

Notice is hereby given that an extraordinary meeting of Horowhenua District Council will be held on:

Date: Wednesday 1 March 2017
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: 126-148 Oxford St
Levin

Council

OPEN AGENDA

MEMBERSHIP

| | | |
|--------------------------|---------------------------|-------------------|
| Mayor | Mr Michael Feyen | |
| Deputy Mayor | Mr Wayne Bishop | |
| Councillors | Mr Ross Brannigan | |
| | Mr Ross Campbell | |
| | Mr Neville Gimblett | |
| | Mr BarryJudd | |
| | Mrs Victoria Kaye-Simmons | |
| | Mrs Jo Mason | |
| | Mrs Christine Mitchell | |
| | Ms Piri-Hira Tukapua | |
| | Mr Bernie Wanden | |
| Reporting Officer | Mr David Clapperton | (Chief Executive) |
| Meeting Secretary | Mrs Karen Corkill | |
| | Ms Sharon Bowling | |

Contact Telephone: 06 366 0999

Postal Address: Private Bag 4002, Levin 5540

Email: enquiries@horowhenua.govt.nz

Website: www.horowhenua.govt.nz

Full Agendas are available on Council's website
www.horowhenua.govt.nz

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Horowhenua District Council Service Centre, 126 Oxford Street, Levin
Foxton Service Centre/Library, Clyde Street, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takere/Library, Bath Street, Levin

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1 Apologies

2 Public Participation

Notification to speak is required by 12 noon on the day of the meeting. Further information is available on www.horowhenua.govt.nz or by phoning 06 366 0999.

3 Late Items

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

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

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

4 Declaration of Interest

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

5 Announcements

File No.: 17/72

Adoption of Annual Plan 2017/18 Consultation Document and Supporting Information

1. Purpose

To provide for the adoption of the Annual Plan 2017/18 Consultation Document and the information that has been relied on by the content of the Consultation Document (i.e. supporting information).

2. Executive Summary

- 2.1 The Annual Plan 2017/18 Consultation Document and supporting information outlines the budget and performance expectations for the financial year beginning 1 July 2017. A total rates take of \$35,153,771 is proposed. This equates to a 5.64% rate income increase from the current 2016/17 year. This is below the 7.72% increase that had been proposed through the Long Term Plan 2015-25 (amended) for the 2017/18 financial year.
- 2.2 The Consultation Document identifies three specific consultation topics that Council is seeking community feedback on. These topics are Shared Pathways, Heritage Incentive Funding and the Draft Significance and Engagement Policy. Any associated funding requirements for these projects have not been incorporated into the proposed budgets and rate income increase.
- 2.3 Adoption of the Annual Plan 2017/18 Consultation Document and the supporting information including the Draft Significance Engagement Policy will allow for public consultation in accordance with the special consultative procedure set out in section 83 of the Local Government Act 2002.

3. Recommendation

- 3.1 That Report 17/72 Adoption of Annual Plan 2017/18 Consultation Document and Supporting Information be received.
- 3.2 That this decision is recognised as significant in terms of S76 of the Local Government Act.
- 3.3 That the Draft Significance and Engagement Policy be adopted for consultation as part of the Annual Plan 2017/18 consultation process.
- 3.4 That the information that has been relied on by the content of the Consultation Document for the 2017/18 Draft Annual Plan, specifically Council Activity Statements and Council Financial Statements, be adopted.
- 3.5 That the Annual Plan 2017/18 Consultation Document be adopted for consultation.
- 3.6 That if necessary, the Senior Manager – Strategic Planning, in consultation with the Mayor and Chief Executive, be authorised to correct any minor drafting errors prior to the documents being published.

4. Background / Previous Council Decisions

- 4.1 The purpose of the Annual Plan is to:
 - Contain the proposed annual budget and funding impact statement for the year to which the Annual Plan relates; and

- Identify any variation from the financial statements and funding impact statement included in the local authority's Long Term Plan in respect of the year; and
 - Support the Long Term Plan in providing integrated decision making and coordination of the resources in the local authority; and
 - Contribute to the accountability of the local authority to the community.
- 4.2 The Annual Plan 2017/18 will outline the Council's planned activities for year three (3) of the Long Term Plan 2015–25. There is limited scope for change that can occur through an Annual Plan. The following decisions if made via an Annual Plan would trigger an amendment to the Long Term Plan (LTP):
- Significantly altering an intended level of service.
 - Transferring the ownership or control of a strategic asset.
- 4.3 In June 2015 Council adopted the Long Term Plan 2015-25. In doing so the Council set the intended direction for Council over that 10 year period, including for the coming 2017/18 financial year (being Year 3 of the LTP).
- 4.4 In February 2016 Council made the decision to not consult on the 2016/17 Annual Plan due to the lack of significant or material exceptions to what had been proposed for Year 2 of the LTP 2015-25. The 2016/17 Annual Plan was adopted 1 June 2016.
- 4.5 During 2016 an amendment to the LTP was also adopted by Council in relation to Community Housing. This amendment had the financial impact of raising the proposed rate income increase from 7.43% to 7.72% for the 2017/18 year.
- 4.6 For the Annual Plan 2017/18, Council is going to consult the community. The legislation change in 2014 to the Local Government Act places an emphasis on the process being an 'exceptions based' Annual Plan, in other words consulting on those significant or material exceptions to what was signaled in the LTP rather than all aspects of the Annual Plan.
- 4.7 The Consultation Document to be adopted as part of this report identifies three consultation topics that are the exceptions to Year 3 of the LTP. These topics are:
- Shared Pathways Network
 - Heritage Incentive Funding
 - Significance & Engagement Policy
- 4.8 The Consultation Document provides information about each topic, identifies options that are being considered, the financial implications of those options and the Council's preferred option. While supporting information can be made available, the Consultation Document is the statutory document that must be used for consultation.
- 4.9 Council is also signaling through this process that there are going to be some significant projects and issues that the Council will be exploring and focusing on in the preparation and development of the Long Term Plan 2018-2028. Some of these topics (not an exhaustive list) are identified in the Consultation Document.

5. Discussion

Overview of the Annual Plan 2017/18

- 5.1 What is proposed in the Annual Plan 2017/18 is in keeping with the Long Term Plan 2015-25 and the strategic direction the Council set through that process. As outlined above there are no significant or material exceptions to what had previously been identified and adopted for year 3 (2017/18) of the Long Term Plan 2015-25. It is very much a case of the Council

continuing to stick to the business it had planned for 2017/18 and delivering on those projects identified. The Council has opted to consult on three topics, two of which involve funding not currently identified for Year 3 of the Long Term Plan 2015-25.

- 5.2 It is proposed to reduce the percentage rate income increase for 2017/18 from what was included in the Amended Long Term Plan 2015-25.

| | Rate Income Increase | Proposed Total Rate Take |
|---|-----------------------------|---------------------------------|
| Long Term Plan 2015/25 – Year 3 (Amended) | 7.72% | \$35,875,853 |
| Proposed for 2017/18 | 5.64% | \$35,153,771 |
| Difference | (2.08%) | (\$722,082) |

- 5.3 The reduced rate income increase has been managed while continuing to deliver the key projects identified for 2017/18 and without reducing the levels of service in the current growth environment.
- 5.4 The reduction in the total rate take of \$0.722m was achieved by differences in the following components;
- | | |
|--|-----------|
| Local Government Cost Index increase (1.9%) | +\$1.192m |
| Lower interest rate assumption (6% reduced to 4.75%) | -\$1.130m |
| Reduction in funded depreciation | -\$0.522m |
| Increased income from Grants, Fees and Charges | -\$1.240m |
| Increased capacity to respond and support growth | +\$0.978m |
- 5.5 Council has been able to achieve this lower rate increase by taking advantage of the lower interest rate environment to save on interest costs. The Long Term Plan 2015-25 assumed interest rates of 6% the Annual Plan 2017/18 assumption is 4.75%. This low interest rate assumption will not be available in future years as longer term interest rates are now trending up albeit the shorter term interest rates are still low.
- 5.6 The direction set in Council's Financial Strategy was intended to bring Council's operating surplus up, to balance the budget in 2018/19 (LTP year 4). The Annual Plan 2017/18 will achieve this one year earlier than anticipated. This is after providing the resource to support and respond to the anticipated growth and reducing the rate take requirement by \$0.722m from what was anticipated in the amended Long Term Plan 2015-25. Inflation has begun to increase with the Local Government Cost Index (the measure of inflation for local government) increasing to an anticipated 1.9% on the back of increasing fuel price inflation.
- 5.7 Council has also reduced its depreciation funding for Roothing by \$0.522m (from what was envisaged in the Long Term Plan 2015-25). Council has been able to do this without underfunding roading infrastructural renewals.
- 5.8 Delays in some of the major, loan funded, infrastructural projects, especially Foxton Wastewater, has seen lower borrowing than what was anticipated in the Long Term Plan 2015-25. Term borrowing for 2016/17 (LTP year 2) was to be \$85m at the 30 June 2017 however, the Annual Plan 2017/18 anticipates this to be \$8m lower at \$77m. Term borrowing in the Annual Plan 2017/18 is anticipated finish at \$82m, \$1m less than the Long Term Plan 2015-25 (year 3) and within the parameters set in the Financial Strategy adopted as part of the Long Term Plan 2015-25.
- 5.9 Council has met its own financial strategy benchmarks as well as the Central Government imposed Financial Regulation prudential benchmarks for this Annual Plan.
- 5.10 Additional capacity has been built in to support and respond to growth and business excellence. Within this provision has been made to add resilience to the organisation through commencing the transition to 'the Cloud' for Council's Information Technology. Also

included is the ongoing commitment to programmes such as the Local Government NZ Excellence Programme and the Local Government Operational Effectiveness Survey, that Council commenced in 2016. As the impact of growth hits across the business, the added capacity has been designed to enable existing levels of service to be maintained within the current growth environment. Increased income from fees and charges are reflective of anticipated increased activity in the building and planning consent areas and LIM reports from property sales.

Rating Impact on Individual Properties

5.11 It is noted that while a rate income increase of 5.64% has been proposed, the rating impact on individual properties will vary from location to location. There are three contributing factors that influence these individual differences:

- The valuation effect from the property revaluations undertaken in 2016
- The policy effect of being the 9th year of the 10 year General rate transition, and
- The budget effect of the increase in council budgeted costs.

5.12 As a result of these factors the percentage rate increase for some parts of the district will be above or below 5.64%.

Consultation Topics

5.13 Two of the three consultation topics (Shared Pathways and Heritage Incentive Funding), if supported through the Annual Plan decision making process would result in additional funding being added over and above the current 'Draft' Annual Plan budgets. The financial implications in terms of rate impact are outlined in the Consultation document for the different options associated with each topic. A brief summary of the consultation topics are outlined below.

Significance & Engagement Policy

5.14 Council is required under Section 20 of the Local Government Act 2002 Amendment Act 2014 to have a Significance and Engagement Policy. Council's first Significance and Engagement Policy was adopted in December 2014.

5.15 The Policy contains a requirement to review it once every three years. The first review of the Policy has been carried out in 2016/17. The draft Policy was created following the review.

5.16 The rationale behind updating the Policy is to strengthen it, based on findings of the review, and to provide greater clarity for both the public and Council employees.

5.17 The draft Policy differs from the original Policy in that it:

- Includes the community engagement principles
- Ensures engagement record keeping is centralised
- Adds the new Te Awahou Nieuwe Stroom facility to the strategic assets list
- Explains when Council might not engage – i.e. civil defence state of emergency
- Highlights legislative requirements
- Highlights Council's effort to improve engagement with Māori
- Future proofs the submission process by ensuring social media posts can be considered.

5.18 The draft Policy has incorporated elements of Council's Community Engagement Strategy and it is proposed this document is rescinded.

5.19 There are no financial implications identified within the review of this Policy.

- 5.20 Consultation on this Policy will occur as part of the Annual Plan 2017/18 consultation and follow the special consultative procedure set out in section 83 of the Local Government Act 2002.

Shared Pathways

- 5.21 Council released a 'Shared Pathways Strategy' in March 2016 which provides a framework for the development of shared pathways (cycleways/walkways) within the Horowhenua District.
- 5.22 In 2017/18 Council would like to undertake further works to develop our local shared pathways network and it intends to take a 'mixed' approach to this, which would include developing shared pathways:
- Within parks and reserves;
 - Between parks and reserves (connecting these to create loops for people to enjoy);
 - Within our local towns; and
 - Connections between towns (including connections to the north or south of the District).
- 5.23 Council is consulting the community as part of the Annual Plan consultation process on whether to set aside funds in 2017/18 in order to initiate the implementation of the Strategy and advance the development of shared pathways in the Horowhenua.

Heritage Incentive Funding

- 5.24 The District Plan currently lists and protects heritage buildings and features that have been assessed and deemed to contribute to the historic heritage of the District. They include a mix of public and private buildings. The owners of these heritage buildings, structures and sites are subject to more onerous controls (e.g. resource consent processes) when it comes to making changes to their property. Currently owners of heritage buildings, structures and sites receive no support or incentives for the protection of their properties.
- 5.25 As part of the Annual Plan process Council is consulting the community on whether to set aside funds in 2017/18 to provide incentives to owners of listed Heritage buildings, structures and sites. The form in which the incentive could be provided would be determined once a level of financial support has been determined. The options could include waiving consent fees, rates relief or a discretionary fund to assist with heritage protection works.

Rural Fire Activity

- 5.26 A change for 2017/18 from the Long Term Plan 2015-25 is that as of 1 July 2017 Council will no longer be responsible for the Rural Fire Activity. Last year Central Government announced that changes would be made to urban and rural fire services throughout New Zealand.
- 5.27 On 1 July 2017 the New Zealand Fire Service and the National Rural Fire Authority will amalgamate and 'Fire and Emergency New Zealand' will be established. From this point a single, amalgamated organisation will be responsible for the management of urban, rural, volunteer and paid firefighting forces in New Zealand. The Long Term Plan 2015-25 had anticipated and signaled that the Rural Fire Activity would continue to be the responsibility of Council. Given that the decision has been made by Central Government the change from what had been identified for Year 3 of the LTP 2015-25 did not provide any scope for consulting the community through the Annual Plan process.

6. Options

Option 1 – Adopt the Annual Plan 2017/18 Consultation Document and supporting information including the draft Significance and Engagement Policy to enable public consultation to commence.

Option 2 – Delay adopting the Annual Plan 2017/18 Consultation Document and supporting information and provide clear direction to officers on changes that need to be made.

The officer's recommended option is Option 1. The adoption of the Annual Plan 2017/18 Consultation Document and supporting information is to start the public engagement process. The documentation is reflective of the guidance and input from elected members through Council briefings and from reviewing the documents. Delaying the adoption of the Annual Plan 2017/18 Consultation Document and supporting information until a later date would potentially compromise the public engagement process.

6.1 Cost

The costs associated with preparing the Annual Plan 2017/18 are met from within existing budgets.

6.1.1 Rate Impact

The adoption of the Annual Plan 2017/18 Consultation Document and supporting information does in itself not have any rate impact. The documentation identifies the potential rate impacts for the 2017/18 year. The public consultation process will result in submissions from the community being considered and the final rate impact determined through the adoption of the Annual Plan on 21 June 2017.

6.2 Community Wellbeing

There are no negative impacts on Community Wellbeing arising.

6.3 Consenting Issues

There are no consenting issues arising with this project.

6.4 LTP Integration

The Annual Plan 2017/18 reflects Year 3 of the Long Term Plan 2015-25 (amended).

7. Consultation

- 7.1 Following its adoption, the Annual Plan 2017/18 Consultation Document will be published for public consultation. The public consultation period runs from 10 March 2017 to 10 April 2017. It is proposed to provide the following community engagement opportunities:

Drop-In Kiosks

17 March – 1:00pm-2:30pm – Levin Mall

25 March – 12:00pm-1:30pm – Holben Pavilion, Foxton Beach

29 March – 12:00pm-1:30pm – Levin Mall

31 March – 12:00pm-1:30pm – Te Takere, Levin

Community Sessions

21 March – 7:00pm-8:30pm – Foxton Masonic Village Hall

23 March – 7:00pm-8:30pm – Levin Council Chambers

30 March – 7:00pm-8:30pm – Shannon Memorial Hall

- 7.2 Following the completion of the submission period, hearings will be held for those submitters that wish to speak or use NZ Sign Language to present their submissions. Public hearings are scheduled to be held 3 and 4 May 2017. Deliberations are scheduled for 24 May 2017. The Annual Plan and Rates Resolution will be adopted on 21 June 2017.
- 7.3 The consultation process will be in accordance with the special consultative procedure of Local Government Act 2002.

8. Legal Considerations

The preparation of the Consultation Document and supporting information is guided by legislation and requires adoption by Council to begin the consultation process under the Local Government Act 2002. The Consultation Document has been prepared to satisfy these legislative requirements.

9. Financial Considerations

- 9.1 There is no financial impact in adopting the Annual Plan 2017/18 Consultation Document and supporting information for public consultation. The document preparation and engagement process is provided for within existing budgets.
- 9.2 The Annual Plan 2017/18 Consultation Document and supporting information complies with debt and rate parameters as outlined in Council's Financial Strategy adopted as part of the Long Term Plan 2015-25.

10. Other Considerations

There are no other considerations.

11. Next Steps

If the recommendations are accepted, the Annual Plan 2017/18 Consultation Document and supporting information will be released for public consultation on 10 March 2017. Public submissions will be close on 10 April 2017, with community engagement events occurring between these dates.

Confirmation of statutory compliance

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

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

12. Supporting Information

Strategic Fit/Strategic Outcome

The 2017/18 Annual Plan Consultation Document is consistent with Council's Community Outcomes.

Decision Making

The Consultation Document is consistent with the Long Term Plan 2015-2025, although it contains three (3) topics that are being specifically consulted on which were not included in the Long Term

| |
|---|
| Plan. |
| <p>Consistency with Existing Policy</p> <p>Not applicable.</p> |
| <p>Funding</p> <p>The Consultation Document and consultation process are provided for within existing budgets.</p> |
| <p><u>Confirmation of statutory compliance</u></p> <p>In accordance with section 76 of the Local Government Act 2002, this report is approved as:</p> <ol style="list-style-type: none"> a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and, b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision. |

13. Appendices

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| A | Annual Plan 2017/18 Consultation Document <i>(Under Separate Cover)</i> | |
| B | Annual Plan 2017/18 - Council Activity Statements - 16 February 2017 | 15 |
| C | Annual Plan 2017/18 - Council Financial Statements | 95 |
| D | Draft Significance and Engagement Policy for Council | 155 |

| | | |
|-----------|--|--|
| Author(s) | David McCorkindale Senior Manager - Strategic Planning |  |
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|-------------|--|---|
| Approved by | David Clapperton Chief Executive |  |
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Council Activity Statements

Supporting Information for the 2017/18 Annual Plan Consultation Document

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Land Transport

The Land Transport (Roads and footpaths) Activity provides a core service that meets the needs of the community. This Activity includes the creation, operation, maintenance, rehabilitation and replacement of Council's land transport assets.

The land transport network allows residents to travel to-and-from their homes to work, school and social or recreational destinations by foot or by vehicle, and it enables businesses to run by allowing the exchange of goods and services from location to location.

This network also provides links from local transport routes to national transport routes (i.e. State Highways). This enables the transport of goods and people not just within the District but also in and out of the District, thereby providing critical connections with both wider regional and national destinations.

What does Land Transport involve?

- The main purpose of this activity is to provide for the safe, convenient and efficient transit of people and goods through, and within, the District in a way that meets appropriate national standards.
- This is achieved by providing a network of roads, footpaths, bridges, car parks, signs and markers, street lights and associated drainage systems in what is known as the 'Transport Corridor'.
- Council's Land Transport Activities are planned for and overseen by the Roothing Team, who manage most aspects of the Activity internally. However, the physical maintenance of Council's land transport assets is externally contracted.
- This Activity is heavily influenced by the New Zealand Transport Agency (NZTA), which is Council's *co-investment partner* for roading and the Optimised Programme (Council's programme of roading works) which is approved on a three yearly cycle in the Regional Land Transport Plan. The Council operates, maintains and improves its land transport assets, utilising the budgets set within this programme.
- Central Government provides a high level of direction and regulation for the transportation sector through legislation, strategies, plans and policy statements. A large proportion of these documents are delivered through the NZTA. Relevant national strategies, legislation and plans are outlined in Council's Transportation Activity Management Plan.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|----------------------|--|---|
| A safe road network. | The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.* | 0 change or less over a 5 year average. |
| Roads in good | The average quality of ride on a sealed local | Minimum 85% |

| Service | How will we measure our performance | Target (17/18) |
|---|--|---|
| condition. | road network measured by smooth travel exposure.* | |
| Roads that are maintained well. | The percentage of the sealed local road network that is resurfaced annually.* | Minimum of 5% of total area |
| Footpaths are in an acceptable condition. | Target footpath condition rating (% compliant with Councils standards).* | Minimum 30% in excellent condition Maximum 10% in poor condition |
| Good response to service requests. | The percentage of customer service requests relating to roads and footpaths to which Council responds within 15 working days.* | >95% |

* These performance measurements are provided by the Department of Internal Affairs and they are mandatory.

Major Projects

- Subsidised – renewals
- Footpath renewals
- Subsidised - road improvements

Challenges Council faces for Land Transport

The main challenge facing Council in relation to Land Transport is service failure through ageing assets. However, this challenge is being mitigated by an increase in renewal expenditure.

Another challenge is associated with the Roads of National Significance (RoNS) projects which are expected to change the volume and nature of vehicle movements within the District, however until the final plans are confirmed, and perhaps even until the new roads themselves are open, the actual impact of RoNS on this District's transport network is unknown.

Significant negative effects associated with Land Transport

There are adverse environmental effects associated with the construction and maintenance of roads and the use of these roads by vehicles. Roads generate significant amounts of stormwater run-off which is collected from the road network and inevitably carries wastes and chemical contaminants into urban and rural drains and subsequently into streams and rivers.

Severe traffic congestion, while generally caused by state highway use, can cause disruption for local road users. This notably occurs during public holiday periods and also during severe rain events. As congestion like this is normally related to state highway use, Council has limited ability to resolve this issue.

Key Risks and Assumptions associated with Land Transport

The greatest risk associated with Council's Land Transport Activities is the potential business and personal consequences of road accidents. This risk is mitigated by maintaining the assets, including the surface and safety features, in good condition as well as by good road design and application of the mandatory safety standards.

Capital Expenditure Programme for Land Transport

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|---|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| 2,555 | Subsidised - renewals | 2,715 | 2,714 | 3,263 | 549 |
| 355 | Footpath renewal | 400 | 400 | 400 | - |
| 83 | Levin Mall carpark fix | - | - | - | - |
| 86 | Overheads | 217 | 228 | 324 | 96 |
| 3,079 | Total renewals | 3,332 | 3,342 | 3,987 | 645 |
| | Level of service portion of project | | | | |
| 622 | Subsidised - road improvements | 661 | 613 | 836 | 223 |
| 25 | New footpath | 100 | 100 | 100 | - |
| 105 | Foxton townscape main street upgrade | 750 | - | 840 | 840 |
| 186 | Waitarere Beach Kent Gloucester upgrade | - | - | - | - |
| 87 | Overheads | 94 | 98 | 99 | 1 |
| 1,025 | Total level of service | 1,605 | 811 | 1,875 | 1,064 |
| | Growth portion of project | | | | |
| - | Detritus & litter, general contract work | 150 | 150 | - | (150) |
| - | Overheads | 10 | 11 | - | (11) |
| - | Total growth | 160 | 161 | - | (161) |
| | Make up of above projects by % of type | | | | |
| 3,079 | Renewals | 3,332 | 3,342 | 3,987 | 645 |
| 1,025 | Level of service | 1,605 | 811 | 1,875 | 1,064 |
| - | Growth | 160 | 161 | - | (161) |
| 4,104 | Total | 5,097 | 4,314 | 5,862 | 1,548 |

Funding Impact Statement for Land Transport

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Sources of operating funding | | | | |
| - | General rates, uniform annual general charges, rates penalties | - | - | - | - |
| 3,579 | Targeted rates | 4,467 | 4,754 | 4,103 | (651) |
| 1,486 | Subsidies and grants for operating purposes | 1,236 | 1,260 | 1,486 | 226 |
| - | Fees and charges | - | - | - | - |
| 382 | Local authorities fuel tax, fines, infringement fees, and other receipts | 310 | 325 | 275 | (50) |
| | Internal charges and overheads recovered | - | - | - | - |
| 5,447 | Total operating funding (A) | 6,013 | 6,339 | 5,864 | (475) |
| | Applications of operating funding | | | | |
| 3,227 | Payments to staff and suppliers | 2,637 | 2,635 | 3,066 | 431 |
| - | Finance costs | 102 | 185 | 62 | (123) |
| 834 | Internal charges and overheads applied | 895 | 935 | 979 | 44 |
| - | Other operating funding applications | - | - | - | - |
| 4,061 | Total applications of operating funding (B) | 3,634 | 3,755 | 4,107 | 352 |
| 1,386 | Surplus (deficit) of operating funding (A - B) | 2,379 | 2,584 | 1,757 | (827) |
| | Sources of capital funding | | | | |
| 1,675 | Subsidies and grants for capital expenditure | 1,722 | 1,730 | 2,132 | 402 |
| 158 | Development and financial contributions | - | - | - | - |
| 171 | Increase (decrease) in debt | 1,374 | 558 | 1,435 | 877 |
| - | Gross proceeds from sale of assets | - | - | - | - |
| - | Lump sum contributions | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - |
| 2,004 | Total sources of capital funding (C) | 3,096 | 2,288 | 3,567 | 1,279 |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| - | - to meet additional demand | 160 | 161 | - | (161) |
| 1,025 | - to improve the level of service | 1,605 | 811 | 1,875 | 1,064 |
| 3,079 | - to replace existing assets | 3,332 | 3,342 | 3,987 | 645 |
| (714) | Increase (decrease) in reserves | 378 | 558 | (538) | (1,096) |
| - | Increase (decrease) of investments | - | - | - | - |
| 3,390 | Total applications of capital funding (D) | 5,475 | 4,872 | 5,324 | 452 |
| (1,386) | Surplus (deficit) of capital funding (C - D) | (2,379) | (2,584) | (1,757) | 827 |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 4,783 | Depreciation | 4,697 | 4,801 | 4,778 | (23) |

Activity Expenditure

| Annual Report 2015/16 \$000 | | LTP Forecast 2016/17 \$000 | LTP Forecast 2017/18 \$000 | Annual Plan Forecast 2017/18 \$000 | Variance 2017/18 \$000 |
|--------------------------------|--------------------------|-------------------------------|-------------------------------|---------------------------------------|---------------------------|
| 7,483 | Subsidised Roothing | 6,973 | 7,097 | 7,626 | 529 |
| 1,006 | Footpaths | 985 | 1,004 | 1,007 | 3 |
| 355 | Unsubsidised Roothing | 373 | 456 | 252 | (204) |
| 8,844 | Total Expenditure | 8,331 | 8,557 | 8,885 | 328 |

Loans

| | External \$000 | Internal \$000 | Total \$000 |
|---|-------------------|-------------------|----------------|
| Anticipated loan balances at 1/7/2017 | 1,000 | 234 | 1,234 |
| Raised during the year | 1,400 | 84 | 1,484 |
| Repaid during the year | - | (49) | (49) |
| Anticipated loan balances 30/06/2018 | 2,400 | 269 | 2,669 |
| Budgeted interest expense | 51 | 11 | 62 |

How will it be funded?

| | |
|----------------|---|
| Funding Source | This activity will be funded by Public Good Rates and NZTA subsidies. |
| Rationale | Land Transport is Council's single largest cost. For this reason Council has a targeted rate for land transport to enhance transparency and accountability. Rating for such a large expenditure item is practicable. The availability of funding from NZTA assists with the cost of the activity. |

Stormwater

Council collects stormwater from roads, footpaths, berms, and hardstanding areas in any connected residential and commercial properties and discharges it to piped stormwater drainage systems and open and culverted watercourses.

The provision of stormwater disposal helps to reduce the occurrence of flooding in urban areas during rainfall events by draining water from roads and private property and conveying it to larger natural watercourses.

What does Stormwater involve?

- Council's Stormwater Activities provide piped and open drainage systems sufficient to collect the stormwater from roads, footpaths, berms and hardstanding areas in any connected residential and commercial properties, which is then discharged to piped stormwater drainage systems and open and culverted watercourses. This is to keep roads in a safe and trafficable condition during rainfall events and to also help reduce the risk of flooding of residential and commercial properties.
- Council owns and maintains piped stormwater drainage systems, pumping stations, and detention areas. Stormwater is closely aligned in both location and function with the Land Transport Group of Activities (more specifically the roading network). Council's Stormwater Activities are managed internally within the Council, with the operation and maintenance being carried out by an external contractor appointed by the Council.
- Preparing, applying for, and obtaining any relevant resource consents Council requires to construct new or alter/upgrade existing drainage systems and for any new or renewal of existing discharge consents to watercourses associated with the Council's Stormwater Activities.
- Responding to and resolving (if possible) any customer complaints that Council receives relating to its Stormwater Activities.
- Council provides Stormwater Activities in accordance with the requirements set out by the following pieces of legislation:
 - The Local Government Act 2002 which requires Council to provide water (including stormwater) services and to maintain its capacity to do so; and
 - The Health Act 1956 which requires Council to provide sanitary works including works for stormwater disposal.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|--------------------------------|---|----------------|
| An adequate stormwater system. | Number of flooding events each that occur in the District.* | <5 per year |
| | For each flooding event the number of habitable floors affected per 1000 connections to Council's | 2 or less |

| Service | How will we measure our performance | Target (17/18) |
|-----------------------------------|---|----------------|
| | stormwater networks.* | |
| Response to faults. | The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.* | 1 hour |
| Customer satisfaction. | The number of complaints received by Council about the performance of its stormwater system expressed per 1000 properties connected to the system.* | <10 per year |
| | Percentage of customers satisfied with the stormwater service. As per the Annual Customer Satisfaction Survey. | 80% |
| A sustainable stormwater service. | The number of Abatement Notices, Infringement Notices, Enforcement Orders, and convictions received by the Council in relation to Horizons Regional Council resource consents.* | 0 |

* These performance measurements are provided by the Department of Internal Affairs and they are mandatory.

Major Projects

- District-wide improvement works
- Improvements in North-East Levin

Challenges Council faces for Stormwater Activities

Climate change is a challenge facing Council for its Stormwater Activities as it is expected that over time there will be a gradual change in the weather patterns including more frequent heavy rainfall events and an increase in the average annual rainfall. However these changes are likely to take place gradually over the next 25 years and beyond and as such, there is no action proposed within the next few years to specifically deal with this challenge.

Customer expectations are continually increasing and this presents a challenge for the future provision of Stormwater Activities as people's expectations are higher but Council can only do so much.

Another challenge faced by Council is that the quality of freshwater in streams, river systems and water catchments in general is affected by water runoff, erosion and contaminants (whether chemical or solid waste) which can be present in stormwater. These contaminants largely originate from sources outside of Council's control and yet they are still ultimately transported to natural systems by Council's stormwater drainage system. The National Policy Statement (NPS) for Freshwater Management 2014 is the key instrument for controlling this contamination and will impact on the Council's stormwater services in the future.

Significant negative effects associated with Stormwater Activities

The stormwater systems are essentially a means of transporting surface water across urban landscapes to protect private and public property from flooding. A negative effect associated with this Group of Activities is that stormwater runoff can pick up contaminants (including rubbish and chemicals) and then discharge these contaminants into receiving natural systems such as rivers, lakes and the sea.

Key risks and assumptions associated with Stormwater Activities

The significant risk associated with Stormwater Activities is lack of knowledge around both the built system and the complexities of the total catchments covering each urban area. This risk has the potential consequence of new development being vulnerable to heavy rainfall that additions to the system are not adequately designed to cope with. Proposed stormwater catchment management planning will help mitigate this risk.

Assumptions which may have a significant effect on this Group of Activities are the quality of asset data and information, the rate and nature of population and business growth, and the rate and nature of changes of weather patterns from climate change.

Capital Expenditure Programme for Stormwater

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| 61 | Districtwide reticulation - unplanned renewals | 52 | 53 | 53 | - |
| 50 | Total minor projects | 19 | - | - | - |
| 3 | Overheads | 6 | 7 | 5 | (2) |
| 114 | Total renewals | 77 | 60 | 58 | (2) |
| | Level of service portion of project | | | | |
| 116 | Districtwide capex new | - | - | - | - |
| - | Districtwide improvement Works | - | 508 | 508 | - |
| 62 | Foxton Beach catchment management plan | 79 | - | - | - |
| - | Foxton catchment management plan | 79 | - | - | - |
| - | Hokio Beach catchment management plan | - | 56 | 56 | - |
| 1 | Improvements NE Levin | 42 | - | 60 | 60 |
| 33 | Levin catchment management plan | 79 | - | - | - |
| - | Ohau catchment management plan | - | 56 | 56 | - |
| - | Shannon catchment management plan | 79 | - | - | - |
| 79 | Stormwater strategy | - | - | - | - |
| 82 | Telemetry | 21 | - | - | - |
| - | Tokomaru catchment management plan | - | 56 | 56 | - |
| - | Waikawa Beach catchment management plan | - | 56 | 56 | - |
| 23 | Total minor projects | 8 | - | - | - |
| 13 | Overheads | 36 | 38 | 63 | 25 |
| 409 | Total level of service | 423 | 770 | 855 | 85 |
| | Growth portion of project | | | | |
| - | Development planning Foxton Beach | 148 | - | - | - |
| 66 | Development planning North East Levin | - | - | - | - |
| 20 | Improvements NE Levin | 789 | - | 1,140 | 1,140 |
| 2 | Total minor projects | 16 | 39 | 39 | - |
| 24 | Overheads | 28 | 28 | 47 | 19 |
| 112 | Total growth | 981 | 67 | 1,226 | 1,159 |
| | Make up of above projects by % of type | | | | |
| 114 | Renewals | 77 | 60 | 58 | (2) |
| 409 | Level of service | 423 | 770 | 855 | 85 |
| 112 | Growth | 981 | 67 | 1,226 | 1,159 |
| 635 | Total | 1,481 | 897 | 2,139 | 1,242 |

Funding Impact Statement for Stormwater

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Sources of operating funding | | | | |
| - | General rates, uniform annual general charges, rates penalties | - | - | - | - |
| 923 | Targeted rates | 970 | 1,470 | 1,186 | (284) |
| - | Subsidies and grants for operating purposes | - | - | - | - |
| - | Fees and charges | - | - | 21 | 21 |
| 74 | Local authorities fuel tax, fines, infringement fees, and other receipts | 99 | 104 | 84 | (20) |
| | Internal charges and overheads recovered | - | - | - | - |
| 997 | Total operating funding (A) | 1,069 | 1,574 | 1,291 | (283) |
| | Applications of operating funding | | | | |
| 286 | Payments to staff and suppliers | 394 | 408 | 408 | - |
| 117 | Finance costs | 207 | 283 | 335 | 52 |
| 137 | Internal charges and overheads applied | 145 | 152 | 164 | 12 |
| | Other operating funding applications | - | - | - | - |
| 540 | Total applications of operating funding (B) | 746 | 843 | 907 | 64 |
| 457 | Surplus (deficit) of operating funding (A - B) | 323 | 731 | 384 | (347) |
| | Sources of capital funding | | | | |
| - | Subsidies and grants for capital expenditure | - | - | - | - |
| 1 | Development and financial contributions | - | - | - | - |
| 426 | Increase (decrease) in debt | 1,266 | 649 | 1,813 | 1,164 |
| - | Gross proceeds from sale of assets | - | - | - | - |
| - | Lump sum contributions | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - |
| 427 | Total sources of capital funding (C) | 1,266 | 649 | 1,813 | 1,164 |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| 112 | - to meet additional demand | 981 | 67 | 1,226 | 1,159 |
| 409 | - to improve the level of service | 423 | 770 | 855 | 85 |
| 114 | - to replace existing assets | 77 | 60 | 58 | (2) |
| 249 | Increase (decrease) in reserves | 108 | 483 | 58 | (425) |
| - | Increase (decrease) of investments | - | - | - | - |
| 884 | Total applications of capital funding (D) | 1,589 | 1,380 | 2,197 | 817 |
| (457) | Surplus (deficit) of capital funding (C - D) | (323) | (731) | (384) | 347 |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 500 | Depreciation | 545 | 673 | 500 | (173) |

Activity Expenditure

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--------------------------|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 1,040 | Stormwater | 1,292 | 1,515 | 1,407 | (108) |
| 1,040 | Total Expenditure | 1,292 | 1,515 | 1,407 | (108) |

Loans

| | External | Internal | Total |
|---|--------------|----------|--------------|
| | \$000 | \$000 | \$000 |
| Anticipated loan balances at 1/7/2017 | 6,600 | 96 | 6,696 |
| Raised during the year | 1,900 | 181 | 2,081 |
| Repaid during the year | - | (268) | (268) |
| Anticipated loan balances 30/06/2018 | 8,500 | 9 | 8,509 |
| Budgeted interest expense | 335 | (0) | 335 |

How will it be funded?

| | |
|----------------|---|
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | As the stormwater system and network is primarily an urban service to protect urban rating units Council decided to set a Targeted rate for stormwater to enhance transparency and accountability. Rating for such a large expenditure item is practicable. |

Water Supply

As part of the Water Supply Group of Activities the Council provides a safe and reliable supply of water to residential, industrial and commercial properties (primarily in urban areas). This supply also provides fire fighting capability.

An uninterrupted water supply ensures that residential areas have access to clean domestic water essential for basic health and hygiene. For most commercial and industrial business owners a reliable water supply is an essential component that enables their business to run.

What does this Group of Activities involve?

- Providing water to defined urban and rural areas in (and land immediately adjoining) Levin, Foxton Beach, Foxton, Shannon and Tokomaru. These urban and rural areas and the controls and standards within them are defined in the Horowhenua District Council Water Supply Bylaw 2014.
- Council owns river intakes, groundwater bores, water treatment plants and storage facilities, pump stations, and underground pipe networks. Council's water supply is managed internally with operation and maintenance work being contracted externally.
- Prepare, apply for and obtain any relevant resource consents that are required to continue to take water from various water sources or to upgrade assets associated with the Water Supply Group of Activities.
- Respond to and resolve (if possible) any complaints that Council receives regarding its water supply.
- Council provides this Group of Activities in accordance with the requirements set out by the following pieces of legislation:
 - The Local Government Act 2002 (section 130) which requires Council to continue to provide water services and maintain its capacity to do so;
 - The Health (Drinking Water) Amendment Act 2007 which sets out the legal requirements for water supplies;
 - The Fire Service Act 1975 which sets out conditions of legal access to the public supply for firefighting purposes, and
 - The New Zealand Fire Service Firefighting Water Supplies Code of Practice SNZ PAS 4509:2008 which sets out minimum standards to which the fire fighting supply is to be provided.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|--|--|----------------|
| Safe water supply. | Percentage in which the local authority's drinking water supply complies with: (a) part 4 of the Drinking Water Standards (bacteria compliance criteria) in Levin, Shannon, Foxton, Foxton Beach, Tokomaru. | 100% |
| | (b) part 5 of the Drinking Water Standards (protozoa compliance criteria) in: | |
| | Levin | 100% |
| | Shannon | 100% |
| | Foxton | 100% |
| | Foxton Beach | 100% |
| | Tokomaru | 100% |
| Drinking water that tastes and looks satisfactory. | The total number of complaints received about any of the following (expressed per 1000 connections): drinking water clarity, drinking water taste, drinking water pressure or flow, continuity of supply, and Council's response to any of these issues.* | 4 |
| Response to faults. | The median time from the time that Council received notification to the time that service personnel: | |
| | · reach the site for urgent call –outs* | 1 hour |
| | · confirm resolution of the fault or interruption of urgent call-outs* | 8 hours |
| | · reach the site for non-urgent call-outs* | 3 days |
| | · confirm resolution of the fault or interruption of no-urgent call-outs* | 3 days |
| Water supply is continual. | Total number of unplanned water shut downs.* | 30 per year |
| Firefighting needs are met. | Percentage of the network where firefighting flows in urban residential areas meet the NZ Fire Service firefighting water supplies Code of Practice SZ 4509:2008. | 80% |
| Water supply has adequate flow and pressure. | Percentage of the network where supply pressure at the property boundary is not less than 250kPa for on demand connections and 150kPa for restricted flow connections. | 100% |

| Service | How will we measure our performance | Target (17/18) |
|---|--|----------------|
| Consent conditions are met. | Compliance with all water-take limits of resource consents. | 100% |
| Water supply is sustainable. | Average consumption of drinking water per day per resident within the water supply areas (target based on One Plan Section 6.4.3.1). | 300lt per day |
| Minimal water losses. | Percentage of real water loss from the network as measured by the standard Infrastructure Leakage Index method.* | 15% |
| Provide water conservation education to the public. | As provided in the Water Demand Management Plan 2014. | Achieved |

* These performance measurements are provided by the Department of Internal Affairs and they are mandatory.

Major Projects

- Levin reticulation renewals

Challenges Council faces for Water Supply Activities

A major challenge facing Council for its Water Supply Group of Activities is the increasing age of its water supply assets. Asset ageing affects reliability, maintenance costs and overall performance. Council's response to asset ageing has been an increase in carefully targeted renewal programmes for the water supply networks and treatment plants.

Achieving compliance with New Zealand Drinking Water Standards and the Horizons Regional Council's One Plan is also a challenge and is a major driver in capital expenditure as Council is required to increase some levels of service and to obtain resource consents.

Significant negative effects associated with Water Supply Activities

A significant negative effect associated with this Group of Activities is the impact of water abstraction from rivers and the ground water supply. This is mitigated by continuing to monitor and comply with Council's various resource consents and their conditions which are reinforced through the Council's Water Demand Management Plan.

Key Risks and Assumptions associated with Water Supply Activities

Risks associated with the Water Supply Group of Activities include service failures, inconsistent strategic planning, poor contract management and poor business/continuity planning. These are currently mitigated by ongoing renewals programming and by maintaining good asset management practices. Assumptions which may effect this Group of Activities are the rate and nature of population and business growth, the quality of asset data and information, and influential economic factors, particularly the future inflation rate and long term economic health.

Capital Expenditure Programme for Water Supply

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| 158 | Districtwide - reactive renewals | - | - | - | - |
| - | Foxton Beach consents - renewal | - | 53 | 53 | - |
| 56 | Foxton Beach treatment plant - renewal | 27 | 28 | 28 | - |
| - | Foxton consents - renewal | 52 | - | - | - |
| 182 | Foxton Water treatment plant - renewal | 30 | 31 | 31 | - |
| 906 | Levin reticulation - renewal | 830 | 855 | 855 | - |
| 153 | Levin treatment plant - renewals | 52 | 53 | 53 | - |
| - | Reactive renewals - district wide | 156 | 160 | 160 | - |
| 12 | Shannon - Mangaore consents - renewal | - | 107 | 107 | - |
| 136 | Shannon - Mangaore reticulation - renewal | 6 | 6 | 6 | - |
| 99 | Shannon reservoir structural work | - | - | - | - |
| - | Tokomaru consents - renewal | - | 107 | 107 | - |
| 81 | Total minor projects | 75 | 76 | 76 | - |
| 162 | Overheads | 101 | 108 | 173 | 65 |
| 1,945 | Total renewals | 1,329 | 1,584 | 1,649 | 65 |
| | Level of service portion of project | | | | |
| 1,507 | Levin bore exploration, new reservoir, treatment plant upgrade | - | - | - | - |
| 781 | Levin clarifier installation | - | - | - | - |
| 53 | Levin new connections | - | - | - | - |
| - | Levin treatment plant upgrade | 3,737 | - | - | - |
| 77 | Total minor projects | 25 | - | - | - |
| 89 | Overheads | 183 | 192 | 9 | (183) |
| 2,507 | Total level of service | 3,945 | 192 | 9 | (183) |
| | Growth portion of project | | | | |
| - | Foxton Beach development plan | 100 | - | - | - |
| 646 | Levin bore exploration, new reservoir, treatment plant upgrade | - | - | - | - |
| - | Overheads | 23 | 24 | 41 | 17 |
| 646 | Total growth | 123 | 24 | 41 | 17 |
| | Make up of above projects by % of type | | | | |
| 1,945 | Renewals | 1,329 | 1,584 | 1,649 | 65 |
| 2,507 | Level of service | 3,945 | 192 | 9 | (183) |
| 646 | Growth | 123 | 24 | 41 | 17 |
| 5,098 | Total | 5,397 | 1,800 | 1,699 | (101) |

Funding Impact Statement for Water Supply

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Sources of operating funding | | | | |
| - | General rates, uniform annual general charges, rates penalties | - | - | - | - |
| 5,413 | Targeted rates | 5,682 | 6,230 | 5,762 | (468) |
| - | Subsidies and grants for operating purposes | - | - | - | - |
| 85 | Fees and charges | - | - | 26 | 26 |
| 107 | Local authorities fuel tax, fines, infringement fees, and other receipts | 151 | 170 | 116 | (54) |
| - | Internal charges and overheads recovered | - | - | - | - |
| 5,605 | Total operating funding (A) | 5,833 | 6,400 | 5,904 | (496) |
| | Applications of operating funding | | | | |
| 1,889 | Payments to staff and suppliers | 1,991 | 2,120 | 2,131 | 11 |
| 321 | Finance costs | 640 | 859 | 694 | (165) |
| 919 | Internal charges and overheads applied | 963 | 1,002 | 1,054 | 52 |
| - | Other operating funding applications | - | - | - | - |
| 3,129 | Total applications of operating funding (B) | 3,594 | 3,981 | 3,879 | (102) |
| 2,476 | Surplus (deficit) of operating funding (A - B) | 2,239 | 2,419 | 2,025 | (394) |
| | Sources of capital funding | | | | |
| - | Subsidies and grants for capital expenditure | - | - | - | - |
| 37 | Development and financial contributions | - | - | - | - |
| 2,786 | Increase (decrease) in debt | 3,641 | (356) | (559) | (203) |
| - | Gross proceeds from sale of assets | - | - | - | - |
| - | Lump sum contributions | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - |
| 2,823 | Total sources of capital funding (C) | 3,641 | (356) | (559) | (203) |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| 646 | - to meet additional demand | 123 | 24 | 41 | 17 |
| 2,507 | - to improve the level of service | 3,945 | 192 | 9 | (183) |
| 1,945 | - to replace existing assets | 1,329 | 1,584 | 1,649 | 65 |
| 201 | Increase (decrease) in reserves | 483 | 263 | (233) | (496) |
| - | Increase (decrease) of investments | - | - | - | - |
| 5,299 | Total applications of capital funding (D) | 5,880 | 2,063 | 1,466 | (597) |
| (2,476) | Surplus (deficit) of capital funding (C - D) | (2,239) | (2,419) | (2,025) | 394 |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 1,996 | Depreciation | 2,037 | 2,250 | 1,996 | (254) |

Activity Expenditure

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--------------------------|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 838 | Foxton Water | 703 | 727 | 755 | 28 |
| 705 | Foxton Beach Water | 695 | 731 | 770 | 39 |
| 2,600 | Levin Water | 3,255 | 3,748 | 3,313 | (435) |
| 726 | Shannon Water | 717 | 744 | 736 | (8) |
| 256 | Tokomaru Water | 262 | 280 | 300 | 20 |
| 5,125 | Total Expenditure | 5,632 | 6,230 | 5,874 | (356) |

Loans

| | External | Internal | Total |
|---|---------------|--------------|---------------|
| | \$000 | \$000 | \$000 |
| Anticipated loan balances at 1/7/2017 | 12,900 | 986 | 13,886 |
| Raised during the year | - | 41 | 41 |
| Repaid during the year | (600) | - | (600) |
| Anticipated loan balances 30/06/2018 | 12,300 | 1,027 | 13,327 |
| Budgeted interest expense | 655 | 39 | 694 |

How it will be funded?

| | |
|----------------|--|
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees and Charges. |
| Rationale | Extraordinary users (and Foxton Beach universal meters) are charged by volume. All rates are by fixed charge to all properties connected whereby all properties connected pay the same fixed charge. |

Wastewater Disposal

As part of its Wastewater Group of Activities the Council collects wastewater from residential, industrial and commercial properties (primarily in urban areas). Council then treats the wastewater at the treatment plant, and discharges the treated wastewater onto land or into watercourses.

The collection, transportation, treatment and safe discharge of treated wastewater from properties ensures a basic level of health by continually removing potentially hazardous wastewater from populated urban environments, and treating this wastewater before discharging it into the receiving environment.

What does Wastewater Activities involve?

- Council's Wastewater Activities provide for the collection, transportation, treatment and discharge of treated effluent of residential, commercial and industrial wastewater from urban sewerage schemes in Levin, Foxton, Foxton Beach, Shannon, Tokomaru and Waitarere Beach.
- Council owns and maintains piped wastewater sewerage systems, pumping stations, wastewater treatment plants and discharge facilities, throughout each of the urban schemes, which includes land. The Council's wastewater sewerage system is managed internally within the Council, with the operation and maintenance carried out by an external contractor appointed by the Council.
- Preparing, applying for and obtaining any relevant resource consents that are required to continue to discharge treated wastewater effluent to land/watercourses or to construct new or upgrade existing assets associated with the Wastewater Group of Activities.
- Responding to and resolving (if possible) any customer complaints that Council receives relating to Council's wastewater sewerage systems.
- This Group of Activities is provided in accordance with the requirements set out by the following pieces of legislation:
 - The Local Government Act 2002 which requires Council to provide water (including wastewater) services and maintain its capacity to do so;
 - The Health Act 1956 which requires Council to provide sanitary works including works for sewage (i.e. wastewater) disposal; and
 - The Resource Management Act 1991 which places the specific requirement on Council to incorporate Tangata Whenua interests into its decision making processes.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) | |
|--|--|--|-----|
| Reliable Wastewater collection and disposal. | The number of dry weather overflows from the wastewater system per 1000 connections.* | <2 | |
| Council provides a good response to faults reported. | The median time (hrs) from the time that Council receives a notification, to the time that services personnel reach the site in responding to an overflow.* | <1 hour | |
| | The median time (hrs) from the time that Council receives a notification, to the time that services personnel reach the site in responding to a wastewater blockage.* | <1 hour | |
| | The median time (hrs) from the time that Council receives a notification, to the time that services personnel confirm a resolution of a blockage or other fault within the wastewater system.* | 12 hours | |
| The service is satisfactory. | The total number of complaints received (expressed per 1000 connections to the wastewater system) regarding: | Wastewater odour; | <5 |
| | | Wastewater systems faults; | <8 |
| | | Wastewater system blockages; and | <8 |
| | | The Council's response to issues with its wastewater system. | 8 |
| | | Total number of complaints received about any of the above.* | <29 |
| | Percentage of customers satisfied with the service, based on the Annual Customer Satisfaction Survey. | 84 | |
| Safe disposal of wastewater. | The number of Abatement Notices, Infringement Notices, Enforcement Orders, and convictions received by the Council in relation to Horizons Regional Council resource consents.* | 0 | |

* These performance measurements are provided by the Department of Internal Affairs and they are mandatory.

Major Projects

- Foxton wastewater treatment plant - pond desludge
- Foxton wastewater treatment plant - strategic upgrade
- Levin reticulation – renewals
- Levin treatment plant - planned renewals
- Levin wastewater treatment plant - strategic upgrade

Challenges Council faces for Wastewater Activities

A major challenge facing the Council regarding its Wastewater Activities is the increasing age of Council's wastewater assets. Asset ageing affects reliability, maintenance costs and overall performance. Poor pipe condition is a major cause of groundwater infiltration which adds unnecessary volume to the amount of wastewater collected during wet

weather events. The response to asset ageing is to increase carefully targeted renewal programmes for the wastewater collection networks and treatment plants.

Applying for and obtaining resource consents and then complying with consent conditions is another challenge faced by Council for this Group of Activities. This can be quite expensive, particularly with increased expectations from the public and stakeholder groups for land based effluent disposal instead of water course disposal of wastewater.

Significant negative effects associated with Wastewater Activities

A significant negative effect associated with this Group of Activities is the long term effect of discharge of treated wastewater to the receiving environments which includes land and watercourses throughout the District. This effect is mitigated by ensuring the standards of treatment required by Horizons Regional Council are adhered to. Furthermore ensuring that these standards of treatment (which may increase overtime) can be met in the future is a major driver of significant capital expenditure planned for the near future.

Another significant negative effect of Council's Wastewater Activities is unintentional overflows of untreated wastewater from the collection system to private property, public land or watercourses. This is mitigated by a regime of pipe and pump inspections and maintenance.

Key Risks and Assumptions associated with Wastewater Activities

Risks associated with the Wastewater Group of Activities include service failures, inconsistent strategic planning, poor contract management, loss of the telemetry system, and poor business/continuity planning. The process of securing resource consents also carries various risks for this Group of Activities including the requirement to increase some levels of service. These risks are currently mitigated by ongoing renewals programming and by maintaining good asset management practices. Council is also currently undertaking a major upgrade of the telemetry system.

Assumptions which may affect this Group of Activities include the rate and nature of population and business growth, the quality of asset data and information, and influential economic factors, particularly the future inflation rate and long term economic health.

Capital Expenditure Programme for Wastewater Disposal

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|---|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| 217 | Districtwide - reticulation unplanned renewals | 197 | 193 | 193 | - |
| - | Foxton Beach wastewater treatment plant - planned renewals | - | 142 | 142 | - |
| 437 | Foxton reticulation - renewals | 131 | 167 | 167 | - |
| - | Foxton wastewater treatment plant - pond desludge | - | 770 | 770 | - |
| 1,226 | Levin reticulation - renewals | 536 | 434 | 434 | - |
| 436 | Levin treatment plant - planned renewals | 1,084 | 1,177 | 1,177 | - |
| 145 | Levin treatment plant - unplanned renewals | 92 | 95 | 95 | - |
| 18 | Tokomaru wastewater treatment plant - consent renewal | 52 | - | - | - |
| 408 | Tokomaru WWTP desludging | - | - | - | - |
| 62 | Tokomaru WWTP oxidation pond relining | - | - | - | - |
| 35 | Waitarere wastewater treatment plant - planned renewals | 78 | 24 | 24 | - |
| 12 | Total minor projects | 107 | 117 | 117 | - |
| 163 | Overheads | 216 | 226 | 210 | (16) |
| 3,159 | Total renewals | 2,493 | 3,345 | 3,329 | (16) |
| | Level of service portion of project | | | | |
| 899 | Foxton Beach wastewater treatment plant - strategic upgrade | - | 254 | 254 | - |
| - | Foxton wastewater treatment plant - pond desludge | - | 192 | 192 | - |
| - | Foxton wastewater treatment plant - strategic | 2,414 | 3,075 | 4,244 | 1,169 |
| 869 | Levin wastewater treatment plant - strategic upgrade | 446 | 545 | 545 | - |
| 2,376 | Shannon disposal system | - | - | - | - |
| 133 | Telemetry system | 24 | - | - | - |
| - | Waitarere wastewater treatment plant - strategic upgrade | 47 | 241 | 241 | - |
| 43 | Total minor projects | 35 | 29 | 29 | - |
| 143 | Overheads | 304 | 318 | 331 | 13 |
| 4,463 | Total level of service | 3,270 | 4,654 | 5,836 | 1,182 |
| | Growth portion of project | | | | |
| - | Development planning Foxton Beach | 156 | - | - | - |
| - | Development planning Waitarere Beach | - | 160 | 160 | - |
| - | Development work - North East Levin | - | 246 | 246 | - |
| 18 | Total minor projects | - | - | - | - |
| 38 | Overheads | 21 | 23 | 42 | 19 |
| 56 | Total growth | 177 | 429 | 448 | 19 |
| | Make up of above projects by % of type | | | | |
| 3,159 | Renewals | 2,493 | 3,345 | 3,329 | (16) |
| 4,463 | Level of service | 3,270 | 4,654 | 5,836 | 1,182 |
| 56 | Growth | 177 | 429 | 448 | 19 |
| 7,678 | Total | 5,940 | 8,428 | 9,613 | 1,185 |

Funding Impact Statement for Wastewater Disposal

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Sources of operating funding | | | | |
| - | General rates, uniform annual general charges, rates penalties | - | - | - | - |
| 6,122 | Targeted rates | 6,421 | 6,721 | 6,384 | (337) |
| - | Subsidies and grants for operating purposes | - | - | - | - |
| 838 | Fees and charges | 1,030 | 1,275 | 1,193 | (82) |
| 97 | Local authorities fuel tax, fines, infringement fees, and other receipts | 43 | 56 | 51 | (5) |
| - | Internal charges and overheads recovered | - | - | - | - |
| 7,057 | Total operating funding (A) | 7,494 | 8,052 | 7,628 | (424) |
| | Applications of operating funding | | | | |
| 2,061 | Payments to staff and suppliers | 2,380 | 2,495 | 2,503 | 8 |
| 769 | Finance costs | 1,452 | 1,649 | 1,091 | (558) |
| 731 | Internal charges and overheads applied | 685 | 711 | 726 | 15 |
| - | Other operating funding applications | - | - | - | - |
| 3,561 | Total applications of operating funding (B) | 4,517 | 4,855 | 4,320 | (535) |
| 3,496 | Surplus (deficit) of operating funding (A - B) | 2,977 | 3,197 | 3,308 | 111 |
| | Sources of capital funding | | | | |
| - | Subsidies and grants for capital expenditure | - | - | - | - |
| 32 | Development and financial contributions | - | - | - | - |
| 4,293 | Increase (decrease) in debt | 3,285 | 5,506 | 6,480 | 974 |
| - | Gross proceeds from sale of assets | - | - | - | - |
| - | Lump sum contributions | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - |
| 4,325 | Total sources of capital funding (C) | 3,285 | 5,506 | 6,480 | 974 |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| 56 | - to meet additional demand | 177 | 429 | 448 | 19 |
| 4,463 | - to improve the level of service | 3,270 | 4,654 | 5,836 | 1,182 |
| 3,159 | - to replace existing assets | 2,493 | 3,345 | 3,329 | (16) |
| 143 | Increase (decrease) in reserves | 322 | 275 | 175 | (100) |
| - | Increase (decrease) of investments | - | - | - | - |
| 7,821 | Total applications of capital funding (D) | 6,262 | 8,703 | 9,788 | 1,085 |
| (3,496) | Surplus (deficit) of capital funding (C - D) | (2,977) | (3,197) | (3,308) | (111) |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 2,264 | Depreciation | 2,623 | 2,956 | 2,264 | (692) |

Activity Expenditure

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|----------------------------|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 412 | Foxton Wastewater | 754 | 1,045 | 639 | (406) |
| 525 | Foxton Beach Wastewater | 578 | 638 | 612 | (26) |
| 3,564 | Levin Wastewater | 3,908 | 4,158 | 3,656 | (502) |
| 897 | Shannon Wastewater | 1,299 | 1,329 | 1,089 | (240) |
| 129 | Tokomaru Wastewater | 183 | 191 | 221 | 30 |
| 297 | Waitarere Beach Wastewater | 419 | 450 | 369 | (81) |
| 5,824 | Total Expenditure | 7,141 | 7,811 | 6,586 | (1,225) |

Loans

| | External | Internal | Total |
|---|---------------|------------|---------------|
| | \$000 | \$000 | \$000 |
| Anticipated loan balances at 1/7/2017 | 21,400 | 413 | 21,813 |
| Raised during the year | 6,600 | 753 | 7,353 |
| Repaid during the year | (100) | (773) | (873) |
| Anticipated loan balances 30/06/2018 | 27,900 | 393 | 28,293 |
| Budgeted interest expense | 1,087 | 4 | 1,091 |

How it will be funded?

| | |
|----------------|---|
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees and Charges. |
| Rationale | Trade waste producers are charged by load and volume. All rates are by fixed charge to all properties connected whereby all properties connected pay the same fixed charge. |

Solid Waste

The Solid Waste Group of Activities consists of Council providing services to collect and safely dispose of residential and commercial solid waste. Council also provides education to the community on how to reduce its total solid waste output.

What does this Activity involve?

- Council provides for the collection and disposal of solid waste produced in the Horowhenua and Kapiti Coast Districts. To provide for the disposal of solid waste Council manages kerbside recycling and refuse bag collection at specified times each week for urban areas in the District. It also operates waste transfer stations (for disposal of general and green waste as well as recycling), and it operates numerous static and temporary recycling stations.
- Council owns a landfill (and associated assets), waste transfer stations and recycling stations.
- Council also undertakes public education (on an ad hoc basis) in waste minimisation at local primary and intermediate schools in the District. The management of this Group of Activities is done by Council while the operation and maintenance is externally contracted.
- Council also ensures that the Levin Landfill is managed in a way that it complies with resource consents and so that it has sufficient air and land space available to meet future requirements.
- Legislative requirements that this Group of Activities operates within include, but are not limited to:
 - The Health Act 1956, which requires Council to provide for sanitary works including the collection and disposal of refuse;
 - The Waste Minimization Act 2008;
 - The Hazardous Substances and Noxious Organisms (HSNO) 2004; and
 - The Climate Change Response (Emissions Trading) Amendment Act 2008.

It is important to note that much of the Solid Waste Group of Activities is permissive rather than mandatory. This means that Council has the ability to opt out of many of the provisions of its solid waste services if it wishes.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|--|----------------|
| Waste Transfer Stations are available at convenient times. | Transfer Stations are available on agreed days at agreed times. | Achieved |
| Solid Waste Activities are undertaken in a healthy and safe | No reported incidences of injury or illness attributable to use of the Council's Waste Transfer or Recycling Station facilities. | Achieved |

| Service | How will we measure our performance | Target (17/18) |
|---|--|----------------------------|
| manner. | | |
| Waste Transfer and Recycling Stations have a minimal impact on the immediate and surrounding environment. | No. odour complaints and minimal reports of solid waste in or around: <ul style="list-style-type: none"> · Waste Transfer Stations; and · Recycling Stations | 3 per month 3 per month |
| Response to service requests regarding Council's Solid Waste Activities is timely. | Time that all requests are responded to within. | 3 days |
| Levin landfill. | Conditions of resource consents are met. | 100% |
| Kerbside recycling and refuse collection service is available. | Percentage of serviceable households that kerbside recycling shall be offered to. | 91% |
| Recycling and refuse is collected on time and in a sanitary manner. | Number of complaints about non collection of: <ul style="list-style-type: none"> · Kerbside recycling · Kerbside refuse | 5 per month 5 per month |
| Recycling stations are available and accessible in urban centres in Summer. | Recycling stations are available at the agreed locations on the agreed days and times. | Achieved |
| Information on Council's recycling and refuse services is available from service centres and on the website. | Narrative. | Achieved |
| Affordable recycling service is available. | No user charge set. | Achieved |
| Customers are content with Council's transfer stations, recycling collection, and refuse collection services offered. | Measured via the Annual Customer Satisfaction Survey. | 75% |
| Customers are educated on waste minimization practices. | Education services provided in local schools. | Achieved |

Major Projects

- Landfill development

Challenges Council faces for this Group of Activities

A key challenge for the future of the Solid Waste Group of Activities is the decision making required regarding the levels of service provision. Council will need to balance the solid waste disposal needs of the District with the ability to generate income by accepting waste from outside the District and also the extent to which it remains in the 'solid waste business'. All of these considerations have an effect on long term capital expenditure, income and the estimated longevity of Council's most significant solid waste asset which is the Levin Landfill.

Significant negative effects associated with this Group of Activities

A key negative effect associated with this Group of Activities is the presence of both ground and airborne contaminants produced by the landfill and their potential harm to the immediate environment. This effect is mitigated by strict adherence to Horizons Regional Council resource consent conditions. Council also facilitates a neighbourhood group and monitors the airborne effects associated with the landfill.

Key Risks and Assumptions associated with this Group of Activities

A key risk associated with this Group of Activities is the long term presence and longevity of hazardous contaminants in the environment. This risk is mitigated by legislative controls and constant monitoring of leachates and ground conditions.

A key assumption of the 2015-2025 Long Term Plan was that Council's current ownership of the Levin Landfill and being a provider of solid waste services will continue. As mentioned above, much of this Group of Activities is optional rather than mandatory. Future changes in the service provision model, especially the level of Council's participation in it, could change the overall funding requirements.

Capital Expenditure Programme for Solid Waste

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|---|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| 67 | Cap shape correction | - | 62 | 62 | - |
| 13 | Total minor projects | - | - | - | - |
| - | Overheads | 3 | 4 | 4 | - |
| 80 | Total renewals | 3 | 66 | 66 | - |
| | Level of service portion of project | | | | |
| 116 | Leachate pre treatment | - | - | - | - |
| 76 | Total minor projects | - | - | - | - |
| 1 | Overheads | 10 | 11 | - | (11) |
| 193 | Total level of service | 10 | 11 | - | (11) |
| | Growth portion of project | | | | |
| 137 | Landfill development | 57 | 132 | 132 | - |
| 14 | Overheads | 14 | 14 | 6 | (8) |
| 151 | Total growth | 71 | 146 | 138 | (8) |
| | Make up of above projects by % of type | | | | |
| 80 | Renewals | 3 | 66 | 66 | - |
| 193 | Level of service | 10 | 11 | - | (11) |
| 151 | Growth | 71 | 146 | 138 | (8) |
| 424 | Total | 84 | 223 | 204 | (19) |

Funding Impact Statement for Solid Waste

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Sources of operating funding | | | | |
| - | General rates, uniform annual general charges, rates penalties | - | - | - | - |
| 321 | Targeted rates | 356 | 342 | 338 | (4) |
| - | Subsidies and grants for operating purposes | - | - | - | - |
| 2,027 | Fees and charges | 1,785 | 1,832 | 1,859 | 27 |
| 19 | Local authorities fuel tax, fines, infringement fees, and other receipts | 18 | 17 | 13 | (4) |
| - | Internal charges and overheads recovered | - | - | - | - |
| 2,367 | Total operating funding (A) | 2,159 | 2,191 | 2,210 | 19 |
| | Applications of operating funding | | | | |
| 1,493 | Payments to staff and suppliers | 1,415 | 1,454 | 1,553 | 99 |
| 227 | Finance costs | 324 | 316 | 250 | (66) |
| 222 | Internal charges and overheads applied | 220 | 227 | 245 | 18 |
| - | Other operating funding applications | - | - | - | - |
| 1,942 | Total applications of operating funding (B) | 1,959 | 1,997 | 2,048 | 51 |
| 425 | Surplus (deficit) of operating funding (A - B) | 200 | 194 | 162 | (32) |
| | Sources of capital funding | | | | |
| - | Subsidies and grants for capital expenditure | - | - | - | - |
| - | Development and financial contributions | - | - | - | - |
| 161 | Increase (decrease) in debt | (143) | (58) | (62) | (4) |
| - | Gross proceeds from sale of assets | - | - | - | - |
| - | Lump sum contributions | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - |
| 161 | Total sources of capital funding (C) | (143) | (58) | (62) | (4) |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| 151 | - to meet additional demand | 71 | 146 | 138 | (8) |
| 193 | - to improve the level of service | 10 | 11 | - | (11) |
| 80 | - to replace existing assets | 3 | 66 | 66 | - |
| 162 | Increase (decrease) in reserves | (27) | (87) | (104) | (17) |
| - | Increase (decrease) of investments | - | - | - | - |
| 586 | Total applications of capital funding (D) | 57 | 136 | 100 | (36) |
| (425) | Surplus (deficit) of capital funding (C - D) | (200) | (194) | (162) | 32 |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 268 | Depreciation | 327 | 328 | 268 | (60) |

Activity Expenditure

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--------------------------|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 1,107 | Landfill | 1,107 | 1,115 | 1,113 | (2) |
| 303 | Waste Transfer Stations | 290 | 297 | 289 | (8) |
| 188 | Roadside Collection | 200 | 206 | 211 | 5 |
| 612 | Recycling | 689 | 707 | 703 | (4) |
| 2,210 | Total Expenditure | 2,286 | 2,325 | 2,316 | (9) |

Loans

| | External | Internal | Total |
|---|--------------|-----------|--------------|
| | \$000 | \$000 | \$000 |
| Anticipated loan balances at 1/7/2017 | 4,900 | 100 | 5,000 |
| Raised during the year | - | 138 | 138 |
| Repaid during the year | - | (200) | (200) |
| Anticipated loan balances 30/06/2018 | 4,900 | 38 | 4,938 |
| Budgeted interest expense | 249 | 1 | 250 |

How it will be funded?

| | |
|----------------|---|
| Activity | Landfill and Waste Transfer Stations |
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees and Charges. |
| Rationale | User fees are those charged to dispose of District refuse into the transfer station and from there, through to the landfill. Any recovered cost to be included in the Solid Waste Rate. |

| | |
|----------------|---|
| Activity | Roadside Refuse Collection |
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees and Charges. |
| Rationale | Those who create the need for the service are the users and beneficiaries. Any unrecovered cost to be included in the Solid Waste Rate. |

| | |
|----------------|--|
| Activity | Waste Minimisation and Recycling |
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | Primarily for waste education and minimisation, with costs funded by the Solid Waste Rate. |

Regulatory Services

Regulatory Services is a delivery arm of Council that provides advice, consenting services, assessment, education, compliance, and enforcement. The Activities that are undertaken within the Regulatory Services Group of Activities provide for the development and review as well as the implementation and enforcement of plans, bylaws, and policies needed to protect the health and safety of the community and the environment it lives in.

District Planning

This Activity principally involves various Council functions and obligations under the Resource Management Act (RMA) 1991 designed to ensure the natural and physical resources of the District are sustainably managed.

Generally this Activity can be broken down into three core areas being the preparation, review and monitoring of the District Plan; the processing of resource consent and other applications made under the RMA; and monitoring aspects associated with potential non-compliances with the District Plan and compliance with resource consent conditions.

What does this Activity involve?

- Reviewing the District Plan.
- Preparing or processing Plan Changes and Notices of Requirements.
- Monitoring the District's State of the Environment.
- Monitoring the efficiency and effectiveness of the policies and rules in the District Plan and reporting the results of this monitoring at 5 yearly intervals.
- Processing resource consents and other applications made under the RMA.
- Monitoring and enforcing compliance with resource consent conditions.
- Responding to complaints relating to non-compliances with the District Plan or conditions of resource consents, and other RMA related complaints. Taking appropriate action when a non-compliance is observed.
- Providing advice to the public on the District Plan and RMA.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|--|---|
| Processing of applications under the Resource Management Act (RMA). | Applications under the RMA will be processed within statutory timeframes. | 100% compliance with relevant statutory timeframes. |
| Monitoring of District Plan requirements, resource consent | Known and reported instances of non-compliance with the District Plan and any resource consents will be responded to and | 100% responded to within 2 working days |

| Service | How will we measure our performance | Target (17/18) |
|--|--|----------------|
| compliance and complaints. | appropriate action will be taken. Resource consents are monitored for compliance with conditions. | 100% |
| The District Plan provides for a balanced regulatory framework that protects important community and environmental values. | Percent of non-complying resource consents approved as a proportion of all approved consents. | <10% |

Major Projects

There are no major projects for District Planning for 2017/18. Targeted plan changes and updates to the District Plan in response to legislative changes are proposed for 2017/18.

Challenges Council faces for this Activity

A key challenge facing Council for this Activity is that there is a level of uncertainty about the implications for Council of the current reforms to the RMA, as well as the development or amendment of National Environmental Standards or National Policy Statements. For example, implications could result in changes to how resource consent applications are processed or could require the District Plan to be updated or amended.

Another challenge is balancing the need to provide for and encourage economic development with the desire to ensure that any adverse effects that businesses and their associated activities may have on the natural environment are acceptable, and will not compromise future generations use and enjoyment of natural resources.

Review of the District Plan, resource consents, and enforcement of District Plan rules or resource consent conditions can be perceived by some people as encroaching on private property rights and frustrate property owners who perceive 'over-regulation'. However, requirements relating to the District Plan and resource consents are deemed necessary to protect and sustainably manage the District's natural and physical resources. Reviewing the District Plan ensures that any rules are reflective of the current environment and the aspirations of our community and meet legislative requirements.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned District Planning Activity.

Key Risks and Assumptions associated with this Activity

Changes in legislation could result in requiring subsequent changes to the District Plan or changes to how resource consents are processed or monitored which have not been anticipated or appropriately budgeted for.

However, it is assumed that Central Government will give Local Government adequate notice/warning of any potential changes and that where major changes are required there will be an appropriate transition period provided to allow for Council to plan and budget for any required changes.

Building Control

This Activity is undertaken by the Council to ensure that buildings are safely constructed and so that people have confidence that they are safe to use. The Council has legislative responsibilities for implementing these requirements under the Building Act 2004.

What does this Activity involve?

- Processing building consent applications by assessing their compliance with the building code.
- Undertaking inspections of the consented building work to ensure compliance with the approved building consent.
- Respond to complaints relating to non-compliances with the Building Act 2004 and take appropriate action when a non-compliance is observed.
- Providing advice to the public on building consent applications and the Building Act 2004.
- Monitoring and enforcing other relevant legislation.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|--|--|
| Carry out Building Consent Authority accreditation functions including enforcement of legislation relating to construction of buildings and structures. | Percent of building consent applications granted within 20 working days or less. | 100% of applications |
| | Consent applications for new residential dwellings are processed in 18 days or less. | 100% of applications |
| | Reported cases of illegal building work will be responded to within 3 working days. | 100% of cases |
| | Percent of private swimming pools on register inspected annually for compliance. | 33% of private swimming pools are inspected. |
| | Council will maintain its accredited status as a Building Consent Authority. | Accreditation maintained |

Major Projects

There are no major projects for Building Control for 2017/18.

Challenges Council faces for this Activity

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation, and the implications that this would have on the levels of service for this Activity.

Another challenge for this Activity is the requirements around earthquake prone buildings which are coming into place as a result of the Building (Earthquake-prone Buildings) Amendment Bill. The requirements would mean that Council will have to update its policy on earthquake prone buildings and complete the seismic assessment of all non-residential buildings and all multi-unit, multi-storey residential buildings within a few years of the amendment taking effect.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned Building Control Activity.

Key Risks and Assumptions associated with this Activity

The major risk for this Activity is that Council may not maintain its Building Consent Authority Accreditation and this would mean that Council would no longer be able to process building consent applications in-house. However, Council assumes that it has the appropriate systems in place to ensure that it will get its accreditation each time that it comes up for review as per historical results.

Changes in legislation could result in an increase to the levels of service or require changes to be made to how the Council currently undertakes this Activity. However, it is assumed that Central Government will give Local Government adequate notice/warning of any potential changes and that where major changes are required there will be an appropriate transition period provided to allow for Council to plan and budget for these.

Environmental Health

The Environmental Health Activity has two distinct areas being: Food Safety, which ensures that food services used by the Community are healthy and safe; and General Compliance, which ensures that other health legislative requirements are complied with.

What does this Activity involve?

- Investigating health complaints and carrying out associated enforcement action when necessary/appropriate.
- Inspecting food premises registered under the Food Hygiene Regulations 1974 and other business premises registered under the Health Act 1956 to ensure compliance with relevant legislation.

- Auditing food businesses operating under the Food Act 2014 at a frequency determined in the Food Regulations 2015.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|--|---|
| Food safety – Food businesses are monitored to ensure compliance with legislation. | Food businesses operating under the Food Act 2014 are verified at the frequency determined by the Food Regulation 2015. | 100% |
| | Food premises operating under the Food Hygiene Regulations 1974 are inspected. | 100% |
| Food Safety – Existing food businesses are provided with assistance to transition onto the requirements of the Food Act 2014. | Food businesses are provided with written material about the Food Act 2014 and have opportunities to attend training sessions/seminars | 100% of businesses required to transition in Year 2 of the Act (by 30 June 2018) are provided with written information and access to training/mentoring activities. |

Major Projects

No major projects are planned for the Environmental Health Activity for 2017/18.

Challenges Council faces for this Activity

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation, and the implications that this would have on the levels of service for this Activity.

Significant negative effects associated with this Activity

The cost of this Activity for ratepayers is a significant negative effect associated with this Activity as currently fees and charges for this Activity only cover 25-35% of the cost of this Activity with the rest being ratepayer funded. Council can explore increasing the fees and charges so that the ‘user payers’ percentage of funding is higher. However, it is noted that in most cases there is a public good associated with this Activity as it helps to ensure that food premises, and other premises frequented by the public, are hygienic.

Key Risks and Assumptions associated with this Activity

Following the full implementation of the Food Act 2014 from 1 March 2016, businesses on National Food Programmes, such as dairies, can choose their verification agency and therefore there is a risk of a reduction in our food premises client base.

Liquor Licensing

This Activity involves the monitoring of all licensed premises to ensure that the sale and supply of alcohol is conducted in accordance with the Sale and Supply of Alcohol Act 2012 as well as monitoring licence conditions to ensure that the sale and supply of alcohol is conducted responsibly.

What does this Activity involve?

- Processing applications for liquor licences and manager’s certificates.
- Monitoring and inspection of all licensed premises to ensure compliance with both legislation and licence conditions.
- Joint undertakings such as “Controlled Purchase Operations” are carried out in conjunction with partner agencies MidCentral Public Health and New Zealand Police.
- Providing information and advice to customers on licensing requirements.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|---|---------------------------------|
| Monitoring of licensed premises to ensure compliance with relevant legislation. | Percent of premises that are inspected annually to check for compliance with their licence conditions. | 100% of premises are inspected. |
| | Percent of applications for a licence that will be forwarded to Public Health and the Police for comment. | 100% of applications |

Major Projects

There are no major projects planned for Council’s Liquor Licensing Activity for 2017/18.

Challenges Council faces for this Activity

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation, and the implications that this would have on the levels of service for this Activity.

Significant negative effects associated with this Activity

The cost of this Activity for ratepayers is a significant negative effect associated with this Activity as currently fees and charges for this Activity only cover 40-50% of the cost of this Activity with the rest being ratepayer funded. However, these fees are set by Central Government and as such Council is unable to change them.

Key Risks and Assumptions associated with this Activity

Changes in legislation could result in unanticipated changes in levels of service for this Activity. However, it is assumed that Central Government will give Local Government

adequate notice/warning of any potential changes and that where major changes are required there will be an appropriate transition period provided to allow for Council to plan and budget for any required changes.

Animal Control

This Activity principally involves Council administering, implementing, and enforcing the Dog Control Act 1996 and implement or enforcing other relevant legislation from time to time as such the Impounding Act 1955. The Dog Control Act 1996 seeks to improve public safety by mitigating the risk of harm, injury, or nuisance from dogs in our Community.

What does this Activity involve?

- Registering dogs.
- Patrolling the District on the outlook for animal nuisances.
- Responding to complaints about dogs and livestock.
- Providing impounding facilities for dogs and livestock.
- Educating the public on the responsibilities of dog ownership.
- Protecting against damage to fragile areas.
- Re-homing or euthanizing unclaimed animals.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|--|------------------|
| Reported instances of non-compliance and dog nuisance will be responded to. | Percent of reported instances of non-compliance and dog nuisance will be responded to. An after-hours emergency response will be continuously provided. | 100% Achieved |
| Registration and classification of all known dogs within the District. | Percent of known dogs that will be registered or accounted for annually by 31 October. | 100% |

Major Projects

There are no major projects planned for Council's Animal Control Activity for 2017/18.

Challenges Council faces for this Activity

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation and the implications that this would have on the levels of service for this Activity.

Significant negative effects associated with this Activity

There are no known significant negative effects associated with Council's planned Animal Control Activity.

Key Risks and Assumptions associated with this Activity

A key risk is that changes in legislation could result in unanticipated changes in levels of service for this Activity. However, it is assumed that Central Government will give Local Government adequate notice/warning of any potential changes and that where major changes are required there will be an appropriate transition period provided to allow for Council to plan/budget for any required changes.

Parking Enforcement

Council provides on and off-street parking in Levin, including metered and time restricted areas with a goal that people can access car parks. This Activity involves the implementation and enforcement of the parking control measures specified in the Council's Traffic and Parking Bylaw.

What does this Activity involve?

- Enforcing the parking control measures of the Council's Traffic and Parking Bylaw including issuing tickets for non-compliances.
- Policing expired vehicle registrations and warrants of fitness.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|---|----------------|
| All parking restricted areas in Levin will be enforced under the provisions of Council's Bylaw and the Transport Regulations. | Enforcement conducted each working day. | Achieved |

Major Projects

There are no major projects planned for Council's Parking Enforcement Activity for 2017/18.

Challenges Council faces for this Activity

No challenges have been identified as facing Council for the Parking Enforcement Activity.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned Parking Enforcement Activity.

Key Risks and Assumptions associated with this Activity

No key risks or assumptions have been identified for the Park Enforcement Activity.

General Regulatory Services

The General Regulatory Services Activity consists of a number sub-activities undertaken as part of Council's general regulatory functions including bylaw and policy reviews, inspection of non-food premises (such as hairdressers), dealing with abandoned vehicles, following up on noise and litter complaints and gaming machine venue consents.

What does this Activity involve?

- Review or develop relevant bylaws e.g. Council's Public Places Bylaw.
- Inspection of premises relating to Burial Regulations, Camping Grounds, Clubs and Hairdressers for compliance with relevant legislation.
- Respond to general noise complaints Council receives and take appropriate action if noise is considered to be excessive. Note that Council's noise control functions are largely contracted externally.
- Respond to complaints regarding vehicles that have been abandoned in public spaces and take appropriate action.
- Respond to complaints about the dumping of litter on private and public land and take action under the Litter Act 1979 as appropriate.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|--|---|----------------|
| Noise complaints response service will be provided. | Noise complaints services are provided all year round and 90% of complaints will be responded to within 60 minutes. | Achieved |
| Public safety bylaws and other legislation will be enforced. | Percent of reported non compliances and complaints that are responded to within 5 working days. | 100% |

Major Projects

There are no major projects planned for Council's General Regulatory Services Activity for 2017/18.

Challenges Council faces for this Activity

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation and the implications that this would have on the levels of service for this Activity.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned General Regulatory Services Activity.

Key Risks and Assumptions associated with this Activity

No key risks or assumptions have been identified for this Activity.

Capital Expenditure Programme for Regulatory Services

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|---|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| 91 | Vehicles | - | 34 | 34 | - |
| - | Overheads | 2 | 2 | 3 | 1 |
| 91 | Total renewals | 2 | 36 | 37 | 1 |
| | Level of service portion of project | | | | |
| 3 | Body worn video equipment - animal control | - | - | - | - |
| 4 | Body worn video equipment - parking | - | - | - | - |
| 15 | Dog pound pup kennels. concreting extensions | - | - | - | - |
| 12 | Parking mobile ticket device | - | - | - | - |
| 1 | Resource management furniture | - | - | - | - |
| - | Overheads | 1 | 1 | 1 | - |
| 35 | Total level of service | 1 | 1 | 1 | - |
| | Growth portion of project | | | | |
| - | Total growth | - | - | - | - |
| | Make up of above projects by % of type | | | | |
| 91 | Renewals | 2 | 36 | 37 | 1 |
| 35 | Level of service | 1 | 1 | 1 | - |
| - | Growth | - | - | - | - |
| 126 | Total | 3 | 37 | 38 | 1 |

Funding Impact Statement for Regulatory Services

| Annual Report 2015/16 \$000 | | LTP Forecast 2016/17 \$000 | LTP Forecast 2017/18 \$000 | Annual Plan Forecast 2017/18 \$000 | Variance 2017/18 \$000 |
|--------------------------------|--|-------------------------------|-------------------------------|---------------------------------------|---------------------------|
| | Sources of operating funding | | | | |
| 1,974 | General rates, uniform annual general charges, rates penalties | 2,008 | 1,974 | 1,997 | 23 |
| - | - Targeted rates | - | - | - | - |
| - | - Subsidies and grants for operating purposes | - | - | - | - |
| 16 | Fees and charges | 3 | 3 | 4 | 1 |
| 2,007 | Local authorities fuel tax, fines, infringement fees, and other receipts | 2,313 | 2,395 | 2,657 | 262 |
| - | - Internal charges and overheads recovered | - | - | - | - |
| 3,997 | Total operating funding (A) | 4,324 | 4,372 | 4,658 | 286 |
| | Applications of operating funding | | | | |
| 493 | Payments to staff and suppliers | 471 | 403 | 398 | (5) |
| 122 | Finance costs | 155 | 149 | 107 | (42) |
| 3,085 | Internal charges and overheads applied | 3,513 | 3,632 | 3,986 | 354 |
| - | - Other operating funding applications | - | - | - | - |
| 3,700 | Total applications of operating funding (B) | 4,139 | 4,184 | 4,491 | 307 |
| 297 | Surplus (deficit) of operating funding (A - B) | 185 | 188 | 167 | (21) |
| | Sources of capital funding | | | | |
| - | - Subsidies and grants for capital expenditure | - | - | - | - |
| - | - Development and financial contributions | - | - | - | - |
| (247) | Increase (decrease) in debt | (100) | (65) | (129) | (64) |
| 64 | Gross proceeds from sale of assets | - | - | - | - |
| - | - Lump sum contributions | - | - | - | - |
| - | - Other dedicated capital funding | - | - | - | - |
| (183) | Total sources of capital funding (C) | (100) | (65) | (129) | (64) |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| - | - to meet additional demand | - | - | - | - |
| 35 | - to improve the level of service | 1 | 1 | 1 | - |
| 91 | - to replace existing assets | 2 | 36 | 37 | 1 |
| (12) | Increase (decrease) in reserves | 82 | 86 | - | (86) |
| - | - Increase (decrease) of investments | - | - | - | - |
| 114 | Total applications of capital funding (D) | 85 | 123 | 38 | (85) |
| (297) | Surplus (deficit) of capital funding (C - D) | (185) | (188) | (167) | 21 |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 75 | Depreciation | 81 | 81 | 81 | - |

Activity Expenditure

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|-----------------------------|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 217 | Animal Control | 229 | 239 | 240 | 1 |
| 675 | Building Consents | 803 | 812 | 1,043 | 231 |
| 157 | Building Policy | 200 | 202 | 265 | 63 |
| 506 | Dog Control | 576 | 600 | 560 | (40) |
| 178 | Environmental Health | 232 | 239 | 264 | 25 |
| 38 | Environmental Health Policy | 50 | 51 | 67 | 16 |
| 180 | Liquor Licences | 203 | 214 | 204 | (10) |
| 12 | Liquor Policy | 20 | 20 | 35 | 15 |
| 326 | Parking | 492 | 508 | 519 | 11 |
| 569 | Planning Policy | 649 | 581 | 548 | (33) |
| 682 | Resource Planning | 547 | 570 | 585 | 15 |
| 236 | Safety Licencing | 220 | 229 | 242 | 13 |
| 3,776 | Total Expenditure | 4,221 | 4,265 | 4,572 | 307 |

Loans

| | External \$000 | Internal \$000 | Total \$000 |
|---|----------------|----------------|--------------|
| Anticipated loan balances at 1/7/2017 | 2,000 | 137 | 2,137 |
| Raised during the year | - | - | - |
| Repaid during the year | - | (129) | (129) |
| Anticipated loan balances 30/06/2018 | 2,000 | 8 | 2,008 |
| Budgeted interest expense | 102 | 5 | 107 |

How it will be funded?

| | |
|----------------|---|
| Activity | District Planning Consenting |
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees. |
| Rationale | Although primarily a private benefit, the Resource Management Act exists to protect the wider environment for the benefit of all residents. |

| | |
|----------------|---|
| Activity | District Plan Policy |
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | This activity is strategic in nature and is primarily involved in protection of the environment for the benefit of the wider community. The activity also aids in public understanding and compliance with the Resource Management Act. |

| | |
|----------------|--|
| Activity | Building Consents |
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees. |
| Rationale | Although primarily a private benefit, the Building Act exists to protect the wider community from poor building practices. |

| | |
|----------------|---|
| Activity | Building Policy |
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | Although the building consenting activity is a private benefit, the Building Act and the accreditation process exists to ensure standards set by regulatory agencies are met to protect the wider community form poor building practices. |

| | |
|----------------|--|
| Activity | Environmental Health |
| Funding Source | This activity will be funded by Private Good Fees and Charges and Public Good Rates. |
| Rationale | This activity is serviced by specifically qualified staff with direct responsibility for licensing, inspections and work associated with enquiries and complaints in relation to public health matters for which the Council is responsible. The general ratepayer is the widest beneficiary of the service, which is a statutory requirement. |

| | |
|----------------|--|
| Activity | Liquor Licensing |
| Funding Source | This activity will be funded by Private Good Fees and Charges and Public Good Rates. |
| Rationale | Licence fees are set by regulation and cannot be altered by Council. |

| | |
|----------------|---|
| Activity | Dog Control |
| Funding Source | This activity will be funded by Private Good Fees and Charges and Public Good Rates. |
| Rationale | Although primarily a private benefit, the Dog Control Act exists to protect the wider community from errant dogs. |

| | |
|----------------|--|
| Activity | Parking Enforcement |
| Funding Source | This activity will be funded by Private Good Fees and Charges and Public Good Rates. |
| Rationale | It is predominantly funded from those who use the car parks. |

| | |
|----------------|---|
| Activity | General Regulatory Services |
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | It is not practicable to charge the beneficiaries of the service as they are not the cause of the need for the service. |

Community Facilities and Services

Reserves, Public Halls, Sports Grounds, Cemeteries and Beautification

This Activity involves the management of reserves, sports grounds and cemeteries as well as for the provision of street beautification within the District.

What does this Activity involve?

Reserves and Beautification

Key to the provision of this Activity is ownership of a large number of reserves and parks including (but not limited to) neighbourhood reserves, riverside and lakeside picnic areas, and public gardens. These have management and/or development plans, which have been developed with substantial community involvement. Council has begun a review of all of its existing Reserve Management Plans and it will also be preparing plans for some reserves that do not currently have an adopted plan. Reserves allow a diverse range of pursuits important to the enjoyment of healthy lifestyles, and are an attraction to visitors. The Council owns 29 individual public toilet blocks throughout the District which are largely located on reserves.

Public Halls

The Council owns community halls in Levin, Foxton and Shannon and meeting rooms at Holben Reserve in Foxton Beach. The halls are provided and maintained for the use and enjoyment of these communities and the surrounding areas.

Sports Grounds

Some reserves function as sports grounds, with added facilities for both casual and structured sporting activities as well as other events.

Cemeteries

Cemeteries are subject to the Burial and Cremation Act 1964 which states that a local authority shall, where sufficient provision is not otherwise made, establish and maintain a suitable cemetery for the burial of those who die in its District. It is estimated that between 50% and 60% of the deaths registered in the Horowhenua result in interments in Council's cemeteries.

In recent years, there has been a trend towards lawn cemeteries, memorial parks, and cremation.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|---|----------------|
| Reserves are available for community use. | Sufficient space is available (ha/1000 pop). | 1 |
| Community Halls are available for public use. | Number of uses per fortnight for the Levin, Foxton and Shannon Halls. | 10 |
| Sports grounds are available for community use. | Percent of time that sport grounds are available for use during their opening hours. | 95% |
| Playgrounds are safe for users. | Playground facilities comply with relevant standards. | 100% |
| Cemeteries are managed and maintained to an appropriate standard. | Meet needs according to legal requirements. | Meet |
| Cemeteries operate to an acceptable level. | All arrangements and internments at Council cemeteries are made satisfactorily before 24 hours from internment. | Achieved |

Major Projects

There are no major projects for Reserves, Public Halls, Sports Grounds, Cemeteries and Beautification for 2017/18.

Challenges Council faces for this Activity

Changes in levels of demand and Community expectations are challenges facing Council for this Activity. These challenges are addressed by ensuring that reserves, sports grounds, and cemeteries are developed to be multi-use and flexible enough to cope with changes in demands and expectations. Use of some facilities may also be a challenge, with usage lessening but operational costs increasing.

Another challenge faced by the Council is that there are capacity issues at the Manakau Cemetery and steps will need to be taken to secure and/or develop more land, with other works programmes undertaken to maintain current levels of service for this part of the Community.

Conservation is also a challenge faced by Council and there a number of projects that are proposed to address conservation issues in the District including the implementation of the Waitarere Beach and Foxton Beach Coastal Dune Management Plans and the development of the Wairarawa Walkway system. These projects address sensitive areas in establishing and maintaining coastal and riparian plantings.

Vandalism and graffiti are challenges faced by Council for this Activity. Where possible the Council designs assets to be vandal resistant which involves not just the type of construction but also good design, well considered location and responsive maintenance.

Another challenge facing Council is that the halls in Levin and Foxton have been identified as earthquake prone and with new legislation around requirements to upgrade earthquake prone buildings Council must decide what it wants to do with these buildings.

The final challenge faced by the Council for this Activity is that demographic projections are signalling that the population of the Horowhenua District is ageing. As there will be a growing proportion of the population over 65 years of age the Council needs to design its reserves and leisure spaces to better suit the needs of this age group.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned Reserves and Beautification, Sports Grounds, and Cemeteries Activity.

Key Risks and Assumptions associated with this Activity

Due to the active nature of some assets used within this Activity, there are varying levels of personal and social risks within some sub-activities. For example, playgrounds contain a range of inherent risks to personal safety. These types of risks are removed or managed by adherence to a range of standards regulating how these assets and activities are to be run.

Earthquake prone buildings owned by the Council are possibly a risk if they continue to be utilised without being earthquake strengthened.

Aquatic Centres and Recreation

Public access to swimming pools and fitness, rehabilitation and swimming programmes enhances wellbeing through providing healthy recreational and social opportunities in Horowhenua District. As part of this Activity the Council has two Aquatic Centres in Levin and Foxton and manages the Shannon School swimming pool for a period during the summer. Aquatic Centres provide for a wide range of land and water-based activities including swim schools, fitness and rehabilitation classes, as well as holiday, social and club events.

What does this Activity involve?

- Providing public swimming pools for general use in Levin (all year round) and Foxton (between December and April) as well as managing the Shannon School swimming pool for a period during the summer.
- Providing facilities for local aquatic clubs and organisations to utilise.
- Providing a certified Swim School in Levin and Foxton.

- Supporting local sports/recreation clubs and organisations to host and run events on and off site.
- Providing land and water based fitness and rehabilitation classes both on and off site.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|--|---|------------------------------|
| Safe aquatic facilities are operating in the District. | Compliance with relevant standards including Pool Safe Accreditation. | 100% compliant |
| Aquatics Centres meet customer needs. | Percent of customer satisfaction, based on the Annual Customer Satisfaction Survey. | 90% Satisfied |
| A high quality Swim School operates at the Levin and Foxton Aquatic Centres. | Number of participants in Learn to Swim classes. | 400 per term |
| Local clubs are supported to deliver their own events. | Number of events per year held by clubs- clubs growing and taking ownership of their own events and future. | 5 per year |
| Growing existing events and developing new ones for the following areas; children, general public, and retirees. | Number of events per year for children, general public, and retirees. | 3 events per group each year |

Major Projects

There are no major projects planned for Aquatic Centres and Recreation for 2017/18.

Challenges Council faces for this Activity

A major challenge facing Council for this Activity is the change in demand and community expectations as well as the on-going increases in operational costs, coupled with a predominantly lower socioeconomic local population being unable to afford significant increases in fees and charges. The recent upgrade of Levin Aquatic Centre as well as increased programming for learning to swim, rehabilitation and fitness are ways that Council is addressing this challenge. Council is also continuing to actively investigate areas for increasing targeted revenue generation to effectively subsidise other areas of public access.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council’s planned Aquatic Centres and Recreation Activity.

Key Risks and Assumptions associated with this Activity

The major risks associated with this Activity are health and safety risks inherently associated with publicly accessible swimming pools and with undertaking physical exercise. These types of risks are addressed or managed by adherence to a range of standards regulating how these assets and activities are to be run.

Community Centres and Libraries

Community Centres and Libraries are important resources as they enrich the the social, economic and cultural wellbeing of communities. As part of this Activity the Council owns and operates the Levin Culture and Community Centre (Te Takeretanga o Kura-Hau-Pō or Te Takere for short) as well as the Library buildings in Shannon and Foxton.

Council is also developing Te Awahou-Nieuwe Stroom which will serve as a community centre for Foxton and is a major project for Council's Community Centres and Libraries Activity.

What does this Activity involve?

- Library service delivery including online and wireless access and outreach (in Levin, Foxton, Shannon and Tokomaru/Opiki)
- Programmes that foster and enhance literacy (including digital) and lifelong learning as well as local history
- Events, exhibitions and performances
- IT technology resources and facilities
- Children's events and activities
- Youth events and activities
- Events and activities for older people
- Meetings, functions and conventions
- Provision of community and visitor information
- Council services
- Social and community spaces
- Social lounges and café
- Te Ao Māori.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|--|------------------------------------|
| Council provides Community facilities for residents, ratepayers, and visitors to access | Communities with library and community facilities providing an integrated and District wider service. Percent of residents and non-residents satisfied with library and community services. | Levin, Foxton, and Shannon >85% |

| Service | How will we measure our performance | Target (17/18) |
|---|--|---|
| community services including library services. | Number of booking counts for community facilities. | 380 |
| | Number of visitor counts* to Te Takere, Foxton Library & Service Centre and Shannon Library. | 650,000 people across all sites annually* |
| Customers have access to a range of current information in both print and digital format. | Number of items loaned from the Library across District, including books, magazines etc. | 350,000 |
| | Percent of increase in use of website. | +>1% |
| Customers have access to programmes and initiatives that enhance wellbeing of the District. | Number of programmes delivered. | 100 |

* Visitor counts include people passing through the buildings as the Council is not currently able to differentiate between actual visitors and people just passing through the building.

* This measure will include increased emphasis on monitoring online and wireless access and usage of library services and resources.

Major Projects

Completion and opening of Te Awahou-Nieuwe Stroom in 2017/18.

Challenges Council faces for this Activity

Major challenges facing Council for this Activity are the increased costs in building and maintaining facilities, increases in operational costs, and increases in demand and community expectations for these facilities.

These challenges will be addressed by ensuring that as Community Centres and Libraries, and their associated operations, are developed, upgraded or reviewed, they are designed to be flexible enough to cope with changing community demands/expectations.

They will also be addressed by obtaining funding from external sources for the development of Te Awahou-Nieuwe Stroom and by pursuing revenue generating opportunities that enhance community wellbeing within its community facilities as well as pursuing external funding for operational activities.

Access to facilities has also been identified as a challenge for some communities. Council is working in partnership with Palmerston North City Council in its library service delivery to Tokomaru and Opiki to improve community access to library services in this part of the District.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned Community Centres and Libraries Centres Activity.

Key Risks and Assumptions associated with this Activity

No key risks or assumptions have been identified for this Activity.

Capital Expenditure Programme for Community Facilities and Services

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| 25 | Arapaepae Rd beautification strip remedial landscaping and tree removal | - | - | - | - |
| - | Beautification South bound carriageway SH1 | - | - | 25 | 25 |
| 217 | Community Centre | 1,155 | - | 567 | 567 |
| - | Community Centre - Site works and museum fitout | - | - | 812 | 812 |
| - | Cousins Ave Reserve pathways improvement | - | - | 25 | 25 |
| 29 | District halls (& pavilions) reactive renewals (including vandalism) | 26 | 26 | 26 | - |
| 42 | District play equipment | 41 | - | - | - |
| 34 | District play equipment bark mulch | 26 | 26 | 26 | - |
| - | Donnelly Park reroof amenity block / toilet | 26 | - | - | - |
| - | Driscoll Reserve beautification | - | - | 25 | 25 |
| - | Foreshore improvement - Spinifex purchase Waitarere Beach | - | - | 40 | 40 |
| 14 | Foxton Aquatic Centre plan renewals | 20 | 10 | 10 | - |
| 30 | Foxton Beach Reserves (FHA) | 102 | 105 | 105 | - |
| - | Halls renewals | 447 | - | - | - |
| - | Levin Adventure Park playground renewals | - | 157 | 157 | - |
| - | Levin Aquatic - Replace the Hydroslide | - | - | 120 | 120 |
| 34 | Levin Aquatic Centre plan renewals | 41 | 21 | 21 | - |
| 27 | Levin hydroslide rust prevention and repair | - | - | - | - |
| - | Library Books / E-Books / Talking Books / DVDs | - | - | 200 | 200 |
| - | Pollard management Oxford Street | - | - | 25 | 25 |
| 57 | Public toilets programmed renewals | 44 | 46 | 46 | - |
| 36 | Reserve carpark reseal | - | - | - | - |
| 10 | Reserves renewals | 61 | 159 | 159 | - |
| - | Shared pathways funding to raise profile of existing cycleways on rural roads | - | - | 40 | 40 |
| - | Te Takere - Couches and round seats across facility (x 50) in blue, yellow and black | - | - | 25 | 25 |
| - | Te Takere - Replace boiler in Te Takere | - | - | 25 | 25 |
| 48 | Te Takere façade | - | - | - | - |
| - | Te Takere IT urgent IT capital replacement including frameless TV Shannon, HPElite | - | - | 30 | 30 |
| - | One, public computers | - | - | 30 | 30 |
| - | Vehicles | 27 | 29 | 29 | - |
| - | Waitarere dune management dune management - flatten recountour | - | - | 103 | 103 |
| 34 | Total minor projects | 78 | 57 | 162 | 105 |
| 2 | Overheads | 107 | 115 | 131 | 16 |
| 639 | Total renewals | 2,201 | 751 | 2,934 | 2,183 |
| | Level of service portion of project | | | | |
| - | Cemetery - Avenue extend burial and cremation sites | 92 | - | 92 | 92 |
| - | Cemetery - Avenue redevelop front entrance and update information signage | - | 31 | 31 | - |
| - | Cemetery - Foxton land development | 134 | - | - | - |

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 269 | Community Centre | 1,430 | - | 702 | 702 |
| - | Community Centre - Site works and museum | - | - | 1,005 | 1,005 |
| 30 | District fencing contingency | 31 | 31 | 31 | - |
| 53 | FlagTrax | - | - | - | - |
| 26 | Foxton water tower lights | - | - | - | - |
| - | Ihakara Gardens landscaping | 20 | - | - | - |
| - | Levin Adventure Park toilet upgrade buildings | 41 | - | - | - |
| 342 | Levin disable facilities upgrade, hydrotherapy pool, zero depth pool and play equipment, upgrade reception | 1,652 | - | - | - |
| - | Levin install Centaman - online booking | - | 58 | - | (58) |
| 27 | Levin pump VSD | - | - | - | - |
| 25 | Levin pumps | 5 | 5 | 5 | - |
| - | Levin UV disinfection investigation, and | 51 | 44 | 44 | - |
| 89 | Public toilets-Salisbury Street upgrade, reroof, renew flooring, change doors | - | - | - | - |
| 33 | Redevelopment Donnelly Park | - | - | - | - |
| 26 | Te Takere Capital | - | - | - | - |
| 84 | Upgrade ablutions block Donnelly Park | - | - | - | - |
| 20 | Total minor projects | 92 | 20 | 90 | 70 |
| 297 | Overheads | 130 | 137 | 67 | (70) |
| 1,321 | Total level of service | 3,678 | 326 | 2,067 | 1,741 |
| | Growth portion of project | | | | |
| 31 | Community Centre | 165 | - | 81 | 81 |
| - | Community Centre - Site works and museum | - | - | 116 | 116 |
| - | IT equipment Te Awahou | - | - | 109 | 109 |
| - | Tokomaru walkways | - | - | 25 | 25 |
| - | Total minor projects | 28 | - | 12 | 12 |
| - | Overheads | 8 | 9 | 11 | 2 |
| 31 | Total growth | 201 | 9 | 354 | 345 |
| | Make up of above projects by % of type | | | | |
| 639 | Renewals | 2,201 | 751 | 2,934 | 2,183 |
| 1,321 | Level of service | 3,678 | 326 | 2,067 | 1,741 |
| 31 | Growth | 201 | 9 | 354 | 345 |
| 1,991 | Total | 6,080 | 1,086 | 5,355 | 4,269 |

Funding Impact Statement for Community Facilities and Services

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Sources of operating funding | | | | |
| 4,620 | General rates, uniform annual general charges, rates penalties | 4,736 | 4,974 | 4,867 | (107) |
| 5,357 | Targeted rates | 5,597 | 5,916 | 5,887 | (29) |
| 5 | Subsidies and grants for operating purposes | 7 | 8 | 72 | 64 |
| 683 | Fees and charges | 730 | 747 | 1,319 | 572 |
| 197 | Local authorities fuel tax, fines, infringement fees, and other receipts | 216 | 201 | 225 | 24 |
| - | Internal charges and overheads recovered | - | - | - | - |
| 10,862 | Total operating funding (A) | 11,286 | 11,846 | 12,370 | 524 |
| | Applications of operating funding | | | | |
| 7,224 | Payments to staff and suppliers | 7,608 | 7,794 | 7,986 | 192 |
| 704 | Finance costs | 866 | 1,026 | 857 | (169) |
| 1,491 | Internal charges and overheads applied | 1,583 | 1,654 | 2,299 | 645 |
| - | Other operating funding applications | - | - | - | - |
| 9,419 | Total applications of operating funding (B) | 10,057 | 10,474 | 11,142 | 668 |
| 1,443 | Surplus (deficit) of operating funding (A - B) | 1,229 | 1,372 | 1,228 | (144) |
| | Sources of capital funding | | | | |
| 375 | Subsidies and grants for capital expenditure | 2,327 | - | 1,455 | 1,455 |
| 53 | Development and financial contributions | - | - | - | - |
| 588 | Increase (decrease) in debt | 2,672 | (47) | 2,971 | 3,018 |
| 74 | Gross proceeds from sale of assets | - | - | - | - |
| - | Lump sum contributions | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - |
| 1,090 | Total sources of capital funding (C) | 4,999 | (47) | 4,426 | 4,473 |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| 31 | - to meet additional demand | 201 | 9 | 354 | 345 |
| 1,321 | - to improve the level of service | 3,678 | 326 | 2,067 | 1,741 |
| 639 | - to replace existing assets | 2,201 | 751 | 2,934 | 2,183 |
| 542 | Increase (decrease) in reserves | 148 | 239 | 299 | 60 |
| - | Increase (decrease) of investments | - | - | - | - |
| 2,533 | Total applications of capital funding (D) | 6,228 | 1,325 | 5,654 | 4,329 |
| (1,443) | Surplus (deficit) of capital funding (C - D) | (1,229) | (1,372) | (1,228) | 144 |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 917 | Depreciation | 994 | 1,151 | 932 | (219) |

Activity Expenditure

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--------------------------------|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 299 | Cemeteries | 339 | 369 | 502 | 133 |
| 299 | Public Toilets | 341 | 353 | 334 | (19) |
| 634 | Beautification | 519 | 534 | 675 | 141 |
| 1,563 | Reserves | 2,033 | 2,109 | 1,814 | (295) |
| 1,361 | Sportsgrounds | 1,161 | 1,204 | 1,136 | (68) |
| 223 | Halls | 302 | 341 | 276 | (65) |
| 3,067 | Libraries & Community Services | 3,388 | 3,493 | 4,176 | 683 |
| 2,539 | Aquatic Centres | 2,640 | 2,888 | 2,780 | (108) |
| 350 | Urban Cleansing | 327 | 335 | 380 | 45 |
| 10,335 | Total Expenditure | 11,050 | 11,626 | 12,073 | 447 |

Loans

| | External | Internal | Total |
|---|---------------|--------------|---------------|
| | \$000 | \$000 | \$000 |
| Anticipated loan balances at 1/7/2017 | 14,800 | 2,332 | 17,132 |
| Raised during the year | 3,000 | 671 | 3,671 |
| Repaid during the year | (700) | - | (700) |
| Anticipated loan balances 30/06/2018 | 17,100 | 3,003 | 20,103 |
| Budgeted interest expense | 752 | 105 | 857 |

How it will be funded?

| | |
|----------------|---|
| Activity | Reserves and Beautification |
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees and Charges. |
| Rationale | As reserves can be used by anyone and any charge or fee would limit accessibility and participation, the general rate is the most appropriate method of funding passive reserves. |

| | |
|----------------|---|
| Activity | Cemeteries |
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees and Charges. |
| Rationale | Cemeteries have a degree of private benefit. The true cost of burials has never been able to be collected. It would be onerous for some families to bear the full cost. |

| | |
|----------------|---|
| Activity | Halls |
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees and Charges. |
| Rationale | These facilities are an integral part of the communities that they are located in. Attempts to recover higher levels of rental income from users would reduce usage dramatically, which would be counterproductive in trying to foster usage. |

| | |
|----------------|--|
| Activity | Public Toilets |
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | Not practicable or desirable to charge for the use of public toilets when usage is to be encouraged for the wider community benefit. |

| | |
|----------------|--|
| Activity | Sports Grounds |
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees and Charges. |
| Rationale | Providing sports grounds is regarded as core business of Council. They are not self-funding and are used extensively for passive recreation. To charge the full cost of the facility to the users would dramatically impact on use and participation and deny accessibility by the public. The grounds are unavailable at peak times during the weekends but remain available during the week for passive recreational use. The funding mechanism reflects the fact that sports grounds are unavailable to the public at those peak times. |

| | |
|----------------|--|
| Activity | Swimming Pools |
| Funding Source | This activity will be funded by Public Good Rates and Private Good Fees and Charges. |
| Rationale | Providing swimming pools is regarded as core business of Council. They are not self-funding. To charge the full cost of the facility to the users would dramatically impact on use and participation and deny accessibility by the public. |

| | |
|----------------|---|
| Activity | Library |
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | The private benefit is retained by the Te Horowhenua Trust to offset the cost Council's grant to the Trust. Council will therefore fund the Library and Community Centre operations and asset/debt costs 100% from a Targeted rate. |

Property

The Property Activity supports all activities of Council that are dependent on physical land and buildings. Council holds a selection of property assets to support the delivery of Council's activities which also contribute to the wellbeing of the Community. This ranges from direct support e.g. provision of a community centre, to indirect support e.g. through investment and endowment property which contributes revenue to rates or facilities. Council also provides tenancy services to a wide range of stakeholders and customers. Council has developed a Property Strategy. This Strategy will identify and consider all property assets across the wider District by way of determining the relevance to core Council business in line with recent changes to the Local Government Act. This process will inform decision making on future maintenance, investment and/or disposal of current assets.

The Strategy looks at ten key criteria in evaluating Council's existing property portfolio that includes whether the property has a strategic or core purpose; the capital cost required to maintain the property including earthquake strengthening amongst other factors.

What does this Activity involve?

- The Council owns various properties throughout the District and through the Property Activity the Council ensures that these properties are managed and maintained.
- Council owns the following properties:
 - The Council building in Levin;
 - Commercial properties which are leased to tenants;
 - Endowment property e.g. Council owns land in Foxton Beach that was formerly owned by the Foxton Harbour Board. Much of this land is leased for residential purposes with rights of purchase. Some of the land has been subdivided to create 70 residential sections down Forbes Road; and
 - Other community facilities including motor camps, historic and cultural buildings, and depots and carparks.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|--|--|-----------------------------------|
| Council operated facilities are available for public hire. | Facilities availability (hrs) and hire charges by annual review. | 8 hrs per day and review annually |
| Residential housing is provided for the elderly. | Occupancy Rate (Percent). | 95% occupied |
| Endowment property is appropriately managed. | Number of sections available for sale. | 20 sections |
| Council's properties will comply with | All buildings with compliance schedules will | Achieved |

| Service | How will we measure our performance | Target (17/18) |
|---|--|----------------|
| relevant legislation. | have current building WOF. | |
| Commercial property is appropriately managed. | Rent is within a percentage range of current market rentals at time of review/renewal. | 10% |

Major Projects

There are no major projects for Property for 2017/18.

Challenges Council faces for this Activity

A key challenge facing Council for this Activity is changing demands and Community expectations with the use of some of Council's facilities declining in some areas but the operational costs increasing. However, demand for other Council owned facilities is increasing and therefore the Council needs to decide where to focus its funds. This issue will be met by ensuring that as key property assets are developed they are designed to be multi-use and flexible enough to cope with the change in demands and expectations.

Another challenge is that the District's demographic projections are signalling an ageing population and with this comes additional requirements in regards to accessibility such as provision of appropriate car parking and entrance ways to buildings.

Vandalism of Council's property is also a challenge faced by Council for this Activity. Council's response to vandalism is to ensure that assets are designed to be vandal resistant which involves not just the type of materials used for construction but also good design, well considered location, and responsive maintenance.

Finally a number of Council's buildings have been identified as earthquake prone and with new legislation around requirements to upgrade earthquake prone buildings Council must decide what it wants to do with these buildings. Council's response to potentially earthquake prone buildings has been to remove all associated renewal and capital development funding for these buildings, until a decision on the retention/strengthening or disposal of these buildings has been made. The impact of this in the short term is an expected increase in reactive and unplanned maintenance as planned renewals are not funded.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned Property Activity.

Key Risks and Assumptions associated with this Activity

Earthquake prone buildings owned by the Council are possibly a risk if they continue to be utilised without being earthquake strengthened. The Council has already ceased using and demolished the former service building in Foxton due to the fact that it is an

earthquake prone building (and that it was no longer needed), and Council will decide what to do with the other earthquake prone properties that it owns in the near future.

A key assumption for this Activity is that properties will be maintained in a fit for purpose state; however, some properties are showing signs of changes in demand and drop of utilisation. Existing trends are expected to continue.

Capital Expenditure Programme for Property

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|---|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| - | Chip seal of driveway and repaint park lines Parsons Ave kindergarten | - | - | 25 | 25 |
| - | Commercial property renewals | - | 262 | 262 | - |
| 31 | Community buildings programmed renewals | 46 | 49 | 49 | - |
| 3 | Focal Point Cinema air conditioning | 187 | - | - | - |
| - | Focal Point Cinema exterior fire exit doors | 23 | - | - | - |
| - | Focal Point Cinema exterior paint | - | 35 | 35 | - |
| - | Focal Point Cinema exterior renewal & paint | - | 59 | 59 | - |
| - | Focal Point Cinema replacement of internal membrane gutter | 23 | - | - | - |
| 15 | General property renewals | 287 | - | - | - |
| - | Jack Allen Centre exterior renewals & paint | - | - | 38 | 38 |
| - | Levin Depot pole shed reroof | 51 | - | 80 | 80 |
| 34 | Pensioner residential property reactive renewals | - | - | - | - |
| 16 | Total minor projects | - | - | - | - |
| - | Overheads | 30 | 30 | 41 | 11 |
| 99 | Total renewals | 647 | 435 | 589 | 154 |
| | Level of service portion of project | | | | |
| - | Levin Depot new sewer connection | 58 | - | 250 | 250 |
| 36 | Thompson House exterior fire escape, egress improvements and disability access including toilet provision | - | - | - | - |
| - | Overheads | 5 | 5 | 15 | 10 |
| 36 | Total level of service | 63 | 5 | 265 | 260 |
| | Growth portion of project | | | | |
| 280 | Tararua industrial development | 502 | - | - | - |
| - | Overheads | 11 | 12 | - | (12) |
| 280 | Total growth | 513 | 12 | - | (12) |
| | Make up of above projects by % of type | | | | |
| 99 | Renewals | 647 | 435 | 589 | 154 |
| 36 | Level of service | 63 | 5 | 265 | 260 |
| 280 | Growth | 513 | 12 | - | (12) |
| 415 | Total | 1,223 | 452 | 854 | 402 |

Funding Impact Statement for Property

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Sources of operating funding | | | | |
| 665 | General rates, uniform annual general charges, rates penalties | 326 | 523 | 315 | (208) |
| - | - Targeted rates | - | - | - | - |
| - | - Subsidies and grants for operating purposes | - | - | - | - |
| 1,642 | Fees and charges | 1,657 | 797 | 733 | (64) |
| 103 | Local authorities fuel tax, fines, infringement fees, and other receipts | 137 | 140 | 138 | (2) |
| 449 | Internal charges and overheads recovered | 511 | 530 | 464 | (66) |
| 2,859 | Total operating funding (A) | 2,631 | 1,990 | 1,650 | (340) |
| | Applications of operating funding | | | | |
| 1,602 | Payments to staff and suppliers | 1,282 | 817 | 1,120 | 303 |
| 668 | Finance costs | 765 | 475 | 365 | (110) |
| 383 | Internal charges and overheads applied | 408 | 422 | 290 | (132) |
| - | - Other operating funding applications | - | - | - | - |
| 2,653 | Total applications of operating funding (B) | 2,455 | 1,714 | 1,775 | 61 |
| 206 | Surplus (deficit) of operating funding (A - B) | 176 | 276 | (125) | (401) |
| | Sources of capital funding | | | | |
| - | - Subsidies and grants for capital expenditure | - | - | - | - |
| 14 | Development and financial contributions | - | - | - | - |
| (346) | Increase (decrease) in debt | (1,585) | (6,960) | (7,259) | (299) |
| 1,251 | Gross proceeds from sale of assets | 655 | 7,721 | 8,766 | 1,045 |
| - | - Lump sum contributions | - | - | - | - |
| - | - Other dedicated capital funding | - | - | - | - |
| 919 | Total sources of capital funding (C) | (930) | 761 | 1,507 | 746 |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| 280 | - to meet additional demand | 513 | 12 | - | (12) |
| 36 | - to improve the level of service | 63 | 5 | 265 | 260 |
| 99 | - to replace existing assets | 647 | 435 | 589 | 154 |
| 710 | Increase (decrease) in reserves | 71 | 585 | 528 | (57) |
| - | - Increase (decrease) of investments | (2,048) | - | - | - |
| 1,125 | Total applications of capital funding (D) | (754) | 1,037 | 1,382 | 345 |
| (206) | Surplus (deficit) of capital funding (C - D) | (176) | (276) | 125 | 401 |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 355 | Depreciation | 369 | 268 | 208 | (60) |

Activity Expenditure

| Annual Report 2015/16 \$000 | | LTP Forecast 2016/17 \$000 | LTP Forecast 2017/18 \$000 | Annual Plan Forecast 2017/18 \$000 | Variance 2017/18 \$000 |
|--------------------------------|--------------------------|-------------------------------|-------------------------------|---------------------------------------|---------------------------|
| 337 | Council Building | 348 | 361 | 310 | (51) |
| 2 | Camping Grounds | 14 | 15 | 9 | (6) |
| 276 | Commercial Properties | 238 | 254 | 254 | - |
| 509 | Endowment Property | 249 | 255 | 356 | 101 |
| 530 | General Property | 383 | 567 | 590 | 23 |
| 906 | Residential Housing | 1,083 | - | - | - |
| 2,560 | Total Expenditure | 2,315 | 1,452 | 1,519 | 67 |

Loans

| | External \$000 | Internal \$000 | Total \$000 |
|---|-------------------|-------------------|----------------|
| Anticipated loan balances at 1/7/2017 | 12,000 | 384 | 12,384 |
| Raised during the year | - | 456 | 456 |
| Repaid during the year | (7,000) | (715) | (7,715) |
| Anticipated loan balances 30/06/2018 | 5,000 | 125 | 5,125 |
| Budgeted interest expense | 356 | 9 | 365 |

How it will be funded?

| | |
|----------------|---|
| Activity | Commercial and Endowment |
| Funding Source | Commercial will be funded by Private Good Fees and Charges. Endowment by Private Good Fees and Charges or alternatively Public Good Rates where the property provides public benefit. |
| Rationale | Commercial total private good to the lessees, endowment public and private good dependent on the function of the property. |

| | |
|----------------|---|
| Activity | Residential Housing |
| Funding Source | This activity will be funded by Private Good Rents. |
| Rationale | Total private good to the tenants. |

| | |
|----------------|--|
| Activity | Motor Camps |
| Funding Source | This activity will be funded by Private Good Fees and Charges. |
| Rationale | Total private good to the lessees of the camps. |

Representation and Community Leadership

This Group of Activities comprises of how Council meets its responsibility to represent the Community as well as to provide leadership for the Community and to involve it in decision making processes and long term strategic planning.

What does this Activity involve?

The Council is elected every three years by those eligible to vote, who live or own property, in the District. The Council is made up of a Mayor (elected at large) and 10 Councillors (representing four Wards). The Council is supported at a governance level by the Foxton Community Board and a number of subcommittees. The core functions of the Representation and Community Leadership Activity are:

- Setting the policy direction of Council.
- Monitoring the performance of Council.
- Representing the interests of the District (on election all members must make a declaration that they will perform their duties faithfully and impartially, and according to their best skill and judgment in the best interests of the District).
- Wherever and whenever possible, facilitating solutions to local needs/issues.
- Employing the Chief Executive (under the Local Government Act 2002, the local authority employs the Chief Executive who in turn employs all other staff on its behalf).

These core functions are achieved by:

- Holding regular meetings which are open to the public.
- Preparing the key policy and planning documents.
- Consulting the public on major decisions.
- Providing Council representation on a wide range of community groups.
- Holding civic functions, including citizenship ceremonies.
- Advocating the District's interests to agencies at Regional and National levels.
- Keeping abreast of issues, legislation, and best practice.
- Balancing the books.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|--|---|--|
| Council provides open, accessible processes to local government. | Local body elections will be held in compliance with relevant legislation. Number of complaints upheld against the election process. | Achieved (only measured in election year) 0 |

| Service | How will we measure our performance | Target (17/18) |
|--|---|--|
| Council supports residents and ratepayers to have their views heard and considered in Council decision making. | Percent of residential and non-residential ratepayers who are satisfied with the way the Council involves the public in its decision making. | >50% |
| | Council's Community Engagement Strategy * is implemented and reviewed every 3 years. | 90% of Annual Work Plan is completed |
| Council's planning documents meet statutory requirements and meet Audit NZ standards. | The LTP is completed within the statutory timeframe, including a Financial Strategy which meets the new requirements of the Local Government Act. | Adopted before 30 June (every 3 years) |
| | The Annual Plan will be adopted annual before 30 June annually.** | Achieved |
| | The Annual Report will include an unqualified audit opinion. | Achieved |

* New requirement in accordance with the changes to the Local Government Act.

** Every third year a LTP is prepared in the place of the Annual Plan. The next LTP will be prepared for 2018-2028.

Major Projects

In 2017/18 Council will continue work on the Levin Town Centre Project. Engagement with property owners and the community commenced in 2016 and focuses on exploring opportunities for developing Levin's town centre in the coming years to ensure that it continues to meet the needs of our growing community, especially in light of potential future changes to State Highway 1.

Challenges Council faces for this Activity

A key challenge faced by Council is how to make Local Government more relevant for our residents and ratepayers as well as how to encourage positive and active engagement in Council's decision making processes.

Another challenge is the impact that future changes in legislation could have on the Council and its responsibilities and functions.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned Representation and Community Leadership Activity.

Key Risks and Assumptions associated with this Activity

There are no known risks or assumptions associated with Council's planned Representation and Community Leadership Activity.

Capital Expenditure Programme for Representation and Community Leadership

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|---|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| - | Total renewals | - | - | - | - |
| | Level of service portion of project | | | | |
| - | Total level of service | - | - | - | - |
| | Growth portion of project | | | | |
| - | Levin Town Centre Projects - Phase 1 | - | - | 143 | 143 |
| - | Overheads | - | - | 4 | 4 |
| - | Total growth | - | - | 147 | 147 |
| | Make up of above projects by % of type | | | | |
| - | Renewals | - | - | - | - |
| - | Level of service | - | - | - | - |
| - | Growth | - | - | 147 | 147 |
| - | Total | - | - | 147 | 147 |

Funding Impact Statement for Representation and Leadership

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Sources of operating funding | | | | |
| - | General rates, uniform annual general charges, rates penalties | - | - | - | - |
| 2,835 | Targeted rates | 2,891 | 3,166 | 3,597 | 431 |
| - | Subsidies and grants for operating purposes | - | - | - | - |
| - | Fees and charges | - | - | - | - |
| 122 | Local authorities fuel tax, fines, infringement fees, and other receipts | 3 | - | - | - |
| - | Internal charges and overheads recovered | - | - | - | - |
| 2,957 | Total operating funding (A) | 2,894 | 3,166 | 3,597 | 431 |
| | Applications of operating funding | | | | |
| 1,275 | Payments to staff and suppliers | 1,002 | 1,089 | 1,208 | 119 |
| - | Finance costs | - | - | - | - |
| 1,974 | Internal charges and overheads applied | 1,952 | 2,035 | 2,348 | 313 |
| - | Other operating funding applications | - | - | - | - |
| 3,249 | Total applications of operating funding (B) | 2,954 | 3,124 | 3,556 | 432 |
| (292) | Surplus (deficit) of operating funding (A - B) | (60) | 42 | 41 | (1) |
| | Sources of capital funding | | | | |
| - | Subsidies and grants for capital expenditure | - | - | - | - |
| - | Development and financial contributions | - | - | - | - |
| - | Increase (decrease) in debt | 1 | (2) | 147 | 149 |
| - | Gross proceeds from sale of assets | - | - | - | - |
| - | Lump sum contributions | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - |
| - | Total sources of capital funding (C) | 1 | (2) | 147 | 149 |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| - | - to meet additional demand | - | - | 147 | 147 |
| - | - to improve the level of service | - | - | - | - |
| - | - to replace existing assets | - | - | - | - |
| (292) | Increase (decrease) in reserves | (60) | 42 | 41 | (1) |
| - | Increase (decrease) of investments | 1 | (2) | - | 2 |
| (292) | Total applications of capital funding (D) | (59) | 40 | 188 | 148 |
| 292 | Surplus (deficit) of capital funding (C - D) | 60 | (42) | (41) | 1 |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| - | Depreciation | - | - | - | - |

Activity Expenditure

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|-------------------------------|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 153 | Community Board | 158 | 170 | 203 | 33 |
| 18 | Elections | 125 | 8 | 8 | - |
| 2,060 | Governance | 1,630 | 1,695 | 1,917 | 222 |
| 1,017 | LTP/Annual Plan/Annual Report | 1,042 | 1,252 | 1,427 | 175 |
| 3,248 | Total Expenditure | 2,955 | 3,125 | 3,555 | 430 |

Loans

| | External | Internal | Total |
|---|----------|------------|------------|
| | \$000 | \$000 | \$000 |
| Anticipated loan balances at 1/7/2017 | - | - | - |
| Raised during the year | - | 147 | 147 |
| Repaid during the year | - | - | - |
| Anticipated loan balances 30/06/2018 | - | 147 | 147 |
| Budgeted interest expense | - | - | - |

How it will be funded?

| | |
|----------------|--|
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | All residents and ratepayers gain equal benefit regardless of the value attributable to their properties. A fixed charge rated based on separately used or inhabited portions of each rating unit over the whole District would be most appropriate. |

Community Support

Emergency Management

As part of this Activity Council is an active member of the Manawatu-Wanganui Civil Defence Emergency Management Group, and is responsible for facilitating the Horowhenua Emergency Management Group and the Horowhenua Welfare Committee.

The Emergency Management Activity ensures the District is ready for, and able to respond to, emergencies or natural hazards that may cause loss of life, injury or illness.

What does this Activity involve?

- Facilitating community resilience and emergency preparedness planning with a range of external agencies and community groups through the Horowhenua Emergency Management Group and the Horowhenua Welfare Committee. This includes identifying potential hazards, and developing and implementing measures to minimise impacts (i.e. reduction).
- Ensuring plans are in place and that the community is aware of the “hazardscape” and is prepared. Engaging with, and educating, our community about “Being Prepared” (i.e. readiness).
- Preparing for the provision of a fully functional Emergency Operating Centre (EOC) to co-ordinate response activities during an emergency. Ensuring critical services can be provided during and after an emergency (i.e. response).
- Co-ordination of recovery activities planned for (i.e. recovery).

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|--|-----------------------|
| Community awareness is promoted and encouraged. | 5 media messages promoting preparedness for an emergency will be made to residents and ratepayers annually*. | Achieved |
| Council maintains a functional EOC and trained staff. | Civil Defence and Emergency Management assessment of readiness and capability. | 100% of Council staff |

* This measure will include increased emphasis on monitoring activity associated with individual, household, neighbourhood and community preparedness.

Major Projects

Review of Emergency Management Service

With the removal of the Council's obligation to deliver Rural Fire Services, it is timely for Council to review its Emergency Management service delivery as both Rural Fire and Emergency Services are currently delivered under contract with Horizons Regional Council.

This review will take the form of a Section 17A review under the Local Government Act 2002. Council is working with Rangitikei and Manawatu District Councils to undertake this review, as the three (3) Councils share many of the same risks and issues, and also presently operate a similar arrangement with Horizons Regional Council.

Section 17A requires Councils to review the cost-effectiveness of current arrangements for meeting the community's needs for local public services including current and projected future levels of performance required. This section 17A review will consider the costs and benefits of different options for funding, governance and delivery of Emergency Management services in 2017/2018 for the 3 Councils involved.

Challenges Council faces for this Activity

A challenge Council now faces for this Activity is a much higher level of scrutiny and audit as result of recent disasters in this country including the Canterbury Earthquakes. This will mean a deeper level of commitment of staff time for EOC training and exercises as well as from Council managers and Civil Defence Emergency Management EOC function managers (and associated team members), for regular planning and reviewing of processes associated with the various emergency management functions.

Significant negative effects associated with this Activity

Aside from providing increased time for staff to be trained and to plan/review processes (which will take these staff away from their core roles and cost money) there are no negative effects arising from this Activity.

Key Risks and Assumptions associated with this Activity

There are no known risks or assumptions associated with Council's planned Emergency Management Activity.

Rural Fire – No Longer Part of Council's Emergency Management Activity

The government is combining all firefighting and fire control responsibilities (including rural fire) into a single Crown entity (Fire and Emergency New Zealand) and it has given it the legislative mandate to perform certain non-fire-related work.

The result will be that from 1 July 2017 wherever in New Zealand a fire happens (or indeed most emergencies) Fire and Emergency New Zealand will respond. Horowhenua

District Council will cease to have responsibility for rural fire control in the District and Councils' powers to collect funding for rural fire have been repealed, although Councils retain civil defence responsibilities.

It is expected that firefighters will continue to respond rapidly to fires and other emergencies, and deal with them efficiently and professionally. Many of the changes planned will involve behind-the-scenes changes such as co-ordination of crews, lines of management and interaction with other emergency management agencies.

With the advent of a Crown entity to take responsibility for firefighting and fire control across New Zealand the Fire Service Levy (part of the Insurance Levy) will be recalculated and is likely to significantly increase Council costs for material damage.

Community Engagement

The Community Engagement Activity helps to provide a platform for community engagement and social wellbeing within the Horowhenua District. This includes the implementation of Council's Community Wellbeing Strategy and Action Plans, grants and funding schemes, public communications, media engagement, and District marketing.

What does this Activity involve?

- Council leading the development and implementation of the Horowhenua Community Wellbeing Strategy as well as the Education, Youth, Disability, Arts Culture and Heritage, Pride and Vibrancy, and Positive Ageing Action Plans.
- Council taking a lead role in advocating, facilitating and coordinating on behalf of the Community to assist Community groups or find solutions to respond to local needs.
- Advocating on behalf of the Community for better health, transport and social outcomes through the Community Wellbeing Executive and Community Wellbeing Forum.
- Providing funding support to Surf Life Saving, Waitarere and Foxton Beach Wardens and Neighbourhood Support, on contract.
- Funding and operating several small contestable grant schemes which are:
 - Community Development Grant.
 - Community Consultation Grant.
 - International Representation Grant.
 - Rural Halls Grant.
 - Vibrant Communities Fund.
- Administrating or providing administrative support to externally funded contestable grant schemes which are:
 - Horowhenua Creative Communities Scheme.
 - Shannon Community Development Trust.

- Facilitating a Community Capacity Building Programme, providing free or subsidised training to the not-for-profit sector with the aim to increase the capability at a governance and operational level.
- Produce and distribute Council publications.
- Produce sector specific publications, such as resource consent guides.
- Monitor and update social and traditional media.
- Provide communications support to internal staff and departments.
- Maintain and update Council's website presence, namely www.horowhenua.govt.nz
- Respond and provide information to media outlets, as required.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|---|--|----------------|
| Council provides effective leadership in advocating, coordinating and facilitating on behalf of community needs. | Number of Community Wellbeing Executive meetings per year. (Note: the schedule for 2015 onwards has changed from 6 weekly to bi-monthly). | 5 |
| Council supports the vision that young people in the Horowhenua live in a safe and supportive environment, which empowers them to make positive life choices. | Number of Youth Voice meetings per year. Number of Programmes or projects implemented by Youth Voice. Number of Youth Network meetings per year. (Note: the schedule for 2015 onwards has changed from monthly to bi-monthly). | 8 4 6 |
| Council supports the vision that Horowhenua residents are empowered to make choices enabling them to live a satisfying and healthy lifestyle. | Number of Older Person Network meetings per year. Number of Elder Berries Magazine Publications annually. | 10 4 |
| Council supports the vision that Horowhenua is a vibrant, creative and friendly community with an abundance of art, rich cultures and a strong sense of heritage. | Number of Creative Communities funding rounds per year. | 2 |
| Council supports the vision that Horowhenua is New Zealand's foremost region in taking joint responsibility for the success of our community through education. | Number of Education Horowhenua meetings per year. (Note: the schedule for 2015 onwards has changed from ad-hoc to quarterly). | 4 |

| Service | How will we measure our performance | Target (17/18) |
|--|--|----------------|
| Council supports the vision that the Horowhenua is fully accessible to all people. | Number of Disability Leadership Forums per year. | 4 |
| Council promotes community empowerment and provides opportunities for community driven initiatives and projects. | Percent of funds distributed through contestable Community Grants and Funding schemes that comply with grant criteria. | 100% |
| Council promotes community group empowerment, and provides opportunity for community groups to grow and develop. | Number of Community Capacity and Capability Building Programme workshops or trainings offered. | 10 |
| | Percent of satisfaction with Capacity and Capability Building Programme workshops or training. | 80% |
| | Number of individuals participating in Capacity and Capability Building Programme workshops or training over the year. | 100 |
| Council supports beach safety initiatives within communities by providing financial support. | Number of weeks Council funded surf life saving service is provided at Foxton and Waitarere Beaches. | 6 |
| Council effectively communicates with its ratepayers and residents. | Number of Council "Community Connections" Newsletters published annually. | 10 |
| | Number of media releases published annually. | 100 |
| | Council provides a 24/7 telephone contact centre operation for people to phone. | 100% |

Major Projects

There are no major projects planned for the Community Engagement Activity for 2017/18.

Challenges Council faces for this Activity

A challenge facing Council for this Activity is the change in demand and community expectations. This challenge will be met by ensuring that the services provided by the Community Engagement Activity will be developed to ensure that they are meeting the needs of their target audience as well as the wider community and to ensure that they are flexible enough to cope with these changing demands and expectations.

Another challenge is the need to stay connected to Central Government's Strategic Policies and Direction for providing for community engagement while maintaining a focus on the needs of our local communities.

Funding requests are regularly higher than the funding available and unfortunately there are limited funds available for this Activity and these funds must be allocated to a wide range of community organisations not just a few.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned Community Engagement Activity.

Key Risks and Assumptions associated with this Activity

An assumption is that the role of Local Government will continue to include community wellbeing as a core service and outcome.

Visitor Information

As part of this Activity Council manages the provision of visitor information services in Levin, Foxton, and Shannon.

What does this Activity involve?

- As part of this Activity the Council manages contracts which provide the following services:
 - Domestic travel ticketing;
 - Horowhenua attraction, activity and accommodation bookings;
 - Local and regional visitor information, travel maps and resources; and
 - Integrated communications and working partnerships with local service providers.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|--|--|---|
| Council supports the promotion of Horowhenua as a tourism destination. | Communities with Visitor Information financially supported. | Levin, Foxton and Foxton Beach, Shannon |
| | Percent of key performance indicators achieved by providers of Visitor Information as set out in annual service level agreement. | >85% |
| | Percent of key performance indicators achieved by Destination Manawatu (Regional Tourism Organisation) as set out in annual service level agreement. | >85% |

Major Projects

There are no major projects planned for the Visitor Information Activity for 2017/18.

Challenges Council faces for this Activity

A main challenge facing Council for this Activity is maintaining the current levels of funding support in the absence of receiving income generated from this Activity.

Another challenge is balancing the requirements of visitor and local customers as this blurs the line between economic and community wellbeing outcomes and funding mechanisms.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned Visitor Information Activity.

Key Risks and Assumptions associated with this Activity

There are no known risks or assumptions associated with Council's planned Visitor Information Activity.

Economic Development

The purpose of this Activity is to facilitate economic growth and improved social and economic wellbeing in the Horowhenua District through the support and implementation of strategies targeting increased investment, job growth, skill growth, income growth and an enhanced reputation for the District. New Zealand Institute of Economic Research's (NZIER) analysis has confirmed that the Horowhenua District is poised for significant change and has the opportunity to considerably advance its economic wellbeing and prosperity.

What does this Activity involve?

Economic Development advocacy, support and facilitation across the following service areas:

- Business sector growth and performance;
- Sustainable natural resource utilisation;
- Infrastructure and policy development/implementation;
- Workforce skill development, training and education; and
- Horowhenua as a vibrant and sustainable place to live and visit.

Levels of Service and how we will measure our performance

| Service | How will we measure our performance | Target (17/18) |
|--|---|--------------------------------------|
| Council provides strategic leadership in coordinating Economic Development | Councils Economic Development function will meet performance indicators and objectives as defined in the Horowhenua | 90% of annual work plan is completed |

| Service | How will we measure our performance | Target (17/18) |
|---|---|----------------|
| activities across the District. | Economic Development Strategy.* Number of Economic Development Board meetings held per year. | 10 |
| Council provides opportunities for businesses to collaborate and network resulting in a stronger business sector. | Number of Business networking meetings held per year. | 10 |
| Council advocates for and facilitates business development and new business investment in the Horowhenua. | Percent of the District's business community that are satisfied or more than satisfied with the Council's overall performance in the Economic Development Activity. | >75% |

* Performance indicators and objectives for key projects will be identified as part of the Economic Development Strategy implementation and will inform the annual works plan.

Major Projects

There are no major projects planned for the Economic Development Activity for 2017/18.

Challenges Council faces for this Activity

A challenge faced by the Council in relation to economic development is realising Horowhenua District's economic potential over the coming years. This will require quality leadership and decision making with an appropriate level of strategic and operational resourcing. Co-ordinated action is imperative if the District is to fully realise its opportunities. The Council needs the support of businesses and the wider community to help facilitate economic growth and prosperity in Horowhenua.

Significant negative effects associated with this Activity

There are no known significant negative effects surrounding Council's planned Economic Development Activity.

Key Risks and Assumptions associated with this Activity

There are no known risks or assumptions associated with Council's planned Economic Development Activity.

Capital Expenditure Programme for Community Support

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|---|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Renewals portion of project | | | | |
| - | Total renewals | - | - | - | - |
| | Level of service portion of project | | | | |
| - | Total minor projects | - | - | 5 | 5 |
| - | Total level of service | - | - | 5 | 5 |
| | Growth portion of project | | | | |
| - | Total growth | - | - | - | - |
| | Make up of above projects by % of type | | | | |
| - | Renewals | - | - | - | - |
| - | Level of service | - | - | 5 | 5 |
| - | Growth | - | - | - | - |
| - | Total | - | - | 5 | 5 |

Funding Impact Statement for Community Support

| Annual Report 2015/16 \$000 | | LTP Forecast 2016/17 \$000 | LTP Forecast 2017/18 \$000 | Annual Plan Forecast 2017/18 \$000 | Variance 2017/18 \$000 |
|--------------------------------|--|-------------------------------|-------------------------------|---------------------------------------|---------------------------|
| | Sources of operating funding | | | | |
| 1,840 | General rates, uniform annual general charges, rates penalties | 1,885 | 1,922 | 2,385 | 463 |
| - | - Targeted rates | - | - | - | - |
| 29 | Subsidies and grants for operating purposes | 28 | 28 | 27 | (1) |
| - | - Fees and charges | - | - | - | - |
| 69 | Local authorities fuel tax, fines, infringement fees, and other receipts | 14 | 16 | 131 | 115 |
| - | - Internal charges and overheads recovered | - | - | - | - |
| 1,938 | Total operating funding (A) | 1,927 | 1,966 | 2,543 | 577 |
| | Applications of operating funding | | | | |
| 1,045 | Payments to staff and suppliers | 957 | 956 | 1,122 | 166 |
| - | - Finance costs | - | - | - | - |
| 838 | Internal charges and overheads applied | 936 | 975 | 1,408 | 433 |
| - | - Other operating funding applications | - | - | - | - |
| 1,883 | Total applications of operating funding (B) | 1,893 | 1,931 | 2,530 | 599 |
| 55 | Surplus (deficit) of operating funding (A - B) | 34 | 35 | 13 | (22) |
| | Sources of capital funding | | | | |
| - | - Subsidies and grants for capital expenditure | - | - | - | - |
| - | - Development and financial contributions | - | - | - | - |
| - | - Increase (decrease) in debt | - | - | 29 | 29 |
| - | - Gross proceeds from sale of assets | - | - | - | - |
| - | - Lump sum contributions | - | - | - | - |
| - | - Other dedicated capital funding | - | - | - | - |
| - | Total sources of capital funding (C) | - | - | 29 | 29 |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| - | - to meet additional demand | - | - | - | - |
| - | - to improve the level of service | - | - | 5 | 5 |
| - | - to replace existing assets | - | - | - | - |
| 55 | Increase (decrease) in reserves | 34 | 35 | 37 | 2 |
| - | - Increase (decrease) of investments | - | - | - | - |
| 55 | Total applications of capital funding (D) | 34 | 35 | 42 | 7 |
| (55) | Surplus (deficit) of capital funding (C - D) | (34) | (35) | (13) | 22 |
| | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 36 | Depreciation | 33 | 33 | 37 | 4 |

Activity Expenditure

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--------------------------|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 310 | Community Development | 294 | 299 | 361 | 62 |
| 552 | Economic Development | 544 | 537 | 915 | 378 |
| - | Visitor Information | - | - | 162 | 162 |
| 327 | Community Grants | 349 | 361 | 390 | 29 |
| 190 | District Marketing | 183 | 188 | 360 | 172 |
| 253 | Rural Fire | 230 | 239 | 24 | (215) |
| 287 | Emergency Management | 326 | 339 | 354 | 15 |
| 1,919 | Total Expenditure | 1,926 | 1,963 | 2,566 | 603 |

Loans

| | External | Internal | Total |
|---|----------|-----------|-----------|
| | \$000 | \$000 | \$000 |
| Anticipated loan balances at 1/7/2017 | - | - | - |
| Raised during the year | - | 29 | 29 |
| Repaid during the year | - | - | - |
| Anticipated loan balances 30/06/2018 | - | 29 | 29 |
| Budgeted interest expense | - | - | - |

How it will be funded?

| | |
|----------------|---|
| Activity | Emergency Management |
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | The majority of the costs for this Activity are for the preparedness for an emergency event. The beneficiaries could be anyone in the District at any time. |

| | |
|----------------|---|
| Activity | Community Engagement |
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | This Activity should be funded as a true tax with no user charge element. |

| | |
|----------------|---|
| Activity | Economic Development |
| Funding Source | This activity will be funded by Public Good Rates. |
| Rationale | The activity should be funded as a true tax with no user charge element. Beneficiaries would be hard to identify. |

Council Financial Statements

Supporting Information for the 2017/18 Annual Plan Consultation Document

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Significant Forecasting Assumptions

The financial information in this Annual Plan is a forecast of Council's future expenditure and funding needs. The actual financial results for the financial year (ending 30 June) have formed the initial basis of financial forecasts of operating costs and operating revenues, asset values and liabilities, but they are also unavoidably and inherently based on several assumptions about the future.

The significant forecasting assumptions were developed and adopted as part of the 2015-2025 Long Term Plan (LTP). This Annual Plan is Year 3 of the 2015-2025 LTP and it is important to note that overtime the level of uncertainty and risk associated with the assumptions may increase. As such it is important that the forecasting assumptions are reviewed and revised during the development of LTPs and, where necessary, Annual Plans.

This section sets out the assumptions Council has made as part of developing this Annual Plan as well as the risk and level of uncertainty associated with each assumption. The main concentrations of risk are identified as arising from:

- Central Government imposing new responsibilities and compliance requirements.
- Changes in the economic environment such as changes in the current and recently prevailing ranges of inflation and interest rates.
- Asset costs, relating to unforeseen deterioration, maintenance contracts or resource consent conditions.
- The rate and location of growth within the District.

Given the number and range of necessary assumptions along with the potential for events turning out otherwise and presenting threats to the integrity of this Annual Plan, it is relevant to note that the Council does have various measures in place to mitigate the risks involved in dealing with these and other unforeseen adverse events including:

- A \$250,000 sum within the Capital Projects Fund set aside for dealing with emergency events and civil defence emergencies.
- Civil defence and emergency management plans.
- Membership of the Local Authorities Protection Programme (LAPP)
- Insurance cover where appropriate and possible.
- Contingency plans for key assets and facilities.

Should significant adverse events occur, Council would need to reduce expenditures on some activities to allow for increased expenditure on recovery and rehabilitation work.

The significant forecasting assumptions have been summarised in the following table (please see the 2015-2025 LTP to view the significant forecasting assumptions for that period in full).

| Issue | Assumption | Risk |
|---------------------|---|--|
| Population Growth | Population is assumed to grow at a rate of less than 1% (0.4%) in the next year. | Population growth across the District is at a significantly different rate than assumed. Level of uncertainty: Moderate |
| Ageing Population | The District's population is ageing, with high growth predicted in the over 65 years age range and little growth occurring in the 20 years and 30 years age ranges. | Population growth for different age groups is substantially different from what is anticipated. Level of uncertainty: Low |
| Household Growth | Number of dwellings is assumed to grow by 135 dwellings over the next year to 15,546. The majority of this growth is anticipated to occur in the rural (or rural lifestyle) area. It is also assumed that occupancy rates will slightly increase, while average number of occupants per dwelling will slightly decrease. | Growth of dwellings, occupancy rates, and the decline of average number of occupants varies substantially from what was anticipated. Or that the growth becomes more highly concentrated in one or two areas rather than across the whole District. Level of uncertainty: Low to Moderate |
| Natural Hazards | That Council has the capacity to borrow any funds it may require to respond to and recover from a natural hazard event, should an event occur in the next year. | A natural hazard event occurs and the cost of the damage is more than the funds available to Council if it was to stay within its current debt limit set by the Local Government Funding Agency. Level of uncertainty: Low to Moderate |
| Climate Change | That although climate change may impact the District in the long term, it will not during this year. | Climate change occurs at a different rate to what has been projected with greater or lesser local implications. Level of uncertainty: Low to Moderate |
| Legislative Changes | Changes in legislation will not have a significant effect on Council's finances or levels of service. | Legislative reform could require Council to change plans, bylaws and regulatory processes. There is uncertainty around the cost implications and timing allowed to undertake changes associated with future reform. |

| Issue | Assumption | Risk | | | | | | | | | | | | | | |
|--|--|--|------------------------|-------|---|------------|---|------------|---|----------------|---|-------------|---|--------------------|---|---|
| | | Level of uncertainty: Moderate | | | | | | | | | | | | | | |
| Asset Management Plans | <p>Council's confidence in the underlying data for the Asset Management Plans as identified below:</p> <table border="1"> <thead> <tr> <th>Asset class</th> <th>Data confidence grade*</th> </tr> </thead> <tbody> <tr> <td>Water</td> <td>C</td> </tr> <tr> <td>Wastewater</td> <td>C</td> </tr> <tr> <td>Stormwater</td> <td>C</td> </tr> <tr> <td>Land Transport</td> <td>B</td> </tr> <tr> <td>Solid Waste</td> <td>C</td> </tr> <tr> <td>Parks and Property</td> <td>C</td> </tr> </tbody> </table> <p>Refer to Long Term Plan for further information.</p> | Asset class | Data confidence grade* | Water | C | Wastewater | C | Stormwater | C | Land Transport | B | Solid Waste | C | Parks and Property | C | <p>Information on the condition of underground assets is continually improving along with Council's understanding of what assets need to be renewed and when.</p> <p>Level of uncertainty: Moderate</p> |
| Asset class | Data confidence grade* | | | | | | | | | | | | | | | |
| Water | C | | | | | | | | | | | | | | | |
| Wastewater | C | | | | | | | | | | | | | | | |
| Stormwater | C | | | | | | | | | | | | | | | |
| Land Transport | B | | | | | | | | | | | | | | | |
| Solid Waste | C | | | | | | | | | | | | | | | |
| Parks and Property | C | | | | | | | | | | | | | | | |
| Asset Revaluations | <p>Revaluation of assets will be in line with assumed rates of inflation relevant to local government and cost fluctuations.</p> <p>Council is assuming that the expected useful lives of significant assets will remain the same.</p> | <p>Asset valuations could be higher or lower than assumed.</p> <p>Level of uncertainty: Moderate</p> | | | | | | | | | | | | | | |
| Useful Lives of Assets | <p>That assets will last as long as estimated in Council's Asset Management Plans and Infrastructure Strategy.</p> | <p>Assets deteriorate at a faster or slower rate than anticipated, meaning that they need to be replaced earlier or later than forecast.</p> <p>Level of uncertainty: Moderate</p> | | | | | | | | | | | | | | |
| Sources of funds for replacement of significant assets | <p>That funding for the replacement of significant assets will be in accordance with the Council's Revenue and Finance Policy and Financial and Infrastructure Strategies.</p> | <p>That there are insufficient funds available for the replacement of assets.</p> <p>Level of uncertainty: Low</p> | | | | | | | | | | | | | | |
| Interest costs | <p>Council is assuming for the next year the interest rate for new borrowing will be approximately 4.75% which differs to the forecast rate of 6.0% that was assumed in the LTP for 2017/2018.</p> | <p>Interest rates may vary subject to market conditions.</p> <p>Level of uncertainty: Moderate</p> | | | | | | | | | | | | | | |
| Depreciation | <p>By 2018 depreciation funds will be adequate to fund asset renewal expenditure.</p> | <p>The actual cost of renewals may be higher or lower than depreciation.</p> | | | | | | | | | | | | | | |

| Issue | Assumption | Risk |
|---|---|--|
| | | Level of uncertainty: Moderate |
| Resource Consents | <p>Council will obtain any resource consents required to ensure its water, wastewater, stormwater and solid waste activities will continue to operate.</p> <p>Also that these consents are granted within required timeframes and anticipated expenditure.</p> | <p>That it will take more time and be more expensive than anticipated to obtain resource consents and that the conditions are more stringent.</p> <p>Level of uncertainty: Moderate</p> |
| Local Government Funding Agency (LGFA) | <p>That LGFA remains in existence and is Council's preferred source of debt funding.</p> <p>Also that the deed guarantee obligations on default of any Council under the deed will not occur.</p> | <p>The risk of a local authority borrower defaulting is extremely low and highly unlikely given that borrowings are secured by rates.</p> <p>Level of uncertainty: Low</p> |
| Asset Sales | <p>Within first 3 years of the 2015-2025 LTP Council is assuming it will sell approximately \$5 million of its non-core assets and that the revenue from the sales will be used to pay off some of Council's debt.</p> <p>Also that the Council will sell 6 sections this year at Foxton Beach subdivision.</p> | <p>Council sells more or less non-core assets and sections in Foxton Beach.</p> <p>Level of uncertainty: Moderate</p> |
| Investment Revenue | <p>Council is assuming that dividends will be zero (or immaterial) and that the rate of interest earned will be between 2.75% and 3.5% which is less than assumed in the 2015-2025 LTP.</p> | <p>Interest earned is higher or lower than is anticipated.</p> <p>Level of uncertainty: Low to Moderate</p> |
| Inflation | <p>Increases in inflation will be in accordance with the inflation adjusters that have been provided by Business and Economic Research Ltd (BERL) and endorsed for use by the Society of Local Government Managers (SOLGM).**</p> | <p>Future rates of inflation are subject to a large number of variables which are beyond Council's control and are difficult to forecast.</p> <p>Level of uncertainty: Low to Moderate</p> |
| NZTA Subsidy (Funding Assistance Rates) | <p>That roading subsidies will increase over the next year in line with the LTP assumption (52%).</p> | <p>NZTA may not approve the full subsidy Council requests or there may be a variation in the criteria for inclusion in the subsidised works programme.</p> <p>Level of uncertainty: Moderate</p> |

| Issue | Assumption | Risk |
|---------------------------|---|--|
| Development Contributions | Not currently charged. | Council may decide to re-introduce the requirement for some form of contribution to be charged depending on growth. Level of uncertainty: Low |
| Financial Contributions | Note: Waiting on the outcome of the current Resource Management Act (RMA) reforms which propose the phasing out of financial contributions. | Financial Contributions are not introduced because they are phased out as a result of the reforms to the RMA. Level of uncertainty: Moderate |

*"A" means little or no assumption in asset and condition data, "E" means all data is assumed.

**Below table.

BERL Inflation Forecast (% P.A.)

| | Roading % | Property, Parks & Reserves % | Water % | Staff % | Other % |
|-------------|-------------|------------------------------|---------|---------|---------|
| Year ending | % pa change | | | | |
| June 2016 | 1.2 | 2.2 | 5.2 | 1.8 | 2.3 |
| June 2017 | 1.4 | 2.4 | 3.8 | 1.9 | 2.5 |
| June 2018 | 2.2 | 2.5 | 3.0 | 2.0 | 2.6 |

Indicative Rates on Selected Properties

| Locality | New Land Value \$ | New Capital Value \$ | Old Land Value \$ | Old Capital Value \$ | Indicative Rates | | Increase | | | | | | | |
|-------------------|-------------------------|----------------------------|-------------------------|----------------------------|------------------|----------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|------------|
| | | | | | 2016/17 | 2017/18 | Reval | Policy | Budget | Total | Reval | Policy | Budget | Total |
| | | | | | Total \$ | Indic Total \$ | Effect \$ | effect \$ | effect \$ | Total \$ | Effect % | effect % | effect % | Total % |
| Hokio Bch | 55,000 | 89,000 | 58,000 | 89,000 | 964 | 1,022 | (35) | 14 | 78 | 57 | -3.6% | 1.5% | 8.1% | 6.0% |
| Waikawa Bch | 155,000 | 275,000 | 155,000 | 260,000 | 1,618 | 1,748 | (44) | 41 | 133 | 129 | -2.7% | 2.5% | 8.2% | 8.0% |
| Waikawa Bch | 200,000 | 315,000 | 240,000 | 355,000 | 2,124 | 2,020 | (308) | 53 | 151 | (104) | -14.5% | 2.5% | 7.1% | -4.9% |
| Ohau | 146,000 | 405,000 | 146,000 | 385,000 | 2,140 | 2,272 | (52) | 38 | 146 | 132 | -2.4% | 1.8% | 6.8% | 6.2% |
| Manakau | 220,000 | 450,000 | 220,000 | 490,000 | 2,198 | 2,286 | (147) | 58 | 177 | 88 | -6.7% | 2.6% | 8.0% | 4.0% |
| Waitarere Bch | 82,000 | 195,000 | 78,000 | 180,000 | 1,766 | 1,881 | (4) | 22 | 96 | 115 | -0.2% | 1.2% | 5.5% | 6.5% |
| Waitarere Bch | 113,000 | 230,000 | 108,000 | 220,000 | 1,952 | 2,078 | (14) | 30 | 110 | 126 | -0.7% | 1.5% | 5.6% | 6.4% |
| Waitarere Bch | 295,000 | 400,000 | 295,000 | 395,000 | 3,023 | 3,188 | (98) | 78 | 184 | 164 | -3.2% | 2.6% | 6.1% | 5.4% |
| Foxton Bch | 70,000 | 155,000 | 64,000 | 137,000 | 1,966 | 2,083 | 17 | 18 | 81 | 117 | 0.9% | 0.9% | 4.1% | 5.9% |
| Foxton Bch | 99,000 | 180,000 | 90,000 | 155,000 | 2,107 | 2,257 | 30 | 26 | 94 | 150 | 1.4% | 1.2% | 4.4% | 7.1% |
| Foxton Bch | 310,000 | 555,000 | 310,000 | 555,000 | 3,605 | 3,766 | (127) | 82 | 206 | 161 | -3.5% | 2.3% | 5.7% | 4.5% |
| Foxton Bch | 75,000 | 215,000 | 68,000 | 195,000 | 2,056 | 2,183 | 16 | 19 | 93 | 127 | 0.8% | 0.9% | 4.5% | 6.2% |
| Tokomaru | 58,000 | 205,000 | 53,000 | 195,000 | 2,079 | 2,182 | (2) | 15 | 90 | 102 | -0.1% | 0.7% | 4.3% | 4.9% |
| Tokomaru | 70,000 | 245,000 | 70,000 | 240,000 | 2,212 | 2,290 | (37) | 18 | 97 | 78 | -1.7% | 0.8% | 4.4% | 3.5% |
| Vacant Lifestyle | 102,000 | 107,000 | 102,000 | 107,000 | 833 | 874 | (27) | - | 68 | 41 | -3.2% | 0.0% | 8.2% | 5.0% |
| Rural | 760,000 | 1,300,000 | 660,000 | 1,150,000 | 2,450 | 2,681 | 41 | - | 190 | 231 | 1.7% | 0.0% | 7.8% | 9.4% |
| Rural | 6,650,000 | 7,660,000 | 6,525,000 | 7,450,000 | 18,098 | 17,939 | (1,373) | - | 1,214 | (159) | -7.6% | 0.0% | 6.7% | -0.9% |
| Rural | 570,000 | 1,460,000 | 500,000 | 1,420,000 | 2,376 | 2,498 | (61) | - | 183 | 122 | -2.6% | 0.0% | 7.7% | 5.1% |
| Rural | 3,010,000 | 3,240,000 | 2,620,000 | 2,830,000 | 6,803 | 7,452 | 156 | - | 493 | 649 | 2.3% | 0.0% | 7.2% | 9.5% |
| Rural | 3,220,000 | 3,332,000 | 2,800,000 | 2,900,000 | 7,145 | 7,838 | 177 | - | 516 | 693 | 2.5% | 0.0% | 7.2% | 9.7% |
| Rural | 6,871,000 | 7,965,000 | 5,975,000 | 6,970,000 | 16,870 | 18,485 | 367 | - | 1,248 | 1,615 | 2.2% | 0.0% | 7.4% | 9.6% |
| Rural Residential | 147,000 | 285,000 | 147,000 | 270,000 | 1,443 | 1,570 | (36) | 52 | 111 | 127 | -2.5% | 3.6% | 7.7% | 8.8% |
| Rural Residential | 310,000 | 510,000 | 310,000 | 510,000 | 2,761 | 2,943 | (94) | 110 | 167 | 182 | -3.4% | 4.0% | 6.0% | 6.6% |
| Rural Residential | 280,000 | 670,000 | 280,000 | 640,000 | 2,733 | 2,925 | (77) | 100 | 170 | 192 | -2.8% | 3.7% | 6.2% | 7.0% |

| Locality | New | | Old | | 2016/17 Total | Indicative Rates 2017/18 IndicTotal | Increase | | | | | | | |
|------------------|------------|---------------|------------|---------------|------------------|--|--------------|---------------|---------------|---------|--------------|---------------|---------------|--------|
| | Land Value | Capital Value | Land Value | Capital Value | | | Reval Effect | Policy effect | Budget effect | Total | Reval Effect | Policy effect | Budget effect | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % | % | % |
| Utility | 0 | 35,900,000 | 0 | 41,200,000 | 29,044 | 24,970 | (6,163) | 0 | 2,089 | (4,074) | -21.2% | 0.0% | 7.2% | -14.0% |
| Utility | 0 | 19,950,000 | 0 | 12,470,000 | 9,195 | 14,158 | 3,778 | - | 1,185 | 4,963 | 41.1% | 0.0% | 12.9% | 54.0% |
| Levin - Business | 32,000 | 92,000 | 29,000 | 75,000 | 1,849 | 1,922 | 17 | (10) | 66 | 73 | 0.9% | -0.5% | 3.5% | 3.9% |
| Levin - Vacant | 97,000 | 100,000 | 88,000 | 91,000 | 1,717 | 1,804 | 27 | (32) | 92 | 87 | 1.6% | -1.9% | 5.4% | 5.1% |
| Levin | 63,000 | 215,000 | 57,000 | 160,000 | 3,722 | 3,898 | 59 | (20) | 137 | 176 | 1.6% | -0.5% | 3.7% | 4.7% |
| Levin | 87,000 | 220,000 | 79,000 | 180,000 | 2,277 | 2,398 | 47 | (28) | 102 | 121 | 2.1% | -1.2% | 4.5% | 5.3% |
| Levin | 103,000 | 220,000 | 94,000 | 195,000 | 2,383 | 2,487 | 30 | (33) | 107 | 105 | 1.3% | -1.4% | 4.5% | 4.4% |
| Levin - Business | 230,000 | 800,000 | 210,000 | 580,000 | 3,464 | 3,826 | 213 | (74) | 222 | 362 | 6.2% | -2.1% | 6.4% | 10.4% |
| Levin - Business | 240,000 | 620,000 | 250,000 | 730,000 | 3,864 | 3,677 | (310) | (77) | 201 | (187) | -8.0% | -2.0% | 5.2% | -4.8% |
| Foxton | 32,000 | 85,000 | 40,000 | 94,000 | 1,945 | 1,924 | (213) | (10) | 201 | (21) | -10.9% | -0.5% | 10.4% | -1.1% |
| Foxton | 44,000 | 220,000 | 55,000 | 145,000 | 2,095 | 2,159 | (146) | (14) | 225 | 65 | -7.0% | -0.7% | 10.7% | 3.1% |
| Foxton | 69,000 | 240,000 | 86,000 | 210,000 | 2,355 | 2,323 | (243) | (23) | 234 | (33) | -10.3% | -1.0% | 9.9% | -1.4% |
| Shannon | 38,000 | 123,000 | 33,000 | 116,000 | 1,931 | 2,004 | 13 | (12) | 71 | 73 | 0.7% | -0.6% | 3.7% | 3.8% |
| Shannon | 68,000 | 115,000 | 59,000 | 96,000 | 2,058 | 2,161 | 45 | (22) | 81 | 104 | 2.2% | -1.1% | 3.9% | 5.0% |
| Shannon | 55,000 | 160,000 | 48,000 | 149,000 | 2,059 | 2,145 | 20 | (17) | 82 | 86 | 1.0% | -0.8% | 4.0% | 4.2% |

Funding Impact Statement

1. Revenue and Financing Sources Generally

The following revenue mechanisms will be used in 2017/2018 and are consistent with the 2015-2025 LTP:

- General rates
- Targeted rates
- Fees and charges
- Interest and dividends
- Grants and subsidies

2. Funding Mechanisms

The following funding mechanisms will be used in 2017/2018 and are consistent with the 2015-2025 LTP:

- Borrowing
- Proceeds from asset sales
- Reserves

Refer to the Council's Revenue and Financing Policy for further information on how these funding mechanisms will be used.

3. Definition of Separately Used or Inhabited Parts (SUIPs)

Several of the rates listed below are assessed on the basis of the number of SUIPs there are in a rating unit.

SUIPs are listed in Schedule 3 of the Local Government (Rating) Act 2002 as one of the factors that may be used in calculating liability for targeted rates and section 15(1)(b) allows SUIPs to be used as the basis for Uniform Annual General Charges (UAGCs) as well.

Where rates are calculated on each Separately Used or Inhabited Part of a rating unit, the following definitions will apply:

- A separately used or inhabited part of a rating unit includes any portion inhabited or used by the owner/a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence or other agreement.

- This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.
- Any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.
- For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'.
- For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

For clarity, Separately Used or Inhabited Parts include:

- On a residential property, each separate unit, flat, or house or apartment.
- On a commercial property, each separate space intended to be used as a shop or other retail or wholesale outlet other than that used by the owner.
- In an office block, each separate space intended to be used as an office that is or would be used by a different business from the owner.

A separate unit, flat, house or apartment is defined as having a separate entrance, cooking facilities, living facilities and toilet/bathroom facilities.

Council has recognised that there are certain instances where the above situations will occur, but in circumstances that do not give rise to separate uses or inhabitations. For clarity, Separately Used or Inhabited Parts do not include:

- A hotel room with or without kitchen facilities. A hotel room is defined as one or multiple rooms/units offered on an occasional basis for rental;
- A motel room with or without kitchen facilities. A motel room is defined as one or multiple rooms/units offered for on an occasional basis for rental; and
- A single residential unit in a non-residential property, that is an integral part of the commercial operation and is used for the commercial operation i.e. not separately tenanted (such as a single house in conjunction with a farm or a motel or a dairy).

4. Rates for the Year Ending 30 June 2018

4.1 General Information

Rating period - The rates described below are for the financial year 1 July 2017 to 30 June 2018.

Goods and services tax - The rates described below include GST. The revenues required are net of GST.

Rating information database - The information held to determine the liability for rates in 2017/2018 is available for inspection at Council's office at 126-148 Oxford Street, Levin during normal office hours. This information includes the rating valuations as at 1 August 2016 which form the basis of rating in 2017/2018 and the categories and factors for the various relevant rates described below in respect of particular rating units.

4.2 General Rates

The General Rates are assessed to fund all activities not funded from Targeted Rates or other revenue sources or funding mechanisms. The activities funded from the General Rates include:

- Regulatory Services (liquor licensing, health licensing, building consents, resource consents, District Plan development, animal control, parking enforcement, and general regulatory services);
- Community Facilities and Services, except Library and Community Centres and Aquatic Centres (passive reserves, street beautification, sports fields, cemeteries, halls and community buildings, and public toilets);
- Community Support (emergency management and rural fire, community engagement, visitor information, and economic development);
- Property (commercial property, general property, Council buildings); and
- Treasury activities (investment and borrowing activities).

General Rates are to be set on a differential rate in the dollar on the land value (LV) of the land. Land values are assessed every three years, and were last assessed in 2016. These values will form the basis of rating from 1 July 2017.

The General Rates levied on LV are set differentially, so as to maintain the incidence of the rates between the categories of property. Council decided (as part of the Revenue and Financing Policy review for the 2009-2019 LTP) to dispense with all but the Rural Differential. However, in order to lessen the impact of such a change, Council agreed to phase out all other differentials over 10 years (2009/2010 – 2018/2019 incl.). Two years remain for this phasing to be complete.

Therefore in the ninth year (2017/2018):

- The Urban Category will contribute 6.42% (in comparison to 12.83% in 2016/2017) of General Rates, and applies to rating units in Levin, Shannon and Foxton urban areas, as shown on the maps defining those areas for rating purposes available at the Council office in Levin.
- The Township Category will contribute 0.97% (in comparison to 1.95% in 2016/2017) of General Rates, and applies to rating units in Waikawa Beach, Manakau, Ohau, Hokio Beach, Waitarere Beach, Foxton Beach and Tokomaru urban areas, as shown on the maps defining those areas for rating purposes available at the Council office in Levin.

- The Rural Residential Category will contribute 0.73% (in comparison to 1.45% in 2016/2017) of General Rates, and applies to rating units classified as 'Lifestyle and Residential' (other than those rating units identified as "vacant" or "bare"). These properties will be identified in the DVR using the "Property Category" codes from Appendix F of the Valuation Rules 2008, Promulgated by the Valuer General.
- The Rural Category are those rating units that are located in areas outside the urban and township category boundaries but not those rating units classified as Rural Residential. These rating units will contribute 25.00% (25.00% 2015/2016) of General Rates.
- A District Wide Differential (which will, at the end of the 10 year period, absorb all but the Rural Category) to apply to all rating units other than those in the Rural Category, will contribute 66.88% (in comparison to 58.77 % in 2016/2017).

Council is not setting a Uniform Annual General Charge (under section 15 of the Local Government (Rating) Act 2002 (LG(R)A)), preferring instead to set Targeted Rates as fixed amounts for Library Services and Community Centres, Representation and Community Leadership, Solid Waste, Aquatic Centres, Water Supply and Wastewater (refer below).

4.3 Targeted Rates for Roothing

This rate funds all Roothing (Land Transport) costs (maintenance, renewals and minor capital improvements of roads, streets, roadside signage, road marking, bridges, footpaths and roadside drainage) covered by the Land Transport Group of Activities.

The Roothing Rate is to be set using Capital Value (CV) which is assessed every 3 years. These were last assessed in 2016 and it is those values that will form the basis of rating from 1 July 2017.

Therefore;

- The Business Differential will contribute 35% of Roothing Rate and applies to those rating units identified as Arable, Commercial (including all rest homes/retirement villages other than those that have separate title for the individual units or houses), Dairy, Forestry (except protected forestry), Horticultural, Industrial, Mining, Pastoral, Specialist livestock, and Utilities using the "Property Category" codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General.
- A District Wide Other Differential will contribute 65% of Roothing Rate and applies to those rating units identified as Lifestyle, Residential (excluding all rest homes/retirement villages but including those that have separate title for the individual units or houses) and 'Other' using the "Property Category" codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General.

4.4 Targeted Rates for Stormwater

This rate funds all stormwater costs within the Stormwater Group of Activities.

This rate is to be set using CV of all urban rating units. Urban rating units are defined as those rating units within the towns of Levin, Foxton, Shannon, Tokomaru, Foxton Beach, Waitarere Beach, Hokio Beach, Ohau, Waikawa Beach and Manakau as shown on the maps defining those areas for rating purposes available at the Council office in Levin.

4.5 Targeted Rates for Library Services and Community Centres

This rate is assessed as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit within the District.

4.6 Targeted Rates for Representation and Community Leadership

This is a Targeted Rate to fund Representation and Community Leadership costs (Council and committees, consultation, advocacy and elections).

This rate is assessed as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit within the District.

4.7 Targeted Rates for Aquatic Centres (Swimming Pools)

This is a Targeted Rate to fund the cost of operating Council's public aquatic centres (swimming pools).

This rate is assessed as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit within the District.

4.8 Targeted Rates for Solid Waste Disposal

This rate funds the Solid Waste Group of Activities including the provision of the landfill, waste transfer stations, waste minimisation initiatives and recycling facilities.

This rate is set differentially as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit using the urban and rural differential categories.

For all rating units located in the urban areas a differential of 80% of the solid waste costs. Urban rating units are defined as those rating units within the towns of Levin, Foxton, Shannon, Tokomaru, Foxton Beach, Waitarere Beach, Hokio Beach, Ohau, Waikawa Beach and Manakau as shown on the maps defining those areas for rating purposes available at the Council's Levin office.

For all rating units located in the rural area a differential of 20% of the solid waste costs. Rural areas are defined as all areas within the District that are outside the defined "urban" differential described above.

4.9 Targeted Rates for Water Supply

This rate funds the cost of operating, maintaining and improving the supply of reticulated potable water to various communities within this District.

This rate is set differentially as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit. Council also charges for metered supplies.

Connected Differential

Council sets a fixed charge rate on all rating units for which connection to a reticulated potable water supply is available. This does not include Moutoa, Waikawa or Kuku schemes, which are not potable supplies. A reticulated potable water supply is available to a rating unit if a lateral or laterals exist for the purpose of delivering water from the trunkmain to the rating unit and there is a connection from the land within the rating unit to that lateral/s or trunkmain.

Liability for the rate will be assessed on;

- (a) each rating unit, or
- (b) the number of SUIPs of each rating unit, or
- (c) the number of connections of each rating unit;

whichever is the greater.

The Foxton Beach charge is reduced by an allowance to account for the universal metering of Foxton Beach.

Availability Differential

A fixed charge rate on any rating unit not connected to, but within 100 metres of a trunkmain for a reticulated potable water supply that is available to the rating unit. A reticulated potable water supply is available to a rating unit if a lateral or laterals exist for the purpose of delivering water from the trunkmain to the rating unit or, if no lateral exists, if Council will allow the rating unit to be connected. This rate is set at 50% of the fixed charge for a connected rating unit.

Water by meter

In all schemes (except Foxton Beach) the additional fees for metered supplies are subject to an allowance of 91 cubic metres (m³) per quarter. A charge per m³ will be made for water consumed in excess of 91m³ per quarter on any rating unit connected to any water supply; except Foxton Beach where a meter is used to measure consumption on the network.

The charge per m³ of water consumed in excess of 91m³ per day on any rating unit connected to the Shannon untreated bore water supply where a meter is used to measure consumption on the network during the period will be half that charged for treated water.

Foxton Beach water supply will be charged by cubic metre (in addition to the fixed charge described above) using a three step system:

Step 1 - A charge per m³ for the first 50m³ of water consumed per quarter on any rating unit or SUIP of a rating unit connected to the Foxton Beach water supply network during the period.

Step 2 - A charge per m³ for the second 50m³ of water consumed per quarter in excess of 50m³ on any rating unit or SUIP of a rating unit connected to the Foxton Beach water supply network. This will be set at 200% of the rate set in step 1.

Step 3 - A charge per m³ for the balance of water consumed per quarter in excess of 100m³ on any rating unit or SUIP of a rating unit connected to the Foxton Beach water supply network. This will be set at 300% of the rate set in step 1.

4.10 Targeted Rates for Wastewater Disposal

The Wastewater rate will fund the cost of providing reticulated wastewater disposal for various communities in this District according to whether a property is connected or serviceable.

This rate is set differentially as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit.

Connected Differential

Council sets a fixed charge rate on all rating units across the District for which connection to a reticulated wastewater disposal system is available. A reticulated wastewater disposal system is available to a rating unit if a lateral or laterals exist for the purposes of accepting wastewater from the rating unit to the wastewater trunkmain and where there is a connection from the land within the rating unit to that lateral/s or trunkmain.

Liability for the fixed-sum rate will be assessed on;

- (a) each rating unit, or
- (b) the number of SUIPs of each rating unit, or
- (c) the number of connections of each rating unit;

whichever is the greater.

Availability Differential

A fixed charge rate on any rating unit that is not connected to a reticulated wastewater disposal system, but is within 30m of a trunkmain that is available to take waste from the rating unit. A reticulated wastewater disposal system is available to a rating unit if a lateral or laterals exist for the purpose of accepting wastewater from the rating unit to the wastewater trunkmain or, if no lateral exists, if Council will allow the rating unit to be connected. This rate is set at 50% of the fixed charge for a connected rating unit.

Funding Impact Statement 2017/18

Rating Mechanisms

| Annual Report 2015/16 \$000 | | Rating Basis | Rate in the \$ GST Incl 2017/18 | Annual Plan Forecast 2016/17 | LTP Forecast 2016/17 \$000 | LTP Forecast 2017/18 \$000 | Annual Plan Forecast 2017/18 \$000 | Variance 2017/18 \$000 |
|--------------------------------|--|---------------|---------------------------------|------------------------------|-------------------------------|-------------------------------|---------------------------------------|---------------------------|
| | General rate | | | | | | | |
| 2,048 | Rural differential | Land value | 0.00153594 | 2,161 | 2,033 | 2,132 | 2,288 | 156 |
| 1,583 | Urban differential | Land value | 0.00090646 | 1,109 | 1,044 | 546 | 588 | 42 |
| 249 | Township differential | Land value | 0.00028110 | 169 | 159 | 85 | 89 | 4 |
| 177 | Rural residential differential | Land value | 0.00019009 | 125 | 118 | 60 | 67 | 7 |
| 4,188 | District wide differential | Land value | 0.00465302 | 5,080 | 4,780 | 5,705 | 6,121 | 416 |
| 8,245 | Total general rate | | | 8,644 | 8,134 | 8,528 | 9,153 | 625 |
| | Roading rate | | | | | | | |
| 1,252 | Business use differential | Capital value | 0.00067792 | 1,316 | 1,564 | 1,664 | 1,436 | (228) |
| 2,326 | District wide other differential | Capital value | 0.00078921 | 2,444 | 2,903 | 3,090 | 2,667 | (423) |
| 3,578 | Total roading rate | | | 3,760 | 4,467 | 4,754 | 4,103 | (651) |
| 923 | Stormwater rate | Capital value | 0.00045646 | 982 | 970 | 1,470 | 1,186 | (284) |
| 3,189 | Library and community centre rate | SUIP | 234.40 | 3,433 | 3,425 | 3,508 | 3,610 | 102 |
| 2,834 | Representation and community leadership | SUIP | 233.50 | 3,036 | 2,891 | 3,166 | 3,597 | 431 |
| 2,167 | Aquatic centre rate | SUIP | 147.90 | 2,062 | 2,172 | 2,408 | 2,277 | (131) |
| | Solid waste rate | | | | | | | |
| 62 | Rural differential | SUIP | 17.10 | 92 | 71 | 68 | 68 | - |
| 258 | Urban differential | SUIP | 23.60 | 367 | 285 | 274 | 270 | (4) |
| 320 | Total solid waste rate | | | 459 | 356 | 342 | 338 | (4) |
| | Water supply rate | | | | | | | |
| 3,755 | Water supply district wide connected (excl Foxton Beach) | SUIP | 406.90 | 4,047 | 3,944 | 4,388 | 4,050 | (338) |
| 71 | Water supply district wide availability | SUIP | 203.45 | 73 | 75 | 83 | 67 | (16) |
| 391 | Foxton Beach connected | SUIP | 311.70 | 386 | 448 | 508 | 389 | (119) |
| 4,217 | Total water supply rate | | | 4,506 | 4,467 | 4,979 | 4,506 | (473) |
| | Waste water rate | | | | | | | |
| 6,007 | Waste water district wide connected | SUIP | 592.60 | 6,273 | 6,322 | 6,618 | 6,271 | (347) |
| 115 | Waste water district wide availability | SUIP | 296.30 | 123 | 99 | 103 | 113 | 10 |
| 6,122 | Total waste water rate | | | 6,396 | 6,421 | 6,721 | 6,384 | (337) |
| 31,595 | Total rates required | | | 33,278 | 33,303 | 35,876 | 35,154 | (722) |
| 621 | Penalties | | | 615 | 615 | 631 | 600 | (31) |
| (192) | Remissions | | | - | - | - | - | - |
| 1,195 | Water by meter rate | | | 1,188 | 1,215 | 1,251 | 1,257 | 6 |
| 33,219 | Total rates revenue | | | 35,081 | 35,133 | 37,758 | 37,011 | (747) |

Additional tables to Rating Mechanisms

| Rating base | | | | | |
|--|--------|--------|--------|--------|-------|
| Total Rates GST Inclusive \$000 | 38,270 | 38,298 | 41,257 | 40,427 | (830) |
| Rateable Rating Units | 17,658 | 17,889 | 18,024 | 17,475 | (549) |
| Average Rate \$ | 2,167 | 2,141 | 2,289 | 2,313 | 24 |
| Total number of Rating Units LGA Schedule 10 Part 1 Clause 15a | 18,059 | 18,315 | 18,450 | 18,059 | (391) |

*The rateable properties have decreased following a rationalisation of contiguous rate assessments that were amalgamated with the parent assessment of rural properties, predominantly used for agricultural purposes.

| Water-by-Metre rates are set as follows | | |
|---|-------------|--------|
| District Wide Except Foxton Beach | Cubic metre | \$1.70 |
| Shannon untreated bore water supply | Cubic metre | \$0.85 |
| Foxton Beach Step 1 | Cubic metre | \$0.72 |
| Foxton Beach Step 2 | Cubic metre | \$1.44 |
| Foxton Beach Step 3 | Cubic metre | \$2.16 |

Funding Impact Statement 2017/18

| Annual Report 2015/16 \$000 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|--------------------------------|--|----------------------|----------------------|------------------------------|------------------|
| | | \$000 | \$000 | \$000 | \$000 |
| | Sources of operating funding | | | | |
| 8,865 | General rates, uniform annual general charges, rates penalties | 8,749 | 9,159 | 9,753 | 594 |
| 24,354 | Targeted rates | 26,385 | 28,599 | 27,258 | (1,341) |
| 1,530 | Subsidies and grants for operating purposes | 1,271 | 1,296 | 1,585 | 289 |
| 5,290 | Fees and charges | 5,205 | 4,654 | 5,155 | 501 |
| 127 | Interest and dividends from investments | 154 | 158 | 70 | (88) |
| 2,925 | Local authorities fuel tax, fines, infringement fees, and other receipts | 2,699 | 2,762 | 3,293 | 531 |
| 43,091 | Total operating funding (A) | 44,463 | 46,628 | 47,114 | 486 |
| | Applications of operating funding | | | | |
| 30,977 | Payments to staff and suppliers | 30,611 | 31,041 | 34,531 | 3,490 |
| 4,087 | Finance costs | 4,379 | 4,787 | 3,658 | (1,129) |
| - | Other operating funding applications | - | - | - | - |
| 35,064 | Total applications of operating funding (B) | 34,990 | 35,828 | 38,189 | 2,361 |
| 8,027 | Surplus (deficit) of operating funding (A - B) | 9,473 | 10,800 | 8,925 | (1,875) |
| | Sources of capital funding | | | | |
| 2,050 | Subsidies and grants for capital expenditure | 4,049 | 1,730 | 3,587 | 1,857 |
| 381 | Development and financial contributions | - | - | - | - |
| 5,000 | Increase (decrease) in debt | 9,639 | (2,478) | 5,000 | 7,478 |
| 1,421 | Gross proceeds from sale of assets | 655 | 7,721 | 8,766 | 1,045 |
| - | Lump sum contributions | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - |
| 8,852 | Total sources of capital funding (C) | 14,343 | 6,973 | 17,353 | 10,380 |
| | Applications of capital funding | | | | |
| | Capital expenditure | | | | |
| 1,276 | - to meet additional demand | 2,227 | 848 | 2,354 | 1,506 |
| 10,283 | - to improve the level of service | 13,140 | 6,857 | 11,106 | 4,249 |
| 9,662 | - to replace existing assets | 10,353 | 9,988 | 13,156 | 3,168 |
| (4,388) | Increase (decrease) in reserves | - | - | (418) | (418) |
| 46 | Increase (decrease) of investments | (1,904) | 80 | 80 | - |
| 16,879 | Total applications of capital funding (D) | 23,816 | 17,773 | 26,278 | 8,505 |
| (8,027) | Surplus (deficit) of capital funding (C - D) | (9,473) | (10,800) | (8,925) | 1,875 |
| - | Funding balance ((A-B)+(C-D)) | - | - | - | - |
| 11,536 | Depreciation | 12,109 | 12,970 | 11,627 | (1,343) |

Loans

| | Total |
|---|---------------|
| | \$000 |
| Anticipated Loan balances at 1/07/2017 | 77,000 |
| Raised during the year | 13,400 |
| Repaid during the year | (8,400) |
| Anticipated Loan balances 30/06/2018 | 82,000 |
| Budgeted Interest expense | 3,658 |

Financial Statements

Forecast Statement of Comprehensive Revenue and Expense

| Annual Report 2015/16 | | Notes | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|---|-------|----------------------|----------------------|------------------------------|------------------|
| \$000 | | | \$000 | \$000 | \$000 | \$000 |
| | Revenue | | | | | |
| 33,219 | Rate revenue | 1 | 35,133 | 37,758 | 37,010 | (748) |
| 3,578 | Grants & subsidies | | 5,320 | 3,026 | 5,171 | 2,145 |
| 127 | Finance revenue | | 154 | 158 | 70 | (88) |
| 8,217 | Other revenue | | 7,905 | 7,416 | 8,448 | 1,032 |
| 381 | Development contributions | | - | - | - | - |
| 156 | Gain disposal of assets | | 184 | 189 | 180 | (9) |
| 258 | Gain on revaluations | | 110 | 68 | 179 | 111 |
| 100 | Vested assets | | - | - | - | - |
| 46,036 | Total revenue | | 48,806 | 48,615 | 51,058 | 2,443 |
| | Expenditure | | | | | |
| 9,532 | Employee benefit expenses | | 9,894 | 10,316 | 13,174 | 2,858 |
| 4,087 | Finance costs | | 4,379 | 4,787 | 3,658 | (1,129) |
| 11,536 | Depreciation & amortisation | | 12,109 | 12,970 | 11,627 | (1,343) |
| 21,445 | Other expenses | | 20,717 | 20,726 | 21,356 | 630 |
| 147 | Loss disposal of assets | | - | 1,053 | - | (1,053) |
| - | Loss on revaluations | | - | - | - | - |
| 115 | Increase/(decrease) in landfill provision | | (13) | (13) | 95 | 108 |
| 46,862 | Total expenses | | 47,086 | 49,839 | 49,910 | 71 |
| (826) | Operating surplus/(deficit) before taxation | | 1,720 | (1,224) | 1,148 | 2,372 |
| | Income tax expense | | - | - | - | - |
| (826) | Operating surplus/(deficit) after taxation | | 1,720 | (1,224) | 1,148 | 2,372 |
| | Other comprehensive revenue and expense | | | | | |
| - | Gain/(loss) fixed assets valuation | | 33,037 | - | 6,024 | 6,024 |
| - | Gain/(loss) financial assets | | - | - | - | - |
| - | Total net other comprehensive revenue and expense/(deficit) for the year | | 33,037 | - | 6,024 | 6,024 |
| (826) | Total comprehensive revenue and expense/(deficit) for the year attributable to Horowhenua District Council | | 34,757 | (1,224) | 7,172 | 8,396 |
| 1,195 | Note 1 - Water by meter rates included in the rates revenue | | 1,215 | 1,251 | 1,257 | 6 |

Financial Statements

Reconciliation between Forecast Cost of Service Statements and the Forecast Statement of Comprehensive Revenue and Expense

| Annual Report 2015/16 \$000 | | LTP Forecast 2016/17 \$000 | LTP Forecast 2017/18 \$000 | Annual Plan Forecast 2017/18 \$000 | Variance 2017/18 \$000 |
|--------------------------------|--|-------------------------------|-------------------------------|---------------------------------------|---------------------------|
| | Revenue | | | | |
| | Prospective statement of comprehensive revenue and expense | | | | |
| 46,036 | Total operating revenue | 48,806 | 48,615 | 51,058 | 2,443 |
| | Summary funding impact statement | | | | |
| | Sources of operating funding | | | | |
| 43,091 | Total operating funding | 44,463 | 46,628 | 47,114 | 486 |
| | Add sources of capital funding | | | | |
| 2,050 | Subsidies and grants for capital expenditure | 4,049 | 1,730 | 3,585 | 1,855 |
| 381 | Development and financial contributions | - | - | - | - |
| 156 | Gain disposal of assets | 184 | 189 | 180 | (9) |
| | Gain on changes in fair value of investment property and revaluation of financial assets | | | | |
| 258 | | 110 | 68 | 179 | 111 |
| 100 | Vested assets | - | - | - | - |
| 46,036 | Total revenue | 48,806 | 48,615 | 51,058 | 2,443 |
| | Expenditure | | | | |
| | Prospective statement of comprehensive revenue and expense | | | | |
| 46,862 | Total operating expenditure | 47,086 | 49,839 | 49,910 | 71 |
| | Summary funding impact statement | | | | |
| | Application of operating funding | | | | |
| 35,064 | Total application of operating funding | 34,990 | 35,829 | 38,188 | 2,359 |
| 147 | Loss on disposal of asset | - | 1,053 | - | (1,053) |
| | Loss on changes in fair value of investment property and revaluation of financial assets | | | | |
| - | | - | - | - | - |
| 115 | Increase/(decrease) in provisions | (13) | (13) | 95 | 108 |
| 11,536 | Depreciation & amortisation expense | 12,109 | 12,970 | 11,627 | (1,343) |
| 46,862 | Total expenditure | 47,086 | 49,839 | 49,910 | 71 |

Financial Statements

Forecast Statement of Financial Position as at 30 June 2017

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|--------------------------|--------------------------------------|----------------------------|----------------------------|------------------------------------|---------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Assets | | | | |
| | Current assets | | | | |
| 7,400 | Cash & cash equivalents | 6,512 | 6,559 | 6,186 | (373) |
| 5,960 | Debtors & other receivables | 6,347 | 6,210 | 6,045 | (165) |
| 285 | Assets held for sale | 393 | 393 | 285 | (108) |
| 350 | Other financial assets | 10 | 10 | - | (10) |
| 13,995 | Total current assets | 13,262 | 13,172 | 12,516 | (656) |
| | Non-current assets | | | | |
| 952 | Biological assets | 696 | 714 | 1,010 | 296 |
| 1,718 | Intangible assets | 1,682 | 1,557 | 1,608 | 51 |
| 5,926 | Commercial property | 2,753 | 3,176 | 6,219 | 3,043 |
| 1,836 | Council controlled | 2,185 | 2,264 | 1,285 | (979) |
| - | Other financial assets | 117 | 118 | - | (118) |
| 43,397 | Operational assets | 49,859 | 41,592 | 42,969 | 1,377 |
| 394,713 | Infrastructural assets | 439,350 | 444,045 | 421,963 | (22,082) |
| 38,664 | Restricted assets | 45,204 | 44,666 | 41,545 | (3,121) |
| 487,206 | Total non-current assets | 541,846 | 538,132 | 516,599 | (21,533) |
| 501,201 | Total assets | 555,108 | 551,304 | 529,115 | (22,189) |
| | Liabilities | | | | |
| | Current liabilities | | | | |
| 11,779 | Creditors & other payables | 8,282 | 8,192 | 11,985 | 3,793 |
| 940 | Employee benefit liabilities | 585 | 585 | 993 | 408 |
| 920 | Provisions | 1,003 | 1,003 | 940 | (63) |
| 16,000 | Borrowings | 11,000 | - | 14,000 | 14,000 |
| 29,639 | Total current liabilities | 20,870 | 9,780 | 27,918 | 18,138 |
| | Non-current liabilities | | | | |
| 161 | Employee benefit liabilities | 224 | 224 | 161 | (63) |
| 2,240 | Provisions | 2,979 | 2,966 | 2,431 | (535) |
| 49,000 | Borrowings | 74,791 | 83,313 | 68,000 | (15,313) |
| 2,419 | Other | - | - | 2,452 | 2,452 |
| 53,820 | Total non-current liabilities | 77,994 | 86,503 | 73,044 | (13,459) |
| 83,459 | Total liabilities | 98,864 | 96,283 | 100,962 | 4,679 |
| 417,742 | Net assets | 456,244 | 455,021 | 428,153 | (26,868) |
| | Equity | | | | |
| 263,345 | Rate payers equity | 268,893 | 266,870 | 266,309 | (561) |
| 147,449 | Revaluation reserves | 180,484 | 180,484 | 153,471 | (27,013) |
| 6,948 | Other reserves | 6,867 | 7,667 | 8,373 | 706 |
| 417,742 | Total equity | 456,244 | 455,021 | 428,153 | (26,868) |

Financial Statements

Forecast Statement of Changes in Net Assets/Equity

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 418,568 | Equity balance at 1 July | 421,487 | 456,244 | 420,981 | (35,263) |
| (826) | Total comprehensive revenue and expense for the year | 34,757 | (1,224) | 7,172 | 8,396 |
| 417,742 | Equity balance at 30 June | 456,244 | 455,020 | 428,153 | (26,867) |
| | Components of equity | | | | |
| 264,909 | Retained earnings at 1 July | 267,350 | 268,893 | 265,862 | (3,031) |
| (1,564) | Net surplus/(deficit) net of reserve transfers | 1,543 | (2,024) | 447 | 2,471 |
| 263,345 | Retained earnings 30 June | 268,893 | 266,869 | 266,309 | (560) |
| 147,449 | Revaluation reserves at 1 July | 147,447 | 180,484 | 147,447 | (33,037) |
| - | Revaluation gains/(losses) | 33,037 | - | 6,024 | 6,024 |
| 147,449 | Revaluation reserves 30 June | 180,484 | 180,484 | 153,471 | (27,013) |
| 6,210 | Council created reserves at 1 July | 6,690 | 6,867 | 7,672 | 805 |
| 738 | Transfers to/(from) reserves | 177 | 800 | 701 | (99) |
| 6,948 | Council created reserves 30 June | 6,867 | 7,667 | 8,373 | 706 |
| 417,742 | Equity balance at 30 June | 456,244 | 455,020 | 428,153 | (26,867) |

Financial Statements

Forecast Cash Flow

| Annual Report 2015/16 | | LTP Forecast 2016/17 | LTP Forecast 2017/18 | Annual Plan Forecast 2017/18 | Variance 2017/18 |
|-----------------------|--|----------------------|----------------------|------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| | Cashflow from operating activities | | | | |
| | Cash was provided from: | | | | |
| 33,384 | Revenue from rates | 35,267 | 37,896 | 37,010 | (886) |
| 178 | Finance revenue | 154 | 158 | 70 | (88) |
| 11,402 | Other revenue | 13,224 | 10,443 | 13,620 | 3,177 |
| 44,964 | | 48,645 | 48,497 | 50,700 | 2,203 |
| | Cash was disbursed to: | | | | |
| 29,684 | Payments staff & suppliers | 30,768 | 31,132 | 34,530 | 3,398 |
| 3,114 | Finance costs | 4,379 | 4,787 | 3,658 | (1,129) |
| (273) | Net GST movement | - | - | - | - |
| 32,525 | | 35,147 | 35,919 | 38,188 | 2,269 |
| 12,439 | Net cashflow from operating activity | 13,498 | 12,578 | 12,512 | (66) |
| | Cashflows from investing activities | | | | |
| | Cash was provided from: | | | | |
| 1,233 | Proceeds from asset sales | 655 | 7,721 | 8,766 | 1,045 |
| - | Proceeds from investments | 2,048 | - | - | - |
| 1,233 | | 2,703 | 7,721 | 8,766 | 1,045 |
| | Cash was disbursed to: | | | | |
| 19,082 | Purchase of assets | 25,720 | 17,693 | 26,616 | 8,923 |
| 46 | Purchases of investments | 144 | 80 | 80 | - |
| 19,128 | | 25,864 | 17,773 | 26,696 | 8,923 |
| (17,895) | Net cashflow from investing activity | (23,161) | (10,052) | (17,930) | (7,878) |
| | Cashflows from financing activities | | | | |
| | Cash was provided from: | | | | |
| 13,000 | Loans raised | 9,639 | 8,522 | 13,400 | 4,878 |
| 13,000 | | 9,639 | 8,522 | 13,400 | 4,878 |
| | Cash was disbursed to: | | | | |
| 8,000 | Loan repayments | - | 11,000 | 8,400 | (2,600) |
| 8,000 | | - | 11,000 | 8,400 | (2,600) |
| 5,000 | Net cashflow from financing activity | 9,639 | (2,478) | 5,000 | 7,478 |
| (456) | Net increase/(decrease) in cash held | (24) | 48 | (418) | (466) |
| 7,856 | Add opening cash bought forward | 6,536 | 6,512 | 6,604 | 92 |
| 7,400 | Closing cash balance | 6,512 | 6,560 | 6,186 | (374) |
| 7,400 | Closing balance made up of cash and cash equivalents | 6,512 | 6,559 | 6,186 | (373) |

Reserve Funds

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest. Council holds 15 reserves, with four (4) being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that Council may put the funds towards. The remaining Council created reserves are discretionary reserves which the Council has established for the fair and transparent use of monies. Reserve balances are not separately held in cash and the funds are managed as part of the Council's treasury management.

Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial information across the year of the Annual Plan:

| | Activity | LTP Forecast Closing Balance 30 June 2017 | LTP Forecast Closing Balance 30 June 2018 | AP Forecast Opening Balance 1 July 2017 | Deposits for the period of the AP | Withdrawals for the period of the AP | Forecast Closing Balance 30 June 2018 |
|---|--------------------|--|--|--|--|---|---|
| | | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Restricted Reserves – Purpose of the Fund | | | | | | | |
| Foxton Beach Freeholding Fund Accumulated cash reserves from the Foxton Beach Endowment land sales under the separate Act gifting the land for the benefit of Foxton and Foxton Beach community projects. | Endowment Property | 3,133 | 3,717 | 4,067 | 913 | 386 | 4,594 |

| | Activity | LTP Forecast Closing Balance 30 June 2017 | LTP Forecast Closing Balance 30 June 2018 | AP Forecast Opening Balance 1 July 2017 | Deposits for the period of the AP | Withdrawals for the period of the AP | Forecast Closing Balance 30 June 2018 |
|--|--|--|--|--|--|---|---|
| | | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Reserve Land Reserve To hold funds derived from the sale of surplus reserve land to be spent on the future development of reserves under the Reserve Act. | Community Facilities and Services Activity | 98 | 103 | 179 | 5 | - | 184 |
| Wairarawa Stream Walkway To hold funding derived for the purpose of upgrading the walkway to be spent on the upgrade. | Community Facilities and Services Activity | 51 | 53 | 52 | 2 | 0 | 54 |
| Road Upgrade Reserve To fund transport network improvements as approved by the Council, from the accumulated funds of the former Horowhenua County Council subdivision contributions to roading. | Land Transport/ Roads and Footpaths Activity | 768 | 798 | 755 | 23 | - | 778 |

Council created Reserves – Purpose of the Fund

| | Activity | LTP Forecast Closing Balance 30 June 2017 | LTP Forecast Closing Balance 30 June 2018 | AP Forecast Opening Balance 1 July 2017 | Deposits for the period of the AP | Withdrawals for the period of the AP | Forecast Closing Balance 30 June 2018 |
|--|--|--|--|--|--|---|---|
| | | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| <p>Financial and Capital contributions for Roding To fund transport network improvements, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.</p> | Land Transport/ Roads and Footpaths Activity | 201 | 209 | 83 | 3 | - | 86 |
| <p>Financial and Capital contributions for Water Supplies To fund water supply improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.</p> | Water Supply Activity | 558 | 580 | 549 | 16 | - | 565 |

| | Activity | LTP Forecast Closing Balance 30 June 2017 | LTP Forecast Closing Balance 30 June 2018 | AP Forecast Opening Balance 1 July 2017 | Deposits for the period of the AP | Withdrawals for the period of the AP | Forecast Closing Balance 30 June 2018 |
|---|--|--|--|--|--|---|---|
| | | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| <p>Financial and Capital contributions for Wastewater Schemes</p> <p>To fund Wastewater Scheme improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.</p> | Wastewater Activity | 138 | 143 | 136 | 4 | - | 140 |
| <p>Financial and Capital contributions for Parks and Reserves</p> <p>To fund Parks and Reserves improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.</p> | Community Facilities and Services Activity | 613 | 638 | 633 | 19 | - | 652 |

| | Activity | LTP Forecast Closing Balance 30 June 2017 | LTP Forecast Closing Balance 30 June 2018 | AP Forecast Opening Balance 1 July 2017 | Deposits for the period of the AP | Withdrawals for the period of the AP | Forecast Closing Balance 30 June 2018 |
|---|--|--|--|--|--|---|---|
| | | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Election Fund To smooth the rating impact of election costs and fund any by-election | Representation and Governance Activity | 3 | 45 | (2) | 41 | 0 | 39 |
| Hockey Turf Replacement Fund To fund the replacement of the water turf at Donnelly Park on behalf of the Turf Trust. | Community Facilities and Services Activity | 229 | 263 | 225 | 32 | - | 257 |
| Shannon Rail Station. Set aside from grants to preserve the historic Shannon Railway Station. | Properties Activity | 25 | 26 | 25 | 1 | - | 26 |
| Esplanade Fund To provide a fund to construct or provide for possible public access ways to esplanade reserves created under the Resource Management Act. | Community Facilities and Services Activity | 131 | 135 | 128 | 4 | - | 132 |

| | Activity | LTP Forecast Closing Balance 30 June 2017 | LTP Forecast Closing Balance 30 June 2018 | AP Forecast Opening Balance 1 July 2017 | Deposits for the period of the AP | Withdrawals for the period of the AP | Forecast Closing Balance 30 June 2018 |
|--|--|--|--|--|--|---|---|
| | | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Capital Projects Fund To provide funds for strategic capital projects with the last \$250,000 as a disaster relief working capital fund. | All Activities | 901 | 938 | 837 | 25 | - | 862 |
| Foxton Citizens Fund To provide a fund for awards in recognition of community service in Foxton. | Community Support Activity | 4 | 4 | 4 | 0 | - | 4 |
| Driscoll Reserves Fund To fund Manakau parks and reserves development projects. | Community Facilities and Services Activity | 14 | 15 | 0 | 0 | - | 0 |
| Total | | 6,867 | 7,667 | 7,671 | 1,088 | 386 | 8,373 |

Benchmarks Disclosure Statement

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council's prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its Annual Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

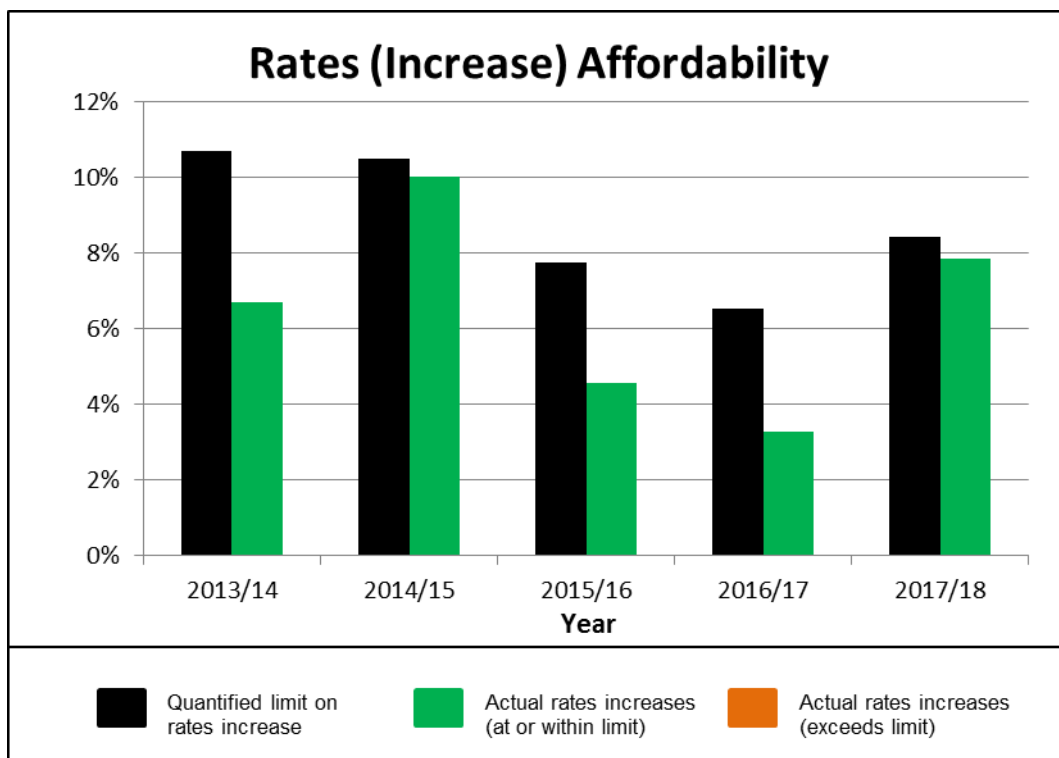
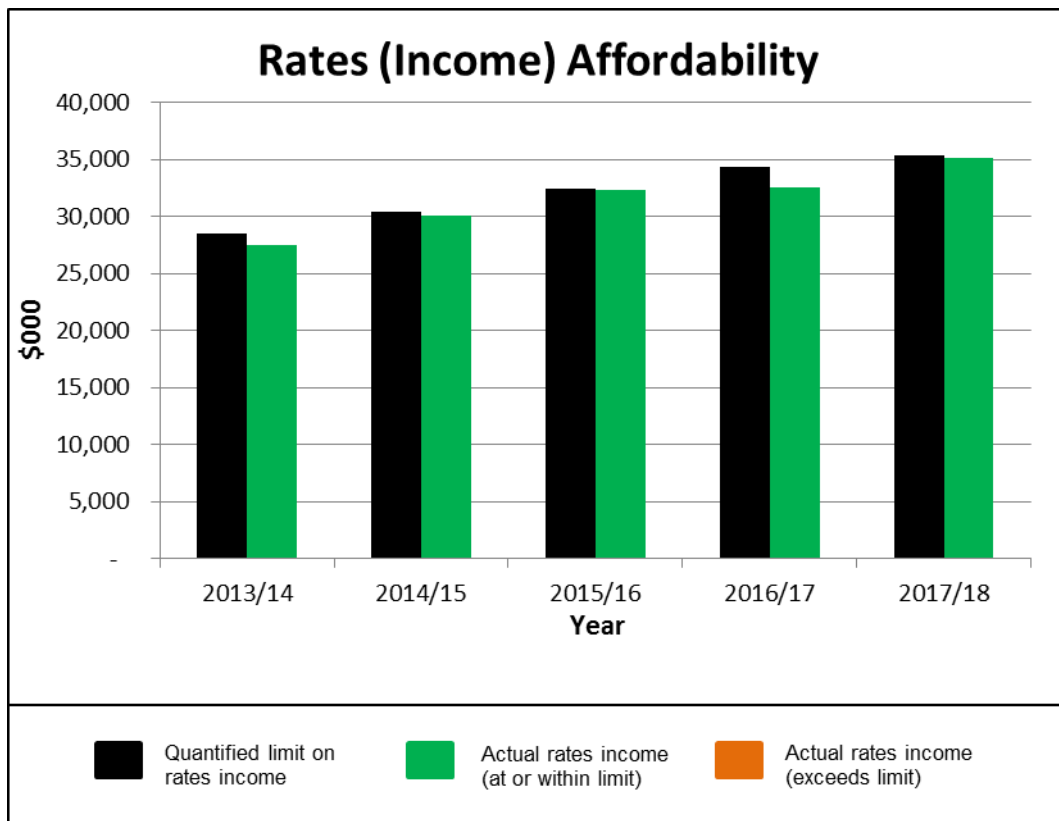
| Benchmark | Limit | Planned | Met |
|------------------------------------|-----------|-----------|-----|
| Rates affordability benchmark | | | |
| -income | \$33,619m | \$33,278m | Yes |
| -increases | 6.52% | 5.43% | Yes |
| Debt affordability benchmark | | | |
| -net debt to operating revenue | 175% | 158% | Yes |
| -net interest to operating revenue | 20% | 7% | Yes |
| -net interest to rates revenue | 25% | 10% | Yes |
| Balanced budget benchmark | 100% | 106% | Yes |
| Essential services benchmark | 100% | 481% | Yes |
| Debt servicing benchmark | 10% | 7% | Yes |

Notes

1 Rates affordability benchmark

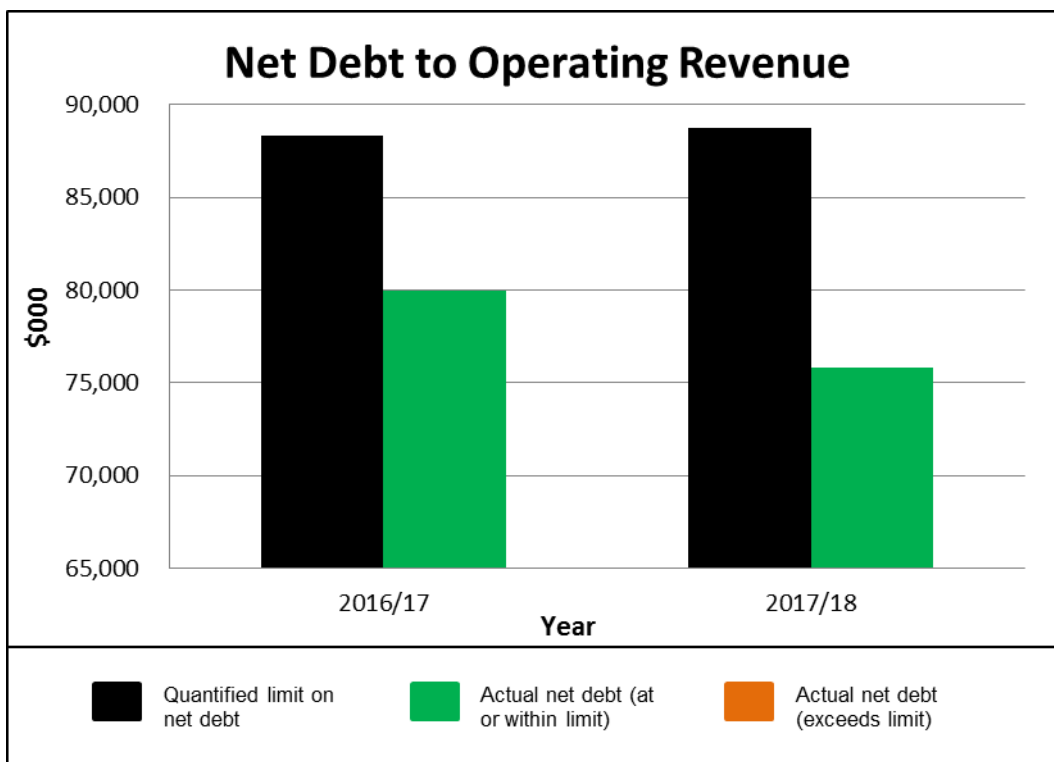
- (1) For this benchmark,—
 - (a) the Council's planned rates income for the year is compared with quantified limits on rates contained in the Financial Strategy included in the Council's Long Term Plan; and
 - (b) the Council's planned rates increases for the year are compared with quantified limits on rates increases for the year contained in the Financial Strategy included in the Council's Long Term Plan.
- (2) The Council meets the rates affordability benchmark if—
 - (a) its planned rates income for the year equals or is less than each quantified limit on rates; and

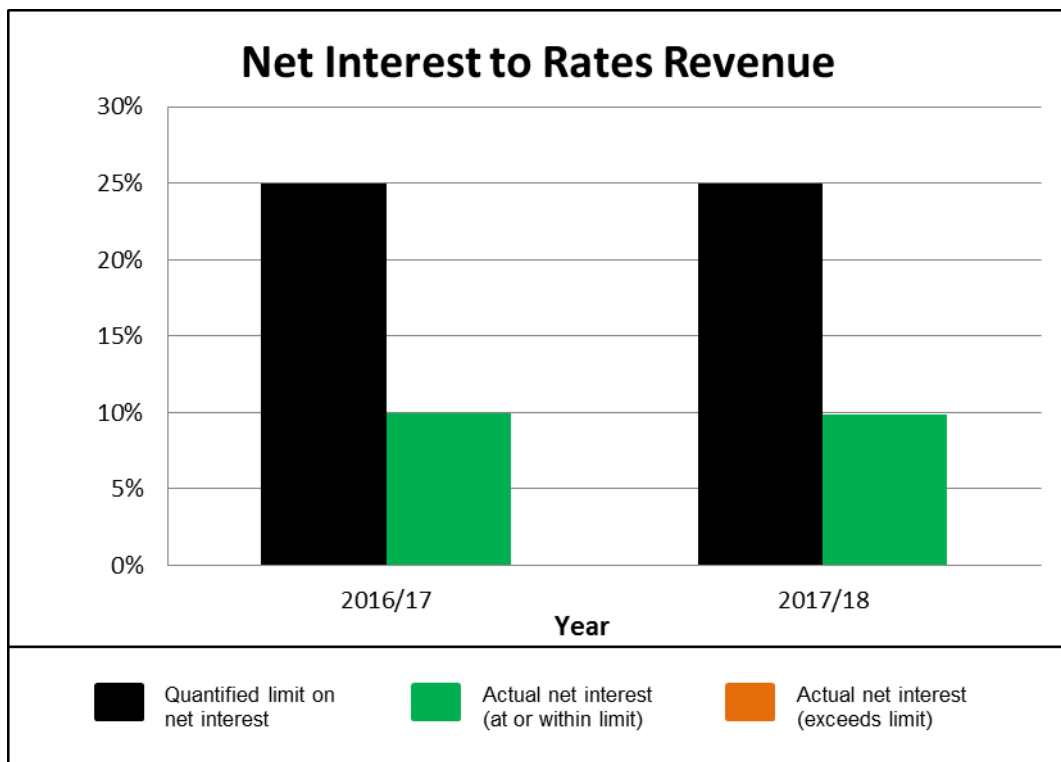
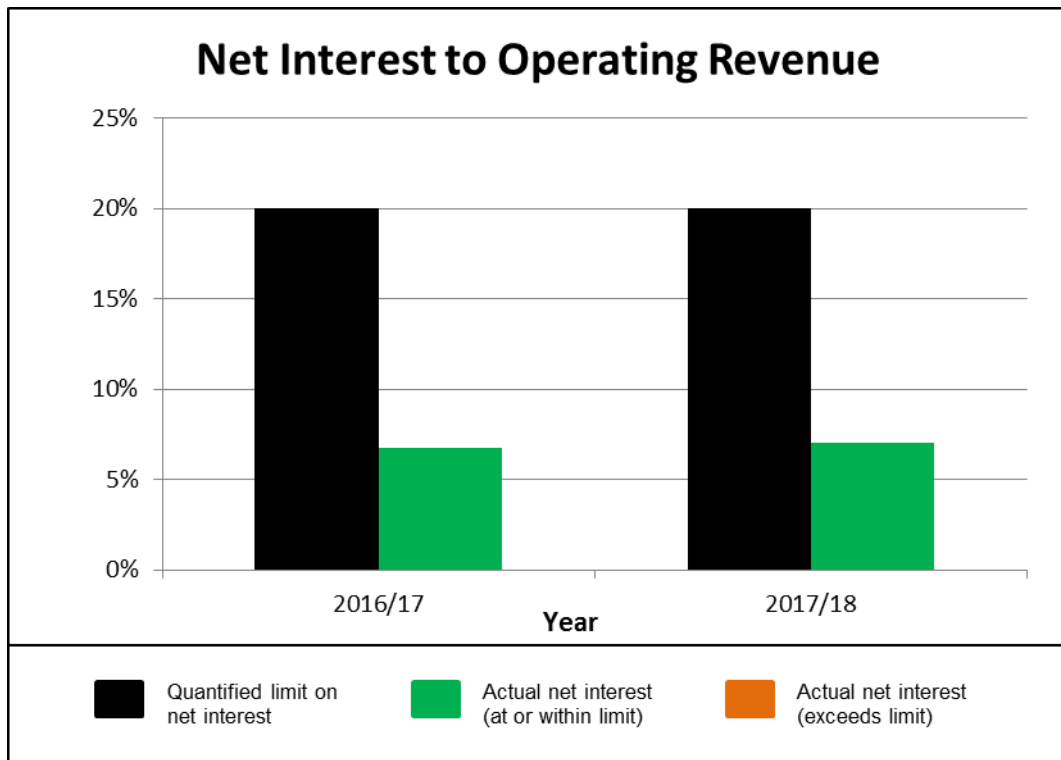
- (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.



2 Debt affordability benchmark

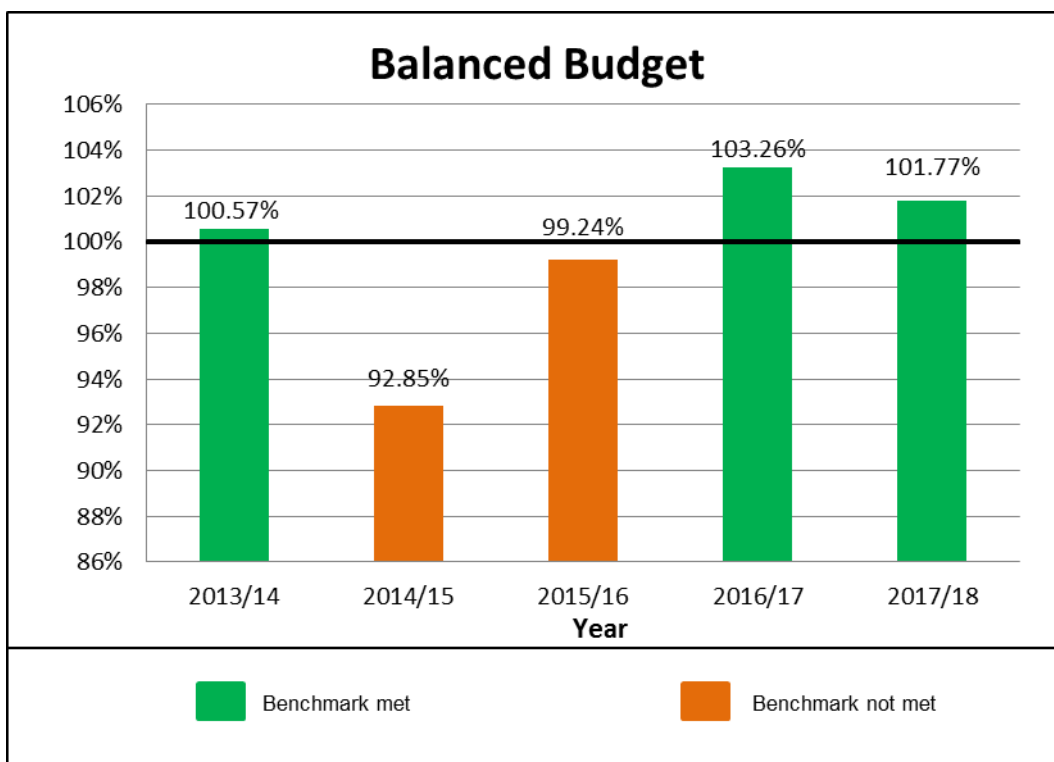
- (1) For this benchmark, the Council's planned borrowing is compared with quantified limits on borrowing contained in the Financial Strategy included in the Council's Long Term Plan.
- (2) The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.





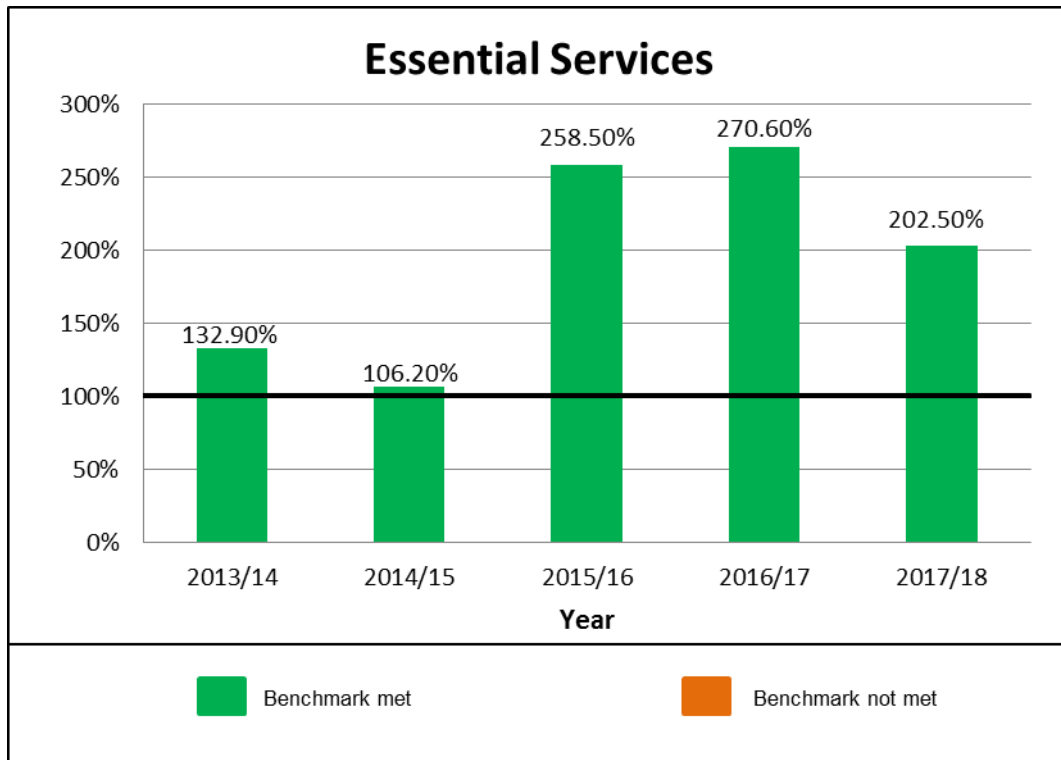
Balanced budget benchmark

- (1) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).
- (2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.



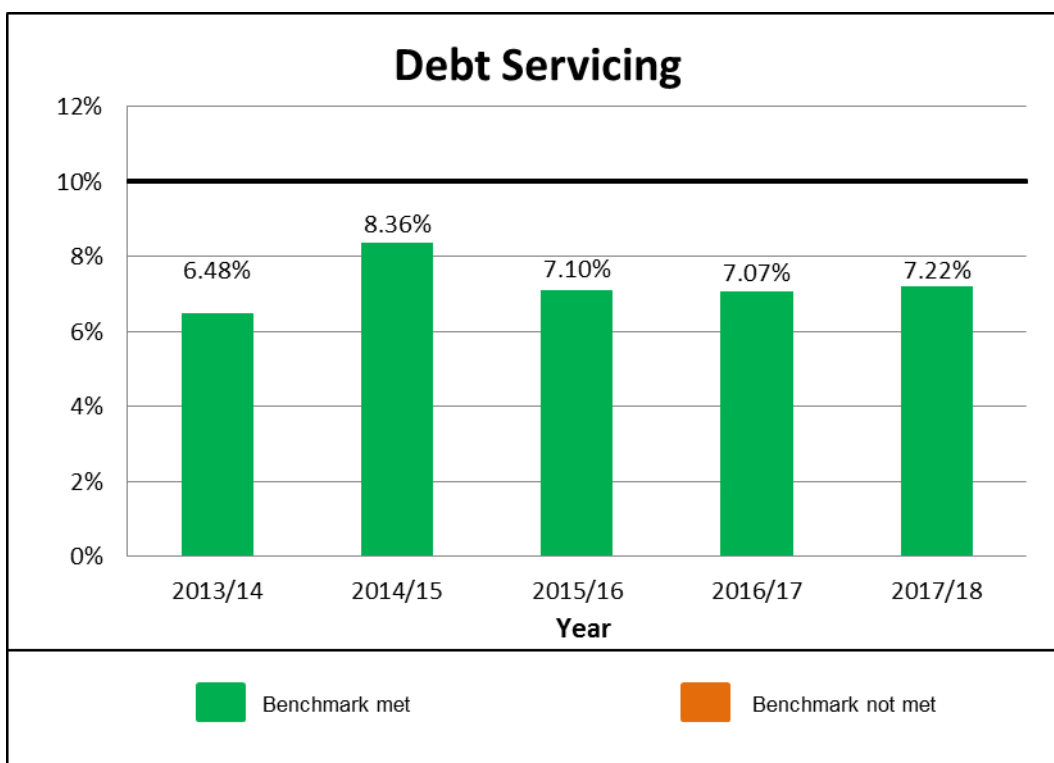
4 Essential services benchmark

- (1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



5 Debt servicing benchmark

- (1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).
- (2) Because Statistics New Zealand projects that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



Accounting Policies

1. Reporting Entity

The prospective financial statements of the Horowhenua District Council are for the year ended 30 June 2018.

The Horowhenua District Council is a territorial local authority governed by the provisions of the Local Government Act 2002 and is domiciled in New Zealand.

The Horowhenua District Council group (HDC) consists of Horowhenua District Council and Te Horowhenua Trust (formerly Horowhenua Library Trust), both incorporated in New Zealand.

The primary objective of HDC is to provide goods and services for the community for social benefit rather than making a financial return. Accordingly, Council has designated itself as PBE for financial reporting purposes.

The prospective financial statements contained in the plan are in full compliance with FRS 42 Prospective Financial Statements.

The operations of HDC have been divided into the following activities:

- Land Transport (Roads and Footpaths)
- Stormwater
- Water Supply
- Wastewater Disposal
- Solid Waste
- Regulatory Services
- Community Facilities and Services
- Property
- Representation and Community Leadership
- Community Support

HDC also advise caution that the information in these statements may not be appropriate for purposes other than those described.

The prospective financial statements were authorised by issue by Council on 21 June 2017. The Mayor and Chief Executive that authorise the issue of the prospective financial statements by HDC are responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual results have been incorporated in

these prospective financial statements. It is not intended to update the prospective financial statements subsequent to presentation.

Measurement Base

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

Accounting Policies

The following accounting policies which materially affect the measurement of results and financial position have been applied consistently to all years presented from 1 July 2015 unless otherwise stated.

2. Basis of Preparation

The prospective financial statements have been prepared in accordance with the requirement of the Local Government Act 2002; Part 6, Section 93 and Part 1 of Schedule 10, which includes the requirements to comply with New Zealand accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ PBE IPSAS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. HDC is a tier 1 reporting entity using the public sector Public Benefit Entity Accounting Standards, as it has expenses greater than \$30m, and is not publicly accountable.

Basis of Consolidation

The consolidated financial statements are prepared by adding together the items as assets, liabilities, equity, revenue and expenses of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues and expense are eliminated on consolidation.

The financial statements are presented in New Zealand Dollars. The functional currency of HDC is New Zealand Dollars. All values are rounded to the nearest one thousand dollars.

Budget Figures

The budget figures have been prepared in accordance with NZ GAAP and comply with NZ PBE IPSAS, and other applicable Financial Reporting Standards, using accounting policies that are consistent with those adopted in preparing these financial statements. Then as a tier 1 reporting entity HDC uses the public sector Public Benefit Accounting Standards.

HDC has not presented group prospective financial statements because it believes that the parent financial statements are more relevant to users. The main purpose of prospective financial statements is to provide users with information about the core services that the HDC intends to provide ratepayers, the expected cost of those services and as a consequent how much HDC requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries except to the extent that HDC obtains distribution from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of HDC.

3. Revenue

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

Rates Revenue

The following policies for rates have been applied:

- General Rates, Targeted Rates (excluding water-by-meter), and Uniform Annual General Charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by installments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.

Infringement Fees Revenue

Revenue from infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The Council recognises revenue at an amount based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2 year period.

Subsidies Revenue

HDC receives revenue from New Zealand Transport Agency, which subsidises part of HDC's costs in maintaining the local roading infrastructure, is recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Grants Revenue

Revenue from other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Rendering of Services Revenue

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided, as a percentage of the total services to be provided.

Sale of Goods Revenue

Revenue from the sale of goods is recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Vesting of Assets Revenue

Revenue from vesting of physical assets is recognised for assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.

Commission Revenue

Revenue from acting as an agent for another party is recognised in the form of the commission or fee on the transaction.

Interest Revenue

Revenue from interest is recognised using the effective interest method.

Revenue from dividends is recognised when the right to receive payment has been established.

Financial Contributions Revenue

Revenue from Financial Contributions is recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

4. Borrowing Costs

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

5. Income Tax

Income tax expense includes components relating to both current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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

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

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

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

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

6. Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where HDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of HDC's decision.

The HDC's grants awarded have no substantive conditions attached.

7. Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, HDC recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether HDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

8. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

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

9. Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that HDC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated present value of the expected future cash flows, discounted using the effective interest method.

10. Financial Assets

HDC classifies its financial assets into four categories being: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive revenue and expenses. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial acquisition and re-evaluates this designation at every reporting date.

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

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

The four categories of financial assets are:

Financial Assets at Fair Value through Surplus or Deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or as part of a portfolio classified as 'held for trading' are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that HDC has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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

Currently, HDC does not hold any financial assets in this category.

Loans and Receivables

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

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised through surplus or deficit. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Loans, including loans to community organisations made by HDC at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset or investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and the present value of expected future cash flows is recognised in the Statement of Comprehensive Revenue and Expense as a grant.

Financial Assets at Fair Value through Other Comprehensive Revenue and Expenses

Financial assets at fair value through other comprehensive revenue and expenses are those that are designated as fair value through other comprehensive revenue and expenses or are not classified in any of the other categories above. They are included in non-current assets, unless management intends to dispose of, or realise, the investment within 12 months of balance date. After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in other comprehensive revenue and expenses except for impairment losses which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in equity is recognised in the surplus or deficit.

Financial assets in this category include investments HDC intends to hold long-term but which may be realised before maturity and shareholdings that HDC holds for strategic purposes.

Impairment of financial assets

At each balance sheet date HDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and Other Receivables and Held-to-maturity Investments

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

Financial Assets at Fair Value through Other Comprehensive Revenue and Expenses

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

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

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

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

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

11. Non-Current Assets Held For Sale

Non-current assets held for sale are classified as 'held for sale' if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised through surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

12. Property, Plant and Equipment

Property, plant and equipment consist of:

Operational Assets - These include land, buildings, the landfill post closure, library collections, plant and equipment and motor vehicles.

Restricted Assets - Restricted assets are parks and reserves owned by HDC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure Assets - Infrastructure assets are the fixed utility systems owned by HDC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to HDC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included through the surplus or deficit.

When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to HDC and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

HDC's depreciation is provided on a straight-line basis on all property, plant and equipment (other than land) at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| Operational Assets | Useful Life | Depreciation Rate |
|--------------------------------------|-----------------|-------------------|
| Land | N/A | N/A |
| Buildings | | |
| Structure | 50 to 100 years | 2% - 1% |
| Roofing | 40 years | 2.5% |
| Electricals | 40 years | 2.5% |
| Plant, equipment and vehicles | 4 to 25 years | 25% - 4% |
| Library assets | 10 years | 10% |
| Solid waste management | | |
| Building structure | 50-100 years | 2% - 1% |
| Building roofing | 40 years | 2.5% |
| Roading | 50 years | 2% |
| Cell site works and earthworks | 33 years | 3% |
| Cell lining, drainage and irrigation | 33 years | 3% |
| Cell electricals | 10 years | 10% |

| Restricted Assets | Useful Life | Depreciation Rate |
|-------------------|-----------------|-------------------|
| Land | N/A | N/A |
| Buildings | | |
| Structure | 50 to 100 years | 2% - 1% |
| Roofing | 40 years | 2.5% |
| Electricals | 40 years | 2.5% |

| Infrastructural Assets | Useful Life | Depreciation Rate |
|--|-----------------|-------------------|
| Roading (Land Transport) (average lives and depreciation rates of major components) | | |
| | N/A | N/A |
| Land | N/A | N/A |
| Formation | N/A | N/A |
| Berms | 110 years | 0.91% |
| Surface water channels | 90 years | 1.1% |
| Bridges and culverts | 40-100 years | 1.12% |
| Drainage | 88 years | 1.13% |
| Sealed pavement | 78 years | 1.29% |
| Basecourse | 60 years | 1.66% |
| Footpaths | 57 years | 1.76% |
| Crossings | 41 years | 2.43% |
| Streetlights | 12 years | 8.57% |
| Surfacing | 1-25 years | 4 -100% |
| Stormwater | | |
| Pump stations | 60 years | 1.67% |
| Manholes | 60 years | 1.67% |
| Sumps | 60 years | 1.67% |
| Pipes | 30 to 80 years | 3.33% - 1.25% |
| Pumps | 10 years | 10% |
| Water | | |
| Land | N/A | N/A |
| Buildings | | |
| Structure | 50 to 100 years | 2% to 1% |
| Roofing | 40 years | 2.5% |
| Electricals | 40 years | 2.5% |
| Treatment facilities | 8 to 100 years | 12.5% - 1% |
| Pipes | 20 to 80 years | 5% - 1.25% |
| Laterals | 80 years | 1.25% |
| Tobies | 60 years | 1.67% |
| Valves | 60 years | 1.67% |
| Hydrants | 60 years | 1.67% |
| Meters | 20 years | 5% |

| Infrastructural Assets | Useful Life | Depreciation Rate |
|-----------------------------------|-----------------|-------------------|
| Sewer | | |
| Land | N/A | N/A |
| Buildings | | |
| Structure | 25 to 70 years | 4% - 1.43% |
| Roofing | 40 years | 2.5% |
| Electricals | 40 years | 2.5% |
| Treatment and disposal facilities | 10 to 100 years | 10% - 1% |
| Pipes | 60 to 80 years | 1.67% - 1.25% |
| Laterals | 60 years | 1.67% |
| Pump stations | 60 years | 1.67% |
| Manholes | 60 years | 1.67% |
| Pumps | 10 years | 10% |

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at the end of each financial year.

Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational Land and Buildings

At "fair value" was determined from market-based evidence by an independent valuer. The most recent valuation was performed by B D Lavender (ANZIV, SNZPI) of Blackmore Associates and the valuation is effective as at 30 June 2014.

Restricted Land and Buildings: Parks, Cemeteries and Endowment Land

At "fair value" was determined from market-based evidence by an independent valuer. The most recent valuation was performed by B D Lavender (ANZIV, SNZPI) of Blackmore Associates and the valuation is effective as at 30 June 2014.

Infrastructural Asset Classes: Roads, Water Reticulation, Sewerage Reticulation and Stormwater Systems

At "fair value" was determined on a depreciated replacement cost basis by Council staff. At balance date HDC assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Valuations completed by

The roading infrastructure was valued as at 30 June 2014 using unit rates reviewed by Robert Berghuis (NZCE, REA) of Beca. Wastewater assets, Water Supply assets and Stormwater assets were valued as at 1 July 2015 using unit rates provided by Harrison Grierson. The valuation calculations were performed by Council. Land and buildings associated with the Water Supply and Wastewater activities were valued by B D Lavender (ANZIV, SNZPI) of Blackmore Associates and the valuation is effective as at 30 June 2014.

Land under the roads is valued at deemed cost. The landfill infrastructure was valued in two parts, both as at 30 June 2014. The land and buildings were valued by B D Lavender (ANZIV, SNZPI) of Blackmore Associates. The remainder of the asset was valued by Phil Landmark (BScEng (Civil) CP Eng) of MWH New Zealand Ltd, and reviewed by Brian Smith (BCom (Acc & Eco.), CA) of MWH New Zealand Limited.

Accounting for Revaluations

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity (at least every three years) to ensure that their carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

13. Intangible Assets

Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by HDC are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Easements

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Amortisation

HDC's carrying value of an intangible asset with a finite life is amortised on a 'straight-line' basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised through the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software: 10 years, 10%.

HDC's computer software licenses are amortised at 30% diminishing value including Koha Software. Kete Software is amortised at 60% diminishing value as set by Inland Revenue Department. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Kete Software - 4 years, 60%

Koha Software - 8 years, 30% HDC

14. Forestry Assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs, and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised through surplus or deficit.

The costs to maintain the forestry assets are included through surplus or deficit.

Emission Trading Scheme New Zealand Units (NZU's)

Council has been allocated and holds NZU's in respect of its forestry stands in the District. NZU's are initially recorded at cost and are subsequently measured at fair value each balance date. Any movement in fair value is recognised in surplus or deficit. Costs associated with maintaining NZU's are recognised as an expense when incurred.

15. Investment Property

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

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, HDC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised through surplus or deficit.

16. Impairment of Non-Financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset.

Where that results in a debit balance in the revaluation reserve, the balance is recognised through the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised through the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised through the surplus or deficit a reversal of the impairment loss is also recognised through the surplus or deficit. For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised through the surplus or deficit.

17. Employee Benefits

Short-term Benefits

Employee benefits that HDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

HDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term Benefits

Long Service Leave and Retirement Leave

Entitlements that are payable beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retiring leave have been calculated on an actuarial basis. The calculations are based on the likely future entitlements accruing to staff (based on years of service), years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information and present value of the estimated future cash flows.

Superannuation Schemes

Defined Contribution Schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense through surplus or deficit.

Defined Benefit Schemes

HDC belongs to the Defined Benefit Plan Contributors Scheme (the Scheme), which is managed by the Board of Trustees of the National Provident Fund. The Scheme is a multi-employer defined Benefit Scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the Scheme the extent to which the surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The Scheme is therefore accounted for as a Defined Contribution Scheme.

18. Creditors and Other Payables

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

19. Provisions

HDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. It is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires HDC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that HDC will be required to reimburse a holder for a loss incurred, discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the higher of:

- the estimated amount determined if it is probable there will be an outflow to settle the guarantee; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

20. Borrowings

Borrowings are initially recognised at their fair value plus transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings due to be settled within 12 months of balance date are treated as current liabilities. All other borrowing is classified as term liabilities.

21. Equity

Equity is the community's interest in HDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Restricted reserves
- Asset revaluation reserves

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by HDC.

Restricted reserves are those subject to specific conditions accepted as binding by HDC and which may not be revised by HDC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

22. Goods and Services Tax

All items in the Financial Statements are stated exclusive of GST, except for receivables and payables which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

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

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

23. Cost Allocation

HDC has derived the cost of service for each significant activity of HDC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as costs and revenues, actual usage, staff numbers and floor area.

24. Critical Accounting Estimates and Assumptions

In preparing these financial statements HDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations for future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill Aftercare Provision

The Statement of Financial Position discloses the exposure of HDC in relation to the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.

- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then HDC could be over or under estimating the annual depreciation charge recognised as an expense through surplus or deficit. To minimise this risk HDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the HDC's asset management planning activities, which gives HDC further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Re-Classification on Report in Current Years

Where reclassifications have been required for current reporting standards, the comparatives will be adjusted.

Critical Judgments in Applying Accounting Policies

Classification of Property

HDC owns a number of properties to provide housing for pensioners. The move towards market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the HDC's social housing policy. These properties are accounted for as property, plant and equipment.

Derivative Financial Instruments

HDC uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its Treasury Policy, HDC does not hold or issue derivative financial instruments for trading.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The associated gains or losses of derivatives that are not hedged accounted are recognised in the surplus or deficit.

DRAFT Significance and Engagement Policy

1 March 2017

1. Introduction

Local Government is charged with enabling democratic decision-making and action by, and on behalf of, communities. The Horowhenua District Council (Council) is the governing body that makes district-wide decisions, while the Foxton Community Board makes local decisions within its remit.

Elected members and members of the following bodies, including portfolio holders, have a key role in identifying and communicating the views of local communities on district-wide strategies, policies, plans and bylaws to the governing body:

- Foxton Community Board
- The Community and Wellbeing Executive (a standing committee of Council) that facilitates and receives reports from various forums including Youth Voice, Disability Sector Leadership Forum, Older Persons Network, Education, Horowhenua and the Arts, Culture, History and Heritage Group
- The Iwi Advisory Group
- Cultural Portfolio
- Economic Portfolio
- Environmental Portfolio

The Significance and Engagement Policy outlines Council's general approach to determining the significance of proposals and decisions. It sets out how Council will engage the community in its decision-making relative to the significance of the decision.

2. Objectives

The objectives of this policy are:

- To establish a process for determining the significance of a decision
- To support public involvement in significant decision-making
- To ensure that Council meets all legislative requirements regarding consultation and community engagement, including requirements of section 76AA of the Local Government Act 2002 (LGA)

3. Significance

Significance is the degree of importance of the issue, proposal, decision, or matter, as assessed by Council, in terms of its likely impact on and likely consequences for the district; any persons who are likely to be particularly affected by, or interested in the matter; the capacity of the local

authority to perform its role, and the financial and other costs of doing so (as described by the LGA).

3.1 Determining Significance

Council will determine all decisions to be significant unless the impact on the:

- Current or future cultural, economic, environmental and social well-being of the district is minimal
- Achievement of, or ability to achieve, Council's stated levels of service as set out in the current Long Term Plan (LTP) is minimal
- Capacity of Council to perform its role and carry out its activities, now and in the future is unaffected
- Financial resource and other costs of the decision are minimal or included in an adopted LTP

3.2 Criteria for determining significance

The range of issues requiring decisions by Council is wide, and it is impossible to foresee every possibility. The use of the following procedure will be used to determine significance.

Council's general approach to determining significance is if a decision or proposal satisfies one or more of the following criteria, then the matter is likely to have a high degree of significance:

- The decision or proposal affects all or a large portion of the community in a way that is not inconsequential
- The impact or consequences of the decision or proposal on the affected persons (being any number of persons) will be substantial
- The financial implications of the decision on Council's overall resources are substantial

By way of guidance, a proposal or decision will not be deemed to be significant unless it is of similar importance to the following examples:

- Involves an activity that will significantly affect capacity or cost to Council
- Alteration of the level of service of a significant activity as defined in Council's LTP
- Alteration to the mode by which a significant activity is undertaken
- Transfer of ownership, control, construction, replacement or abandonment of a strategic asset
- A change to the LTP
- Draft LTP
- Annual Plan (where matters of significance are identified)

Matters which do not satisfy these criteria may have a high degree of significance where it is known that the decision will nevertheless generate a high degree of controversy.

The Council will also take into account views already expressed in the community, where there has been no material change to the issue since previous engagement. Council will make judgements on the level of support for those views when determining the significance of a decision.

Every report to Council will include an overall assessment of the significance of the matter(s) under consideration, and where issues of significance are identified then the recommendation will include:

- Identification of an issue requiring a Council decision
- An assessment of significance, using Council's general approach to significance (set out above)
- Council officer or other professional advice on degree of significance and appropriate level and type of engagement
- A recommendation for Council consideration

3.3. Strategic assets

The assets and groups of assets Council deem to be strategic assets and therefore significant in terms of this policy:

| Activity / Group of Activities Asset | |
|--------------------------------------|--|
| Recreation | Public cemeteries, parks, reserves, sportsgrounds |
| Land Transport | Roading Network as a whole* |
| Water Supply | Each water supply system as a whole* (excluding water races) |
| Wastewater Disposal | Each Wastewater drainage system as a whole* |
| Solid Waste Disposal | Hokio Landfill |
| Libraries | Te Takere (Levin Library), Te Awahou Nieuwe Stroom (Foxton Library), Shannon Library |
| Property | Pensioner flats as a whole* |
| Stormwater | Each Stormwater drainage system as a whole* |
| Aquatic Centres | Levin Aquatic Centre, Foxton Aquatic Centre |

* 'As a whole' permits (even though not explicitly provided for in the LTP) the opportune purchase, replacement, sale or other dealings with components of the system without affecting the provision of the service.

4. Engagement

Council is committed to engaging its community and stakeholders in a meaningful way and follows the principles set out in Section 14 of the LGA (Appendix three). It acknowledges that 'communities' may be 'communities of place' or 'communities of issue' and will use appropriate tools and techniques to enable meaningful and timely connections that encourage feedback and participation in Council processes.

4.1 The Council will take a principled-based approach to community engagement:

- Be fairly informal and not too bureaucratic
- Seek the views of interested and affected people
- Seek the views of the people whom Council does not normally hear from
- Give people relevant and honest information in a way that suits them
- Use plain language
- Make it easy for people to give their views to Council
- Engage in the community by going to where people are and not always expecting them to come to Council
- Involve people right through the decision-making process
- Give people time to think about the issues and respond to them
- Be clear about the process being used and the levels of influence that people have
- Undertake the engagement with an open mind
- Be receptive to new ideas
- Give people involved in the engagement a response to the issues they raise
- Undertake the engagement in a cost-effective way

4.2 Legislative Considerations

Many of the decisions made by Council will be made under legislation that prescribes the consultation and decision-making procedures required. This includes the procedures to be used for public notification, considering submissions and making decisions. Examples of such legislation are the Resource Management Act 1991 (RMA), the Biosecurity Act 1993, the Civil Defence Emergency Management Act 2002 and the Land Transport Act 1998.

Even if a decision is clearly a significant one, this policy does not apply to the requirements for decision-making prescribed in any other enactments, such as the Resource Management Act 1991 and the Biosecurity Act 1993 on the following matters:

- Resource consents or other permissions

- Submissions on plans
- Decisions required when following the procedures set out in Schedule 1 of the RMA
- References to the Environment Court
- Decisions about enforcement under various legislation including bylaws (unless these are specifically included in this policy)

There are a number of decisions that can only be made if they are explicitly provided for in Council's LTP as set out in the Local Government Act 2002 Amendment Act 2014. These are:

- To alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, including a decision to commence or cease any such activity
- To transfer the ownership or control of a strategic asset to or from Council

In addition, Council is required to use the Special Consultative Procedure (SCP) set out in Section 83 of the LGA in order to adopt or amend a LTP. If Council is carrying out consultation in relation to an amendment to its LTP at the same time as, or combined with, consultation on an Annual Plan the SCP must be used for both matters.

There may be other areas where Council deems it appropriate to use a SCP.

The SCP process requires Council to:

- Prepare and adopt a statement of proposal and in some cases a summary of the statement of proposal which must:
 - Be a fair representation of the statement of proposal
 - Be in a form determined by Council
 - Indicate where it is available
 - State the period it is open for public submission
- Make publicly available:
 - The statement of proposal
 - A description of how people will be able to present their views
 - A statement of the period the proposal is open for comment/submission
- Make the summary of proposal widely available
- Allow people to present their views to Council ensuring that they have a reasonable opportunity to do so and know how and when this opportunity will be available to them
- Allow people to present their views by audio link or audio visual link

Council may also request advice or comment from a Council officer or any other appropriate person.

Where a Council is required to use the SCP in relation to making, amending or revoking bylaws the statement of proposal must include:

- A draft of the proposed bylaw, or the proposed amendment or a statement of revocation of the bylaw
- The reasons for the proposal
- A report on any determinations made under section 155 of the LGA on whether a bylaw made under this Act is appropriate

Where none of section 86 to 93a of the LGA apply but a Council is required, or chooses to use, the SCP, the statement of proposal is a draft of any plan, policy or similar document, or in any other case a detailed statement of the proposal which must include:

- The reasons for the proposal
- An analysis of options
- Any other relevant information

4.3 When Council might not engage

Sometimes the nature and circumstances of a decision to be made may not allow Council the opportunity to engage or consult with the community. This could be where:

- Urgency is required
- The matter is commercially sensitive
- The health and safety of people is at stake
- There is an immediate need to protect property

It could also be if the cost of engagement is likely to considerably increase the cost of a commercial transaction to Council. In these situations, Council will either not engage at all, or tailor its engagement to suit circumstances in which the decision is to be made.

4.4 What Council will undertake if significance is determined

When Council makes decisions about issues/plans/policies identified as significant then it will:

- Identify and assess as many options as are practicable
- Quantify the costs and benefits resulting from the decision to be made
- Provide detailed information accessible to the public
- Maintain clear and complete records showing how compliance with the Significance and Engagement Policy was achieved
- Take into account views already expressed in the community, where there has been no material change to the issue since previous engagement
- Provide processes to encourage and engage with Māori*

* If the issue, proposal, decision or other matters concerned involved a significant decision in relation to land or a body of water, Council will take into account the relationship of Māori and

their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.

4.4.1 Engaging with Māori

The LGA provides principles and requirements that are intended to facilitate participation by Māori in local authority decision-making processes. Council must act in accordance with the principle that it should provide opportunities for Māori to contribute to its decision-making processes.

Council's goal for engagement with Māori is for strengthened and ongoing partnerships. This aims to ensure Council receives appropriate information, advice and understanding about the potential implications and/or effects of proposals on Tangata Whenua values.

Council currently has Memorandum of Partnerships with:

- Muaūpoko Tribal Authority
- Rangitāne O Manawatū
- Te Iwi o Ngāti Tukorehe Trust – representing Ngāti Tukorehe, Te Mateawa, Ngāti Te Rangitawhia and Ngāti Kapu (Ngāti Raukawa)
- Te Kotahitanga o Te Iwi o Ngāti Wehi Wehi (Ngāti Raukawa)

Council does not have Memorandum of Partnership with Ngāti Apa or Ngāti Raukawa ki te Tonga (the overarching mandated iwi body) or with Ngāti Huia and Ngāti Whakatere (Ngāti Raukawa). However, Council recognises that they are key stakeholders in the District, and are often involved in both formal and informal consultation.

4.5 Linking level of engagement with level of significance

The significance of a matter:

- Should guide Council's decisions concerning the extent and nature of the engagement to be undertaken with the persons likely to be affected or interested in the decision or matter.
- Will influence the amount of time, money and effort Council invests in exploring, evaluating and carrying out engagement activities. It is important that the right balance between the costs of engagement and the value it can add to decision-making.

Council must comply with the principles of consultation set out in Section 82 of the LGA in such a manner that Council considers, at its discretion, to be appropriate. In determining what is appropriate, Council must have regard to various matters including the nature and significance of the decision or matter (including its likely impact from the perspective of the persons who will or may be affected by the decision). The more significant a matter from the perspective of the persons who may be affected by the decision, the more likely Council will need to consult with them on their views.

Using the International Association of Public Participation's (IAP2) engagement spectrum (4.6) as a basis, the method(s) of engagement adopted by Council before it makes a decision may depend on whether or not:

- The matter is of low or no significance (e.g. technical and/or minor amendments to a bylaw or Council policy), and there may be a very small group of people affected by or with an interest in the decision.

- The matter is significant only to a relatively small group of people or is of low impact to many. They should be informed about the problem, alternatives, opportunities and/or solutions and/or consulted so that any concerns, alternatives and aspirations they have are understood and considered.
- The matter is significant not only to a small group of people particularly affected but also to a wider community that may have an interest in the decision to be made. They may be informed, consulted and/or involved to seek public input and feedback on analysis, alternatives and/or decisions.
- For more significant matters Council may elect to collaborate, or partner, with a community in any aspect of a decision including the development of alternatives and the identification of preferred solutions. This is more likely to occur where there is a distinct group of affected or particularly interested people.

Depending on the level of significance and the nature of the issue, proposal or decision being made, and by using a range of engagement methods communities may be empowered to participate in the decision-making process.

The actual location on the engagement spectrum will be made on a case-by-case basis, however, as a minimum, they all must be informed. This decision will guide the selection of appropriate engagement tools and techniques to be used. Although, high significance decisions must use engagement tools and techniques beyond inform and consult – i.e., involve and collaborate where appropriate. A change in engagement level during an engagement process can occur if it is deemed appropriate at that time.

As a rule, if an issue, proposal or decision is determined to be significant then Council will create a Communications and Engagement Plan which will outline the:

- Engagement objectives
- Risk and mitigation
- Timeframe and completion date
- Communities to be engaged with
- Engagement tools and techniques to be used
- Resources needed to complete the engagement
- Communication planning needed
- Basis of assessment and feedback to the communities involved
- Project team roles and responsibilities

4.5 Engagement Activities – adapted from the IAP2 Engagement Spectrum

| | Inform | Consult | Involve | Collaborate | Empower |
|-----------------------------|---|--|---|---|--|
| Goal | To provide residents and ratepayers with balanced and objective information to assist them in understanding the problem, alternatives, or solutions. | To obtain public feedback on analysis, alternatives or decisions. | To work directly with the public throughout the process to ensure that public concerns are constantly understood and considered. | To partner with the community and stakeholders in each aspect of the decision including the development of alternatives and the identification of the preferred solution. | To place final decision-making in the hands of the public. |
| Types of issues | Annual Report, Annual Plan (no issues of significance), infrastructure upgrades, water restrictions, civil defence, rural fire, road closure, Council reports. | Rates review, bylaw reviews, Local Alcohol Policy. | District Plan, LTP, Annual Plan (with issues of significance) infrastructure projects, policy development. | Representation review, development of a strategy, upgrade of or development of a new playground. | Local body elections, binding referendum. |
| What does it involve | To provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and/or solutions (one-way communication). | To obtain public feedback on analysis, alternatives and/or decisions to inform decision-making (two-way communications). | To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered prior to decision-making. | To partner with the public in each aspect of the decision-making including the development of alternatives and the identification of the preferred solution. | To place the final decision-making in the hands of the public. |

| | Inform | Consult | Involve | Collaborate | Empower |
|---|--|--|---|--|--|
| Tools Council might use | Website, social media, information flyers, advertising, public notices, media releases, newsletters, noticeboards, road signs. | Formal submissions and hearings consultation processes, informal meetings, focus groups, surveys, expos, roadshows. | Workshops, focus groups, community boards, youth council, public meetings, surveys. | Multiple stakeholder process, joint committees, face-to-face liaison, working parties. | Referendums, local group involvement, advisory groups, citizens panel, participatory budgeting. |
| When Community can expect to be involved | Council would advise the community when a decision had already been made. | Council would advise the community once a draft decision is made and in general the community would be given 4 weeks to participate and respond. | Council would generally provide the community with greater lead in time to allow them time to be involved in the process. | Council would generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered. | Council would generally provide the community with a greater lead in time to allow them time to be involved in the process e.g. typically a month or more. |

Please note:

- **Techniques:** Council may use a variety of engagement techniques on any issue or proposal based on a range of other factors including history, public awareness of the issue, stakeholder involvement and timing relating to other engagement activities, events and budget.
- **New Tools:** In 2017, Council enabled an online engagement page on its website to improve engagement with residents and ratepayers.
- **Submissions via social media:** Traditionally, submissions are formal and include private details of the person(s) or group making the submission. While this remains the preferred method of submission, Council is committed to including posts and comments on social media platforms relating to the engagement issue will be included in community feedback reports to Council.

4.6 Engagement review

Following each engagement process, the results/views will be presented to Council for consideration.

Alongside this, the Council employee managing the engagement will load the findings, including a list of identified audiences/stakeholders who did not participate and a paragraph describing 'what worked' and 'what didn't' to Council's document management system using the following protocols:

Strategic Planning – Policies – Significance and Engagement

Document Type – Report

Name Examples – Project Title XXXX Engagement Measurement

Date – day/month/year.

5. Review of this Policy

This Policy will be reviewed at least once every three years.

As part of the engagement process for the adoption of this Policy and subsequent reviews, Council will work with people in Horowhenua to gain an understanding of their engagement preferences.

It is recommended the review occurs prior to each Draft LTP consultation so that learnings may be incorporated into the Policy prior to one of the triennium's largest engagement projects.

APPENDICIES

Appendix One: Definitions

'As a whole': Permits (even though not explicitly provided for in the LTP) the opportune purchase, replacement, sale or other dealings with components of the system without affecting the provision of the service.

Community: A community, for the purposes of this policy, is a group of people with shared or common interest, identity, experience or values. For example, cultural, social, environmental, business, financial, neighbourhood, political or spatial groups.

The community refers to the people that make up the diverse communities that live in Horowhenua.

Consultation: A subset of engagement; a formal process where people can present their views to Council on a specific decision or matter that is proposed and made public.

(Council must consult in ways that meet the consultation principles in the Local Government Act 2002 LGA, section 82 (1) and any other legislation relevant to the decision or matter proposed.)

Decisions: Refers to all the decisions made by or on behalf of Council including those made by officers under delegation.

Engagement: Is a term used to describe the process of establishing relationships, and seeking information from the community to inform and assist decision making.

Engagement is an important part of participatory democracy within which there is a continuum of community involvement.

Minimal: Is a term used by Council to measure significance, it is an adjective to describe something that is of least quantity or amount possible, assignable, allowable or the like.

Significance: The degree of importance of the issue, proposal, decision, or matter, as assessed by Council, in terms of its likely impact on, and likely consequences for; the district or region; any persons who are likely to be particularly affected by, or interested in the matter; the capacity of the local authority to perform its role, and the financial and other costs of doing so (as described by the LGA).

Special Consultative Procedure (SCP): A formal consultation process prescribed in section 83 of the LGA that must be used to consult on certain matters and can be chosen by Council to consult on other matters as considered appropriate.

Strategic Asset: An asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community (as described by the LGA).

Substantial: Is a term used by Council to measure significance, it is an adjective to describe something that is large in size, value or importance.

Appendix Two: LGA engagement principles

Section 14 of the LGA sets out engagement principles relating to local authorities, including:

- Conducting its business in an open, transparent and democratically accountable manner
- Making itself self-aware of, and having regard to, the views of all its communities
- When making a decision, taking account of:
 - the diversity of the community and the community's interests within its district or region; the interests of future as well as current communities; and the likely impact of any decisions on the interests
- Providing opportunities for Māori to contribute to its decision-making processes.