur outside this area within the catchment and in various public places, courts, meetings etc.
- 17.7. The areas of Lake Domain and Lake Trust land have additional complexities related to the legislative roles and rights of organisations, including the Lake Domain Board, the Lake Trust and beneficial owners of the lake, within these locations. These areas are where staff have primarily encountered the aggressive behaviour and threats, noting other threats, confrontational and aggressive behaviour have been encountered in and around various regulatory processes and other meetings. Some of the more typical threats to staff refer to what will happen when staff are next located in the areas around the lake. That said,

physical threats and aggressive behaviour have also occurred in relation to lake restoration in areas outside of the Domain and Lake Trust Land e.g. in and around court proceedings.

- 17.8. The Lake Domain area and the Lake Trust land are considered the highest risk locations and working in these areas has been temporarily ceased based on health and safety considerations.
- 17.9. To date, restoration work on the ground completed within the catchment but outside of the Lake Horowhenua Trust land and the Domain area has not encountered the strong opposition that has occurred within the Domain and Lake Trust Land area. Please note this refers to on-the ground type works, fencing, planting, community planting days etc and excludes the activities around court processes and other meetings about lake restoration.
- 17.10. The work to be done outside of the Lake Trust land and the Domain area for the non-regulatory lake restoration programme includes programmes outlined below, which is referred to as List 1. It noted that some modifications to the way these are to be delivered are included in the list to lessen the health and safety risk. These programmes are:
 1. Water quality and flow monitoring of the tributaries that enter the lake. Noting that one monitoring site that was in the Lake Domain will need to be moved to a location outside of the Lake Domain;
 2. Installation of two continuous flow sites on tributaries that flow into Lake Horowhenua to contribute to Horizons requirements to the Freshwater Improvement Fund (FIF) project;
 3. Continuation of the groundwater monitoring within the catchment, including an increase in the groundwater monitoring as part of Horizons contribution to the FIF project around groundwater;
 4. Continuation of animal and plant pest control in the catchment (including possum and some purple loosestrife control);
 5. Continuation of Horizons presence on Governance Groups in both Governance and advisor roles;
 6. Continuation of work with the horticulture growers, including the Sustainable Farming Fund project;
 7. Completion of the processes with HeritageNZ to provide for the completion of the access road, boat ramp and associated dredging;
 8. Participation in the Maori Appellate Court process, specifically around the Maori Land Court injunction decision that was appealed by Ms. Taueki; and
 9. Monitoring and maintenance of the sediment trap as required by consent conditions for fish entrapment and additional efficiency monitoring;
- 17.11. There are also a number of work streams to be done that involve needing access to the lake and its margin and therefore to be present on the Lake Trust land and/or the Domain area (referred to as List 2). These work programmes are:

1. Continuing monitoring of the lake both through the collection of water quality samples and servicing of the water quality monitoring buoy using helicopters. Noting the preference is to do this work by boat and the use of helicopters is ideally an interim measure until the boat ramp location near the sediment trap (or another location other than in the Lake Domain) is operational;
2. Returning to monitoring of the lake outlet and Hōkio Stream both through the collection of water quality samples and servicing of the lake water level and Hōkio Stream water level and flow site. Noting the continuous monitoring at these locations has not been ceased over recent months, however the servicing of these sites has;
3. Undertaking ongoing science and monitoring to inform the lake restoration programme and other programmes where it is assessed as safe to do so;
4. Assessing options for purple loosestrife management within the Lake Domain and Lake Trust land areas and where assessed as feasible, including budgetary considerations, undertaking purple loosestrife control;
5. Completion of the construction of the access road to the boat ramp for the weed harvester on Horizons and Lake Trust land under the current contract for this work, which includes establishment of a docking bay and some limited dredging of the lake. Noting this includes working through the HeritageNZ and Maori Appellate Court processes, with the latter involving a challenge to installation of the access road and boat ramp;
6. Finalising design and completing construction of the boat ramp for the weed harvester at the alternate location near the sediment trap;
7. Undertaking monitoring as required by consent conditions to enable the harvesting of weed in Spring 2019 and completing work on other lake weed harvesting related consent conditions;
8. Enabling lake weed harvesting in 2019. Noting this requires some preparatory work on the harvester, including obtaining spare parts and equipment for monitoring the activity on the lake. Further, it requires procurement for a contractor to undertake the works; and
9. Reestablishing the ability to launch boats and undertake monitoring etc from the Lake Domain if the assessment of risk changes.

18. **OPTIONS**

- 18.1. There are a range of options that could potentially be considered as a part of this item. One option that is not presented is to continue as Horizons had previously operated through accessing the lake for monitoring and other activity via the Domain. This has been ruled out in the interim based on the health and safety risk. The options could be presented in terms of individual decisions on various projects but have been considered as three packages for the non-regulatory lake restoration programme being:

1. Proceeding with all of the work, with some modifications to how this is delivered i.e. complete the projects on both List 1 and List 2.
 2. Proceeding with all of the work outside of the Lake Domain and Lake Trust land area (List 1), and cease all work inside the Lake Domain and Lake Trust area (List 2).
 3. Ceasing all of the work in the catchment i.e. cease all of the work in Lists 1 and 2.
- 18.2. As a further consideration in the options is to retain an ability to return to using the Lake Domain should the assessment of risk change.

19. ASSESSMENT OF OPTIONS

- 19.1. Option 1 is to proceed with all works via a modified programme. Advantages of this include progressing the work with modifications to the way the programme is delivered in consideration of the current assessment of the health and safety risk. This option enables Horizons to continue to seek to implement works to achieve regulatory requirements around maintaining and improving water quality and raising water quality parameters to be above national bottom lines. A disadvantage is the additional workload associated with this option due to increased activity around regulatory permissions etc, and potential further exposure of staff and Councillors to the types of confrontational behaviour that has been experienced during some work around Lake Horowhenua. Fiscally, Option 1 involves further expenditure than the other options including in relation to enhancing security/health and safety management, regulatory processes and increased level of physical works.
- 19.2. Option 2 includes cessation of work in the Lake Domain area and Lake Trust land (including the lake). Advantages of this option include removing the need for staff to operate in these areas reducing health and safety risk and exposure of staff to the types of confrontational behaviour that can occur when working around Lake Horowhenua. Option 2 also has lower expenditure than Option 1. A disadvantage is that some of the work to restore the lake will not occur and the forecast improvement of the lake will not likely occur. With this option the lake would be forecast to continue to stay below national bottom lines for water quality with there being ongoing impacts to the aquatic life (fish, kakahi etc). A range of monitoring work would also cease removing the ability to track changes in water quality and aquatic health.
- 19.3. Option 3 is cessation of all non-regulatory lake restoration work (including some monitoring) in the Lake Horowhenua Catchment. An advantage of this is lower costs. Disadvantages include having to cease involvement in a range of collaborative programmes such as the Freshwater Improvement Fund with Accord Partners and Sustainable Farming Fund work with the horticulture growers and industry. A range of work that would inform regulatory processes (including monitoring of water quality outcomes) would also be ceased. The same disadvantages as outlined in Option 2 would also apply to Option 3.
- 19.4. The paper is presented with resolutions based on option 1, which seeks to reduce the health and safety risk through a modified work programme and enable Horizons to continue to undertake lake restoration activity.

20. SIGNIFICANCE

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

Logan Brown
FRESHWATER AND PARTNERSHIPS MANAGER

Jon Roygard
GROUP MANAGER NATURAL RESOURCES AND PARTNERSHIPS

ANNEXES

- A Lake Horowhenua report card
- B Rationale for weed harvesting
- C Sediment legacy project results
- D Kakahi monitoring project results
- E Pest fish survey results
- F Water quality state and trends
- G Health and safety considerations

▶ ECOSYSTEM HEALTH

The National Policy Statement for Freshwater Management 2014 (Freshwater NPS) sets out the objectives and policies for freshwater management under the Resource Management Act 1991. The National Objectives Framework of the Freshwater NPS contains a list of attributes that must be managed. These attributes are graded into four different categories of which Band D falls below the national bottom line. Unless certain criteria are met an Authority must develop plans to move systems out of Band D.

The monitoring data to date shows the attribute state that Lake Horowhenua falls into Band D for several measures:

| PRESENT BAND | TP | TN | TAN | Chl a | CYANOBACTERIA |
|--------------|-----------------------|------------------------|--------------------------|------------------------|-------------------------|
| | Annual median (mg/m3) | Annual median (mg/m3) | Annual maximum (mg/m3) | Annual maximum (mg/m3) | 80th percentile (mm3/L) |
| A | < 10 | < 300 | < 0.05 | < 10 | < 0.5 |
| B | > 10 AND < 20 | > 300 and < 500 | > 0.05 and < 0.4 | > 10 and < 25 | N/A |
| C | > 20 and < 50 | 500 and < 800 | 0.4 and < 2.20 | > 25 and < 60 | > 0.5 and < 10 |
| D | > 50 (250) | > 800 (1910) | > 2.20 | > 60 | > 10 |

As part of the integrated approach that is being undertaken for the restoration of Lake Horowhenua predications have been made by Dr Max Gibbs (NIWA) that a range of parameters will move from Band D (or below national bottom lines) to:

| PREDICTED FUTURE BAND | TOTAL PHOSPHOROUS | TOTAL NITROGEN | AMMONIA | Chlorophyll a | CYANOBACTERIA |
|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-------------------------|
| | Annual median (mg/m3) | Annual median (mg/m3) | Annual maximum (mg/m3) | Annual maximum (mg/m3) | 80th percentile (mm3/L) |
| A | < 10 | < 300 | < 0.05 | < 10 | < 0.5 |
| B | > 10 AND < 20 | > 300 and < 500 | > 0.05 and < 0.4 | > 10 and < 25 | N/A |
| C | > 20 and < 50 | 500 and < 800 | 0.4 and < 2.20 | > 25 and < 60 | > 0.5 and < 10 |
| D | > 50 (250) | > 800 | > 2.20 | > 60 | > 10 |

These predictions show that the restoration work, including the sediment trap and weed harvesting activities, will provide immediate and positive effects on water quality through the reduction of cyanobacterial blooms.

▶ WHAT IS THE TLI?

Lake Horowhenua has very poor water quality and is classified as supertrophic on the trophic level index (TLI). The TLI measures four parameters: water clarity, chlorophyll content, total phosphorus and total nitrogen, and is used to give an overall picture of the health of New Zealand lakes. Each lake is assigned a number typically between 1 and 7, the lower the number, the better the water quality in the lake.

| TLI HISTORY FOR LAKE HOROWHENUA DATA TABLE | | | | | | | |
|--|------|------|------|------|------|------|------|
| Year | 2006 | 2007 | 2008 | 2009 | 2014 | 2015 | 2016 |
| TLI Score | 6.5 | 6.1 | 6.7 | 7.1 | 6.1 | 6.3 | 6.7 |

*2010-2013 Lake not monitored.

▶ HUMAN HEALTH

Currently swimming is actively discouraged at Lake Horowhenua. Other recreational activities, such as boating, rowing and sailing, are discouraged during the summer months when toxic algal blooms may be present. A key goal of the lake weed harvesting activity, planned for 2018-19, is to reduce the frequency of toxic cyanobacteria blooms. Over the 2016-17 summer period (November to April) Lake Horowhenua's water quality was sampled 22 times for *E. coli*.

| CATEGORY | RANGE | % SAMPLES IN EACH CATEGORY |
|------------------------|---------------------------------|----------------------------|
| Avoid swimming | >550 <i>E.coli</i> MPN/100 ml | 55% |
| Could be a health risk | 260-550 <i>E.coli</i> MPN/100ml | 14% |
| Should be safe to swim | <260 <i>E.coli</i> MPN/100ml | 32% |

* All samples were taken from the Lake edge rather than the centre of the Lake, and represent the risk to human health from contact with the Lake at the Domain.

E.coli monitoring in the middle of the lake shows that between July 2013 and June 2017 it was always safe to swim from an *E. coli* infection risk perspective. This is likely due to the UV radiation killing the *E. coli* that will be entering the lake from various sources.



He Hokioi Rerenga Tahī
Te Kawenata o te Roto o Horowhenua

LAKE HOROWHENUA

▶ CATCHMENT REPORT CARD

HE MIHI

Ko tēnei te moemoeā

O te iwi nei, arā ko Ngāi Tara te Muaūpoko o te Ika

Kia rongoā te taiao nei, te whenua me ngā wai tapū o te rohe nei

E kōrero ana tātou ki ngā Iwi katoa, kei a tātou kotahi te rongoa

Ti hea Mauria Ora!

This is the wish of our iwi Ngāi Tara te Muaūpoko o te Ika

To restore nature, our sacred lands, and waters to their former glory

We are speaking to all people, as we are all part of the solution

The breath of life!

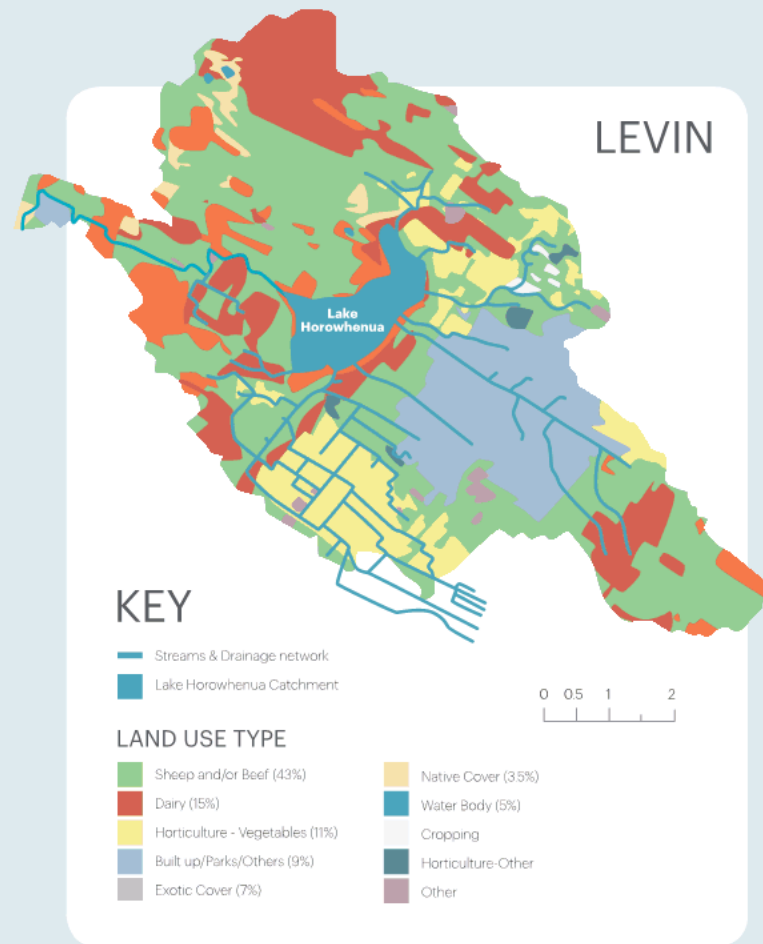
LAKE HOROWHENUA CATCHMENT

BACKGROUND

In pre-European times, Lake Horowhenua was a cleanwater supply and valued fishery for the Muaūpoko iwi who lived in the coastal forest that surrounded the Lake.

Clearance of coastal forest, draining of swamps, intensification of land use, urban expansion, and the disposal of treated effluent in the Lake between 1962 and 1987 has led to significant degradation of Lake Horowhenua. After the input of treated sewage stopped in 1987, water quality within the Lake started to improve. However, a decade later water quality began to decline again and in 2010 Lake Horowhenua was ranked as the 7th worst out of 112 monitored lakes in New Zealand.

Lake Horowhenua is regularly closed for recreation in summer due to the presence of toxic cyanobacteria. This is related to the large amounts of nutrients and sediment entering the Lake combined with large amounts of sediment and nutrients already present in the Lake.



LAKE HOROWHENUA RESTORATION

Since the signing of the Lake Horowhenua Accord in 2013, 15 key actions outlined in the 2014-2016 action plan, have significantly progressed.

15 KEY ACTIONS
FOR LAKE RESTORATION
WERE IDENTIFIED
in the action plan

12 SPECIES
of native fish
call Lake
Horowhenua
HOME

3 SPECIES of
INTRODUCED
fish are present
in Lake
Horowhenua

Currently
SWIMMING
is not advised
at
the Lake

**LAKE
HOROWHENUA**
Accord was
signed in
2013

**ACCORD
PARTNERS**
have secured
\$2.36
million
FROM CENTRAL
GOVERNMENT
FUNDING.

**ACCORD
PARTNERS** **\$1.7**
million
have contributed
towards the restoration
of the Lake

19km
of STREAM-LAKE
FENCING
has been
achieved since
2007

7765 NATIVE
TREES
have been
planted along
streams and
the Lake since
2010

TLI
IS
Supertrophic
Very poor
water quality

2 in-stream
FISH
BARRIERS
have been
remedied

In the 1990s over
250,000
native plants were established around the edge of
Lake Horowhenua

SEVEN
COMMUNITY
PLANTING
days have been held
over the last
three years

LAKE HOROWHENUA ACCORD

In 2013, five parties representing Muaūpoko owners, community interests and statutory bodies agreed to work together to provide leadership, halt degradation and put in place remedial measures on Lake Horowhenua and Hokio Stream that will ensure these taonga (treasures) hold pride of place in the Horowhenua community. The five parties that form the Lake Horowhenua Accord are: Lake Horowhenua Trust, Lake Horowhenua Domain Board, Horowhenua District Council, Horizons Regional Council, and the Department of Conservation.

FUNDING

Lake restoration initiatives have been greatly enhanced with funding and in-kind resource from all Lake Horowhenua Accord parties. The \$1.28 million Fresh Start for Freshwater Clean-up Fund project received \$730,500 from Horizons Regional Council, Horowhenua District Council and industry, as well as \$540,000 from the Ministry for the Environment.

The Clean-up Fund project included the installation of a fish pass over the weir to enable fish to travel between the sea and the lake, the construction of a sediment trap which is predicted to reduce sediment phosphorus loads from streams into the lake by more than 25%, and lake weed harvesting to reduce cyanobacteria blooms. Less blooms will increase the lake's frequency of suitability for swimming over summer and the weed harvesting will also enhance the fishery by reducing the toxicity effects of the lake weed in spring.

Sub-projects through the Clean-Up Fund project included the completion of environmental management plans for all 10 dairy farms in the catchment, sediment and erosion control plans for growers covering 80 per cent of the horticultural land in the catchment, and the building of a boat wash facility to reduce the risk of further lake weed species being introduced to and contaminating the Lake.

MfE have also contributed a further \$980,000 as part of the Te Mana o Te Wai fund (Te Kakapa Manawa o Muaūpoko) towards a \$1.2 million project that will involve a scientific assessment of the lakebed sedimentation and native fish populations, community planting days, an education programme, development of a plant nursery, completion of storm water treatment upgrades and the repairing of fish barriers.

Most recently a \$1.6 million Freshwater Improvement Fund project has been awarded to the Accord Partners. This project, lead by the Horowhenua Lake Trust, has co-funding from Horizons, Horowhenua District Council and the Lake Trust, as well as \$842,750 from MfE. The work programme will include assessment and flushing of the stormwater system, establishment of a silt interceptor, shallow groundwater monitoring and implementation of two cultural monitoring programme activities.

Monitoring in 2015 and 2016 found five species of macrophytes within the lake of which two species are exotic. There are currently 12 species of native fish and three introduced species of fish which have been sighted in the Lake Horowhenua catchment. Koura and freshwater mussels are also present.



Annex B: Overview of the rationale for the weed harvesting activity.

Lake weed harvesting was one of the many recommendations of the Horizons & NIWA reports on restoration options for Lake Horowhenua that were incorporated into the Lake Horowhenua Accord, the Lake Accord Action Plan and the Fresh Start for Freshwater Clean-up Fund project for Lake Horowhenua.

Lake Horowhenua is a hypertrophic lake that had a mean trophic level index (TLI) of 6.4 for the 2013-14 year. The lake develops high ammonia concentrations in spring/summer and cyanobacteria blooms in summer.

The lake has two main species of aquatic macrophytes (weeds) – *Potamogeton crispus* (curly-leaf pondweed) and *Elodea canadensis* (Canadian pond weed). Although both weeds are exotic invasive species, they have very different life/growth cycles. *Elodea* is a perennial plant with a clumping growth form. It develops a dense weed bed that eventually reaches the surface. Although the plants flower they do set seed and propagation is entirely from small fragments broken off the surface reaching stems. In contrast, *Potamogeton* is an annual plant that grows from propagules (turions) shed by the mature plants before they die in summer. The propagules germinate in autumn (April –May) and overwinter as low growing plants. In spring these plantlets grow rapidly to reach the water surface. In summer, they flower and produce turions which fall to the lake bed to produce the next year's plants. In mid-summer the mature plants die and collapse onto the lake bed where their decomposition causes anoxia and the release of phosphorus (P) from the sediment beneath the decomposing plant matter.

The weed harvesting operation is viewed as the key project within the overall restoration programme for Lake Horowhenua. Weed harvesting is to be undertaken in the lake to directly break a cycle that is occurring where the introduced lake weed is altering the chemistry of the lake by increasing the pH of the water, lowering the nitrogen concentration and enabling the chemistry to become favourable for phosphorus release from the sediment into the lake. Increased phosphorus and low nitrogen conditions favour the growth of the cyanobacteria in the lake. Cyanobacteria in the lake can be toxic to humans and animals restricting the use of the lake for recreation. Cyanobacteria also impacts on aquatic life. The die off of some of the lake weed in summer also leads to low oxygen levels at the bed of the lake which makes conditions suitable for further release of phosphorus contributing to the cyanobacteria blooms.

The lake weeds influence on pH can also drive a further change in the chemistry of the lake leading to toxic levels of ammonia that can and do kill fish. In 2013/14, ammonia toxicity persisted for a period of several months in summer; however, ammonia toxicity was not observed in the 2014/15 season (according to monthly monitoring data up to January 2015). Figure 1 shows a schematic of the *Potamogeton* growth cycle including the impacts on the lake and how the weed harvesting programme aims to reduce these.

Harvesting the weed aims to reduce the weeds ability to change the pH of the lake as much as it currently does (i.e., less weed equals less photosynthesis) thereby creating conditions in the lake that are more favourable for fish and other aquatic life, including the native lake weeds. Harvesting the weed and managing the removal of the cut weed will reduce or eliminate the development of the high pH that can lead to phosphorus release from the sediment and ammonia toxicity. It will also reduce or eliminate the development of cyanobacteria blooms. Further it will remove part of the nutrient load from the lake. An overview of the weed extent in Lake Horowhenua at various times of the year is shown in Figure 2.

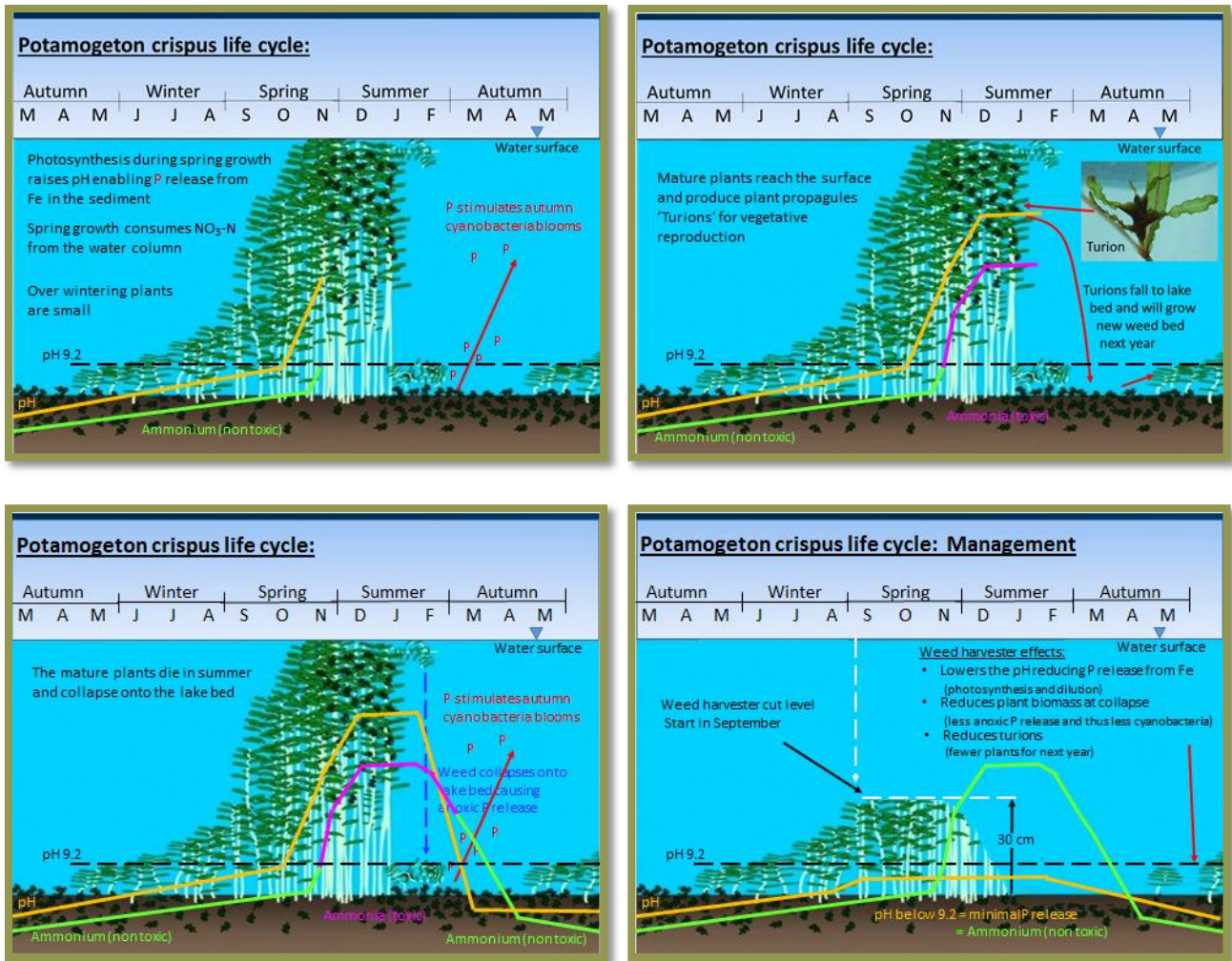


Figure 1: Schematic diagram showing the key parts of the *Potamogeton* life cycle (A) to (C) and the effect of mowing the tops off the weed beds (D).

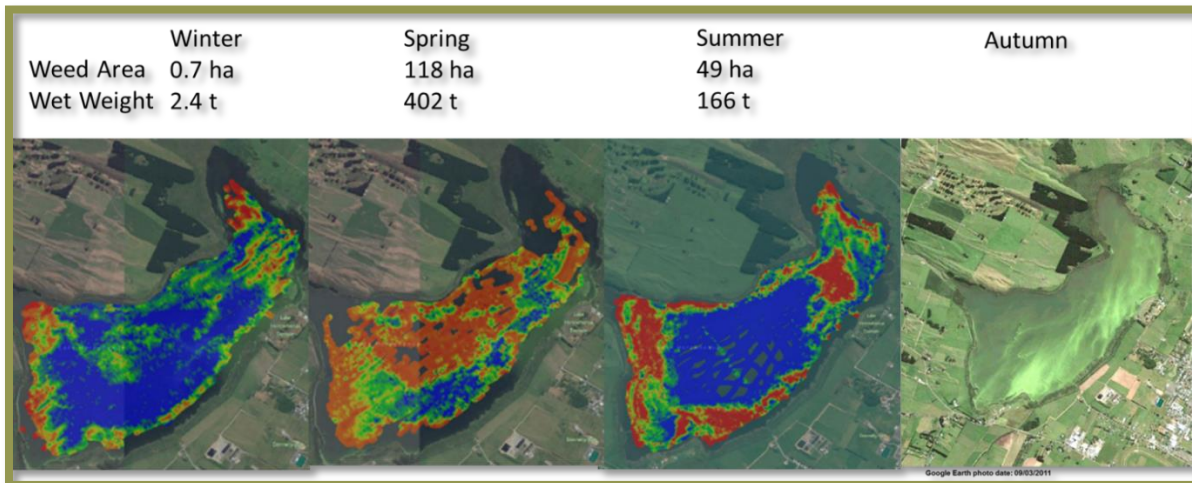


Figure 2: Compilation of three weed mapping surveys arranged to indicate the natural sequence of expansion and decline of the weed beds each year. Surveys are not in chronological order. Red represents 100 % weed cover per unit area and blue represents 0 %. Intermediate colours on a rainbow colour scale represent different percentage cover at those locations.

Annex C: Key results of the sediment legacy project

The Te Mana o te Wai work programme included a project to complete a sediment legacy project to inform the restoration programme. The project was a collaboration between the Lake Trust, Horizons, Massey University and Niwa. The report was completed by NIWA. The sediment legacy project reported that:

- In 1922 the sediment came from the southern inflows (Arawhata Stream and Sand Road drain) and the Queen Street drain;
- In 1942 the sediment originated from the Arawhata Stream and Patiki Stream Catchments;
- In 1962 the sediment originated from the Arawhata Stream and Mangaroa Stream Catchments.
- During the period that sewage effluent was being discharged into the lake, this may have been the source of some of the additional sediment, but it is unlikely to have been the major source. The CSSI isotopic proportions indicate that, in 1972, the sediment originated from the Mangaroa Stream at the northern end of the lake and the Sand Road drain at the southern end of the lake.
- In 1980 the sediment was coming from the Queen Street Drain which is consistent with observations by Gibbs and White (1991; 1994) of very high flows of turbid water in the Queen Street drain and the Arawhata Stream. At that time, the Queen Street drain flow was augmented with water from the Ohau River and also received water from hydroponics (M. Gibbs, NIWA, personal observations).
- Over the last 5 years the sediment results show the Arawhata Stream catchment has been contributing between 48% and 75% of the sediment, and the Mangaroa Stream catchment has been contributing between 20% and 45% over the same period (Figure A). In addition the sediment accumulation rates have increased in recent times as shown in the table below (Table A).

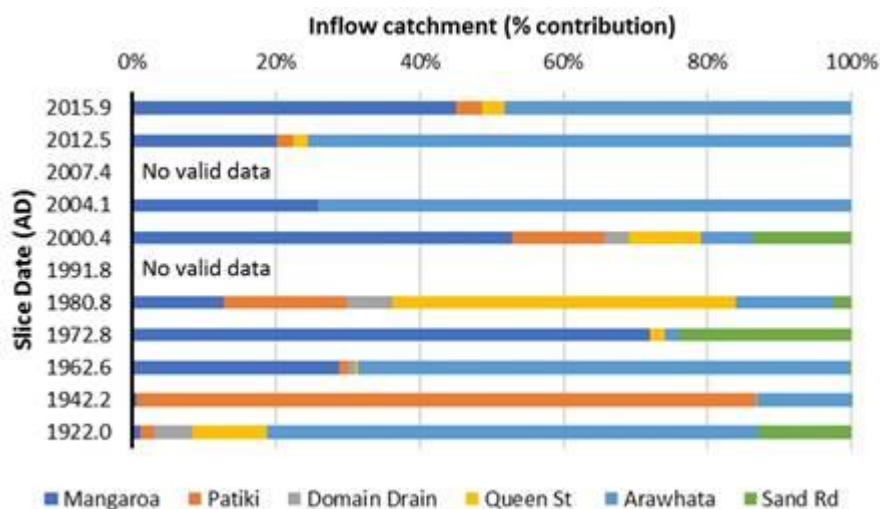


Figure 1 Bar graph of soil proportions showing the relative proportion changes in soil sources contributing to the sediment at site 1. Data from 2007 and 1991 have been omitted as they were not interpretable.

Table 1 Sediment accumulation rates in Lake Horowhenua as determined by the sediment legacy study.

Sediment accumulation rates (SAR) for selected depth / date ranges in the sediment core from Site 1.

| Depth range (cm) | Time range (year) | SAR (mm y ⁻¹) |
|------------------|-------------------|---------------------------|
| 0-1.5 | 2015-2018 | 6.2 |
| 1.5-3.5 | 2012-2015 | 5.9 |
| 3.5-10 | 2000-2012 | 5.8 |
| 10-15 | 1991-2000 | 5.2 |
| 15-30 | 1962-1991 | 5.0 |

| Depth range (cm) | Time range (year) | SAR (mm y ⁻¹) |
|------------------|-------------------|---------------------------|
| 30-40 | 1942-1962 | 4.9 |

Annex D: Key findings of the Kakahi monitoring project.

Kakahi Monitoring in Lake Horowhenua was undertaken as a part of the Te Mana o te Wai Cultural monitoring project.

Kakahi (freshwater mussel) monitoring was completed as a part of the cultural monitoring project of the Te Mana o Te Wai Project. The monitoring was undertaken by NIWA in November 2017 as a joint project between the Lake Trust, NIWA, and Horizons. This monitoring involved divers scuba diving within the lake along transect lines and recovering live kakahi (Photo 1) that they encountered. These were then counted, measured, visually inspected and then replaced in the Lake.

Preliminary evaluation of brood pouch status indicated that 43% were females brooding ripe larvae (glochidia). It was concluded that although adult kakahi are producing larvae in Lake Horowhenua recruitment failure is probably occurring with poor or no survival of either larvae and/or juveniles. A likely cause of recruitment failure is poor water quality, specifically elevated pH and ammonia concentrations during the summer larval release period. Other factors may be contributing including reduced populations of host fish and/or sedimentation in juvenile habitat.

In addition, the presence of many dead adult mussels *in situ* in the sediment suggests that adult survival is also decreasing in recent years. The adult mussels may simply be aging and reaching the end of their life span or they may be affected by multiple stressors in Lake Horowhenua, particularly degraded water quality and sedimentation. The results indicate that without in-lake interventions such as lake weed harvesting, the kakahi populations in Lake Horowhenua will eventually become extinct.

The Lake Accords interventions have targeted these potential causes of low recruitment including:

- The lake weed harvesting aiming to address the elevated pH and ammonia concentrations;
- Work to improve fish populations and diversity in the lake including the fish pass work and lake weed harvesting to address toxicity impacts on fish populations; and
- Work to target sediment reduction including installation of the sediment trap, work with Horticulture growers and the recent sediment study to inform sediment management.



Photo 1: Kakahi encountered from Lake Horowhenua during November 2017. Kakahi were returned to the water after measurement.

Annex E: Pest Fish Survey results

The pest fish survey was undertaken as a requirement of the consent conditions for the fish pass on the Hōkio Weir (Photo 1). Horizons was required to identify changes in the abundance, composition and size structure of pest fish species present in Lake Horowhenua as a result of the fish pass installation. This project also formed part of the work programme for the Te Mana o Te Wai project and was a collaboration between the Lake Trust, Horizons Regional Council and Niwa.

Gill net surveys were carried out in April 2017, prior to the installation of the fish pass, and during April and May 2018, a year post-completion of the fish pass.

Across 2017 and 2018, the main fish species captured in the gill nets were perch (2,420) and goldfish (266), with lower numbers of mullet (30) and rainbow trout (2) recorded. The perch were predominately large adult fish ranging between 350 and 500 mm and the goldfish population were predominately between 150 and 200 mm.

Monitoring indicated that populations of the main pest fish species recorded in Lake Horowhenua (perch, goldfish and koi carp) are all below the threshold density of 50 kg per hectare specified by consent conditions. Based on the current population structure and biomass of perch and goldfish there is no evidence to suggest that the abundance of these species within Lake Horowhenua has increased since 2017 as a direct result of the fish pass installed at Hokio weir.

Although koi carp are a difficult species to capture and all fishing methods will underestimate their abundance, the continued difficulty in capturing koi carp within Lake Horowhenua since 2013 suggests this species remains at densities below those known to cause adverse ecological impacts. It should also be noted that once resident in a lake, perch, goldfish and koi carp will readily breed and form self-sustaining populations. In this regard, changes in abundance and size structure can naturally occur independent of immigration into the system via the fish pass at Hokio weir.

Annex F: State and Trends of Water Quality in the Lake Horowhenua Catchment

Prepared by Maree Patterson,
Senior Scientist – Water Quality
Horizons Regional Council

September 2018

Introduction

The state and trends of water quality for the Lake Horowhenua Catchment has recently been assessed by Land, Water, People Ltd. as part of the Regional State and Trends of Water Quality Report. This Annex presents the current State and Trends of water quality in the catchment utilising Horizons state of the environment water quality data to 30 June 2017 for the Lake, the inflowing tributaries and the Hōkio Stream at the outlet of the Lake.

Trends

Gaps in the data as a result of health and safety issues and sampling access hinder the ability to assess trends in water quality for the Lake and tributaries. As such only trends in MCI are able to be reported. Over the 10 year period 2007 – 2017 All sites monitored for Macroinvertebrates (Lake Outlet, Patiki and Arawhata Streams) have too much noise in the data to determine a trend with confidence. However, both the Hōkio at Lake Outlet and Patiki Stream are indicating a general degradation in the Macroinvertebrate Community Index (MCI) over the period.

State

The state of water quality for the 5 year period (1 July 2012 – 30 June 2017) has been assessed against both the water quality targets identified in the One Plan (as a pass/fail) and against the attribute state bands in the National Objectives Framework (NOF) (NPS-FM, 2017).

The assessment against the One Plan targets are presented in Table 1 and Table 2.

- Ammoniacal nitrogen targets are met in both the Lake and the tributary streams.
- *E. coli* targets are met in the Lake but not in the tributaries with the exception of the Hōkio Stream at Lake Outlet during the bathing season.
- Nutrient targets are almost uniformly not met in the Lake and tributaries
- Where monitored the tributary stream fail to meet MCI targets.
- Clarity is uniformly not met in the tributaries.
- The Lake does not meet targets for chlorophyll *a*.

The assessment against the NoF is presented in Table 3 and Table 4.

- The Lake is below the national bottom line for all trophic status (nutrient and algae) attributes assessed.
- The tributaries are band E for *E. coli* with the exception of the Hōkio at Lake Horowhenua which is band B.
- Nitrate in the tributaries is band B or C with the exception of the Arawhata which is band D.
- Ammoniacal Nitrogen in the tributaries is spread across bands A-C.
- MCI compared to the Stark bands is poor (<80) at the Arawhata Stream and Hōkio at Lake Horowhenua sites and fair (<81 – 100) at the Patiki Stream site.

Table 1: Assessment of the water quality data for Lake Horowhenua against the One Plan Targets. Green means the site meets the specific target and red means the target is not met at the site.

| Site Name | Chlorophyll <i>a</i> (average) | Chlorophyll <i>a</i> (maximum) | Total Nitrogen | Total Phosphorus | Ammoniacal Nitrogen | <i>E. coli</i> bathing | <i>E. coli</i> Year round |
|-----------------|--------------------------------|--------------------------------|----------------|------------------|---------------------|------------------------|---------------------------|
| Lake Horowhenua | Fail | Fail | Fail | Fail | Pass | Pass | Pass |

Table 2: Assessment of the water quality data for the Lake Horowhenua tributaries against the One Plan Targets. Green means the site meets the specific target and red means the target is not met at the site.

| Site Name | Clarity | SIN | DRP | MCI | Ammoniacal-N (Max) | Ammoniacal-N (Mean) | <i>E. coli</i> (Bathing) | <i>E. coli</i> (year round) | Dissolved Oxygen Saturation |
|--|--------------|------|------|--------------|--------------------|---------------------|--------------------------|-----------------------------|-----------------------------|
| L Horowhenua Inflow at Lindsay Road | Fail | Fail | Fail | Not assessed | Pass | Pass | Fail | Fail | Fail |
| Patiki Stream at Kawi Road | Fail | Fail | Fail | Fail | Pass | Pass | Fail | Fail | Fail |
| L Horowhenua Inflow at culv d/s Queen St | Not assessed | Fail | Pass | Not assessed | Pass | Pass | Fail | Fail | Fail |
| Queen Street Drain at L Horowhenua | Fail | Fail | Fail | Not assessed | Pass | Pass | Fail | Fail | Fail |
| Makomako Road Drain at L Horowhenua | Fail | Fail | Fail | Not assessed | Pass | Pass | Fail | Fail | Pass |
| Arawhata Drain at Hōkio Beach Road | Fail | Fail | Fail | Fail | Pass | Pass | Fail | Fail | Fail |
| L Horowhenua Inflow at Hōkio Sand Rd | Fail | Fail | Fail | | Pass | Pass | Fail | Fail | Fail |
| Hōkio at Lake Horowhenua | Fail | Fail | Fail | Fail | Pass | Pass | Pass | Fail | Fail |

Table 3: Assessment of the water quality data for Lake Horowhenua against the NoF Targets. Green = Band A, Yellow = Band B, Orange = Band C, Red = Band D (below national bottom line) and Dark Red = Band E (for *E. coli* only).

| Site Name | NOF: Lake Phytoplankton (Median) | NOF: Lake Phytoplankton (Max) | NOF: Lake Total Nitrogen | NOF: Lake Total Phosphorus | NOF: Ammoniacal Nitrogen |
|-----------------|----------------------------------|-------------------------------|--------------------------|----------------------------|--------------------------|
| Lake Horowhenua | D | D | D | D | Not assessed |

Table 4: Assessment of the water quality data for the Lake Horowhenua tributaries against the NoF Targets. Green = Band A, Yellow = Band B, Orange = Band C, Red = Band D (below national bottom line) and Dark Red = Band E (for *E. coli* only)..

| Site Name | <i>E. coli</i> combined | Nitrate combined | Ammoniacal- N combined |
|--|-------------------------|------------------|------------------------|
| L Horowhenua Inflow at Lindsay Road | E | B | C |
| Patiki Stream at Kawi Road | E | C | A |
| L Horowhenua Inflow at culv d/s Queen St | E | C | B |
| Queen Street Drain at L Horowhenua | E | C | A |

| | | | |
|--------------------------------------|---|---|---|
| Makomako Road Drain at L Horowhenua | E | C | A |
| Arawhata Drain at Hokio Beach Road | E | D | B |
| L Horowhenua Inflow at Hōkio Sand Rd | E | B | B |
| Hōkio at Lake Horowhenua | B | B | C |

Annex G: Health and Safety Risk Management Considerations for the Lake Horowhenua Accord Work.

Prepared by Dave Griffith, HR Development.

August 2018

Introduction

This document relates to the health and safety implications for the ongoing work done as part of the Lake Horowhenua Accord and Action Plan. This advice is from the viewpoint of Horizons Regional Council and its health and safety obligations towards its workers, other stakeholders' workers and the public. Work carried out under the Accord includes – fish pass construction; sediment traps; weed harvesting on the lake; agricultural impact reduction initiatives; water quality monitoring, lake bed analysis and plant nurseries.

Operational Challenges

Since the implementation of the Action Plan there has been increasing opposition to the work from some members of the community. Horizons workers have been subjected to actual physical violence, threats and intimidation. The work being carried for the improvement of the lake and its surrounds is a statutory obligation, reducing the ability to simply cease to do the work. While some the initiatives have been halted in the interests of the health and safety of workers, this has been considered a temporary measure. For the full work programme to commence again there would need to be additional risk management solutions put in place to protect workers and others from further violence and intimidation.

Governance – Health and Safety Perspective

Horizons Regional Council is a Person Conducting a Business or Undertaking (PCBU) under the *Health and Safety at Work Act 2015* (HSWA). As a PCBU, Horizons Regional Council has a primary duty of care to 'ensure so far as reasonably practicable, the health and safety of workers who work for the PCBU' and also 'that the health and safety of other persons is not put at risk from work carried out as part of the conduct of the business or undertaking'. Under the HSWA, workers are identified as employees, contractors, sub-contractors and some volunteers (where a volunteer is an integral part of the organisation).

The HSWA appoints Officers of the PCBU to take on the responsibility for achieving the primary duty of care. For Horizons, the Officers of the PCBU are the elected members and the Chief Executive. The Officers of the PCBU are given six due diligence obligations that demonstrate that they are meeting the requirements of the HSWA. In relation to the Lake Horowhenua Accord work, the most relevant due diligence obligation is 'to ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking'.

It is important to note that under the HSWA 'Health means physical and mental health'. Physical and mental health has equal standing when it comes to meeting our health and safety obligations and managing risk.

Operational Risk Management

The HSWA requires that 'a PCBU who manages or controls a workplace must ensure, so far as is reasonably practicable, that the workplace, the means of entering and exiting the workplace, and anything arising from the workplace are without risks to the health and safety of any person'. From an operational perspective, given the level of potential mental and physical harm that Horizons workers have been

subjected to, there needs to be additional consideration given to the controls in place for minimising risk when the work is carried out. The current controls, although extensive have failed to mitigate the potential for mental and physical harm to occur. If work is to be recommenced in some of the areas where it has been temporarily halted, then management must be confident that 'all reasonably practicable steps' have been put in place to prevent further harm.

Working with other PCBU's

Horizons has other options at its disposal for the delivery of the required services as part of the Lake Horowhenua Accord Work. They could directly engage contractors to carry out the work, or take a further step back and provide grant funding for other stakeholders to facilitate the work. In both cases Horizons cannot extract itself completely from its obligations under the HSWA. PCBU's working together on a piece of work or a work programme need to 'so far as is reasonably practicable, consult, co-operate with, and co-ordinate activities with all other PCBU's who have a duty in relation to the same matter'. This means all the PCBU's involved have a stake in meeting the primary duty of care for the health and safety of workers and other persons.

If Horizons is engaging others to complete the work on their behalf in place of Horizons employees, there will still be a requirement for them to consult, cooperate and coordinate with the PCBU's they are partnering with. This includes sharing information on the risks involved in the work and the agreeing the control measures that will prevent harm. Regardless of who carries out the work, Horizons will not be able to remove itself completely from its duty of care under the HSWA.

| | |
|---|--------|
| Report No. | 18-175 |
| Information Only - No Decision Required | |

PRESENTING HORIZONS REGIONAL COUNCILS' COUNCIL-CONTROLLED ORGANISATIONS' 2017-18 ANNUAL REPORTS

1. PURPOSE

- 1.1. The purpose of this report is to present three (out of 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

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. 18-175 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. The third **CCO** is a Charitable Trust incorporated in NZ under the Charitable Trusts Act 1957.
- 6.2. As part of the Local Government Act 2002, a **CCO** 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 and MWRDRF Trust have received their unmodified audit opinions by Audit NZ and the respective Boards have adopted their Annual Reports.
- 6.4. MW LASS has received a verbal unmodified audit opinion and is scheduled to adopt its annual report on 17 September 2018.
- 6.5. Horizons Regional Council has a fourth entity being MWRC Holdings Ltd. This is a **Council-Controlled Trading Organisation (CCTO)**. MWRC Holdings Ltd is still waiting for its final audit clearance. While it has received a verbal clearance at a local level, because of the complexities of CentrePort there it is still pending clearance of a technical nature from the Office of the Auditor General.

- 6.6. Currently MWRC Holdings Ltd is scheduled to adopt its Annual Report on 24 September 2018. Once adopted, the MWRC Holdings Annual Report will be placed on the hub for Council to view. This assumes the technical clearance has been issued from Audit NZ.
- 6.7. Attached are the final Annual Reports of RSHL, MW LASS and MWRDRF Trust.

7. SIGNIFICANCE

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

Leanne Macdonald
CHIEF FINANCIAL OFFICER

Craig Grant
GROUP MANGER
CORPORATE & GOVERNANCE

ANNEXES

- A MW LASS Ltd Annual Report 2018
B RSHL Annual Report 2018
C Disaster Relief Fund Trust Annual Report 2018



Annual Report

Manawatu-Wanganui LASS Ltd.
For the year ended 30 June 2018

Contents

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Entity Information

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

Legal Name of Entity

Manawatu-Wanganui 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.

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 2017-18 year MW LASS continued to offer the following shared services of:

Health and Safety, internal audit, debt collection and archiving for the region.

The debt collection unit has continued to grow and this year collected \$2.7million of debt. Four non-member councils enlisted their debt with the unit this year, taking the non-member councils currently engaging with the debt unit to seven.

Shared procurement has continued, the key areas being insurance, ERoads, shared valuation database and a portal collaboration.

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

Directors Report

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

State of Affairs

The year ended 30 June 2018 was the eighth full year of operations. The net result for the company was a surplus of \$35,574 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 | (5/5) | (Taranua District Council) |
| M.J.McCartney | (5/5) | (Horizons Regional Council) |
| A.R.McNeil | (5/5) | (Rangitikei District Council) |
| D.Clapperton | (3/5) | (Horowhenua District Council) |
| K.A.Fell | (4/5) | (Whanganui District Council) |
| C.A.Manley | (5/5) | (Ruapehu District Council) |
| C.N.O'Connell | (5/5) | (Independent) |
| R.G.Templer | (5/5) | (Manawatu District Council) |

Mr C.N. O'Connell, an independent Director, received remuneration of \$8,500 during the year (last year \$9,500). 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 Manawatu-Wanganui LASS Limited's financial statements and to assist the company to meet its objectives.

The Board of Directors of Manawatu-Wanganui 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 Manawatu-Wanganui LASS Limited for the year ended 30 June 2018.

Signed on behalf of the Board of Directors:

_____ M.J. McCartney

_____ A. McNeil

Date : 17 September 2018

Statement of Financial Performance

Manawatu-Wanganui LASS Ltd.
For the year ended 30 June 2018

| | NOTES | 2018 | 2017 |
|---|-------|------------------|------------------|
| Revenue | | | |
| Administrative Revenue | | | |
| Fixed Council Levies Income | | - | 87,817 |
| Interest Income | | 61 | 184 |
| Total Administrative Revenue | | 61 | 88,001 |
| Project Revenue | | | |
| Archives Central | 1 | 392,421 | 392,503 |
| Debt Management Central | 2 | 302,059 | 269,404 |
| Health & Safety | 3 | 132,973 | - |
| Internal Audit | 4 | 48,240 | - |
| Shared Services | 5 | 269,195 | 510,175 |
| Total Project Revenue | | 1,144,888 | 1,172,082 |
| Total Revenue | | 1,144,949 | 1,260,083 |
| Expenses | | | |
| Administrative Expenditure | | | |
| Accounting & Audit | | 18,459 | 16,367 |
| Administration, Accommodation & Travel National | | 4,244 | 814 |
| Advertising | | 180 | 120 |
| Bank Fees | | 150 | 232 |
| Board Expenses | | 12,217 | 13,507 |
| Executive Officer & Secretary | | 15,000 | 15,000 |
| Insurance | | 6,652 | 29,577 |
| Office Expenses | | 794 | - |
| Other Staff Costs | | 24,254 | 33,717 |
| Printing & Stationery | | 686 | 23 |
| Recruitment Expenses | | - | 4,350 |
| Sundry Expenses | | - | 3,525 |
| Motor Vehicle Expenses | | 417 | 529 |
| Total Administrative Expenditure | | 83,053 | 117,761 |
| Project Expenditure | | | |
| Archives Central | 1 | 360,926 | 352,231 |
| Debt Management Central | 2 | 247,222 | 236,279 |
| Health and Safety | 3 | 114,360 | - |
| Internal Audit | 4 | 68,662 | - |
| Shared Services | 5 | 230,026 | 549,557 |
| Total Project Expenditure | | 1,021,196 | 1,138,067 |
| Total Expenses | | 1,104,249 | 1,255,828 |
| Surplus/(Deficit) before Taxation | | 40,700 | 4,255 |

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

Statement of Financial Performance

| | NOTES | 2018 | 2017 |
|---|-------|---------------|--------------|
| Taxation | | | |
| Taxation | 6 | 5,126 | - |
| Surplus/(Deficit) after Taxation | | 35,574 | 4,255 |

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

Statement of Financial Position

Manawatu-Wanganui LASS Ltd.

As at 30 June 2018

| | NOTES | 30 JUN 2018 | 30 JUN 2017 |
|--|-------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| Bank Accounts and Cash | 7 | 174,522 | 61,074 |
| Debtors | 8 | 43,457 | 364,153 |
| Prepayments | | 61,764 | 61,471 |
| Goods and Services Tax | | 20,517 | - |
| Resident Withholding Tax Paid | | 17 | 49 |
| Total Current Assets | | 300,277 | 486,747 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | | | |
| Property Plant and Equipment at Cost | 9 | 178,029 | 104,310 |
| Less Accumulated Depreciation on Property, Plant and Equipment | 9 | (50,618) | (34,585) |
| Total Property, Plant and Equipment | | 127,411 | 69,725 |
| Total Non-Current Assets | | 127,411 | 69,725 |
| Total Assets | | 427,688 | 556,472 |
| Liabilities | | | |
| Current Liabilities | | | |
| Creditors and Accrued Expenses | 10 | 189,612 | 308,713 |
| Employee Entitlements | | 12,330 | 12,204 |
| Goods and Services Tax | | - | 36,647 |
| Income in Advance | | 49,267 | 49,267 |
| Debt Holding Account | 11 | 4,520 | 18,382 |
| Income Tax | 6 | 5,126 | - |
| Total Current Liabilities | | 260,855 | 425,213 |
| Total Liabilities | | 260,855 | 425,213 |
| Total Assets less Total Liabilities (Net Assets) | | 166,833 | 131,259 |
| Accumulated Funds | | | |
| Capital Contributed by Owners or Members | 12 | 112,000 | 112,000 |
| Accumulated Surpluses or (Deficits) | 12 | 54,833 | 19,259 |
| Total Accumulated Funds | | 166,833 | 131,259 |

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

Statement of Cash Flows

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

| | 2018 | 2017 |
|---|----------------|---------------|
| Cash Flows from Operating Activities | | |
| Receipts from providing goods or services | 1,409,303 | 1,261,069 |
| Interest, dividends and other investment receipts | 61 | 184 |
| GST | (20,106) | 49,844 |
| Payments to suppliers and employees | (1,205,345) | (1,300,244) |
| Sundry Revenue | 3,224 | 5,422 |
| Income Tax | 49 | (792) |
| Interest Withholding Tax Paid | (17) | (49) |
| Total Cash Flows from Operating Activities | 187,169 | 15,434 |
| Cash Flows from Investing and Financing Activities | | |
| Payments to acquire property, plant and equipment | (73,721) | (8,819) |
| Total Cash Flows from Investing and Financing Activities | (73,721) | (8,819) |
| Net Increase/ (Decrease) in Cash | 113,448 | 6,615 |
| Cash Balances | | |
| Cash and cash equivalents at beginning of period | 61,074 | 54,459 |
| Cash and cash equivalents at end of period | 174,522 | 61,074 |
| Net change in cash for period | 113,448 | 6,615 |

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

Statement of Accounting Policies

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

Reporting Entity

Manawatu-Wanganui 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 2018 and were authorised for issue by the Board of Directors on 17 September 2018

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.

Statement of Accounting Policies

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

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 ASS 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.

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

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

| | 2018 | 2017 |
|--|----------------|----------------|
| 1. Archives Central Project Revenue and Expenditure | | |
| Revenue | | |
| Copying Revenue | 88 | 507 |
| Levies Revenue | 370,265 | 378,256 |
| Rent Revenue | 18,844 | 13,180 |
| Sundry Revenue | 3,224 | 560 |
| Total Revenue | 392,421 | 392,503 |
| Expenditure | | |
| Conferences & Workshops | 751 | 212 |
| Consultants Expenses | 2,425 | 38 |
| Depreciation | 11,889 | 9,718 |
| IT | 19,415 | 11,380 |
| Meetings | - | 130 |
| Other Staff Costs | 7,446 | 4,640 |
| Packaging & Storage Items | 13,939 | 10,409 |
| Printing And Stationery | 4,762 | 7,295 |
| Property Expenses | 162,526 | 162,524 |
| Staff Costs | 135,565 | 142,773 |
| Subscriptions | 513 | 504 |
| Supplies | 1,660 | 1,516 |
| Tools & Equipment (Non Capital) | - | 715 |
| Vehicle Running Costs | 35 | 377 |
| Total Expenditure | 360,926 | 352,231 |
| | 2018 | 2017 |

| | | |
|---|----------------|----------------|
| 2. Debt Management Central Revenue and Expenditure | | |
| Revenue | | |
| Commission | 273,751 | 245,412 |
| Member Contributions | - | 22,000 |
| Sundry Income | 28,308 | 1,992 |
| Total Revenue | 302,059 | 269,404 |
| Expenditure | | |
| Bank Fees | 1,626 | 1,442 |
| Consulting & Agency Fees | 13,849 | 32,897 |
| Depreciation Expense | 4,145 | 4,145 |
| Furniture & Equipment | - | 1,158 |
| Information/Subscriptions Expense | 2,013 | 270 |
| IT/Computing Costs | 1,225 | 201 |
| IT Software | 3,895 | 5,538 |
| Management Overhead | 1,785 | 3,132 |

Notes to the Performance Report

| | | |
|---------------------------|----------------|----------------|
| Photocopying & Stationery | 9,193 | 9,921 |
| Staff Expenses | 170,098 | 164,865 |
| Sundry Expenses | 16 | 17 |
| Travel Costs | 794 | 786 |
| Vehicle Running | 890 | 1,591 |
| Telecommunications | 739 | 1,736 |
| Legal Proceedings Expense | 30,269 | - |
| Building Overhead | 6,685 | 8,580 |
| Total Expenditure | 247,222 | 236,279 |

2018 2017

3. Health and Safety Revenue and Expenditure**Revenue**

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

Expenditure

| | | |
|--------------------------|----------------|----------|
| Salary | 94,820 | - |
| Consultancy Expense | 16,387 | - |
| Printing And Stationery | 20 | - |
| Overheads | 3,133 | - |
| Total Expenditure | 114,360 | - |

2018 2017

4. Internal Audit**Revenue**

| | | |
|----------------------|---------------|----------|
| Service Fees | 48,240 | - |
| Total Revenue | 48,240 | - |

Expenditure

| | | |
|--------------------------|---------------|----------|
| Salary | 48,140 | - |
| Leave Expense | 8,099 | - |
| ACC Levies | 107 | - |
| Kiwisaver | 1,698 | - |
| Building Overhead | 2,748 | - |
| It/Computing Costs | 409 | - |
| Sundry Expenses | 3,843 | - |
| Telecommunications | 380 | - |
| Travel Costs | 2,790 | - |
| Vehicle Running | 448 | - |
| Total Expenditure | 68,662 | - |

2018 2017

5. Shared Services Project Revenue and Expenditure**Revenue**

| | | |
|---------------------------------|--------|--------|
| Acuity Database Services Income | 25,788 | 25,788 |
|---------------------------------|--------|--------|

Notes to the Performance Report

| | | |
|--|----------------|----------------|
| Aerial Photography Income | - | 70,244 |
| Collaboration Portal Revenue | 28,000 | 11,667 |
| Eroads - Revenue | 88,663 | 82,912 |
| Health & Safety Project Income | - | 54,933 |
| Regional Procurement Project Income | 2,667 | 7,625 |
| Shared Services Income - Members | (1,715) | 145,210 |
| Shared Valuation Database - Members Income | 59,120 | 59,120 |
| Shared Valuation Database - Non Members Income | 63,093 | 52,676 |
| Sundry Expense Reimbursement | 1,950 | - |
| Sundry Revenue | 1,629 | - |
| Total Revenue | 269,195 | 510,175 |

Expenditure

| | | |
|---------------------------------------|----------------|----------------|
| Share Services Expenses | - | 145,210 |
| Shared Valuation Database Expenses | 59,120 | 59,120 |
| Acuity Database Services Expenses | 51,576 | 51,576 |
| Aerial Photography Expenses | - | 136,514 |
| Collaboration Portal Expenses | 28,000 | 11,667 |
| Eroads - Expense | 88,663 | 82,912 |
| Health & Safety Project Expenses | - | 54,933 |
| Regional Procurement Project Expenses | 2,667 | 7,625 |
| Total Expenditure | 230,026 | 549,557 |

2018 2017

6. Income Tax Liability

Income Tax

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

Relationship between Current Income Tax Expense and Accounting Surplus

Net Surplus/(deficit) before Tax

| | | |
|---|---------------|--------------|
| Current Year Earnings | 40,700 | 4,255 |
| Total Net Surplus/(deficit) before Tax | 40,700 | 4,255 |

Total Relationship between Current Income Tax Expense and Accounting Surplus (40,700) (4,255)

| | | |
|--|---------|----------|
| Tax at 28% | 11,396 | 1,191 |
| Plus/(Less) Tax effects of Temporary adjustments | (2,395) | 17,591 |
| Plus/(Less) Tax effects of unrecognised tax losses | (3,875) | (18,782) |

Current Income Tax Expense

| | | |
|---|--------------|----------|
| Current Income Tax Expense | 5,126 | - |
| Total Current Income Tax Expense | 5,126 | - |

All tax losses carried forward from the prior year of \$13,838 have been utilised and offset against the taxable income.

2018 2017

7. Bank Accounts and Cash

| | | |
|--------------|--------|--------|
| Call Account | 90,458 | 23,214 |
|--------------|--------|--------|

Notes to the Performance Report

| | | |
|-------------------------------------|----------------|---------------|
| Cheque Account | 79,452 | 19,265 |
| Debt Recovery Account | 4,462 | 18,445 |
| Petty Cash Account | 150 | 150 |
| Total Bank Accounts and Cash | 174,522 | 61,074 |
| | 2018 | 2017 |

8. Trade and Other Receivables

| | | |
|--|---------------|----------------|
| Accounts Receivable | 43,457 | 343,616 |
| Accrued Revenues | - | 20,537 |
| Total Trade and Other Receivables | 43,457 | 364,153 |

The Accounts Receivable figure includes \$32,164.01 of Related Parties (last year \$336,269)

9. Property, Plant and Equipment

| | Furniture and Fittings | Computer and Software | Other Assets | Total |
|---|-------------------------------|------------------------------|---------------------|----------------|
| Carrying amount as of 1 July 2017 | 47,341 | 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 |

| | Furniture and Fittings | Computer and Software | Other Assets | Total |
|---|-------------------------------|------------------------------|---------------------|---------------|
| Carrying amount as of 1 July 2016 | 48,544 | 29,700 | 3,259 | 81,503 |
| Additions | 2,084 | 6,069 | - | 8,153 |
| Work In Progress | - | (6,069) | - | (6,069) |
| Disposals (net of accumulated depreciation) | - | - | - | - |
| Depreciation Expense | (3,207) | (9,937) | (638) | (13,863) |
| Carrying amount as of 30 June 2017 | 47,341 | 19,763 | 2,621 | 69,724 |

2018 **2017**

10. Creditors and accrued expenses

| | | |
|---|----------------|----------------|
| Accounts Payable | 176,272 | 177,190 |
| Accrued Expenses | 13,340 | 131,523 |
| Total Creditors and accrued expenses | 189,612 | 308,713 |

Notes to the Performance Report

11. Debt Holding Account

The Debt Holding Account of \$4,520 (last year \$18,382) 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. \$3,704 (last year \$9,170) is held on hand for related parties.

| | 2018 | 2017 |
|---|----------------|----------------|
| 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 | 19,259 | 15,004 |
| Accumulated surpluses or (deficits) | 35,574 | 4,255 |
| Total Accumulated Funds | 54,833 | 19,259 |
| Total Equity | 166,833 | 131,259 |

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.

| | 2018 | 2017 |
|--|------------------|------------------|
| 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 | 566,304 | 699,552 |
| Total Commitments to lease or rent assets | 1,232,544 | 1,365,792 |

As at balance date MW LASS Ltd. has an operating lease commitment as Lessee totalling \$1,232,544 covering the balance of a 15 year lease of Feilding premises from the Manawatu District Council for the MW LASS Ltd. building, (Last year \$1,365,792). This commitment is summarised in the table above.

15. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2018 (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 \$8,688 (last year \$8,553) for the 2017-2018 annual report and accounts.

Statement of Intent

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

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

(At the Directors' meeting on 23 May 2016, it was resolved that all member Councils confirm the exemption of Manawatu-Wanganui LASS Limited from being a Council Controlled Organisation (CCO) for a further three years to 30 June 2019.)

Regional Software Holdings Limited
Annual Report Including Financial
Statements

For the Year Ended 30 June 2018

**Regional Software Holdings Limited
For the Year Ended 30 June 2018****CONTENTS**

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Regional Software Holdings Limited

Entity Information for the Year Ended 30 June 2018

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 2018

Regional Software Holdings Limited's Director's Report

On behalf of RSHL, and the six regional council shareholders, it is our pleasure to present the Company's 2017/2018 Annual Report.

RSHL is a major shared services 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. It 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 leading edge software solution (IRIS) for the regional council specific functions undertaken by those councils. The development project has been a remarkable success with the project being delivered to specification and within budget.

The 2017/2018 year was a busy and productive period for RSHL and the six councils. The year involved continuing to drive council implementations and the subsequent operational benefits and efficiencies.

RSHL's Advisory Group spent considerable time and effort developing the work programme for 2017/2018 as well as the roadmap for the ongoing development and enhancement of IRIS. A technology roadmap for all the underlying components of the IRIS solution was completed, ensuring that we have a sound understanding of the investment and activity required to keep the IRIS solution maintained and relevant from a technology perspective. Regional Software Holdings Ltd has delivered on the roadmap for 2017/2018. Regional Software Holdings Ltd is well placed and committed to keeping the IRIS offering up to date from a technical point of view and fit for purpose for all external and internal users.

Noting that, RSHL is committed to keeping the IRIS product and the underlying technology up to date and delivering on the needs of shareholders and customers alike, over the medium term, there is a need to undertake a reinvestment in the IRIS product to ensure the underlying technology remains current. This work may involve some additional investment in future years. The Company will work with shareholders and customers to ensure there is a clear understanding of what is being proposed to be undertaken, why it is being undertaken and the likely financial implications.

Six releases of new functionality were delivered over the year with a total of 11 major enhancements and 21 minor enhancements. The focus through the year has increasingly been on ensuring that our underlying technology platform remains current and fit for purpose.

Financially, the company is in a sound position as planned. The IRIS assets have been recognized in the financial statements. 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.

RSHL faces a number of opportunities going forward. In particular the Company continues to look to grow the number of IRIS users in other regional councils. RSHL has approached a number of other

regional councils to attract them as either shareholders or customers. This year RSHL has worked very closely and intensively with Hawke's Bay Regional Council (HBRC) in their implementation of IRIS. Whilst there have been challenges, the implementation has progressed well and the Company looks forward to HBRC going live with their implementation.

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 operationally and financially used for the betterment of the regional council community. This has resulted in the Regional Council Collaboration (ReCoCo) initiative. ReCoCo has been established to facilitate unitary and regional councils entering into collaboration initiatives where there are overlapping or shared objectives, covering areas of common interest or joint responsibility. The delivery vehicle that will be used to facilitate and administer ReCoCo is Regional Software Holdings Ltd. This exciting opportunity will allow the regional council sector to invest in new technologies that, as individual councils, would not be viable. ReCoCo will be, at worst fiscally neutral, and potentially cost-saving to Regional Software Holdings Ltd.

The success of IRIS and RSHL 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. It is a pleasure to record our appreciation to all involved. Mr Asbjorn Aakjaer has joined the Board as an independent director. We are already seeing and valuing Asbjorn's contribution to the Board. We thank all current and past Directors and Staff for their contributions.

The outlook for RSHL 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:

| | 2017-18 | | 2016-17 | |
|----------------------------------|---------------|----------|--------------|----------|
| | Remuneration | Benefits | Remuneration | Benefits |
| MD Garrett | - | - | - | - |
| LJ Gibbs | - | - | - | - |
| MC Nicolson | - | - | - | - |
| MJ Nield | - | - | - | - |
| NC Selman | - | - | - | - |
| GP Shirley | - | - | - | - |
| A Aakjaer (Independent Director) | 17,500 | - | - | - |
| Total Remuneration | 17,500 | - | - | - |

Interest Register

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

| Director | Organisation | Interest |
|-------------|---------------------------------------|------------------------|
| MD Garrett | G & G Properties (2008) Limited | Director & Shareholder |
| | Golden Cross Trust | Trustee |
| | Newmont Waihi Gold Water Rights Trust | Trustee |
| MC Nicolson | Hawk Hill Estates Limited | Director |
| | The Masters Group Holdings Limited | Director |
| MJ Nield | Taranaki Stadium Trust | Trustee |
| NC Selman | Real Estate Financial Services Ltd | Director & Shareholder |
| | Left Brain Creations Ltd | Director & Shareholder |
| | Market South Ltd | Director & Shareholder |
| A Aakjaer | Aakjaer Trustee Company Ltd | Director & Shareholder |
| | Negotiate Limited | Director & Shareholder |
| | Ice Bear Holdings Ltd | Director & Shareholder |
| | Waikato Regional Council | Consultant |

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 2018.

Signed on behalf of the Board of Directors:



MJ Nield – Chairman
Date:



Ged Shirley - Director
Date:

**Regional Software Holdings Limited
Statement of Financial Performance
For the Year Ended 30 June 2018**

| | Note | Actual 2017-18 | Budget 2017-18 | Actual 2016-17 |
|-------------------------------------|------|-------------------|-------------------|-------------------|
| Income | | | | |
| Members Contributions | 1 | 1,151,350 | 1,098,534 | 1,047,581 |
| Interest Income | | 277 | | 571 |
| Other Income | 2 | 77,255 | 58,905 | 77,648 |
| Total Income | | 1,228,882 | 1,157,439 | 1,125,800 |
| Expenses | | | | |
| Administration Costs | 3 | 42,870 | 46,029 | 34,000 |
| Audit Fees | | 5,250 | 5,237 | 5,189 |
| Datacom Support Services | | 278,468 | 203,205 | 260,720 |
| Environmental Charges | | 9,476 | 13,303 | 10,297 |
| Implementation Costs | | 19,505 | - | 19,898 |
| Management Fees | | 148,773 | 120,454 | 121,102 |
| External Director Fees | | 18,627 | 30,000 | - |
| Other Direct Software Expenses | | 68,041 | 58,905 | 57,750 |
| Depreciation | 7 | 740,460 | 680,306 | 688,589 |
| Total Expenses | | 1,331,470 | 1,157,439 | 1,197,545 |
| Surplus/(Deficit) Before Tax | | (102,588) | - | (71,745) |
| Income Tax Expense | 4 | - | - | - |
| Surplus/(Deficit) After Tax | | (102,588) | - | (71,745) |

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 2018**

| | Note | Actual 2017-18 | Budget 2017-18 | Actual 2016-17 |
|----------------------------------|------|-------------------|-------------------|-------------------|
| Assets | | | | |
| Current Assets | | | | |
| Bank Accounts and Cash | 5 | 305,693 | 161,702 | 353,075 |
| Debtors and Prepayments | 6 | 6,317 | - | 22,882 |
| GST Receivable | | 33,237 | - | 6,547 |
| Withholding Tax Paid | | 94 | - | 186 |
| Total Current Assets | | 345,341 | 161,702 | 382,690 |
| Non Current Assets | | | | |
| Property, Plant and Equipment | 7 | 5,025,893 | 5,214,781 | 5,102,358 |
| Total Non Current Assets | | 5,025,893 | 5,214,781 | 5,102,358 |
| Total Assets | | 5,371,234 | 5,376,483 | 5,485,048 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Creditors and Accrued Expenses | 8 | 166,199 | - | 177,426 |
| GST Payable | | - | - | - |
| Total Current Liabilities | | 166,199 | - | 177,426 |
| Total Liabilities | | 166,199 | - | 177,426 |
| Net Assets | 9 | 5,205,035 | 5,376,483 | 5,307,622 |
| Represented By: | | | | |
| Equity | | | | |
| Equity | 9 | 5,149,150 | 5,149,150 | 5,149,150 |
| Retained Earnings | 9 | 55,885 | 227,333 | 158,472 |
| Total Equity | | 5,205,035 | 5,376,483 | 5,307,622 |

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 2018

| | Note | Actual 2017-18 | Budget 2017- 18 | Actual 2016-17 |
|---|------|-------------------|--------------------|-------------------|
| Cashflows from Operating Activities | | | | |
| Cash was provided from: | | | | |
| Receipts from Members | | 1,148,084 | 1,098,534 | 1,047,581 |
| Interest | | 277 | | 571 |
| Other Income | | 94,926 | 58,905 | 57,750 |
| Tax Refunds Received | | - | - | 848 |
| Total Operating Receipts | | 1,243,288 | 1,157,439 | 1,106,751 |
| Cash was applied to: | | | | |
| Payments to Suppliers | | (503,931) | (477,133) | (417,963) |
| Net GST Movement | | (26,111) | | 40,608 |
| Total Operating Payments | | (530,042) | (477,133) | (377,355) |
| Net cash from operating | | 713,246 | 680,305 | 729,396 |
| Cashflow from Investing Activities | | | | |
| Cash was applied to: | | | | |
| Purchase of Fixed/Intangible Assets | | (760,628) | (690,688) | (573,080) |
| Term deposits | | - | - | - |
| Total Investment Payments | | (760,628) | (690,688) | (573,080) |
| Net cash from investing | | (760,628) | (690,688) | (573,080) |
| Cashflow from Financing Activities | | | | |
| Cash was provided from: | | | | |
| Capital raised | | - | - | - |
| Total Financing Receipts | | - | - | - |
| Cash was applied to: | | | | |
| Dividends | | - | - | - |
| Total Financing Payments | | - | - | - |
| Net cash from financing | | - | - | - |
| Net increase (decrease) in cashflow for the year | | (47,382) | (10,382) | 156,316 |
| Opening Cash Balance | | 353,075 | 172,084 | 196,759 |
| Closing Cash Balance | | 305,693 | 161,702 | 353,075 |
| Made up of: | | | | |
| Westpac Current Account | | 141,786 | 25,000 | 68,290 |
| Westpac Online Saver Account | | 163,907 | 136,702 | 284,785 |
| | | 305,693 | 161,702 | 353,075 |

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 2018

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 2018, and were authorised for issue by the Board of Directors on 22 August 2018.

Public Benefit Entity Simple Format Reporting

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.

Basis of Preparation of the Financial Statements

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 RSHL 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 New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared in accordance with Tier 3 Public Benefit Entity (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 RSHL is New Zealand dollars.

Changes in Accounting Policies

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

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.

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.

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 net 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.

Property, Plant and Equipment

Software acquisition and development

Costs that are directly associated with the development of the IRIS software suite 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 useful life and associated depreciation rate for the IRIS software suite is 10 years and 10%.

Where software in this category 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.

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.

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, no staff were employed by RSHL. The audit fee for the period is expected to be \$5,250 (GST exclusive) paid to Audit New Zealand.

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.

Notes to the Financial Statements for the Year Ended 30 June 2018

1. Members Contributions

Statement of Intent set the member contributions to be \$1,098,534.

| | 2017-18 | 2016-17 |
|---------------------------------------|------------------|------------------|
| Members Contributions as per SOI | 1,098,534 | 1,047,581 |
| Subsequently agreed contributions | | |
| E-Learning Software Purchase | 42,525 | |
| E-Learning Software Monthly Licencing | 9,991 | |
| Total Member Contributions | 1,151,350 | 1,047,581 |

2. Other Income

| | 2017-18 | 2016-17 |
|--|---------------|---------------|
| Recovery of other direct software expenses | 57,750 | 57,750 |
| Hawkes Bay Regional Council Reimbursements | 19,505 | 19,898 |
| Total Other Income | 77,255 | 77,648 |

3. Administration Costs

| | 2017-18 | 2016-17 |
|-------------------------------------|---------------|---------------|
| Administration Support | 1,851 | 25,777 |
| Accounting & Technical Support | 35,667 | 6,314 |
| Insurance | 1,970 | 1,785 |
| External Contractors | 2,933 | - |
| Legal Expenses | 315 | - |
| Bank Fees | 134 | 124 |
| Total Administration Support | 42,870 | 34,000 |

4. Income Tax

| | 2017-18 | 2016-17 |
|---|----------|----------|
| 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 | (102,588) | (71,745) |
| Tax at 28% | (28,725) | (20,089) |
| Plus/(Less) tax effects of: | | |
| Temporary differences | 36,587 | (17,361) |
| Non-deductible expenses | - | - |
| Tax losses not recognised | (7,862) | (37,450) |
| Income Tax Expense | - | - |

Unused tax losses of \$3,778,166 (2017; \$3,805,247) are available to carry forward and offset against future taxable income.

5. Bank Accounts and Cash

| | 2017-18 | 2016-17 |
|-------------------------------------|----------------|----------------|
| Current Account | 141,786 | 68,290 |
| Savings Account | 163,907 | 284,785 |
| Total Bank Accounts and Cash | 305,693 | 353,075 |

6. Debtors and Accrued Expenses

| | 2017-18 | 2016-17 |
|--|--------------|---------------|
| Debtors | 6,317 | 22,882 |
| Prepayments | - | - |
| Total Debtors & Prepayments | 6,317 | 22,882 |

7. Property, Plant and Equipment

IRIS Software Intellectual Property

| | |
|--|------------------|
| Carrying amount as of 01 July 2016 | 5,284,399 |
| Additions | 183,604 |
| Work in Progress | 403,387 |
| Disposals (net of accumulated depreciation) | - |
| Depreciation Expense | (688,589) |
| Work in Progress written off/impaired | (85,641) |
| IRIS Carrying Amount as of 30 June 2017 | 5,097,160 |

E-learning Software

| | |
|--|--------------|
| Additions | - |
| Work in Progress | 5,198 |
| E-Learning Carrying Amount as of 30 June 2017 | 5,198 |

Total Asset Carrying Amount as of 30 June 2017 **5,102,358**

| | |
|--|------------------|
| Carrying amount as of 01 July 2017 | 5,097,160 |
| Additions | 426,340 |
| Work in Progress | 281,100 |
| Depreciation Expense | (737,625) |
| Work in Progress written off/impaired | (80,772) |
| IRIS Carrying Amount as of 30 June 2018 | 4,986,203 |

At balance date the work in progress value of the IRIS Asset is \$352,572 (2017: \$430,251) with \$704,617 capitalised during the year.

E-learning Software

| | |
|--|---------------|
| Carrying amount as of 01 July 2017 | 5,198 |
| Additions | 37,327 |
| Depreciation Expense | (2,835) |
| E-Learning Carrying Amount as of 30 June 2018 | 39,690 |

Total Asset Carrying Amount as of 30 June 2018 **5,025,893**

8. Creditors and Accrued Expenses

| | 2017-18 | 2016-17 |
|--|----------------|----------------|
| Creditors | 160,069 | 172,237 |
| Accrued Expense - Audit New Zealand | 5,250 | 5,189 |
| Accrued Expense – Environment charge Feb 18 | 839 | - |
| Accrued Expense – Xero Software subscription June 2018 | 41 | - |
| Total Creditors and Accrued Expenses | 166,199 | 177,426 |

9. Equity

| | 2017-18 | 2016-17 |
|--------------------------------|------------------|------------------|
| Contributed Capital | | |
| Balance at 01 July | 5,149,150 | 5,149,150 |
| Capital Contribution | - | - |
| Balance at 30 June | 5,149,150 | 5,149,150 |
| Accumulated Surpluses | | |
| Balance at 01 July | 158,472 | 230,217 |
| Surplus/(Deficit) for the year | (102,588) | (71,745) |
| Balance at 30 June | 55,884 | 158,472 |
| Total Equity | 5,205,035 | 5,307,622 |

There are 10,000 shares which have been fully called to the value of \$515.00. Share capital is currently \$5,149,150.

.10. Commitments

There are the following commitments at balance date (2017: Major Enhancements \$87,629, Minor enhancements \$14,460).

| | Balance Committed |
|--|------------------------------|
| Major Enhancement Commitments – Datacom | |
| MAJ037 – Legislative changes to RMA | 10,320 |
| MAJ042A – Online service renewals consolidation (Part A) | 5,338 |
| MAJ042B – Online service renewals consolidation (Part B) | 71,035 |
| MAJ039 - Map component detailed design | 3,375 |
| MAJ040 – Mobile mapping enhancements (points, lines, polygons) | <u>2,863</u> |
| Total Commitments | <u>92,931</u> |

There are no outstanding commitments for Minor Enhancements as at 30 June 2018.

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 | 2017/18 (Incl GST) | 2016/17 (Incl GST) | Description of services |
|----------------------------|--------|-----------------------|-----------------------|--|
| Waikato Regional Council | 32.75% | 166,317 | 142,609 | Management fees |
| Horizons Regional Council | 15.50% | 13,912 | 28,662 | Accounting support costs |
| Northland Regional Council | 16.75% | 895 | - | Reimbursement of Advisory Chair travel costs |
| Southland Regional Council | 15.50% | 42,795 | - | Reimbursement of duplicate payment received |
| Taranaki Regional Council | 15.50% | 1,276 | - | Reimbursement of Board Chair Travel and Parking |
| Waikato Regional Council | 32.75% | 17,850 | 9,929 | IRIS Implementation Costs |
| Horizons Regional Council | 15.50% | 197 | | IRIS Implementation Costs |
| Northland Regional Council | 16.75% | 3,540 | 11,550 | IRIS Implementation Costs |
| Taranaki Regional Council | 15.50% | 845 | 1,403 | IRIS Implementation Costs |

Total services purchased for IRIS implementation of \$22,431 (Incl GST) (2017: \$22,882 (Incl GST)) were on-charged to Hawkes Bay Regional Council (non-related party).

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 | 1,151,350 | 1,098,534 | 52,816 | 5% | Members contributions were exactly as per the SOI, however subsequent agreement to fund new software purchase and licencing (non IRIS) resulted in additional contributions |
| Other Income | 77,255 | 58,905 | 18,350 | 31% | Budget does not factor in reimbursement for implementation costs incurred with the Hawkes Bay Regional Council Implementation project of \$19,505. The remainder of the small variance is the allowance for inflation on the contract price for the external software which was not incurred. |

| | | | | | |
|--|-----------|-----------|-----------|-------|--|
| Administration Costs | 42,870 | 46,028 | (3,158) | (7%) | The administrative services costs associated with the service provided by Horizons were lower than budgeted. |
| Audit and Other Fees | 5,250 | 5,237 | 13 | 0% | Minor variance between estimated charge and agreed charge. |
| DATAKOM Support Services | 278,468 | 203,205 | 75,263 | 37% | Reflects impact \$80,772 worth of impaired of work in progress, Offset by costs of deployment being capitalised. |
| Environmental Charges | 9,476 | 13,303 | (3,827) | (29%) | Budget reflected an expected increase in price which did not occur. |
| Management Fees | 148,773 | 120,454 | 28,319 | 24% | Higher costs due to increased activity including investigating ReCoco requirements and responding to potential customer enquiries. |
| Implementation costs | 19,505 | 0 | 19,505 | | Implementation costs incurred for Hawkes Bay Regional Council, resulted in unbudgeted costs, entirely offset by reimbursement in other revenue. |
| Independent Director | 18,627 | 30,000 | (11,373) | (38%) | Independent Director appointed in November so costs prorated combined with some travel reimbursement. Budget assumed full year of Director Fees. |
| Other Direct Software Expenses | 68,041 | 58,905 | 9,136 | 16% | Costs incurred for additional licencing fully offset by additional revenue. |
| Depreciation | 740,460 | 680,306 | 60,154 | 9% | Higher capitalisation occurred during the year than was expected. |
| Statement of Financial Position | | | | | |
| Bank Accounts and Cash | 305,693 | 161,702 | 143,991 | 89% | Opening cash balance commenced higher than budget. |
| GST Receivables | 33,237 | - | 33,237 | | Timing budget does not account for receivables. |
| Property, Plant and Equipment | 5,025,893 | 5,214,784 | (188,888) | (4%) | Reflects the impact of \$80,772 of capital work in progress costs being impaired as the future economic benefits associated with them would not flow to RSHL , combined with the |

| | | | | | underspend in capital development budget. |
|----------------------------------|-----------|-----------|--------|-----|--|
| Statement of Cash Flow | | | | | |
| Total Operating Receipts | 1,243,288 | 1,157,439 | 85,848 | 7% | Higher member contributions due to agreement to fund the purchase of some non IRIS software and licencing. Combined with reimbursement of costs from Hawkes Bay Regional Council implementation. |
| Total Operating Payments | 530,042 | 477,133 | 52,909 | 11% | Additional licencing costs for Non IRIS software combined with Hawkes Bay Regional Council Implementation and additional management fees. |
| Total Investment Payments | 760,628 | 690,688 | 69,940 | 10% | E-Learning & Cognise licencing was not budgeted. This was funded by additional shareholder contributions. |

15. Statement of Performance Targets for 2017-18

| Performance target | Level of Achievement | | Comment |
|--|----------------------|--------------|--|
| | 2017-18 | 2016-17 | |
| Non-Financial | | | |
| RSHL Advisory Group meets regularly & is effective (Self-assessed by the Advisory Group, compared to expectations in the Terms of Reference for the Advisory Group). | Achieved | Achieved | The Advisory Group (AG) has continued to operate in an effective and constructive manner throughout the year, and in line with the expectations in the Terms of Reference. The AG met every month by video conference. Four in-person meetings were also held across the year. |
| A robust and consistent process operates to develop, approve, communicate and refine the annual roadmap for RSHL major enhancement projects. | Achieved | Achieved | The major enhancements roadmap for 2017/18 was developed and approved by the Advisory Group. |
| Major Enhancement projects identified on the Annual Roadmap are completed on time and within budget. | Achieved | Achieved | There were eight major enhancement projects on the annual road map for 2017/18. Seven of these were completed within budget and as scheduled during 2017/18 and the remaining project is in progress and due to be completed as scheduled on the annual road map in 2018/19. |
| Budgets and processes for support and minor enhancements are effectively managed. (Assessed by the Advisory Group) | Achieved | Achieved | The minor enhancements and support budgets were fully consumed. |
| User (non-IT) participation in RSHL management and development processes is increased. (Measured by membership of formal RSHL groups). | Achieved | Not Achieved | Users continue to collaborate and participate in RSHL through the User Groups. As noted in minutes of Advisory Group Meeting 21 June 2018: <ul style="list-style-type: none"> • There has been user participation in the Wednesday fortnightly meetings to provide feedback on development features throughout the year. • Development of MAJ42 (RMA changes) involved consent representatives from each of the seven participating Councils. |

| Performance target | Level of Achievement | | Comment |
|--|----------------------|--------------------|---|
| Reporting and Payments (Section 9.3 of Business Plan) are completed on time. | Partially Achieved | Partially Achieved | The reporting and payments timetable has largely been met, with the exception of the revised Business Plan which did not pass through a formal approval process within the timeframe set out in the reporting timetable. |
| Consider a new service area or areas outside of the current scope of IRIS ¹ . | Achieved | Achieved | RSHL has been established as the 'delivery vehicle' for collaborative and cross-sector projects as part of the Regional Council Collaboration initiative (ReCoCo). |
| An independent director will be appointed to the Board by December 2017 | Achieved | New Measure | New director Asbjorn Aakjaer appointed 30 November 2017 |
| Financial | 2017-18 | 2016-17 | |
| RSHL will operate within 5% (plus or minus) of its overall annual budget. | Not Achieved | Achieved | Revenue was 6% higher than budget, Total expenditure is 15% higher than budget. Additional Depreciation is the main driver of the expenditure variance, additional licensing and implementation costs were fully offset by additional revenue. There were unbudgeted prior year work in progress write offs which contributed to 7% of the expenditure increase. See note 14 for more variance analysis. |
| Annual charges will be kept to a maximum of 2% increase year on year | Achieved | New Measure | Although the 2% threshold from member contributions has been exceeded, the annual charges stated in the Statement of Intent has been achieved. |
| Growth | 2017-18 | 2016-17 | |
| Respond to requests from Councils with the intent of adding one further Council to IRIS as a shareholder or customer by end of 2018. | Achieved | Achieved | Hawke's Bay Regional Council (HBRC) are currently implementing IRIS as a customer of RSHL, with the first phase of their implementation due to go live in November 2018. RSHL has also responded to an expression of interest from another regional council and is currently in discussion around their intent to implement IRIS and join the RSHL collaboration group. |

¹ Consider does not mean commit to do, but to identify & evaluate one or more opportunities

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 2018

The Auditor-General is the auditor of Regional Software Holdings Limited (the company). The Auditor-General has appointed me, Clint Ramoo, 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 6 to 17, that comprise the statement of financial position as at 30 June 2018, 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 18 to 19.

In our opinion:

- the financial statements of the company on pages 6 to 17:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; 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) stand (; and
- the performance information of the company on pages 18 to 19 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 2018.

Our audit was completed on 22 August 2018. 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 5, 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.



Clint Ramoo
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Manawatu Wanganui Regional Disaster Relief Fund Trust

**Financial Statements
for the year ended
30 June 2018**

Manawatu-Wanganui Regional Disaster Relief Fund Trust
Annual Report for the year ending 30 June 2018

It is with pleasure that I present the Annual Report for the Manawatu-Wanganui Regional Disaster Relief Fund Trust for the year ending 30 June 2018.

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.

Last year 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 a year, and all accounting, including the preparation of the Annual Report is now completed by the team of Horizons Regional Council.

As of 30 June 2018, the Trust has a reserve of \$77,518, which includes interest earned during 2017-18 of \$2,158.

A handwritten signature in blue ink, appearing to read 'Bruce Gordon'.

Bruce Gordon
Chair

Dated: 4 September 2018

MANAWATU-WANGANUI REGIONAL DISASTER RELIEF FUND TRUST

Statement of entity information for the year ended 30 June 2018

- 1. Reporting entity**
Manawatu-Wanganui 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-Wanganui region but is exempted under s.7(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-Wanganui region and is effective for a further 3 years from 25 August 2015. 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-Wanganui 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 in 2018 and no further claims relating to the 2015 June flood event.




**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018**

| | Note | Actual 2018 | Actual 2017 |
|----------------------------------|------|----------------|----------------|
| Revenue | | \$ | \$ |
| Interest | | 2,158 | 2,110 |
| Council funding | | 0 | 0 |
| Crown funding | | 0 | 0 |
| Other grants and donations | 3 | 2,034 | 5,969 |
| Total revenue | | 4,192 | 8,079 |
| Expenses | | | |
| Grants | | 0 | 0 |
| Administration and miscellaneous | | 50 | 101 |
| Audit fees | | 2,061 | 2,034 |
| Total expenses | | 2,111 | 2,135 |
| Surplus (Deficit) | | 2,081 | 5,944 |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

| | Actual 2018 | Actual 2017 |
|---|----------------|----------------|
| | \$ | \$ |
| Balance at 1 July | 73,437 | 67,493 |
| Surplus (deficit) for the year | 2,081 | 5,944 |
| Total recognised revenue for the year ended 30 June | 2,081 | 5,944 |
| Balance at 30 June | 75,518 | 73,437 |

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



STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

| | | Actual 2018 | Actual 2017 |
|---|---|----------------|----------------|
| | | \$ | \$ |
| Assets | | | |
| Current Assets | | | |
| Bank accounts and cash | | 11,317 | 11,189 |
| Investments | 2 | 66,095 | 64,118 |
| Interest accrual | | 217 | 213 |
| Total Assets | | 77,629 | 75,520 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | | 2,111 | 2,083 |
| Total Liabilities | | 2,111 | 2,083 |
| Total Assets less Total Liabilities | | 75,518 | 73,437 |
| Trust Equity | | | |
| Contributed Capital and accumulated surpluses | | 75,518 | 73,437 |
| Total Trust Equity | | 75,518 | 73,437 |

Bruce Gordon
Chairperson



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



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

| | Actual 2018 | Actual 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Council funding received | 0 | 0 |
| Crown funding received | 0 | 0 |
| Other grants/donations received | 0 | 92 |
| Interest received | 2,154 | 2,121 |
| Grants paid | 0 | 0 |
| General operating expenses | (50) | (101) |
| Net cash flow from operating activities | 2,104 | 2,112 |
| Cash flows from investing activities | | |
| Maturity of term investments | 176,794 | 171,506 |
| Purchase of term investments | (178,770) | (173,413) |
| Net cash flow from investing activities | (1,976) | (1,907) |
| Net increase/(decrease) in cash for the year | 128 | 205 |
| Bank accounts and cash at beginning of the year | 11,189 | 10,984 |
| Bank accounts and cash at end of the year | 11,317 | 11,189 |

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



MANAWATU-WANGANUI REGIONAL DISASTER RELIEF FUND TRUST
Statement of accounting policies for the year ended 30 June 2018

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-WANGANUI REGIONAL DISASTER RELIEF FUND TRUST

Notes to the Financial Statements

1 Related party transactions

The Trust received a payment of \$2,034 from related parties toward the audit (see note 3) (\$5,969: 2017).

There were no distributions made to related parties in 2018. (Nil: 2017).

2 Funds held for specific purposes

The investments balance of \$66,095 includes \$5,000 which can only be used for a specified purpose as outlined when received by the Trust. (\$64,118; \$5,000: 2017)

3 Grants received

During the year the Trust received grants totaling \$2,034 from the Councils in the region to pay the annual audit fee for the year ended 30 June 2017. (\$5,877: 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.

A A

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 2018

The Auditor-General is the auditor of the 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 3 to 7, that comprise the statement of financial position as at 30 June 2018, 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 3 to 7:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; 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 4 September 2018. 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 trust and our responsibilities relating to the financial statements 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 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 Trust are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to wind-up the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustee's 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 1 to 2, 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.

A handwritten signature in black ink that reads "Andrew Clark".

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

| | |
|--|--------|
| Report No. | 18-176 |
| Information Only - No Decision Required | |

AFFIXING OF THE COMMON SEAL

1. PURPOSE

- 1.1. This paper reports on documents to which Horizons Regional Council's Common Seal has been affixed.

2. RECOMMENDATION

That the Council:

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

3. FINANCIAL IMPACT

- 3.1. There is no additional financial impact.

4. COMMUNITY ENGAGEMENT

- 4.1. The community is able to see this information either in the agenda or on the Council's website.

5. COMMENT

- 5.1. The Common Seal has been affixed to the following documents:

a. **Under Chief Executive's Delegated Authority:**

- Lease – Renewal of Grazing Land Lease
Leasee: Landcorp Farming Ltd
Area: 54.7 ha
Location: Manawatu River Lease, Kere Kere Road, Moutoa
- Lease – Renewal of Grazing Land
Leasee: Tonui Farms Limited
Area: 22.9 ha
Location: Rangitikei River Lease – Parewanui Road
- Resource Conservation Agreement between:
 - Makino Station Limited (the owner); and
 - Manawatu-Wanganui Regional Council

b. **Under Urgency:**

Nil

c. **To be Approved:**

Nil

6. SIGNIFICANCE

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

Craig Grant
GROUP MANAGER CORPORATE & GOVERNANCE

ANNEXES

There are no attachments to this report.

Report of the seventh meeting of the tenth triennium of the Audit, Risk and Investment Committee held at 2.35pm on Tuesday 28 August 2018, 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, NJ Patrick and PW Rieger QSO JP.

IN ATTENDANCE

| | |
|---------------------|-----------------|
| Councillors | CI Sheldon |
| Chief Executive | Mr MJ McCartney |
| Committee Secretary | Mrs KA Tongs |

ALSO PRESENT At various times during the meeting:

Dr N Peet (Group Manager Strategy & Regulation), Mr D Neal (Acting Group Manager Corporate and Governance), Mr R Strong (Group Manager River Management), Dr J Roygard (Group Manager Natural Resources & Partnerships), Mr G Shirley (Group Manager Regional Services & Information), Mrs L Macdonald (Chief Financial Officer), Mr E Lloyd (Senior Health & Safety Advisor), Mr C Morris (People and Capability Manager), Ms C Morrison (Media & Communications Manager), Mrs A Calman, Mr S Mancer & Ms K Griffiths (Management Accountants).

The Chair welcomed everyone to the meeting.

APOLOGIES

ARI 18-21 Moved Rollinson/Gordon

That an apology be received 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 18-22 **Moved** **Burnell/Keedwell**

That the Committee:

confirms the minutes of the Audit, Risk and Investment Committee meeting held on 27 March 2018 as a correct record, and notes that the recommendations were adopted by the Council on 30 May 2018.

CARRIED

HEALTH AND SAFETY REPORT TO 30 JUNE 2018

Report No 18-140

This report provided Members of the Audit, Risk and Investment Committee with a summary of health and safety related activities and performance for the financial year up to 30 June 2018. Mr Lloyd (Senior Health and Safety Advisor) took the report as read. He commented on the training activities completed and the new Health & Safety management software which was recently updated. Mr Lloyd updated Members on the duty holder review which was conducted following a staff member's serious quad bike accident in April 2018. Mr Lloyd answered Members' questions regarding the trends in the report graphs, and professional training for staff regarding vehicle / equipment useage.

ARI 18-23 **Moved** **Rollinson/Patrick**

That the Committee recommends that Council:

a. receives the information contained in Report No. 18-140 and Annex.

CARRIED

MEMBERS' QUESTIONS

There were no Members' questions.

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

ARI 18-24 **Moved** **Burnell/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 Confirmation of Public Excluded Meeting held on 27 March 2018 | 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 2017-18 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 2.49pm and resumed at 3.31pm.

The meeting closed at 3.32pm.

Confirmed

CHIEF EXECUTIVE

CHAIR

Report of the eighth meeting of the tenth triennium of the Regional Transport Committee held at 10.30am on Tuesday 4 September 2018, 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), Mr E Christiansen (Road Users), Mr D Neild (KiwiRail), Inspector D White (New Zealand Police).

IN ATTENDANCE Manager Transport Services Mr P Hindrup
Committee Secretary Mrs JA Kennedy

ALSO PRESENT At various times during the meeting:

Mrs K Curry (Senior Transport Planner), Mrs A Gulliver (Transport Planner), Ms J Anderson (Transport Planner), Mr A Mayston, Mrs D Webster (Road Safety Coordinators), Ms C Morrison (Media & Communications Manager), Mr D Lane (Palmerston North City Council), various territorial authority roading / asset managers, Mr R l'Anson (NZTA).

The Chair welcomed everyone to the meeting.

APOLOGIES

RT 18-55 Moved Collis/Smith

That an apology be received from Mr S Walker (Road Transport Association).

CARRIED

The Chair said he had received a letter from Christine Cheyne (Active Transport/Public Transport) tendering her resignation as an advisory member on the Regional Transport Committee. He thanked her for her valuable length of service and her commitment to ensuring walking, cycling and public transport were recognised.

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 18-56

Moved

Watson/Collis

That the Committee:

confirms the minutes of the Regional Transport Committee meeting held on 6 June 2018 as a correct record, and notes that the recommendations were adopted by the Council on 20 June 2018.

CARRIED

NEW ZEALAND TRANSPORT AGENCY DIRECTOR'S REPORT

Report No 18-164

The New Zealand Transport Agency's (NZTA) Director Regional Relationships (Lower North Island), Emma Speight presented her Quarterly Directors' Report. The presentation covered the Rail Safety week August 2018 campaign, the Enhanced Funding Assistance Rate, the Provincial Growth Fund, consultation on the Traffic Control Devices for general use, and an update on projects in the Manawatu-Whanganui region. Ms Speight then updated on the development of a business case for Accessing Central New Zealand and Palmerston North Integrated Transport Initiative, the business case for State Highway 3 Napier Road, advised on the State Highway activities in the Whanganui Region, Hospital Hill, Taumarunui, and State Highway 1 Ohakea Safety Improvements, and she provided a breakdown of National Land Transport Plan (NLTP) funding and key projects across the region, including rail, and walking and cycling. Ms Speight responded to Members' questions and comments relating to her presentation which included concern expressed at the proposed removal of the State Highway 1 (SH1) Ohakea south bound passing lane and proposed improvements for access into Ohakea, and discussion on the level of NLTP funding for the region compared to other regions. Comment was made on the need for an opportunity to submit in regard to the SH1 Safety Improvements.

RT 18-57

Moved

McDouall/Smith

That the Committee recommends that Council:

a. receives the presentation from the New Zealand Transport Agency.

CARRIED

VARIATION TO THE REGIONAL LAND TRANSPORT PLAN 2018-28: PALMERSTON NORTH URBAN CYCLE NETWORK DEVELOPMENT MASTER PLAN AND URBAN CYCLE NETWORK DEVELOPMENT PROGRAMME

Report No 18-158

This item considered a request from Palmerston North City Council (PNCC) to vary the operative Regional Land Transport Plan 2018-28 (RLTP). Mr Hindrup (Manager Transport Services) introduced the item. Mr Lane (Palmerston North City Council) then took Members through the detail of the proposed variation to the RLTP to include a programme for development of an Urban Cycle Network Development Master Plan, to be developed as a single stage business case costing a total of \$318,900, and supported by a capital improvement programme for urban cycle network development with an initial expected cost of \$2.927 million over two financial years.

RT 18-58 Moved Smith/Keedwell

That the Committee recommends that Council:

- a. *receives the information contained in Report No. 18-158; and*
- b. *recommends that the Regional Land Transport Plan be varied to include a programme for development of an Urban Cycle Network Development Master Plan, to be developed as a single stage business case costing \$318,900 and supported by a capital improvement programme for urban cycle network development with an initial expected cost of \$2.927 million over two financial years.*

CARRIED

VARIATION TO THE REGIONAL LAND TRANSPORT PLAN 2018-28: PALMERSTON NORTH NETWORK OPERATING PLAN DEVELOPMENT

Report No 18-159

This item considered a request from Palmerston North City Council (PNCC) to vary the operative Regional Land Transport Plan 2018-28 (RLTP). The variation was to include a programme for development of a Network Operating Plan (NOP) and Network Operating Framework (NOF) for Palmerston North and environs. The framework to be developed would also include major roads that formed part of the Manawatu District, as well as State Highways. Mr Lane (Palmerston North City Council) introduced the item for Members' consideration.

RT 18-59 Moved Smith/Worboys

That the Committee recommends that Council:

- a. *receives the information contained in Report No. 18-159; and*
- b. *recommends that the Regional Land Transport Plan be varied to include a programme for development of a Network Operating Plan and Network Operative Framework for Palmerston North and environs at a contract cost of \$100,000.*

CARRIED

ROAD SAFETY UPDATE - 2017-18 YEAR REPORT

Report No 18-160

This report provided an update on road safety education activities undertaken throughout the region during the 2017-18 financial year. Mr Mayston (Road Safety Coordinator) took Members through a powerpoint presentation detailing the driver licence programme across the region, the child restraint checking clinics, the focus on senior drivers, and road safety trends and statistics in the Horizons' region. Inspector White (New Zealand Police) acknowledged the work undertaken by the Road Safety Coordinator for an initiative, in conjunction with the New Zealand Police (NZP), to fund 'L' plates.

There was discussion and comment around the upward trend in road fatalities in the region, possible causes of crashes, and the focus from NZP and the New Zealand Transport Agency to reduce the statistics.

RT 18-60 Moved Keedwell/Feyen

That the Committee recommends that Council:

- a. receives the information contained in Report No. 18-160 and Annex.

CARRIED

REGIONAL WALKING AND CYCLING NETWORK

Report No 18-161

This item updated Members on the development of a regional cycle map that would complement the walking and cycling section of the Regional Land Transport Plan (RLTP), and provide a unified vision of the region's existing and proposed walking and cycling projects. Mr Hindrup (Manager Transport Services) introduced the item and referred Members to Annex A, Strategic Priority – an integrated walking and cycling network, and Annex C, a map displaying a stocktake of the current cycle trails throughout the region, as well as proposals for future cycle trails. He then responded to Members' comments about the contents of the map at Annex C and noted that it would continue to be developed further with input from territorial authorities.

RT 18-61 Moved Keedwell/McDouall

That the Committee recommends that Council:

- a. receives the information contained in Report No. 18-161 and Annexes.

CARRIED

UPDATE ON THE IMPLEMENTATION OF THE REGIONAL LAND TRANSPORT PLAN 2015-25

Report No 18-162

This item updated the Committee on implementation of the Regional Land Transport Plan 2018-2025 (RLTP). Mr Hindrup (Manager Transport Services) guided Members through the updates in the table and noted that changes made to the table since June 2018 were shown in 'bold blue'. He then noted the key actions from an Accessing Central New Zealand Governance Group (ACNZ) meeting held on 20 August 2018, and circulated a letter addressed to the Hon. Phil Twyford detailing the key projects ACNZ were involved in, with an invitation for him to attend the next ACNZ meeting to be held on Thursday 15 November 2018.

RT 18-62 Moved Collis/McDouall

That the Committee recommends that Council:

- a. receives the information contained in Report No. 18-162 and Annex.

CARRIED

APPROVED ORGANISATION QUARTERLY UPDATE

Report No 18-163

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

Mayor Feyen, **Horowhenua District Council**, took the report as read, commented on progress for the Gladstone Road slip, the Foxton Main Street upgrade project, and the emphasis on shared pathways and walkways. He said the LED street-lighting replacement programme was going well, noted that the implementation of any new speed limits by the Speed Limit Review would be underway in certain areas by the end of the calendar year, and commented on the lack of public passenger transport in the area.

The report for **Horizons Regional Council** was taken as read. Mr Hindrup (Manager Transport Services) commented on the successful bid to EECA in partnership with Tranzit Group, for a fully electric vehicle to operate on the services between the city centre and Massey University.

Mayor Worboys, **Manawatu District Council**, took the report as read. She commented on the completed improvements to the Pohangina Road (Grand Canyon).

Mayor Smith, **Palmerston North City Council**, took the report as read, highlighted the Capital Programme – Subsidised and Non-Subsidised work, the continuation of the LED street-light upgrade programme, the reconstruction of James Line intersection, progress with construction of the He Ara Kotahi pedestrian cycle bridge, the business case underway on the proposed walking and cycling route between Feilding and Palmerston North via Bunnythorpe, and the completion of a strategic business case for the transport components of the Food HQ proposal.

Mayor Watson, **Rangitikei District Council**, took the report as read. He commented on the poor condition of a section of road on State Highway 1 Taihape, and problems associated with trucks driving at night with lights on dip.

Mayor Cameron, **Ruapeahu District Council**, took the report as read, commented on the emergency works to reinstate flood damaged sites, and commented on various cycleways and walking access routes in the area, as well as provisions for long-term cycleway funding.

Mayor Collis, **Tararua District Council**, took the report as read, and highlighted the use of drones to quickly assess and survey sites, efficiently and safely.

Mayor McDouall, **Whanganui District Council**, commented on the Te Tuaiwi shared pathway, linking the St. Johns' Hill and the issues associated with the intersection. He acknowledged the New Zealand Transport Agency for their recent announcement of funding for the Fitzherbert Avenue extension and shared pathways along key city routes.

RT 18-63

Moved

Gordon/Watson

That the Committee recommends that Council:

a. receives the information contained in Report No. 18-163 and Annex.

CARRIED

The meeting closed at 12.36pm.

Confirmed

MANAGER TRANSPORT SERVICES

CHAIR

Report of the sixteenth meeting of the tenth triennium of the Strategy and Policy Committee held at 10.00am on Tuesday 11 September 2018, 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 (via audio visual link), GM McKellar, NJ Patrick, BE Rollinson (via audio visual link), CI Sheldon, WK Te Awe Awe.

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

ALSO PRESENT At various times during the meeting:
Dr N Peet (Group Manager Strategy & Regulation), Dr J Roygard (Group Manager Natural Resources & Partnerships), Mr R Strong (Group Manager River Management), Mr P Hindrup (Manager Transport Services), Mr T Bowen (Principal Advisor), Mr I Lowe (Manager Emergency Management Office), Mr R Brannigan (Senior Emergency Management Coordinator), Ms P Tucker (Policy Analyst), Mr B Gilliland (Manager Policy & Strategy), Mrs L Macdonald (Chief Financial Officer), Ms C Morrison (Media & Communications Manager), Cr B Barrett (Palmerston North City Council), Mr A Cole, Ms H Schiele & supporters (Manawatu River Source to Sea), and Mr J Naylor (member of the public).

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

APOLOGIES

Cr Rieger had Leave of Absence.

PUBLIC FORUMS

The Chair invited Mr Cole and Ms Schiele, Manawatu River Source to Sea, to speak to their presentation.

Ms Schiele highlighted the purpose of the community-led Manawatu River Source to Sea project and commented on its activities which she said were aligned with Horizon's strategic focus. She said Manawatu River Source to Sea were seeking Horizons to include the Manawatu River Source to Sea in its strategic planning. Support was also requested for the following: a Provincial Growth Fund (PGF) application; outsourcing some of Horizons community engagements to Source to Sea under a fee for service contract; and to collaborate on leveraging new funding for community engagement. Mr Cole commented further on its application for funding to the Provincial Growth Fund. He then highlighted examples of activities and their value, carried out by community groups under the Manawatu River Source to Sea programme. Ms Schiele and Mr Cole clarified Members' questions around their alignment with both the Manawatu River Leaders' Forum and criteria for the PGF. Ms Schiele and Mr Cole welcomed the opportunity to have further discussions with Horizons staff.

SUPPLEMENTARY ITEMS

There were no supplementary items to be considered.

MEMBERS' CONFLICTS OF INTEREST

Cr Patrick noted a potential conflict of interest through her employment with Te Kaahui o Rauru.

CONFIRMATION OF MINUTES

SP 18-104 **Moved** **Cotton/McKellar**

That the Committee:

confirms the minutes of the Strategy and Policy Committee meeting held on 14 August 2018 as a correct record, and notes that the recommendations were adopted by the Council on 28 August 2018, as amended –

- *Members' Reports, Cr Barrow, delete "and the pre-Conference Tour of Canterbury".*

CARRIED

Matters Arising:

The Chief Executive confirmed that the regional sector work on climate change would potentially be completed in the first quarter of 2019.

PLAN CHANGE 2 PROCESS

Report No 18-166

This report outlined the two Resource Management Act planning pathways that may be used to make progress on revision of Table 14.2 known as the Plan Change 2 (PC2). They were the Standard Planning Process and the Streamlined Planning Process (SPP). Mr Gilliland (Acting Manager Strategy & Policy) explained the two pathways, outlined the advantages and disadvantages for each, and explained why the SPP was considered the most fit for purpose. Mr Gilliland, Ms Tucker (Policy Analyst) and Dr Peet (Group Manager Strategy & Regulation) responded to Members' concerns about the difficulties associated with OVERSEER model as a regulatory tool, communication with stakeholders, the process to appoint independent commissioners, and engagement with Fish & Game and the Environmental Defence Society.

SP 18-105 **Moved** **Gordon/Patrick**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 18-166;*
- b. resolves to pursue a streamlined planning process for Plan Change 2; and*
- c. directs the Chief Executive to:*
 - i. prepare an application to the Minister for the Environment for a direction for a streamlined planning process to revise Table 14.2 of the One Plan; and*
 - ii. incorporate the hearing of submissions by independent commissioners into the requested streamlined process.*

CARRIED

UPDATE ON ACCELERATE25

Report No 18-167

This report updated Members on progress with implementation of the Manawatu-Whanganui Economic Action Plan via Accelerate25 and Te Pae Tawhiti. Dr Peet (Group Manager Strategy & Regulation) took Members through the information contained in the annexes to the report, noted the government focus on skills, talent and employment opportunities, and responded to Members' questions relating to the key strategic projects outlined in Annex A. Members provided their comments and Dr Peet and Dr Roygard (Group Manager Natural Resources & Partnerships) responded to Members' questions around potential opportunities to develop walkway and cycleway routes in the Manawatu Gorge area. There was discussion about research into nitrogen leaching undertaken by Landcare Research on a farm in the vicinity of Lake Taupo.

SP 18-106 **Moved** **Sheldon/McKellar**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 18-167 and Annexes.

CARRIED

COASTGUARD WANGANUI ANNUAL REPORT 2018

Report No 18-165

Mr Brannigan (Senior Emergency Management Coordinator), outlined the purpose, background, and scope of the contract with Coastguard Wanganui for navigation safety services on the lower Whanganui River.

Mr Hawkins, Coastguard Wanganui, presented the report and responded to Members' questions about the delivery of services, the range of volunteers and experience, distribution of coastguard membership fees, and funding.

SP 18-107 **Moved** **Cotton/Burnell**

That the Committee recommends that Council:

- a. receives the presentation from Coastguard Wanganui.

CARRIED

RIVER MANAGEMENT SIGNIFICANT INTEREST GROUP UPDATE

Report No 18-168

This item provided Members with an update on work being coordinated between regional councils / unitary authorities, seeking to reinstate financial contributions from central government for river management activities. Mr Strong (Group Manager River Management) outlined the focus of the item and responded to Members' questions. Members provided positive comment and support for the item.

SP 18-108 **Moved** **Cotton/Barrow**

That the Committee recommends that Council:

- a. receives the information contained in Report No. 18-168.

CARRIED

CHAIR'S REPORT

The Chair presented his report and responded to questions about his meeting with Mayor Grant Smith (Palmerston North City Council) and Mr Fergus Gammie (Chief Executive, New Zealand Transport Agency).

MEMBERS' REPORTS

Cr Te Awe Awe commented on queries received in regard to the upcoming by-election for the Palmerston North constituency.

Cr Sheldon commented on her attendance at the Foxton Loop Working Party.

Cr Patrick commented on her attendance at Nga Puna Rau Rangitikei meeting with a presentation from Lakes380. As a Te Kaahui o Rauru employee she attended a meeting with Taranaki Regional Council looking at Mana Whakahono a Rohe agreements, and she met with Horizons to talk about freshwater futures. She also met with Harete Hipango MP for Whanganui, and commented on a visit to a farm to view water management.

Cr McKellar visited the Reid Line floodway and met with affected landowners. He commented on concerns received from ratepayers with the receipt of rates notices, in particular the issue of affordability for those on fixed incomes. He would also be attending a meeting at Burkes Pump.

Cr Cotton provided a report to the River City Press and commented on meetings held with affected landowners in the Reid Line floodway. He commented on an upcoming meeting at Burkes Pump, a meeting at Pohangina about flood damage, and said he would be viewing forestry issues.

Cr Burnell commented on issues relating to Waikawa.

Cr Barrow received phone calls from disgruntled ratepayers in regard to rates notices and met with Heike Schiele around the Manawatu River Source to Sea project. He suggested it would be helpful if ratepayers were provided with information and an explanation around the value of rates.

Cr Keedwell commented on highlights from her attendance at the Local Government Climate Change Symposium.

Cr Rollinson reiterated Cr Barrow's comments around informing ratepayers about the value of rates.

MEMBERS' QUESTIONS

Mr Strong (Group Manager River Management) and Mr Neal (Acting Group Manager Corporate & Governance) responded to questions about the tender policy and assessment criteria. Cr Cotton expressed his frustration at the lack of flexibility in regard to the weighting system and asked for an opportunity to view how tenders were prepared.

The Chief Executive responded to a query about the nature of earthworks undertaken at Lake Horowhenua. He said an investigation into the activities in regard to compliance with the One Plan rules would be undertaken.

Dr Roygard gave a brief update around activities relating to the storm resilience workshops held in the Ruapehu area.

Mrs Macdonald (Chief Financial Officer) responded to questions about rates rebate entitlement and explained it was a territorial authority function. It was suggested that information in that regard could be provided on Horizons Regional Council rate invoices.

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

SP 18-109 Moved Gordon/Burnell

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 14 August 2018 | 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 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 12.27pm and resumed at 12.50pm.

The meeting closed at 12.51pm.

Confirmed

CHIEF EXECUTIVE

CHAIR

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 28 August 2018 | 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 Report of Audit, Risk & Investment Committee Meeting - Receive and Adopt Resolutions and Recommendations – 28 August 2018 | 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. |
| PX3 Report of Strategy & Policy Committee Meeting - Receive and Adopt Resolutions and Recommendations – 11 September 2018 | 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. |
| 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 | | |