

Annual Plan

2017-2018



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Introduction



Welcome to the Annual Plan 2017-2018

We have the pleasure of presenting to our Community the Horowhenua District Council's Annual Plan for 2017-2018. This Annual Plan comes just before Council embarks on the development of its 2018-2028 Long Term Plan which promises to be an exciting period for the Horowhenua District.

For the 2017-2018 Financial Year Council's primary focus is to deliver the services and capital projects that have been programmed for this year in an affordable way. Council will also be turning its mind to planning for growth and development of the District for the next ten years.

As part of the development of the 2018-2028 Long Term Plan Council will face the challenge of defining its priorities and considering a wide range of projects and issues for the coming ten years. With growth in our district predicted to be higher than assumed in the 2015-2025 Long Term Plan, Council will have to work hard to understand and balance the needs of our current and future ratepayers and residents. Council is looking forward to working with our Community to make the most of the opportunities that the predicted growth will bring.

Overview of Consultation on the Annual Plan 2017-2018

As part of the development of the Annual Plan 2017-2018, Council sought feedback from the Community on three key topics. The key topics were:

1. Whether there was support within the Community for Council to allocate money towards the development of Shared Pathways in the District in 2017-2018.
2. Whether there was support within the Community for Council to allocate money towards the provision of some form of Heritage Incentive/s on an annual basis going forward.
3. Proposed amendments to Council's Significance and Engagement Policy.

Council commenced consultation on the Annual Plan 2017-2018 on the 10 March 2017. At the close of the consultation period on 10 April 2017, Council had received 76 submissions. Many of the submissions provided feedback on one or more of the three key topics, although a range of other matters were also raised via submissions including: requests to upgrade footpaths throughout the district; requests to make improvements to parks and reserves in Shannon; and requests for Council to focus on planning for natural hazards.

Many submitters also took the opportunity to put forward their ideas on key services, activities or projects that Council could, or should, be focusing on for 2018 and beyond. Council will consider these ideas during the development of its 2018-2028 Long Term Plan.

Following a Hearing of the Submissions on 3 May, Council deliberated on the submissions on 24 May. The changes approved as part of the deliberations have been incorporated into this Annual Plan. These changes included the allocation of \$250,000 towards the development of Shared Pathways in 2017-2018 and the allocation of \$50,000 per annum for a Heritage Incentive Fund.

Where are we going?

As you read through the Annual Plan you will see there is a significant amount of work on the agenda for 2017-2018. There are a number of key projects that we would like to highlight upfront which are outlined below.

Upgrade of Main Street, Foxton

The upgrade of Main Street in Foxton is currently underway, with works having commenced on the southern end of Main Street. Consultation is currently underway to develop and confirm the design of the northern most section of Main Street; with works to begin on this section following the completion of consultation.

The upgrade of Main Street aims to ensure that this street is safer and more 'pedestrian-friendly'. It involves:

- Widening and resurfacing the footpaths;
- Adding tactile indicators to the footpath to aid visually-impaired pedestrians;
- Installing pedestrian refuges to make it safer for pedestrians to cross the road;
- Making Main Street a 'greener', more attractive space by planting native trees and low-level shrubs; and
- Installing more bike stands to encourage locals and tourists to cycle through town.

North-East Levin Stormwater

In 2017-2018 Council will continue work on the North-East Levin stormwater upgrade. This project includes improvements to the Easton Way - Market Garden Drain and construction of additional attenuation ponds and wetland areas between Fairfield Road and State Highway 57, as well as other minor erosion protection works in the drain as necessary/required by consent.

These works will reduce the risk and frequency of flooding in this area, and also prepare for future development to occur around Fairfield Road and south of Roslyn Road.

Levin Water Supply

Council will be replacing water reticulation assets that have reached the end of their useful life. The renewal works will reduce leakage from Levin's water supply system and will ensure that Levin's water reticulation network can continue to function effectively now and in the coming years.

Foxton Wastewater Treatment Plant Upgrade

Currently, all of the treated wastewater from the Foxton Wastewater Treatment Ponds is being discharged in the Foxton River Loop of the Manawatū River. Council is committed to doing its part to help improve the quality of the Manawatū River, and this includes upgrading the Foxton Wastewater Treatment Plant so that treated wastewater is discharged to land rather than the River. Subject to obtaining the appropriate consent, Council hopes to be able to commence the upgrade in 2017-2018.

Te Awahou Nieuwe Stroom

Council is aiming to complete and open Te Awahou Nieuwe Stroom in 2017-2018. Te Awahou Nieuwe Stroom will serve as a community centre for Foxton and the surrounding area. It will offer a range of facilities including a library, cultural and heritage activities, visitor information, community development and bookable community spaces.

Te Awahou Nieuwe Stroom is a collaboration between the Council, Te Taitoa Māori o Te Awahou and the Dutch Connection Museum Trust. Ngāti Raukawa ki te Tonga will display in Piriharakeke Generation Inspiration Centre significant taonga and tell their migration story. The national Dutch community will come together in Oranjehof, sharing their stories of migration and much of the innovation they brought with them to New Zealand.

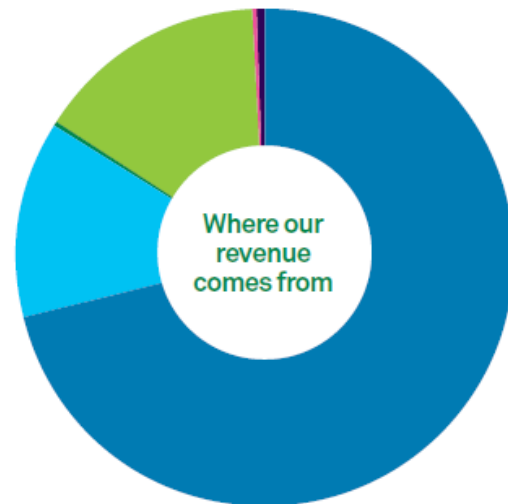
What's Council's Financial Strategy?

The focus of Council's Financial Strategy (as per the 2015-2025 Long Term Plan) is to balance the budget and to maintain a surplus from Year 4 (2018-2019), while ensuring that our infrastructural assets are maintained and comply with regulatory and environmental legislative requirements.

A key aspect of Council's Financial Strategy is to try and reach a balance between loan funding and rate funding the purchasing of new, and maintenance of old, assets. In the past Council has not always funded asset renewals from rates and this has meant that at times Council has needed to loan fund some renewals in order to maintain assets which, as we identify in our Financial Strategy, is not sustainable.

To reduce the need to borrow Council intends to progressively pay for more asset renewals from rates and operating surpluses, with loans being used to fund capital expenditure (e.g. new assets required for increases in Levels of Service).

Council signalled higher than normal rates increases in the first 3 years of its 2015-2025 Long Term Plan (of which this Annual Plan is Year 3).



	Community Support	\$2,670,000
	Planning and Regulatory Services	\$4,570,000
	Community Facilities and Services	\$12,101,000
	Property	\$3,386,000
	Representation and Community Leadership	\$3,554,000
	Land Transport (Rooding & Footpaths)	\$8,865,000
	Solid Waste Management	\$2,401,000
	Stormwater	\$1,320,000
	Waste Water Management	\$6,577,000
	Water Supply	\$5,825,000
	Treasury and Support	\$646,000

TOTAL \$51,915,000

	Rate Revenue	\$36,790,000
	Grants and Subsidies	\$7,226,000
	Finance Revenue	\$70,000
	Other Revenue	\$8,448,000
	Gain Disposal of Assets	\$180,000
	Gain on Revaluations	\$179,000

TOTAL \$52,893,000

Operational Performance

The 2017-2018 financial year will be similar to what was proposed for Year 3 of the 2015-2025 Long Term Plan, although the following minor deviations should be noted:

- Lower than assumed interest rates - decreasing from 6.00% to 4.75%
- Rates income increase has decreased from a proposed 7.72% to 5.64%
- Increase in spending in areas including Economic Development, Business Services and Emergency Management to increase our resilience and be able to respond to growth

Debt

In May 2017 it was confirmed that Council had retained its A+ credit rating from Standard and Poors. The A+ credit rating contributes to Council's ability to take on certain levels of debt. Debt funding is pivotal to the funding of new assets.

As at 30 June 2016 Council owed \$65 million (approximately \$2,100 per rate payer), this was projected in last year's Annual Plan to increase to \$86 million by 30 June 2017. Through careful management of Council's cashflow particularly in relation to our major projects where some of the projects were delayed, Council's debt only needed to increase to \$77 million, meaning that Council's debt is expected to be \$9 million below the projected amount for the 2016-2017 Annual Plan and \$6 million for year two of the 2015-2025 LTP.

This Annual Plan is forecasting debt to reach \$83 million, the same as the amended Long Term Plan for the Annual Plan year 2017-2018.

Capital Projects

Capital expenditure pays for buying or building new assets and renewing or improving existing assets to deliver a better service. Council is budgeting \$29m in capital expenditure mainly in infrastructure projects but also to complete the Te Awahou-Nieuwe Stroom project. In relation to these capital projects, \$10 million has been shifted from the 2016-2017 financial year to the 2017-2018 financial year as a result of the required works on the North East Levin Stormwater, Levin Water Treatment upgrade, Foxton Main Street upgrade and the Foxton wastewater projects. This shift is also to allow for the completion of Te Awahou-Nieuwe Stroom project to occur in the 2017-2018 financial year. The capital grants that offset the Te Awahou-Nieuwe Stroom project have not all been received in the 2016-2017 financial year due to delays in construction timeframes. This income (\$1 million) has also been shifted to the 2017-2018 financial year.

In conclusion

The 2017-2018 financial year will continue to see Horowhenua District Council demonstrate its commitment to providing excellent services and facilities that meet the needs of our Community in an affordable and sustainable way.

If at any time you wish to contact Council, please do not hesitate to contact our Customer Services Centre via phone on (06) 366 0999 or alternatively email enquiries@horowhenua.govt.nz

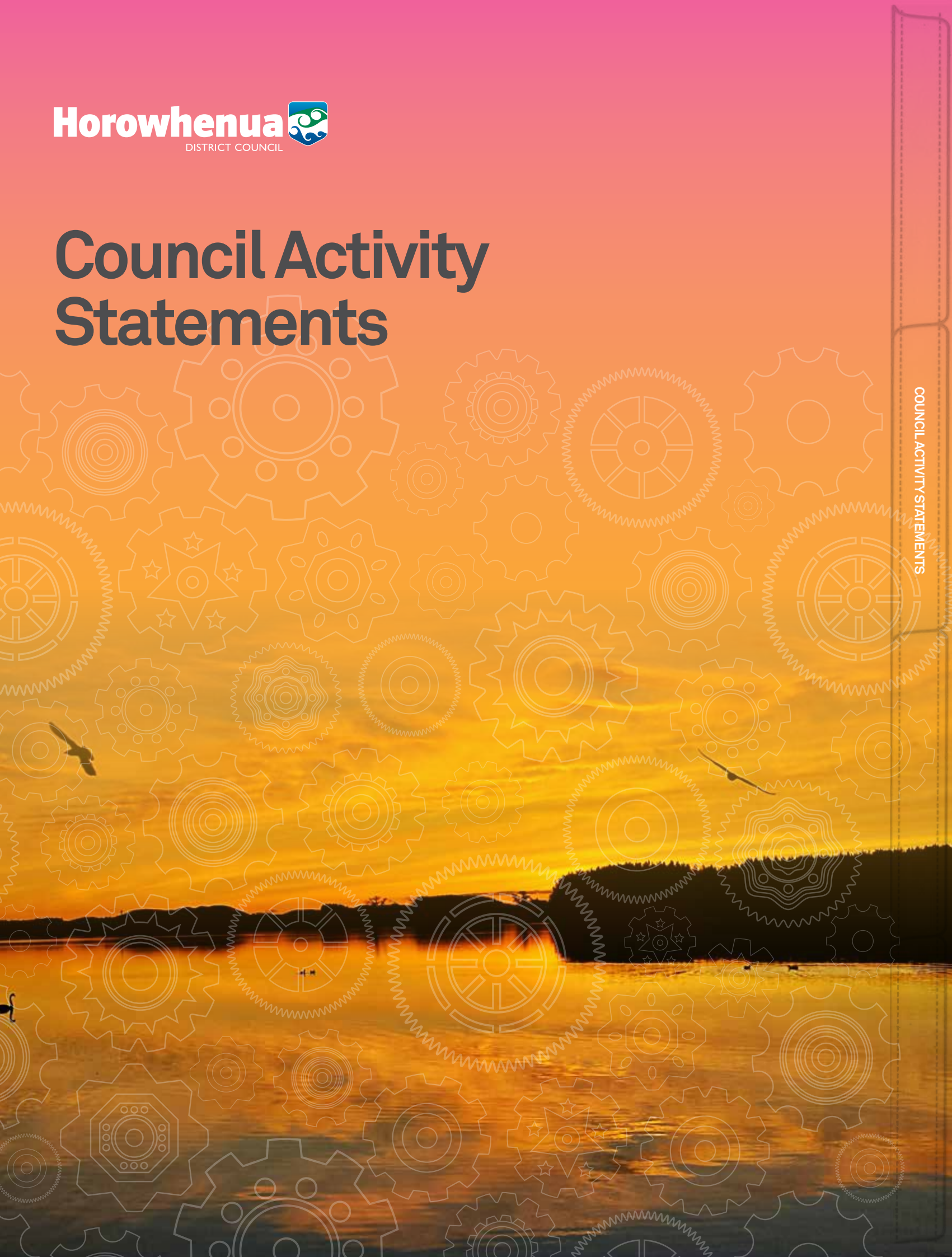


Michael Feyen
District Mayor



David Clapperton
Chief Executive

Council Activity Statements



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.

Service	How will we measure our performance	Target (17/18)
Roads in good condition.	The average quality of ride on a sealed local road network measured by smooth travel exposure.*	Minimum 85%
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	4,008	1,294
355	Footpath renewal	400	400	400	-
83	Levin Mall carpark fix	-	-	-	-
86	Overheads	217	228	309	81
3,079	Total renewals	3,332	3,342	4,717	1,375
	Level of service portion of project				
622	Subsidised - road improvements	661	613	886	273
25	New footpath	100	100	100	-
105	Foxton townscape main street upgrade	750	-	1,225	1,225
186	Waitarere Beach Kent Gloucester upgrade	-	-	-	-
87	Overheads	94	98	100	2
1,025	Total level of service	1,605	811	2,311	1,500
	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	4,717	1,375
1,025	Level of service	1,605	811	2,311	1,500
-	Growth	160	161	-	(161)
4,104	Total	5,097	4,314	7,028	2,714

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	4,084	(670)
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	285	(40)
	Internal charges and overheads recovered	-	-	-	-
5,447	Total operating funding (A)	6,013	6,339	5,855	(484)
	Applications of operating funding				
3,227	Payments to staff and suppliers	2,637	2,635	3,066	431
-	Finance costs	102	185	42	(143)
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	4,087	332
1,386	Surplus (deficit) of operating funding (A - B)	2,379	2,584	1,768	(816)
	Sources of capital funding				
1,675	Subsidies and grants for capital expenditure	1,722	1,730	2,545	815
158	Development and financial contributions	-	-	-	-
171	Increase (decrease) in debt	1,374	558	1,845	1,287
-	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	4,390	2,102
	Applications of capital funding				
	Capital expenditure				
-	- to meet additional demand	160	161	-	(161)
1,025	- to improve the level of service	1,605	811	2,311	1,500
3,079	- to replace existing assets	3,332	3,342	4,717	1,375
(714)	Increase (decrease) in reserves	378	558	(870)	(1,428)
-	Increase (decrease) of investments	-	-	-	-
3,390	Total applications of capital funding (D)	5,475	4,872	6,158	1,286
(1,386)	Surplus (deficit) of capital funding (C - D)	(2,379)	(2,584)	(1,768)	816
-	Funding balance ((A-B)+(C-D))	-	-	-	-
4,783	Depreciation	4,697	4,801	4,778	(23)

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
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	232	(224)
8,844	Total Expenditure	8,331	8,557	8,865	308

Loans

	External	Internal	Total
	\$000	\$000	\$000
Anticipated loan balances at 1/7/2017	800	40	840
Raised during the year	1,800	79	1,879
Repaid during the year	-	(34)	(34)
Anticipated loan balances 30/06/2018	2,600	85	2,685
Budgeted interest expense	41	1	42

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	2 or less

Service	How will we measure our performance	Target (17/18)
	floors affected per 1000 connections to Council's 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	Foxtan Beach catchment management plan	79	-	-	-
-	Foxtan catchment management plan	79	-	-	-
-	Hokio Beach catchment management plan	-	56	56	-
1	Improvements NE Levin	42	-	123	123
33	Levin catchment management plan	79	-	62	62
20	Levin Queen Street	-	-	150	150
-	Ohau catchment management plan	-	56	56	-
-	Shannon catchment management plan	79	-	3	3
79	Stormwater strategy	-	-	-	-
82	Telemetry	21	-	-	-
-	Tokomaru catchment management plan	-	56	56	-
-	Waikawa Beach catchment management plan	-	56	56	-
3	Total minor projects	8	-	8	8
13	Overheads	36	38	64	26
409	Total level of service	423	770	1,142	372
	Growth portion of project				
-	Development planning Foxtan Beach	148	-	148	148
66	Development planning North East Levin	-	-	-	-
20	Improvements NE Levin	789	-	2,340	2,340
-	Shannon catchment management plan	4	-	51	51
2	Total minor projects	12	39	66	27
24	Overheads	28	28	81	53
112	Total growth	981	67	2,686	2,619
	Make up of above projects by % of type				
114	Renewals	77	60	58	(2)
409	Level of service	423	770	1,142	372
112	Growth	981	67	2,686	2,619
635	Total	1,481	897	3,886	2,989

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	1,099	(371)
-	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	1,204	(370)
	Applications of operating funding				
286	Payments to staff and suppliers	394	408	408	-
117	Finance costs	207	283	247	(36)
137	Internal charges and overheads applied	145	152	164	12
	Other operating funding applications	-	-	-	-
540	Total applications of operating funding (B)	746	843	819	(24)
457	Surplus (deficit) of operating funding (A - B)	323	731	385	(346)
	Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	-	-
1	Development and financial contributions	-	-	-	-
426	Increase (decrease) in debt	1,266	649	3,630	2,981
-	Gross proceeds from sale of assets	-	-	-	-
-	Lump sum contributions	-	-	-	-
-	Other dedicated capital funding	-	-	-	-
427	Total sources of capital funding (C)	1,266	649	3,630	2,981
	Applications of capital funding				
	Capital expenditure				
112	- to meet additional demand	981	67	2,686	2,619
409	- to improve the level of service	423	770	1,142	372
114	- to replace existing assets	77	60	58	(2)
249	Increase (decrease) in reserves	108	483	129	(354)
-	Increase (decrease) of investments	-	-	-	-
884	Total applications of capital funding (D)	1,589	1,380	4,015	2,635
(457)	Surplus (deficit) of capital funding (C - D)	(323)	(731)	(385)	346
-	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	1,320	(195)
1,040	Total Expenditure	1,292	1,515	1,320	(195)

Loans

	External	Internal	Total
	\$000	\$000	\$000
Anticipated loan balances at 1/7/2017	4,900	46	4,946
Raised during the year	3,800	30	3,830
Repaid during the year	(200)	0	(200)
Anticipated loan balances 30/06/2018	8,500	76	8,576
Budgeted interest expense	247	0	247

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 Tokomaru	100% 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%
Consent conditions are met.	Compliance with all water-take limits of resource consents.	100%

Service	How will we measure our performance	Target (17/18)
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	-	-	-	-
-	Foxtton Beach consents - renewal	-	53	53	-
56	Foxtton Beach treatment plant - renewal	27	28	28	-
-	Foxtton consents - renewal	52	-	-	-
182	Foxtton Water treatment plant - renewal	30	31	31	-
906	Levin reticulation - renewal	830	855	1,070	215
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	12	6
99	Shannon reservoir structural work	-	-	-	-
-	Tokomaru consents - renewal	-	107	107	-
81	Total minor projects	75	76	82	6
162	Overheads	101	108	159	51
1,945	Total renewals	1,329	1,584	1,862	278
	Level of service portion of project				
1,507	Levin bore exploration, new reservoir, treatment plant upgrade	-	-	-	-
781	Levin clarifier installation	-	-	250	250
53	Levin new connections	-	-	-	-
-	Levin treatment plant upgrade	3,737	-	600	600
77	Total minor projects	25	-	30	30
89	Overheads	183	192	32	(160)
2,507	Total level of service	3,945	192	912	720
	Growth portion of project				
-	Foxtton Beach development plan	100	-	83	83
646	Levin bore exploration, new reservoir, treatment plant upgrade	-	-	-	-
-	Overheads	23	24	39	15
646	Total growth	123	24	122	98
	Make up of above projects by % of type				
1,945	Renewals	1,329	1,584	1,862	278
2,507	Level of service	3,945	192	912	720
646	Growth	123	24	122	98
5,098	Total	5,397	1,800	2,896	1,096

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	5,713	(517)
-	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	122	(48)
-	Internal charges and overheads recovered	-	-	-	-
5,605	Total operating funding (A)	5,833	6,400	5,861	(539)
	Applications of operating funding				
1,889	Payments to staff and suppliers	1,991	2,120	2,131	11
321	Finance costs	640	859	645	(214)
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	3,830	(151)
2,476	Surplus (deficit) of operating funding (A - B)	2,239	2,419	2,031	(388)
	Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	-	-
37	Development and financial contributions	-	-	-	-
2,786	Increase (decrease) in debt	3,641	(356)	466	822
-	Gross proceeds from sale of assets	-	-	-	-
-	Lump sum contributions	-	-	-	-
-	Other dedicated capital funding	-	-	-	-
2,823	Total sources of capital funding (C)	3,641	(356)	466	822
	Applications of capital funding				
	Capital expenditure				
646	- to meet additional demand	123	24	122	98
2,507	- to improve the level of service	3,945	192	912	720
1,945	- to replace existing assets	1,329	1,584	1,862	278
201	Increase (decrease) in reserves	483	263	(399)	(662)
-	Increase (decrease) of investments	-	-	-	-
5,299	Total applications of capital funding (D)	5,880	2,063	2,497	434
(2,476)	Surplus (deficit) of capital funding (C - D)	(2,239)	(2,419)	(2,031)	388
-	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	Foxtton Water	703	727	755	28
705	Foxtton Beach Water	695	731	765	34
2,600	Levin Water	3,255	3,748	3,269	(479)
726	Shannon Water	717	744	736	(8)
256	Tokomaru Water	262	280	300	20
5,125	Total Expenditure	5,632	6,230	5,825	(405)

Loans

	External	Internal	Total
	\$000	\$000	\$000
Anticipated loan balances at 1/7/2017	12,700	208	12,908
Raised during the year	1,000	66	1,066
Repaid during the year	(600)	-	(600)
Anticipated loan balances 30/06/2018	13,100	274	13,374
Budgeted interest expense	645	(0)	645

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 Foxtton 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: <ul style="list-style-type: none"> Wastewater odour; Wastewater systems faults; Wastewater system blockages; and The Council's response to issues with its wastewater system. Total number of complaints received about any of the above.* 	<5
		<8
		<8
		8
		<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

- 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	-
-	Foxtan Beach wastewater treatment plant - planned renewals	-	142	142	-
437	Foxtan reticulation - renewals	131	167	167	-
-	Foxtan 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	1,827	650
145	Levin treatment plant - unplanned renewals	92	95	95	-
18	Tokomaru wastewater treatment plant - consent renewal	52	-	65	65
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	567	341
3,159	Total renewals	2,493	3,345	3,631	286
	Level of service portion of project				
899	Foxtan Beach wastewater treatment plant - strategic upgrade	-	254	254	-
-	Foxtan wastewater treatment plant - pond desludge	-	192	90	(102)
-	Foxtan wastewater treatment plant - strategic upgrade	2,414	3,075	-	(3,075)
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	2,369	2,051
4,463	Total level of service	3,270	4,654	3,528	(1,126)
	Growth portion of project				
-	Development planning Foxtan Beach	156	-	145	145
-	Development planning Waitarere Beach	-	160	160	-
-	Development work - North East Levin	-	246	246	-
-	Levin Tararua Industrial Development	-	-	88	88
18	Total minor projects	-	-	-	-
38	Overheads	21	23	44	21
56	Total growth	177	429	683	254
	Make up of above projects by % of type				
3,159	Renewals	2,493	3,345	3,631	286
4,463	Level of service	3,270	4,654	3,528	(1,126)
56	Growth	177	429	683	254
7,678	Total	5,940	8,428	7,842	(586)

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	6,375	(346)
-	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	53	(3)
-	Internal charges and overheads recovered	-	-	-	-
7,057	Total operating funding (A)	7,494	8,052	7,621	(431)
	Applications of operating funding				
2,061	Payments to staff and suppliers	2,380	2,495	2,505	10
769	Finance costs	1,452	1,649	1,081	(568)
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	4,312	(543)
3,496	Surplus (deficit) of operating funding (A - B)	2,977	3,197	3,309	112
	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	4,650	(856)
-	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	4,650	(856)
	Applications of capital funding				
	Capital expenditure				
56	- to meet additional demand	177	429	683	254
4,463	- to improve the level of service	3,270	4,654	3,528	(1,126)
3,159	- to replace existing assets	2,493	3,345	3,631	286
143	Increase (decrease) in reserves	322	275	117	(158)
-	Increase (decrease) of investments	-	-	-	-
7,821	Total applications of capital funding (D)	6,262	8,703	7,959	(744)
(3,496)	Surplus (deficit) of capital funding (C - D)	(2,977)	(3,197)	(3,309)	(112)
-	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	673	(372)
525	Foxton Beach Wastewater	578	638	605	(33)
3,564	Levin Wastewater	3,908	4,158	3,620	(538)
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	6,577	(1,234)

Loans

	External	Internal	Total
	\$000	\$000	\$000
Anticipated loan balances at 1/7/2017	21,300	325	21,625
Raised during the year	5,400	115	5,515
Repaid during the year	(700)	(165)	(865)
Anticipated loan balances 30/06/2018	26,000	275	26,275
Budgeted interest expense	1,081	0	1,081

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 manner.	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)
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	330	198
14	Overheads	14	14	10	(4)
151	Total growth	71	146	340	194
	Make up of above projects by % of type				
80	Renewals	3	66	66	-
193	Level of service	10	11	-	(11)
151	Growth	71	146	340	194
424	Total	84	223	406	183

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	328	(14)
-	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	2,200	9
	Applications of operating funding				
1,493	Payments to staff and suppliers	1,415	1,454	1,554	100
227	Finance costs	324	316	240	(76)
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	2,039	42
425	Surplus (deficit) of operating funding (A - B)	200	194	161	(33)
	Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	-	-
-	Development and financial contributions	-	-	-	-
161	Increase (decrease) in debt	(143)	(58)	149	207
-	Gross proceeds from sale of assets	-	-	-	-
-	Lump sum contributions	-	-	-	-
-	Other dedicated capital funding	-	-	-	-
161	Total sources of capital funding (C)	(143)	(58)	149	207
	Applications of capital funding				
	Capital expenditure				
151	- to meet additional demand	71	146	340	194
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)	(96)	(9)
-	Increase (decrease) of investments	-	-	-	-
586	Total applications of capital funding (D)	57	136	310	174
(425)	Surplus (deficit) of capital funding (C - D)	(200)	(194)	(161)	33
-	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	1,103	(12)
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	2,306	(19)

Loans

	External	Internal	Total
	\$000	\$000	\$000
Anticipated loan balances at 1/7/2017	4,700	97	4,797
Raised during the year	300	41	341
Repaid during the year	(100)	(92)	(192)
Anticipated loan balances 30/06/2018	4,900	46	4,946
Budgeted interest expense	240	0	240

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 2017-2018. Targeted plan changes and updates to the District Plan in response to legislative changes are proposed for 2017-2018.

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 2017-2018.

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 2017-2018.

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 2017-2018.

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 2017-2018.

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 2017-2018.

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 2017-2018.

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	2	-
91	Total renewals	2	36	36	-
	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	-	-	-	-
-	Heritage Incentives	-	-	50	50
12	Parking mobile ticket device	-	-	-	-
1	Resource management furniture	-	-	-	-
-	Overheads	1	1	2	1
35	Total level of service	1	1	52	51
	Growth portion of project				
-	Total growth	-	-	-	-
	Make up of above projects by % of type				
91	Renewals	2	36	36	-
35	Level of service	1	1	52	51
-	Growth	-	-	-	-
126	Total	3	37	88	51

Funding Impact Statement 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
	Sources of operating funding				
1,974	General rates, uniform annual general charges, rates penalties	2,008	1,974	1,934	(40)
-	- 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	4,595	223
	Applications of operating funding				
493	Payments to staff and suppliers	471	403	397	(6)
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	4,490	306
297	Surplus (deficit) of operating funding (A - B)	185	188	105	(83)
	Sources of capital funding				
-	- Subsidies and grants for capital expenditure	-	-	-	-
-	- Development and financial contributions	-	-	-	-
(247)	Increase (decrease) in debt	(100)	(65)	(17)	48
64	Gross proceeds from sale of assets	-	-	-	-
-	- Lump sum contributions	-	-	-	-
-	- Other dedicated capital funding	-	-	-	-
(183)	Total sources of capital funding (C)	(100)	(65)	(17)	48
	Applications of capital funding				
	Capital expenditure				
-	- to meet additional demand	-	-	-	-
35	- to improve the level of service	1	1	52	51
91	- to replace existing assets	2	36	36	-
(12)	Increase (decrease) in reserves	82	86	-	(86)
-	- Increase (decrease) of investments	-	-	-	-
114	Total applications of capital funding (D)	85	123	88	(35)
(297)	Surplus (deficit) of capital funding (C - D)	(185)	(188)	(105)	83
-	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	33	13
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	4,570	305

Loans

	External	Internal	Total
	\$000	\$000	\$000
Anticipated loan balances at 1/7/2017	2,100	37	2,137
Raised during the year	-	-	-
Repaid during the year	-	(17)	(17)
Anticipated loan balances 30/06/2018	2,100	20	2,120
Budgeted interest expense	107	(0)	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 from 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 2017-2018.

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 2017-2018.

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.

Another challenge faced by Council for this Activity is that there has been interest expressed in keeping the Foxton Swimming Pool open for a longer period, although to date it has not been utilised enough to justify opening for an extended season. Furthermore additional work would need to be done to the Foxton Swimming Pool if it was to be kept open for an extended season.

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 community services including library services.	Communities with library and community facilities providing an integrated and District wider service.	Levin, Foxton, and Shannon
	Percent of residents and non-residents satisfied with library and community services.	>85%
	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 2017-2018.

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	115	105
30	Foxton Beach Reserves (FHA)	102	105	276	171
-	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	-
10	Sportsgrounds renewals	10	10	21	11
-	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 One, public computers	-	-	30	30
-	Vehicles	27	29	29	-
-	Waitarere dune management dune management - flatten recountour	-	-	103	103
24	Total minor projects	68	47	193	146
2	Overheads	107	115	220	105
639	Total renewals	2,201	751	3,128	2,377
	Level of service portion of project				
-	Cemetery - Avenue extend burial and cremation sites	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 fitout	-	-	1,005	1,005
30	District fencing contingency	31	31	31	-
53	FlagTrax	-	-	-	-
26	Foxton water tower lights	-	-	-	-
-	Ihakara Gardens landscaping	20	-	12	12
-	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 installation	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	99	79
297	Overheads	130	137	432	295
1,321	Total level of service	3,678	326	2,361	2,035
	Growth portion of project				
31	Community Centre	165	-	51	51
-	Community Centre - Site works and museum fitout	-	-	116	116
-	IT equipment Te Awahou	-	-	109	109
-	Total minor projects	28	-	13	13
-	Overheads	8	9	12	3
31	Total growth	201	9	301	292
	Make up of above projects by % of type				
639	Renewals	2,201	751	3,128	2,377
1,321	Level of service	3,678	326	2,361	2,035
31	Growth	201	9	301	292
1,991	Total	6,080	1,086	5,790	4,704

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	4,853	(121)
5,357	Targeted rates	5,597	5,916	5,961	45
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	232	31
-	Internal charges and overheads recovered	-	-	-	-
10,862	Total operating funding (A)	11,286	11,846	12,437	591
	Applications of operating funding				
7,224	Payments to staff and suppliers	7,608	7,794	8,012	218
704	Finance costs	866	1,026	859	(167)
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	11,170	696
1,443	Surplus (deficit) of operating funding (A - B)	1,229	1,372	1,267	(105)
	Sources of capital funding				
375	Subsidies and grants for capital expenditure	2,327	-	3,096	3,096
53	Development and financial contributions	-	-	-	-
588	Increase (decrease) in debt	2,672	(47)	1,323	1,370
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)	4,419	4,466
	Applications of capital funding				
	Capital expenditure				
31	- to meet additional demand	201	9	301	292
1,321	- to improve the level of service	3,678	326	2,361	2,035
639	- to replace existing assets	2,201	751	3,128	2,377
542	Increase (decrease) in reserves	148	239	(104)	(343)
-	Increase (decrease) of investments	-	-	-	-
2,533	Total applications of capital funding (D)	6,228	1,325	5,686	4,361
(1,443)	Surplus (deficit) of capital funding (C - D)	(1,229)	(1,372)	(1,267)	105
-	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	500	131
299	Public Toilets	341	353	339	(14)
634	Beautification	519	534	675	141
1,563	Reserves	2,033	2,109	1,811	(298)
1,361	Sportsgrounds	1,161	1,204	1,145	(59)
223	Halls	302	341	253	(88)
3,067	Libraries & Community Services	3,388	3,493	4,216	723
2,539	Aquatic Centres	2,640	2,888	2,782	(106)
350	Urban Cleansing	327	335	380	45
10,335	Total Expenditure	11,050	11,626	12,101	475

Loans

	External	Internal	Total
	\$000	\$000	\$000
Anticipated loan balances at 1/7/2017	16,850	332	17,182
Raised during the year	1,500	773	2,273
Repaid during the year	(950)	-	(950)
Anticipated loan balances 30/06/2018	17,400	1,105	18,505
Budgeted interest expense	859	0	859

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	Number of sections available for sale.	20 sections

Service	How will we measure our performance	Target (17/18)
is appropriately managed.		
Council's properties will comply with relevant legislation.	All buildings with compliance schedules will have current building WOF.	Achieved
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 2017-2018.

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	-	187	187
-	Jack Allen Centre exterior renewals & paint	-	-	-	-
-	Levin Depot pole shed reroof	51	-	-	-
34	Pensioner residential property reactive renewals	-	-	-	-
16	Total minor projects	-	-	-	-
-	Overheads	30	30	41	11
99	Total renewals	647	435	302	(133)
	Level of service portion of project				
-	Levin Depot new sewer connection	58	-	-	-
36	Thompson House exterior fire escape, egress improvements and disability access including toilet provision	-	-	-	-
-	Overheads	5	5	13	8
36	Total level of service	63	5	13	8
	Growth portion of project				
280	Tararua industrial development	502	-	142	142
-	Overheads	11	12	4	(8)
280	Total growth	513	12	146	134
	Make up of above projects by % of type				
99	Renewals	647	435	302	(133)
36	Level of service	63	5	13	8
280	Growth	513	12	146	134
415	Total	1,223	452	461	9

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	305	(218)
-	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	1,640	(350)
	Applications of operating funding				
1,602	Payments to staff and suppliers	1,282	817	1,120	303
668	Finance costs	765	475	355	(120)
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	1,765	51
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)	(5,776)	1,184
1,251	Gross proceeds from sale of assets	655	7,721	6,890	(831)
-	Lump sum contributions	-	-	-	-
-	Other dedicated capital funding	-	-	-	-
919	Total sources of capital funding (C)	(930)	761	1,114	353
	Applications of capital funding				
	Capital expenditure				
280	- to meet additional demand	513	12	146	134
36	- to improve the level of service	63	5	13	8
99	- to replace existing assets	647	435	302	(133)
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	989	(48)
(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		LTP Forecast 2016/17	LTP Forecast 2017/18	Annual Plan Forecast 2017/18	Variance 2017/18
\$000		\$000	\$000	\$000	\$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	580	13
906	Residential Housing	1,083	-	-	-
2,560	Total Expenditure	2,315	1,452	1,509	57

Loans

	External	Internal	Total
	\$000	\$000	\$000
Anticipated loan balances at 1/7/2017	12,250	109	12,359
Raised during the year	100	155	255
Repaid during the year	(5,850)	(181)	(6,031)
Anticipated loan balances 30/06/2018	6,500	83	6,583
Budgeted interest expense	355	0	355

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.	Achieved (only measured in election year)
	Number of complaints upheld against the election process.	0
Council supports residents and ratepayers to have their views heard and	Percent of residential and non-residential ratepayers who are satisfied with the way the Council involves the public in its decision making.	>50%

Service	How will we measure our performance	Target (17/18)
considered in Council decision making.	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 2017-2018 Council will continue work on the Levin Town Centre Project. Engagement with property owners and members of 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	3,596	430
-	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	3,596	430
	Applications of operating funding				
1,275	Payments to staff and suppliers	1,002	1,089	1,207	118
-	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	3,555	431
(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	1,426	174
3,248	Total Expenditure	2,955	3,125	3,554	429

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.

Another challenge Council faces for this Activity is obtaining accurate and up-to-date information on potential hazards (e.g. liquefaction and sea level rise) and how they might affect this District.

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

Service	How will we measure our performance	Target (17/18)
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
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 2017-2018.

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 2017-2018.

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 2017-2018.

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		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				
1,840	General rates, uniform annual general charges, rates penalties	1,885	1,922	2,513	591
-	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	130	114
-	Internal charges and overheads recovered	-	-	-	-
1,938	Total operating funding (A)	1,927	1,966	2,670	704
	Applications of operating funding				
1,045	Payments to staff and suppliers	957	956	1,250	294
-	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	2,658	727
55	Surplus (deficit) of operating funding (A - B)	34	35	12	(23)
	Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	-	-
-	Development and financial contributions	-	-	-	-
-	Increase (decrease) in debt	-	-	5	5
-	Gross proceeds from sale of assets	-	-	-	-
-	Lump sum contributions	-	-	-	-
-	Other dedicated capital funding	-	-	-	-
-	Total sources of capital funding (C)	-	-	5	5
	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	12	(23)
-	Increase (decrease) of investments	-	-	-	-
55	Total applications of capital funding (D)	34	35	17	(18)
(55)	Surplus (deficit) of capital funding (C - D)	(34)	(35)	(12)	23
-	Funding balance ((A-B)+(C-D))	-	-	-	-
36	Depreciation	33	33	13	(20)

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	956	419
-	Visitor Information	-	-	162	162
327	Community Grants	349	361	395	34
190	District Marketing	183	188	360	172
253	Rural Fire	230	239	-	(239)
287	Emergency Management	326	339	436	97
1,919	Total Expenditure	1,926	1,963	2,670	707

Loans

	External	Internal	Total
	\$000	\$000	\$000
Anticipated loan balances at 1/7/2017	-	-	-
Raised during the year	-	5	5
Repaid during the year	-	-	-
Anticipated loan balances 30/06/2018	-	5	5
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

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														
Asset Management Plans	<p>Council's confidence in the underlying data for the Asset Management Plans as identified below:</p> <table border="1" data-bbox="432 427 858 745"> <thead> <tr> <th data-bbox="432 427 608 488">Asset class</th> <th data-bbox="612 427 858 488">Data confidence grade*</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 488 608 519">Water</td> <td data-bbox="612 488 858 519">C</td> </tr> <tr> <td data-bbox="432 519 608 551">Wastewater</td> <td data-bbox="612 519 858 551">C</td> </tr> <tr> <td data-bbox="432 551 608 582">Stormwater</td> <td data-bbox="612 551 858 582">C</td> </tr> <tr> <td data-bbox="432 582 608 642">Land Transport</td> <td data-bbox="612 582 858 642">B</td> </tr> <tr> <td data-bbox="432 642 608 674">Solid Waste</td> <td data-bbox="612 642 858 674">C</td> </tr> <tr> <td data-bbox="432 674 608 745">Parks and Property</td> <td data-bbox="612 674 858 745">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>Level of uncertainty: Moderate</p> <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 Useful Lives of Assets	<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>That assets will last as long as estimated in Council's Asset Management Plans and Infrastructure Strategy.</p>	<p>Asset valuations could be higher or lower than assumed.</p> <p>Level of uncertainty: Moderate</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> <p>Level of uncertainty: Moderate</p>														

Issue	Assumption	Risk
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>
Development Contributions	<p>Not currently charged.</p>	<p>Council may decide to re-introduce the requirement for some form of contribution to be charged depending on growth.</p>

Issue	Assumption	Risk
		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

GST Inclusive

Locality	Effects of rating revaluation				2016/17	Indicative Rates 2017/18				
	New	New	Old	Old		Total	General	Roading	Library	Rep & Gov
	Land Value	Capital Value	Land Value	Capital Value						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Hokio Bch	55,000	89,000	58,000	89,000	964	272	69	238	233	
Waikawa Bch	155,000	275,000	155,000	260,000	1,618	767	213	238	233	
Waikawa Bch	200,000	315,000	240,000	355,000	2,124	989	245	238	233	
Ohau	146,000	405,000	146,000	385,000	2,140	722	314	238	233	
Manakau	220,000	450,000	220,000	490,000	2,198	1,088	349	238	233	
Waitarere Bch	82,000	195,000	78,000	180,000	1,766	406	151	238	233	
Waitarere Bch	113,000	230,000	108,000	220,000	1,952	559	179	238	233	
Waitarere Bch	295,000	400,000	295,000	395,000	3,023	1,459	311	238	233	
Foxton Bch	70,000	155,000	64,000	137,000	1,966	346	120	238	233	
Foxton Bch	99,000	180,000	90,000	155,000	2,107	490	140	238	233	
Foxton Bch	310,000	555,000	310,000	555,000	3,605	1,533	431	238	233	
Foxton Bch	75,000	215,000	68,000	195,000	2,056	371	167	238	233	
Tokomaru	58,000	205,000	53,000	195,000	2,079	287	159	238	233	
Tokomaru	70,000	245,000	70,000	240,000	2,212	346	190	238	233	
Vacant Lifestyle	102,000	107,000	102,000	107,000	833	159	83	238	233	
Rural	760,000	1,300,000	660,000	1,150,000	2,450	1,182	874	238	233	
Rural	6,650,000	7,660,000	6,525,000	7,450,000	18,098	10,344	5,148	952	932	
Rural	570,000	1,460,000	500,000	1,420,000	2,376	887	981	238	233	
Rural	3,010,000	3,240,000	2,620,000	2,830,000	6,803	4,682	2,177	238	233	
Rural	3,220,000	3,332,000	2,800,000	2,900,000	7,145	5,009	2,239	238	233	
Rural	6,871,000	7,965,000	5,975,000	6,970,000	16,870	10,688	5,353	952	932	
Rural Residential	147,000	285,000	147,000	270,000	1,443	713	221	238	233	
Rural Residential	310,000	510,000	310,000	510,000	2,761	1,503	396	238	233	
Rural Residential	280,000	670,000	280,000	640,000	2,733	1,358	520	238	233	
Utility	0	35,900,000	0	41,200,000	29,044	-	24,126	238	233	
Utility	0	19,950,000	0	12,470,000	9,195	-	13,407	238	233	
Levin - Business	32,000	92,000	29,000	75,000	1,849	179	62	238	233	
Levin - Vacant	97,000	100,000	88,000	91,000	1,717	541	78	238	233	
Levin	63,000	215,000	57,000	160,000	3,722	351	167	476	466	
Levin	87,000	220,000	79,000	180,000	2,277	485	171	238	233	
Levin	103,000	220,000	94,000	195,000	2,383	575	171	238	233	
Levin - Business	230,000	800,000	210,000	580,000	3,464	1,283	538	238	233	
Levin - Business	240,000	620,000	250,000	730,000	3,864	1,339	417	238	233	
Foxton	32,000	85,000	40,000	94,000	1,945	179	66	238	233	
Foxton	44,000	220,000	55,000	145,000	2,095	245	171	238	233	
Foxton	69,000	240,000	86,000	210,000	2,355	385	186	238	233	
Shannon	38,000	123,000	33,000	116,000	1,931	212	95	238	233	
Shannon	68,000	115,000	59,000	96,000	2,058	379	89	238	233	
Shannon	55,000	160,000	48,000	149,000	2,059	307	124	238	233	

Indicative Rates 2017/18						Increase				
Pools	Solid Waste	Stormwtr	Water	Sewer	IndicTotal	Reval Effect	Policy effect	Budget effect	Total	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
148	23	37	-	-	1,020	(37)	14	79	56	5.8%
148	23	115	-	-	1,737	(52)	40	131	119	7.4%
148	23	132	-	-	2,008	(319)	52	152	(116)	-5.4%
148	23	170	401	-	2,249	(63)	38	134	109	5.1%
148	23	189	-	-	2,268	(159)	57	172	70	3.2%
148	23	82	-	589	1,870	(9)	22	91	104	5.9%
148	23	97	-	589	2,066	(21)	29	105	113	5.8%
148	23	168	-	589	3,169	(113)	77	182	146	4.8%
148	23	65	307	589	2,069	13	18	72	103	5.2%
148	23	76	307	589	2,244	26	25	85	136	6.5%
148	23	233	307	589	3,735	(144)	81	193	130	3.6%
148	23	90	307	589	2,166	11	19	81	111	5.4%
148	23	86	401	589	2,164	(6)	15	76	85	4.1%
148	23	103	401	589	2,271	(43)	18	84	59	2.7%
148	17	-	-	-	878	(28)	-	73	45	5.5%
148	17	-	-	-	2,692	39	-	203	242	9.9%
592	68	-	-	-	18,036	(1,377)	-	1,315	(62)	-0.3%
148	17	-	-	-	2,504	(64)	-	192	128	5.4%
148	17	-	-	-	7,495	155	-	537	692	10.2%
148	17	-	-	-	7,884	176	-	563	739	10.3%
592	68	-	-	-	18,585	363	-	1,352	1,715	10.2%
148	17	-	-	-	1,570	(45)	53	119	127	8.8%
148	17	-	401	-	2,936	(113)	111	178	175	6.4%
148	17	-	401	-	2,915	(96)	100	179	182	6.7%
148	17	-	-	-	24,762	(6,250)	0	1,968	(4,282)	-14.7%
148	17	-	-	-	14,043	3,730	-	1,118	4,848	52.7%
148	23	39	401	589	1,912	16	(10)	57	62	3.4%
148	23	42	201	295	1,798	22	(32)	91	81	4.7%
296	46	90	802	1,178	3,872	56	(21)	115	150	4.0%
148	23	92	401	589	2,380	41	(29)	91	103	4.5%
148	23	92	401	589	2,470	24	(33)	97	88	3.7%
148	23	336	401	589	3,789	200	(75)	199	325	9.4%
148	23	260	401	589	3,648	(321)	(79)	185	(215)	-5.6%
148	23	36	401	589	1,913	(79)	(10)	57	(32)	-1.7%
148	23	92	401	589	2,140	(15)	(15)	75	45	2.2%
148	23	101	401	589	2,304	(114)	(23)	86	(51)	-2.2%
148	23	52	401	589	1,991	10	(12)	61	59	3.1%
148	23	48	401	589	2,148	40	(22)	72	90	4.4%
148	23	67	401	589	2,130	16	(17)	72	71	3.4%

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 2017-2018

Rating Mechanisms

Annual Report 2015/16		Rating Basis	Rate in the \$ GST Incl 2017/18	Annual Plan Forecast 2016/17	LTP Forecast 2016/17	LTP Forecast 2017/18	Annual Plan Forecast 2017/18	Variance 2017/18
\$000					\$000	\$000	\$000	\$000
	General rate							
2,048	Rural differential	Land value	0.00155555	2,161	2,033	2,132	2,314	182
1,583	Urban differential	Land value	0.00091604	1,109	1,044	546	594	48
249	Township differential	Land value	0.00028390	169	159	85	90	5
177	Rural residential differential	Land value	0.00018623	125	118	60	67	7
4,188	District wide differential	Land value	0.00466221	5,080	4,780	5,705	6,190	485
8,245	Total general rate			8,644	8,134	8,528	9,255	727
	Roading rate							
1,252	Business use differential	Capital value	0.00067203	1,316	1,564	1,664	1,429	(235)
2,326	District wide other differential	Capital value	0.00077629	2,444	2,903	3,090	2,654	(436)
3,578	Total roading rate			3,760	4,467	4,754	4,083	(671)
923	Stormwater rate	Capital value	0.00041991	982	970	1,470	1,099	(371)
3,189	Library and community centre rate	SUIP	238.20	3,433	3,425	3,508	3,682	174
2,834	Representation and community leadership	SUIP	232.60	3,036	2,891	3,166	3,596	430
2,167	Aquatic centre rate	SUIP	147.50	2,062	2,172	2,408	2,279	(129)
	Solid waste rate							
62	Rural differential	SUIP	16.50	92	71	68	66	(2)
258	Urban differential	SUIP	22.90	367	285	274	261	(13)
320	Total solid waste rate			459	356	342	327	(15)
	Water supply rate							
3,755	Water supply district wide connected (excl Foston Beach)	SUIP	401.10	4,047	3,944	4,388	4,007	(381)
71	Water supply district wide availability	SUIP	200.55	73	75	83	60	(23)
391	Foston Beach connected	SUIP	307.40	386	448	508	389	(119)
4,217	Total water supply rate			4,506	4,467	4,979	4,456	(523)
	Waste water rate							
6,007	Waste water district wide connected	SUIP	589.00	6,273	6,322	6,618	6,274	(344)
115	Waste water district wide availability	SUIP	294.50	123	99	103	102	(1)
6,122	Total waste water rate			6,396	6,421	6,721	6,376	(345)
31,595	Total rates required			33,278	33,303	35,876	35,153	(723)
621	Penalties			615	615	631	380	(251)
(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	36,790	(968)

Additional tables to Rating Mechanisms

Rating base					
Total Rates GST Inclusive \$000	38,270	38,298	41,257	40,426	(831)
Rateable Rating Units	17,658	17,889	18,024	17,698	(326)
Average Rate \$	2,167	2,141	2,289	2,284	(5)
Total number of Rating Units LGA Schedule 10 Part 1 Clause 15a	18,059	18,315	18,450	17,942	(508)

*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-Meter 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 2017-2018

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				
8,865	General rates, uniform annual general charges, rates penalties	8,749	9,159	9,635	476
24,354	Targeted rates	26,385	28,599	27,155	(1,444)
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	46,893	265
	Applications of operating funding				
30,977	Payments to staff and suppliers	30,611	31,041	34,680	3,639
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	38,338	2,510
8,027	Surplus (deficit) of operating funding (A - B)	9,473	10,800	8,555	(2,245)
	Sources of capital funding				
2,050	Subsidies and grants for capital expenditure	4,049	1,730	5,641	3,911
381	Development and financial contributions	-	-	-	-
5,000	Increase (decrease) in debt	9,639	(2,478)	8,310	10,788
1,421	Gross proceeds from sale of assets	655	7,721	6,890	(831)
-	Lump sum contributions	-	-	-	-
-	Other dedicated capital funding	-	-	-	-
8,852	Total sources of capital funding (C)	14,343	6,973	20,841	13,868
	Applications of capital funding				
	Capital expenditure				
1,276	- to meet additional demand	2,227	848	4,425	3,577
10,283	- to improve the level of service	13,140	6,857	10,583	3,726
9,662	- to replace existing assets	10,353	9,988	14,308	4,320
(4,388)	Increase (decrease) in reserves	-	-	-	-
46	Increase (decrease) of investments	(1,904)	80	80	-
16,879	Total applications of capital funding (D)	23,816	17,773	29,396	11,623
(8,027)	Surplus (deficit) of capital funding (C - D)	(9,473)	(10,800)	(8,555)	2,245
-	Funding balance ((A-B)+(C-D))	-	-	-	-
11,536	Depreciation	12,109	12,970	11,604	(1,366)

Loans

Loans	Total
	\$000
Anticipated Loan balances at 1/07/2017	77,000
Raised during the year	14,400
Repaid during the year	(8,400)
Anticipated Loan balances 30/06/2018	83,000
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	36,790	(968)
3,578	Grants & subsidies		5,320	3,026	7,226	4,200
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	52,893	4,278
	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	11,604	(1,366)
21,445	Other expenses		20,717	20,726	21,507	781
147	Loss disposal of assets		-	1,053	1,877	824
-	Loss on revaluations		-	-	-	-
115	Increase/(decrease) in landfill provision		(13)	(13)	95	108
46,862	Total expenses		47,086	49,839	51,915	2,076
(826)	Operating surplus/(deficit) before taxation		1,720	(1,224)	978	2,202
	Income tax expense		-	-	-	-
(826)	Operating surplus/(deficit) after taxation		1,720	(1,224)	978	2,202
	Other comprehensive revenue and expense					
-	Gain/(loss) fixed assets valuation		33,037	-	5,963	5,963
-	Gain/(loss) financial assets		-	-	-	-
-	Total net other comprehensive revenue and expense/(deficit) for the year		33,037	-	5,963	5,963
(826)	Total comprehensive revenue and expense/(deficit) for the year attributable to Horowhenua District Council		34,757	(1,224)	6,941	8,165
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	52,893	4,278
	Summary funding impact statement				
	Sources of operating funding				
43,091	Total operating funding	44,463	46,628	46,893	265
	Add sources of capital funding				
2,050	Subsidies and grants for capital expenditure	4,049	1,730	5,641	3,911
381	Development and financial contributions	-	-	-	-
156	Gain disposal of assets	184	189	180	(9)
258	Gain on changes in fair value of investment property and revaluation of financial assets	110	68	179	111
100	Vested assets	-	-	-	-
46,036	Total revenue	48,806	48,615	52,893	4,278
	Expenditure				
	Prospective statement of comprehensive revenue and expense				
46,862	Total operating expenditure	47,086	49,839	51,915	2,076
	Summary funding impact statement				
	Application of operating funding				
35,064	Total application of operating funding	34,990	35,829	38,339	2,510
147	Loss on disposal of asset	-	1,053	1,877	824
-	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	11,604	(1,366)
46,862	Total expenditure	47,086	49,839	51,915	2,076

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	4,953	(1,606)
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	11,283	(1,889)
	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	42,388	796
394,713	Infrastructural assets	439,350	444,045	419,880	(24,165)
38,664	Restricted assets	45,204	44,666	41,511	(3,155)
487,206	Total non-current assets	541,846	538,132	513,901	(24,231)
501,201	Total assets	555,108	551,304	525,184	(26,120)
	Liabilities				
	Current liabilities				
11,779	Creditors & other payables	8,282	8,192	11,984	3,792
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	27,917	18,137
	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	69,000	(14,313)
2,419	Other	-	-	2,452	2,452
53,820	Total non-current liabilities	77,994	86,503	74,044	(12,459)
83,459	Total liabilities	98,864	96,283	101,961	5,678
417,742	Net assets	456,244	455,021	423,223	(31,798)
	Equity				
263,345	Rate payers equity	268,893	266,870	261,439	(5,431)
147,449	Revaluation reserves	180,484	180,484	153,411	(27,073)
6,948	Other reserves	6,867	7,667	8,373	706
417,742	Total equity	456,244	455,021	423,223	(31,798)

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	416,282	(39,962)
(826)	Total comprehensive revenue and expense for the year	34,757	(1,224)	6,941	8,165
417,742	Equity balance at 30 June	456,244	455,020	423,223	(31,797)
	Components of equity				
264,909	Retained earnings at 1 July	267,350	268,893	261,163	(7,730)
(1,564)	Net surplus/(deficit) net of reserve transfers	1,543	(2,024)	276	2,300
263,345	Retained earnings 30 June	268,893	266,869	261,439	(5,430)
147,449	Revaluation reserves at 1 July	147,447	180,484	147,448	(33,036)
-	Revaluation gains/(losses)	33,037	-	5,963	5,963
147,449	Revaluation reserves 30 June	180,484	180,484	153,411	(27,073)
6,210	Council created reserves at 1 July	6,690	6,867	7,671	804
738	Transfers to/(from) reserves	177	800	702	(98)
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	423,223	(31,797)

Financial Statements

Forecast Cash Flow

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
	Cashflow from operating activities				
	Cash was provided from:				
33,384	Revenue from rates	35,267	37,896	36,790	(1,106)
178	Finance revenue	154	158	70	(88)
11,402	Other revenue	13,224	10,443	15,674	5,231
44,964		48,645	48,497	52,534	4,037
	Cash was disbursed to:				
29,684	Payments staff & suppliers	30,768	31,133	34,680	3,547
3,114	Finance costs	4,379	4,787	3,658	(1,129)
(273)	Net GST movement	-	-	-	-
32,525		35,147	35,920	38,338	2,418
12,439	Net cashflow from operating activity	13,498	12,577	14,196	1,619
	Cashflows from investing activities				
	Cash was provided from:				
1,233	Proceeds from asset sales	655	7,721	6,890	(831)
-	Proceeds from investments	2,048	-	-	-
1,233		2,703	7,721	6,890	(831)
	Cash was disbursed to:				
19,082	Purchase of assets	25,720	17,693	29,316	11,623
46	Purchases of investments	144	80	80	-
19,128		25,864	17,773	29,396	11,623
(17,895)	Net cashflow from investing activity	(23,161)	(10,052)	(22,506)	(12,454)
	Cashflows from financing activities				
	Cash was provided from:				
13,000	Loans raised	9,639	8,522	14,400	5,878
13,000		9,639	8,522	14,400	5,878
	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)	6,000	8,478
(456)	Net increase/(decrease) in cash held	(24)	47	(2,310)	(2,357)
7,856	Add opening cash bought forward	6,536	6,512	7,263	751
7,400	Closing cash balance	6,512	6,559	4,953	(1,606)
7,400	Closing balance made up of cash and cash equivalents	6,512	6,559	4,953	(1,606)

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
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

	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
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							
Financial and Capital contributions for Roading To fund transport network improvements, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.	Land Transport/ Roads and Footpaths Activity	201	209	83	3	-	86

	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
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.	Water Supply Activity	558	580	549	16	-	565
Financial and Capital contributions for Wastewater Schemes To fund Wastewater Scheme improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.	Wastewater Activity	138	143	136	4	-	140

	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
Financial and Capital contributions for Parks and Reserves 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.	Community Facilities and Services Activity	613	638	633	19	-	652
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

	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
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
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.

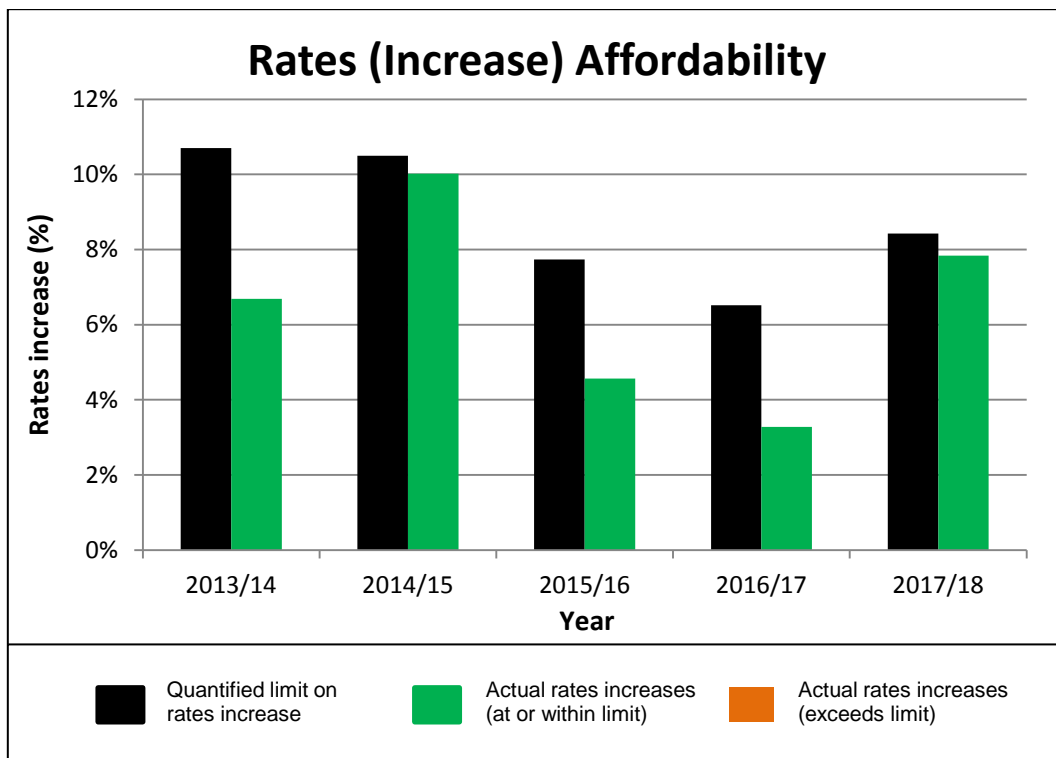
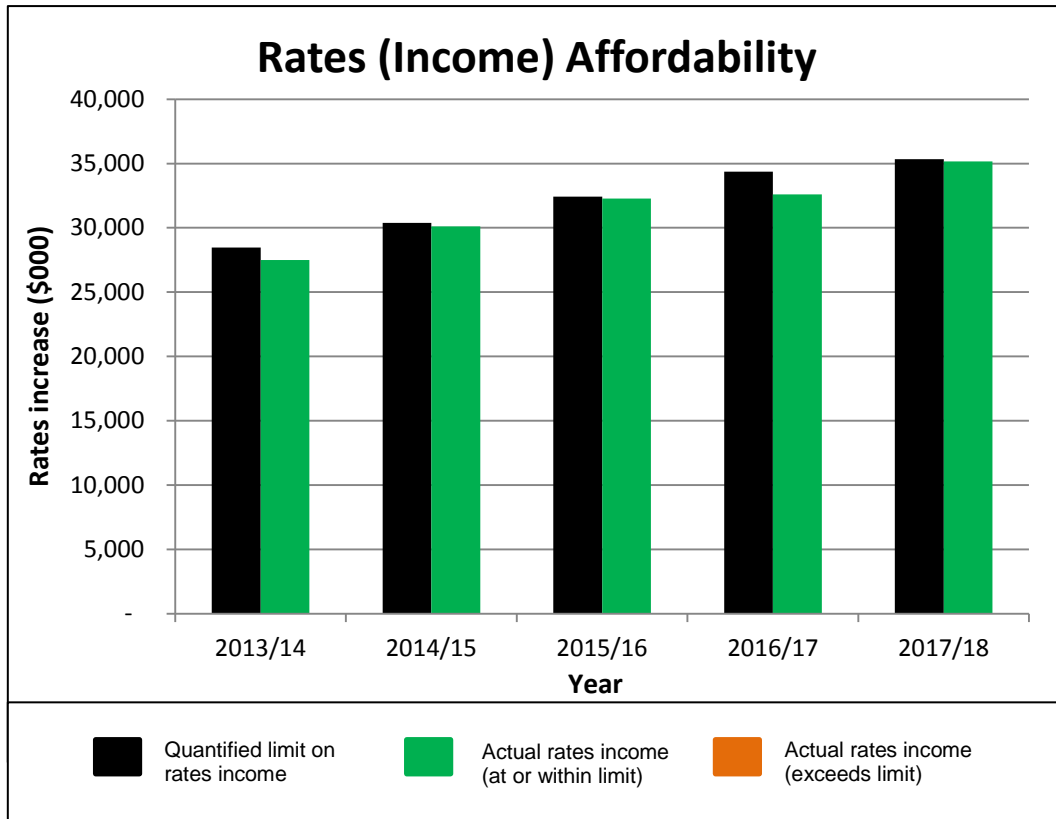
Benchmark	Limit	Planned	Met
Rates affordability benchmark			
-income	\$35,346m	\$35,153m	Yes
-increases	8.43%	7.84%	Yes
Debt affordability benchmark			
-net debt to operating revenue	175%	149%	Yes
-net interest to operating revenue	20%	7%	Yes
-net interest to rates revenue	25%	10%	Yes
Balanced budget benchmark	100%	105%	Yes
Essential services benchmark	100%	227%	Yes
Debt servicing benchmark	10%	7%	Yes

Notes

1 Rates affordability benchmark

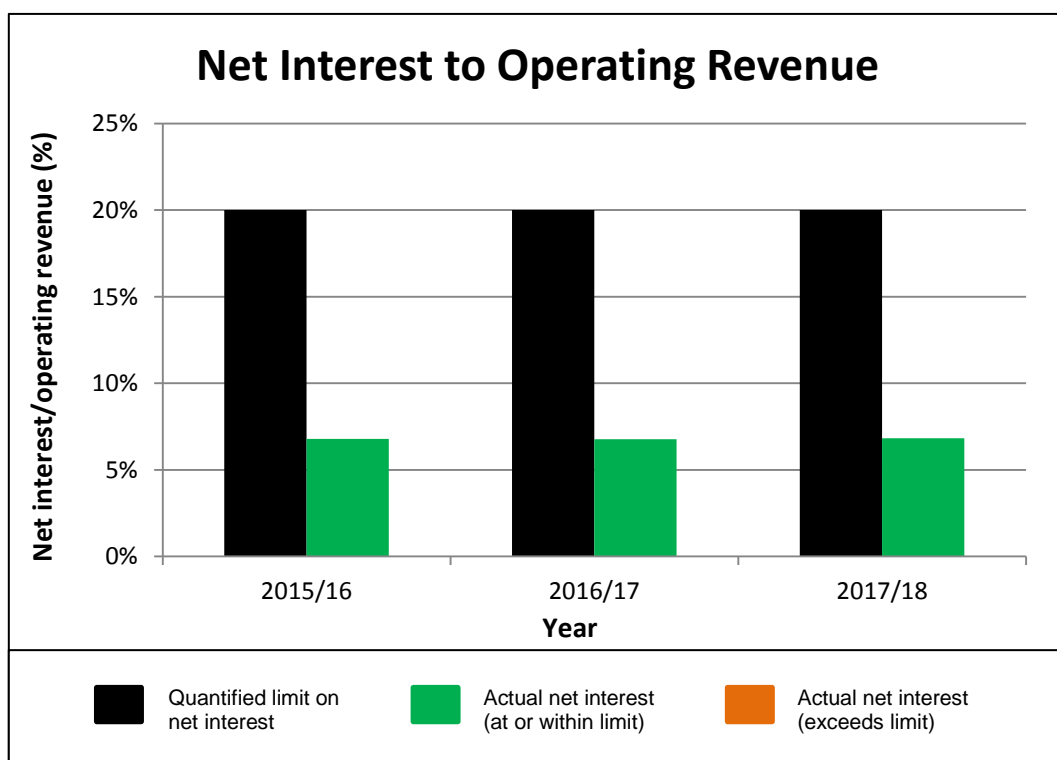
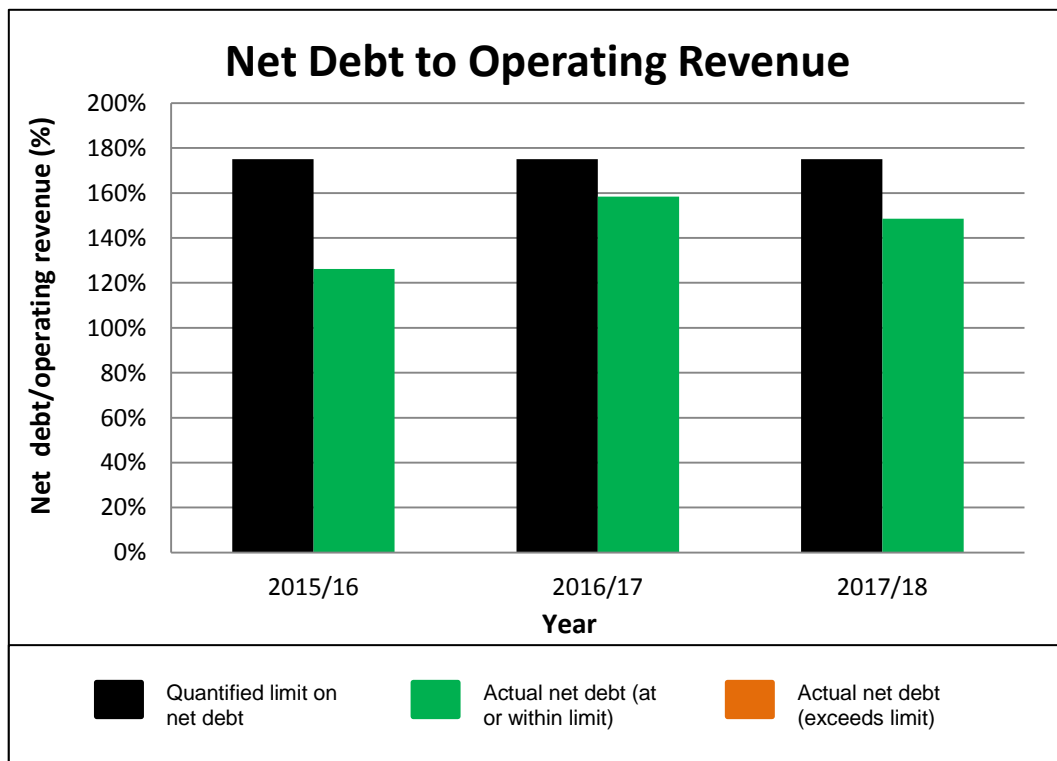
- (1) For this benchmark,—
 - (a) the Council's planned rates income for the year is compared with quantified limits on rates contained in the Financial Strategy included in the Council's Long Term Plan; and
 - (b) the Council's planned rates increases for the year are compared with quantified limits 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

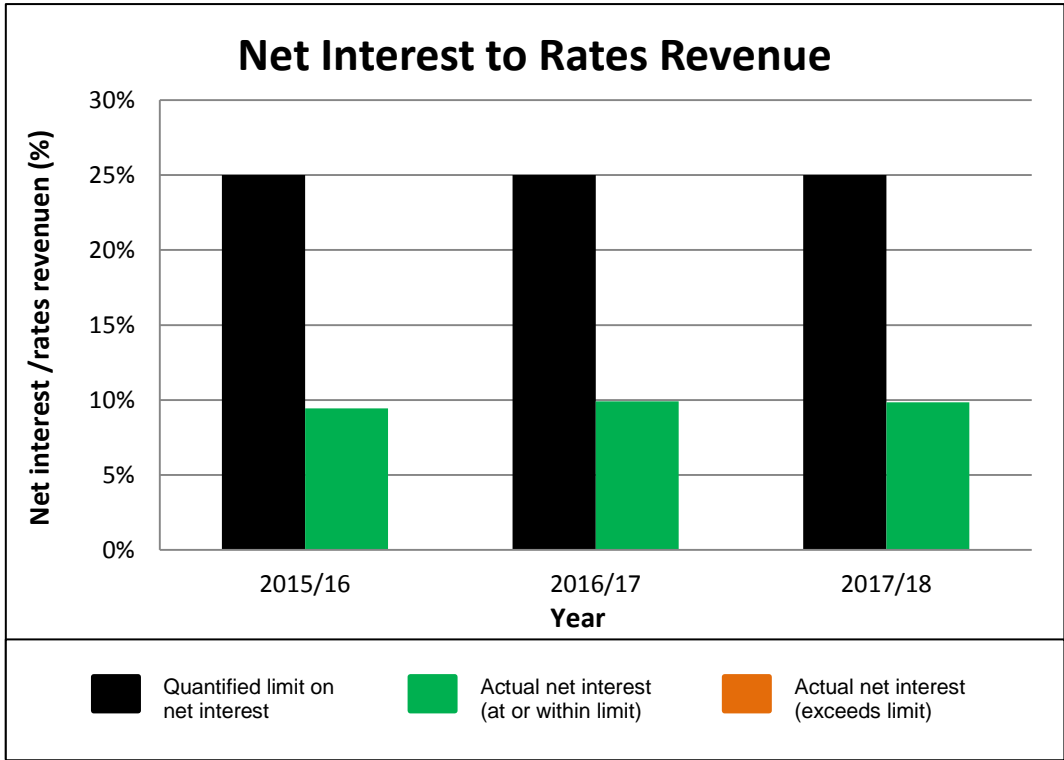
- (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.



2 Debt affordability benchmark

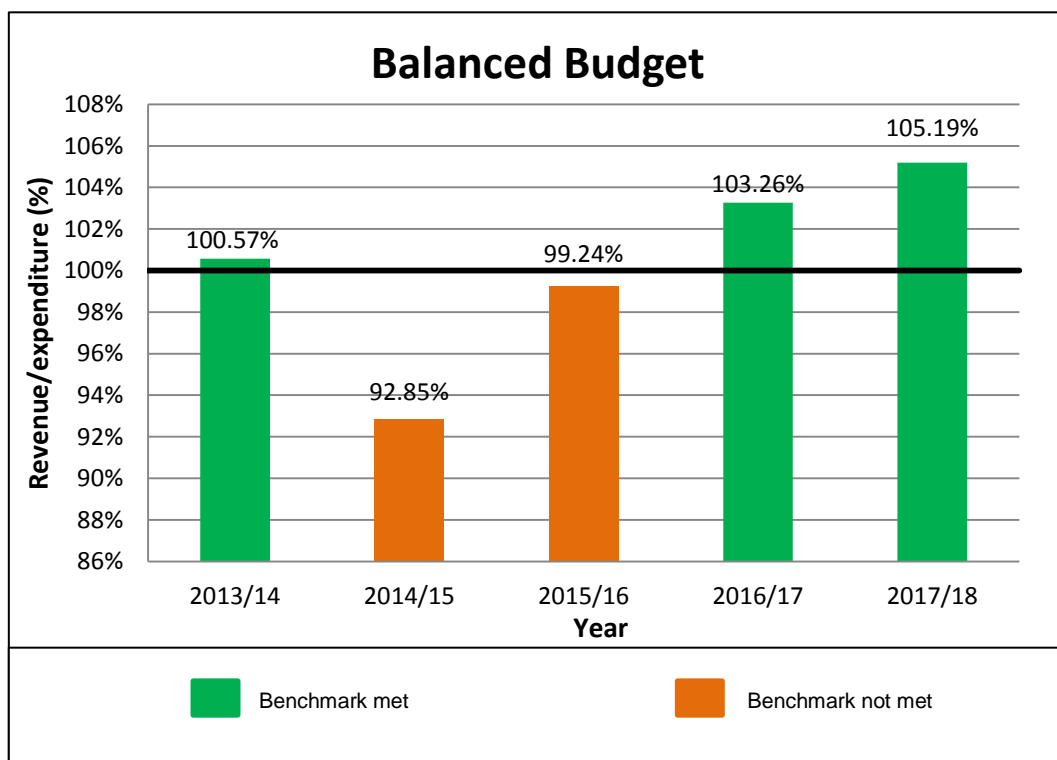
- (1) For this benchmark, the Council's planned borrowing is compared with quantified limits on borrowing contained in the Financial Strategy included in the Council's Long Term Plan.
- (2) The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on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





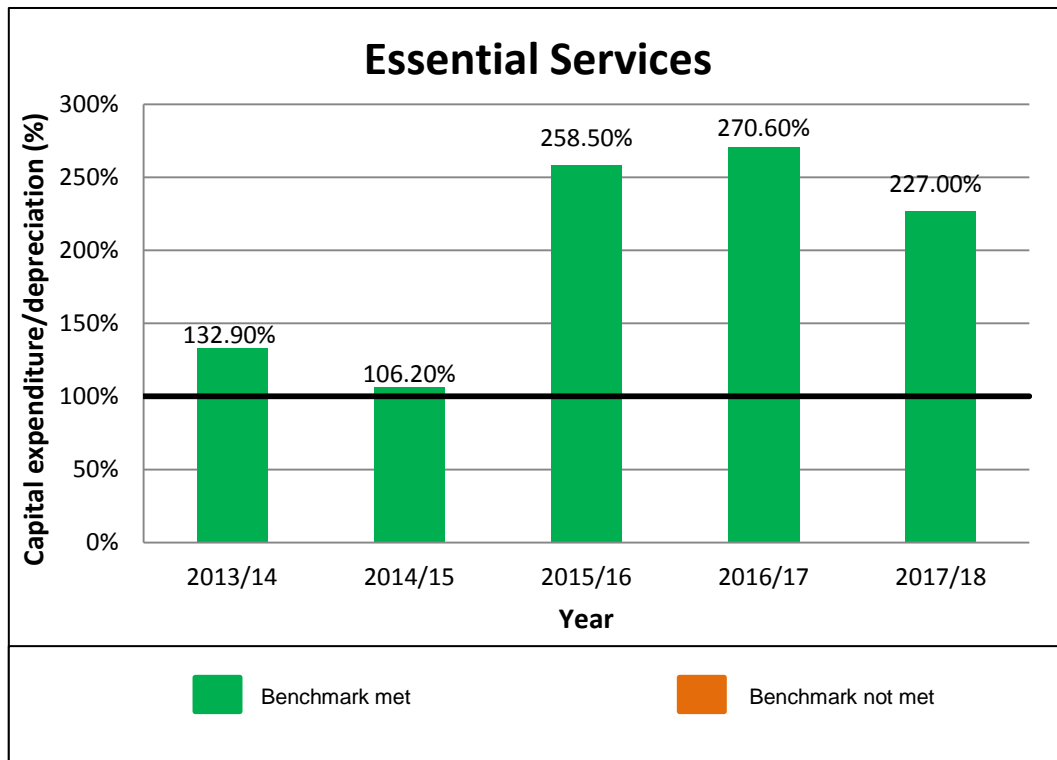
3 Balanced budget benchmark

- (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.



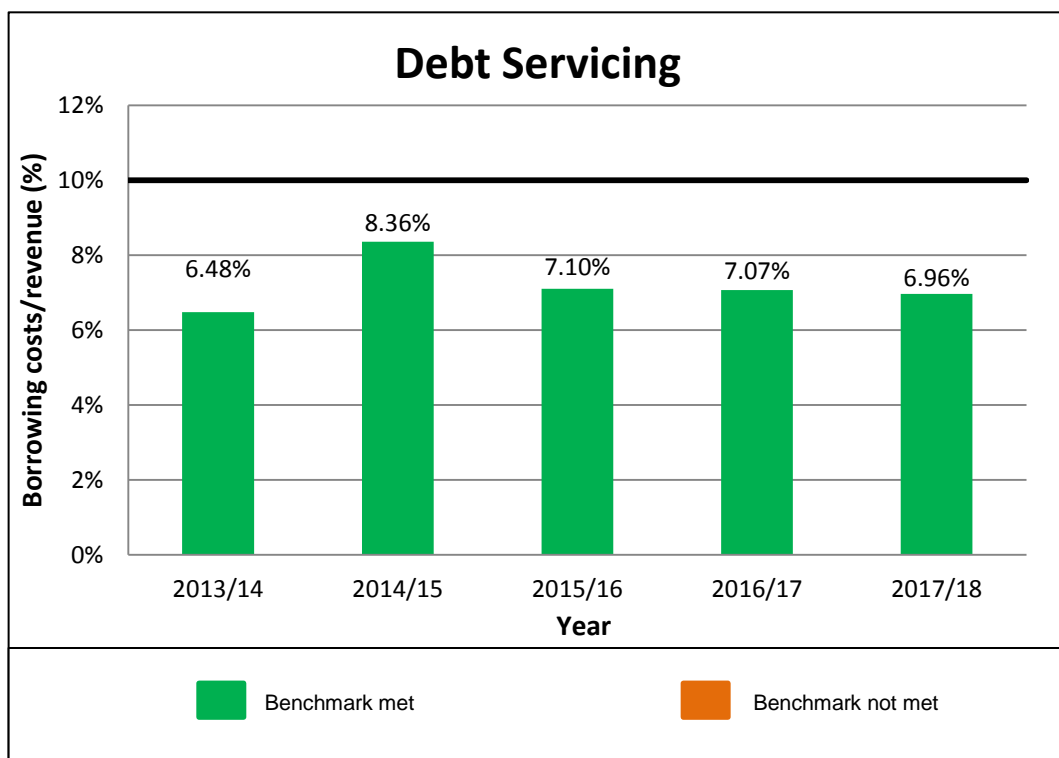
4 Essential services benchmark

- (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.

Glossary



Glossary

Advocate

Council acts as an advocate when it represents the views and interests of the community to a range of organisations, including Government agencies and the Regional Council.

Asset

An asset is an item of value owned by the Council on behalf of the people of Horowhenua. Examples include bank accounts, amounts owing by debtors, roads, land, buildings, vehicles, computers, and the water, wastewater and stormwater networks.

Asset Management Plan (AMP)

This is a strategic plan for managing an asset to ensure that capacity to provide a service is kept up and that costs over the life of the asset are kept to a minimum. The Council has such plans for all of its major assets including land transport, water supply, wastewater disposal, solid waste, stormwater, property and community facility assets. The plans cover things like service standards, maintenance regimes, and future developments.

Capital Expenditure

Money spent with effect on the long-term rather than the short-term. Examples include to buy or build a new asset or to improve the potential of an existing asset. Capital Expenditure is generally expected to lead to a higher level of service to the community.

Capital Value

This is the value of a piece of land plus any improvements that have been made to it such as the construction of a dwelling. For rating purposes, Council contracts Quotable Value New Zealand to assess the capital value of all properties every three years.

Community Outcomes

These are statements which set out the outcomes that Council is working to achieve in meeting the current and future needs of the community, for good quality local infrastructure, local public services and performance of regulatory functions.

Council Controlled Organisation (CCO)

An organisation that manages facilities and/or provides services on behalf of the Horowhenua community, in which Council directly or indirectly controls more than 50% of either the votes or the appointments of directors or trustees.

Depreciation

The allocation of the cost of an asset over its estimated useful life.

District Plan

The plan prepared by Council under the Resource Management Act 1991 that manages potential adverse environmental effects of subdivisions and land use on the environment through objectives, policies, and rules.

Financial Year

Council's financial year starts on 1 July in each year and ends on 30 June of the following year.

Funding Impact Statement

An explanation of how Council's funding requirements are planned to be met through various mechanisms such as rates.

Governance

The way that Council engages with the community, how it makes decisions and the way in which ratepayers and residents can influence these processes.

Infrastructure

Assets that form physical links between, or within, communities. Examples include the roading network, water supply systems, wastewater disposal systems and stormwater drainage systems.

Land Value

The value of land excluding any improvements (e.g. a house). For rating purposes, Council contracts Quotable Value New Zealand to assess the land value of all properties every three years.

Level of Service (LoS)

What Council will provide to the community. A defined service quality for a particular activity, such as roads, against which service performance may be measured.

Liability

Financial debts to third parties. Current liabilities are those due for payment within one financial year, and non-current liabilities are those due in the longer-term.

Long Term Plan (LTP)

A 10 year plan that describes Community Outcomes and the activities of the Council, and provides a long-term focus for the decisions and activities of the Council. Previously referred to as 'Long Term Council Community Plan' (LTCCP).

Operating Costs

The costs of running Council in the short-term. Examples include the costs of maintaining assets, employing staff, and the interest costs of loans.

Performance Target

A measure that shows how well Council is doing in achieving the goals that it set for itself.

Projected Financial Statement

The 10 year plan for Council's revenue and expenditure, cash flows and borrowing.

Rates

Property taxes collected by Council which help fund the services that the Council provides to the community.

Renewal Expenditure

The cost of replacing components of existing assets to restore them to their original condition. For example the replacement of old water mains and the resealing of roads.

Revenue

Council's income e.g. rates, dog registration fees, building permit fees, subsidies, rental income and interest on investments.

Separately Used or Inhabited Part (SUIP)

Some of Council's targeted rates are set using SUIP's. Generally where there is more than one SUIP, each SUIP will attract a separate targeted rate set using fixed charges. Council's definition of a SUIP can be found in the Funding Impact Statement.

Significance

The degree of importance of an issue under consideration, as assessed by Council in terms of its likely consequences for the current and future wellbeing of the community.

Stormwater

Surface water that runs off properties and roads.

Sustainability

The use of natural, social and physical resources in such a way that takes care of our current needs while allowing for the ongoing use of those resources by future generations.

Targeted Rates

Any rate (other than a general rate) targeted at users or beneficiaries of a particular service. Targeted rates are used for solid waste, water supply, swimming pools, library, and representation and community leadership.

Uniform Annual General Charge (UAGC)

A fixed-sum rate payable by all properties as part of their contribution to general rates. Council has chosen not to set a rate using a UAGC, instead opting to rate some targeted rates using Fixed Charges. There are statutory rules whereby the UAGC and Fixed Charges are set on contiguous properties – where two or more properties are next to each other, owned by the same ratepayer, used for a common purpose and provided they are vacant (i.e. do not contain a house defined under Council's definition of Separately Used or Inhabited part of rating units). There is also a statutory limit of 30% of all rates on the use of UAGC's and Fixed charges where they are set at the same amount across the District.

Wastewater

The liquid and solid waste (i.e. sewage, grey water and trade waste) carried away from a property by drains.

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