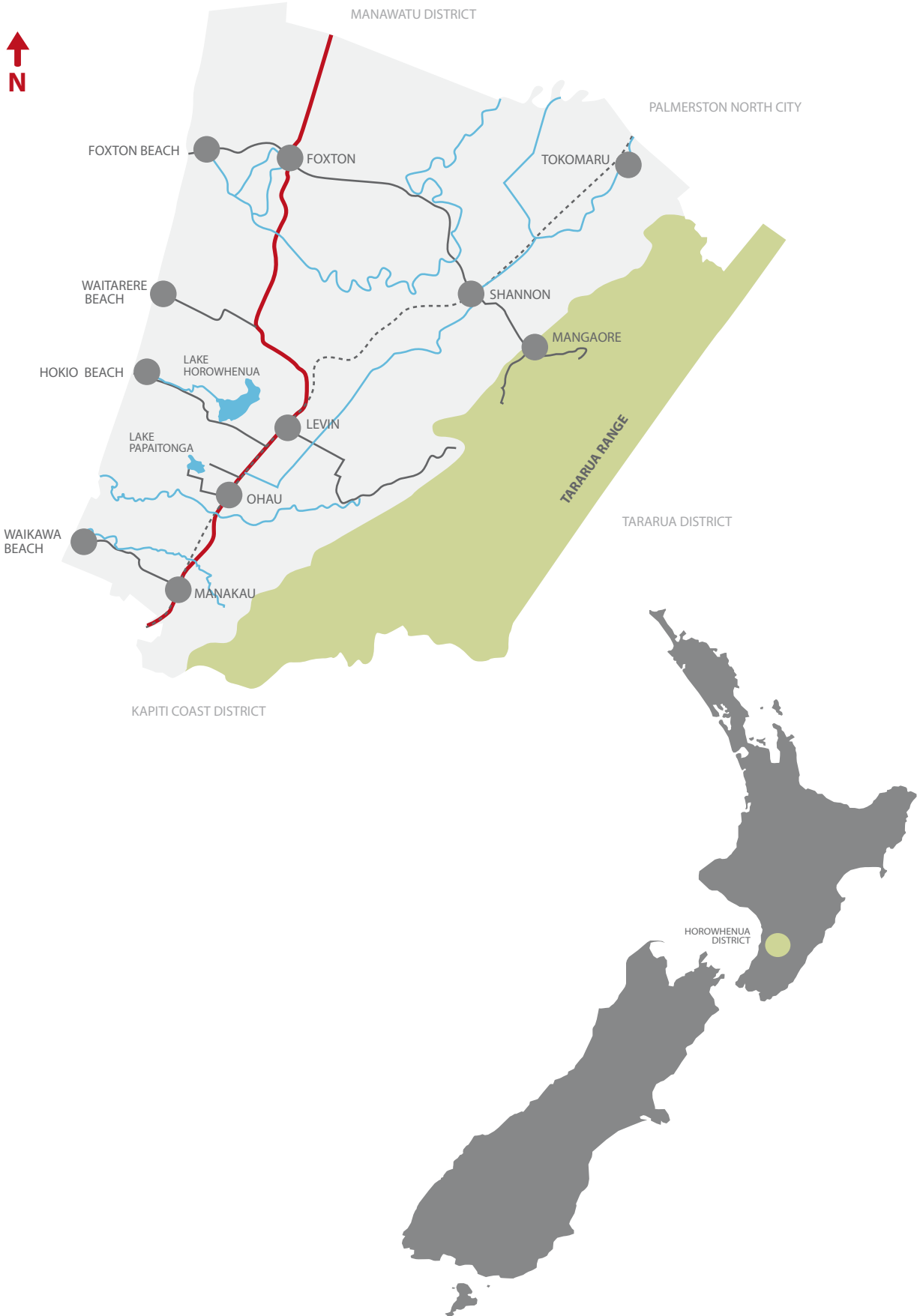


# Long Term Council Community Plan 2009-2019

## Part 1 of 2 Summary and Council's role



# Horowhenua region



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# Welcome from the Mayor

I would like to welcome you all to Council's 2009 to 2019 Long Term Council Community Plan. This Plan was adopted after a wide ranging consultation process during which we heard the views of a wide range of people within our community on our proposed activities, projects, levels of service and proposed changes to our Rating Policy.

The Horowhenua District has an outstanding natural environment of coastline, plains, ranges, rivers and lakes. It is valued for its relaxed living, sunny climate, rich soils and recreational opportunities.

The Horowhenua is, however, also a place that faces many pressures. Development, change and growth are in our presence. Growth brings both benefits and challenges. It can enrich our communities, attract new residents and businesses and employment opportunities, and enhance our economic sustainability. It also puts strain on existing infrastructure and adds to the pressures on our physical environment.

Within this Ten Year Plan we have outlined the strategic challenges that are ahead for the district and how Council sees itself responding to these over the next ten years.

In preparing the draft consultation document we reviewed our role and responsibility to meet statutory requirements, to respond to those current issues that we recognise and we have identified a number of options and opportunities for the future of our district. Policies have been reviewed, the state of our infrastructure has been considered, our asset management plans revised and all aspects of affordability have been taken into consideration.

In our draft LTCCP we proposed two significant changes that we received a large number of comments on. Firstly, those proposed changes to our Development Contributions Policy were supported by submitters and as a result the proposed Policy has been adopted with a minor amendment to Clause 8.4. A copy of this Policy is reproduced in the body of this document.

The second proposed change was to our Rating Policy. Council received a significant number of submissions in response to proposed changes to our Rating Policy. These changes were introduced in response to fairness and equity issues raised by ratepayers throughout our District in their submissions to previous years Annual Plan and LTCCP documents. We acknowledge that fairness and equity means different things to different people. Equally we acknowledge that rating is not an exact science.

Those changes to our Rating Policy were the first such changes proposed for a number of years. Council previously had a differential regime put in place at a time when our small townships and beach communities showed little or no growth. In the ensuing years there has been a significant level of change in relation to growth across our District, the types of property that has been developed, changing land use and major changes in the demand for and expectation of services provided by Council.

Council's LTCCP document was released for public consultation on 22 April 2009. A summary of the document was delivered to all 17,400 rateable properties within our district. Council took the unprecedented step of preparing and distributing with the Summary Document an indicative rates notice which identified the rating cost to ratepayers within our district if the proposed changes to the Rating Policy were adopted.

In our consultation process Council presented its draft LTCCP proposals to 8 community meetings across the district, all of which were very well attended.

Council received 456 submissions to its draft LTCCP. Hearing and deliberation meetings were held through June 2009. There were key changes that were adopted by Council during the deliberation meetings as a result of these submissions. The key changes were to extend the transition period for differentials from the proposed period of five years to a ten year period. Council resolved to proceed with a further extensive rating review during the early part of the 2009/10 financial year.

Council also indicated that it has concerns about the proposal to increase rates in excess of 15% during the 2010/11 financial year and as such requested that a review be undertaken of the activities and projects that are contributing to this increase with a view to questioning the need or priority associated with these projects. Particular reference has been made to the Levin Water Scheme, the proposed relocation of the Levin Wastewater Scheme, Library operational costs, Foxton Wastewater, Shannon Wastewater and Levin Landfill.

This review will consider the impact of these projects on our rating system. It will consider issues such as capital value rating versus land rating and will consider the impact of differentials in relation to levels of service. Issues raised in submissions to the Draft 2009-2019 LTCCP will be used as the catalyst to these discussions. Council will engage in full community consultation through this process.

Finally, I would like to acknowledge the input of my fellow Councillors, Council staff and the community into this significant document.



Brendan Duffy  
Mayor



# REPORT TO THE READERS OF HOROWHENUA DISTRICT COUNCIL'S LONG-TERM COUNCIL COMMUNITY PLAN FOR THE TEN YEARS COMMENCING 1 JULY 2009

The Auditor-General is the auditor of Horowhenua District Council (the District Council). The Auditor-General has appointed me, Phil Kennerley, using the staff and resources of Audit New Zealand, to report on the Long-Term Council Community Plan (LTCCP), on his behalf.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTCCP complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the LTCCP; and
- the extent to which the forecast information and performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

It is not our responsibility to express an opinion on the merits of any policy content within the LTCCP.

## Opinion

### Overall Opinion

**In our opinion the District Council's LTCCP dated 26 June 2009 provides a reasonable basis for long-term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.**

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

### Opinion on Specific Matters Required by the Act

#### In our view:

- **the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;**
- **the underlying information and assumptions used to prepare the LTCCP provide a reasonable and supportable basis for the preparation of the forecast information;**

and

- **the extent to which the forecast information and performance measures within the LTCCP provide an appropriate framework for the meaningful assessment**

**of the actual levels of service provision, reflects good practice for a council of its size and scale within the context of its environment.**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 26 June 2009 and our opinion is expressed as at that date.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the District Council and the Auditor, and explain our independence.

## Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTCCP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

Our audit procedures included assessing whether:

- the LTCCP provides the community with sufficient and balanced information about the strategic and other key issues, choices and implications it faces to provide an opportunity for participation by the public in decision-making processes;
- the District Council's financial strategy, supported by financial policies as included in the LTCCP, is financially prudent and has been clearly communicated to the community in the LTCCP;
- the presentation of the LTCCP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTCCP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTCCP is based on materially complete and reliable asset or activity management information;

- the agreed levels of service are fairly reflected throughout the LTCCP;
- the key plans and policies adopted by the District Council have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTCCP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTCCP.

We do not guarantee complete accuracy of the information in the LTCCP. Our procedures included examining, on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTCCP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

## Responsibilities of the Council and the Auditor

The District Council is responsible for preparing an LTCCP under the Act, by applying the District Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The District Council's responsibilities arise from Section 93 of the Act.

We are responsible for expressing an independent opinion on the LTCCP and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

## Independence

When reporting on the LTCCP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than this report, and in conducting the audit of the Statement of Proposal for adoption of the LTCCP and the annual audit, we have no relationship with or interests in the District Council.



**Phil Kennerley**  
**Audit New Zealand**  
**On behalf of the Auditor-General**  
**Wellington, New Zealand**

### **Matters relating to Horowhenua District Council's adopted amendment to the LTCCP subsequent to this report**

This report dated 26 June 2009 relates to the Long Term Council Community Plan (the LTCCP) for the 10 years commencing 1 July 2009, approved by Horowhenua District Council on 26 June 2009. Subsequent to this, on 23 June 2010, Horowhenua District Council adopted an amendment to its LTCCP for the 10 years commencing 1 July 2009 to incorporate proposed changes to the Development Contributions Policy, and the Liability Management Policy. Horowhenua District Council has not prepared an amended LTCCP that incorporates the amendment adopted on 23 June 2010. Consequently, to form a view of the LTCCP of Horowhenua District Council, the content of the LTCCP to which this report relates should be considered in conjunction with Horowhenua District Council's adopted amendment. There is no legislative requirement for us to report on the adopted amendment and we have not done so.

### **Matters relating to the electronic presentation of the report to the readers of the Long Term Council Community Plan**

This report relates to the LTCCP of Horowhenua District Council for the ten years commencing 1 July 2009 which was

approved by District Council on 26 June 2009 included on Horowhenua District Council's website. Horowhenua District Council is responsible for the maintenance and integrity of the Horowhenua District Council's website. We have not been engaged to report on the integrity of the Horowhenua District Council's website. We accept no responsibility for any changes that may have occurred to the LTCCP since it was initially presented on the website.

The report refers only to the LTCCP named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the LTCCP, including the adopted amendment to the LTCCP published by Horowhenua District Council and which has not been incorporated with the content of the LTCCP to which this report relates. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the LTCCP dated 26 June 2009 and the related audit report dated 26 June 2009 to confirm the information included in the LTCCP presented on this website.

The preparation and dissemination of the LTCCP is governed by New Zealand legislation.

# Executive Overview

## Introduction

Welcome to Council's 2009-2019 LTCCP. This is a comprehensive document containing Council's policies, the activities we intend to undertake, levels of service, and prioritised capital projects, financial details and rating impact for the next ten years. It is also in part a summary of our asset management plans and some of the major policies adopted by Council as a blueprint for the works that we intend to undertake during this period.

Council has undertaken a large number of workshops and community discussions in the months leading up to the preparation of this document. I would like to acknowledge the input of my staff, elected members of Council and those members of the community who have taken part in the process to prepare this document for your review.

## This 2009-2019 Ten Year Plan has been developed to:

- Describe the type of district our communities have told us they'd like – a vision for the future
- Outline the role the Council will play in working towards achieving that vision
- Identify some of the key challenges facing the Council over the next ten years
- Provide an overview of each activity the Council will carry out and the services it will provide for the next ten years
- Determine how much the business of the Council will cost and how it will be funded

The Ten Year Plan will form the basis of the rates collected.

The Council is required to develop this Plan under the Local Government Act 2002 (requirement to adopt and consult on a Long-term Council Community Plan).

## Background

An early step in the preparation of this LTCCP was the identification and development of community outcomes and priorities. Having determined Council's roles in progressing these outcomes, a review confirmed the relevance to the community priorities established through the 2003 community needs analysis of Council's 2001 strategic plan and other previous major planning and consultation exercises. This work formed the basis of our 2004 LTCCP, the development of the 2006 LTCCP, which in turn became the starting point of a review of the current community outcomes for this Plan.

The next ten years will be very exciting times for the Horowhenua District as we respond to the growth in number of residential properties and businesses within our community, the expectations that are placed on us as a Council in our custodial role for the community. This LTCCP document is also a timely review of our role within the community and it identifies the many linkages that we have to organisations and individuals within the community that enable us to provide a comfortable lifestyle with a sustainable future.

Paramount to our discussions has been the aspect of affordability. Whilst we acknowledge the current economic conditions we are also mindful of the need not to create a "bow wave" of future cost as a result of delaying infrastructure maintenance or investment in much needed capital projects. Whilst we are also always mindful of existing levels of affordability amongst the many sectors of our community, we are also mindful of the need to act for the present and not delay expenditure, the result of which may simply be to impose additional costs on the residents of the future.

## Key Components

As you read through the pages of Council's LTCCP there are a number of key components that we wish to draw your attention to, and naturally would appreciate your comments through the submission process. These key components are summarized in this Executive Overview.

This LTCCP document was the subject of community consultation during April and May 2009. During this process there was significant focus by Council on two specific items:

- 1) Proposal to revise the Development Contributions Policy
- 2) Proposal to amend the Revenue and Financing policy by removing the Uniform and General Charge (UAGC) and introducing targeted rates for Roading and Stormwater, Library Services, Representation and Governance, Swimming Pools, Solid Waste Disposal, Water Supply and Waste Water Disposal.

## Community Outcomes

### Wellbeing

A sustainable future for the Horowhenua District has four wellbeing themes specified in the Council's Strategic Plan:

### The vision for economic wellbeing

- A greater range of employment opportunities and increased level of employment than exists at present.
- Increased economic activities as measured by a variety of local economic indicators.
- Increased average household income to at least the national average.
- Increased visitor numbers and visitor spending.
- Services and products which are capable of meeting the changing needs of, and are accessible to, communities, industry, and visitors.
- They must also meet environmental standards, and be affordable to the community

### The vision for social and cultural wellbeings

- Sustained and sustainable urban growth focused on specifically identified areas.
- A strong, distinctive and widely recognised identity.
- Individual communities which have retained their unique characteristics and which complement the district.
- A vibrant, healthy, safe and friendly community.
- Vigorous leadership of, and advocacy for, the district in a democratic and participatory way.
- Opportunities for a balanced, healthy, stress free lifestyle with an abundance of outside recreational features.

### The vision for environmental wellbeing

- Outstanding natural district features that are preserved at least in their present state, and can be appreciated and enjoyed. These include: mountains, rivers, lakes, rural landscapes, native forests and coastal area.
- Urban environments with few, or no, neighbourhood hazards, unsightly features or other detractions, which have adequate amenities with good access, and generous, attractive landscaping.
- All wastes disposed of - or reused - in a way that avoids any significant adverse effects on the environment and sustains the life supporting capacity of the natural environment.

Part 2 of the LTCCP presents a series of community outcomes developed by consultation with key service providers and several focus groups, over a broad range of community concerns.

The community outcomes are grouped as:

- **Health:** A community where all people have the opportunity to enjoy long and healthy lives.
- **Education:** A community where all people have the knowledge and skills they need to participate fully in a knowledge society.
- **Economic:** A community where all people have access to a range of local business and employment opportunities and to an adequate standard of living.
- **Democracy:** A community where all people enjoy civil and political rights and opportunities.
- **Culture:** A community where all people share a strong local heritage and identity and value cultural diversity and development.
- **Environment:** The natural and built environment in which people live is sustainable.
- **Safety:** A community where all people enjoy personal safety and security within their community.
- **Social:** A community where all people enjoy constructive relationships with others and are able to participate fully with them in society.

## Significant Forecasting Assumptions

Accompanying the full financial statement in Part One of the LTCCP is a set of significant forecasting assumptions about the future, and an assessment of the associated uncertainties and risks.

None of the assumptions are seen as presenting a high level of risk to the integrity of the LTCCP. Those seen posing a moderate and low risk concern:

Influence	Assumption	Risk to LTCCP
<b>1. Assumptions as to the general environment</b>		
1.1 Population	Static	Low
1.2 Central government	Stable framework	Moderate
1.3 Current rating base	16,846	Low
2. Assumptions as to expenditure estimates		
<b>2.1 Asset Management Plans</b>	<b>Reliable</b>	<b>Moderate</b>
2.2 Interest costs	7% p.a. - 7.97%	Moderate
2.3 Depreciation	Adequate	Moderate
2.4 Resource consents	Anticipated	Moderate
2.5 Inflation	Annual increases as tabulated	Moderate
2.6 Asset revaluations	Per inflation rate	Low
<b>3. Assumptions as to funding estimates</b>		
3.1 Investment revenue	Interest 5% p.a.	Moderate
3.2 Rating base	Small Growth	Low
3.3 Funding of renewal expenditure	Depreciation funds generally adequate	Low
3.4 Grants and subsidies	Continue	Low
3.5 Vesting assets	Average 135 lots per year	Low
3.6 Development contributions	Average 135 lots per year	Moderate

The local government industry commissioned the BERL economic forecasting group to prepare some inflation forecasts.

BERL Inflation Forecasts (% P.A.)						
Year	Roading/ Transport	Property/ Reserves and Parks	Water	Energy	Staff	Other
2009/10	3.4	2.7	3.9	3.1	2.7	3.4
2010/11	3.7	3.9	3.4	3.7	3.5	4.5
2011/12	2.8	3.3	3.2	2.4	2.4	2.4
2012/13	2.4	2.6	3.0	2.8	2.7	2.4
2013/14	2.4	2.5	3.1	2.9	2.6	2.3
2014/15	2.4	3.0	3.3	3.3	2.6	2.4
2015/16	2.4	3.1	3.4	3.3	2.6	2.4
2016/17	2.5	2.5	3.3	3.4	3.1	2.4
2017/18	2.4	2.4	3.4	3.4	3.2	2.5
2018/19	2.2	2.3	3.5	3.5	3.1	2.5

## Revised Development Contributions Policy

The District Council in its 2006 - 2016 Ten Year Plan adopted policies for Financial Contributions and Development Contributions. Both policies are proposed to be amended in the 2009 – 2019 Ten Year Plan, particularly the Development Contributions Policy.

Drivers for amendments to the Development Contributions policy have been twofold:

1. Firstly, the Council has since 2006 adopted a Development Plan to guide the future growth of the district. That plan has resulted in consequent amendments to the Asset Management Plans, the District Plan and the Development Contributions Policy.
2. Secondly, since the adoption of the policy in July 2006, there has been an ongoing public debate on the need to review it. In particular, that concern has focused on the impact of the policy on developments on subdivisions created prior to its adoption.

The principal features and amendments to the proposed Development Contributions Policy are as follows.

1. The division of the district into 12 development contribution areas (previously 5).
2. Amendments of the value of development contributions due. This is as a consequence of the review of Development Plan and the Asset Management Plan amendments. The lowest contribution decreases from \$4869 to \$4631 and the highest increases from \$12 050 to \$13 569 (GST excl).
3. The incorporation of improved linkages to provisions required to be considered under the Local Government Act 2002.
4. A reaffirmation of the growth projections used previously.
5. The adoption of a staged exemption policy relating to subdivisions created prior to July 2006. This ranges from a 100% exemption for subdivisions approved before 1 July 2001 and decreases by 20% per annum to no exemption for subdivisions approved on or after 1 July 2006.
6. A proposed refund policy, to current owners, in relation to contributions paid on lots created prior to July 2006 which would otherwise be eligible for exemption under the proposed policy.
7. Clarification of contributions in relation to Commercial developments and granny flats/sleep outs.
8. Clarification of the credits and review procedure.

Consequent amendments to the financial contributions policy have been made to avoid any potential for 'double dipping'.

The proposed graduated exemption for subdivisions approved before July 2006 means that some of the capital expenditure costs arising from growth will devolve upon the general ratepayer. It also means that a portion of anticipated development contributions revenue may not be collected if future development is biased towards exempt sites. This cost to ratepayers is believed to be commensurate with the benefits the district derives from growth.

The full details of the policies and methodology for the Development Contributions policy can be found in Part One of the LTCCP.

## Council's Financial Strategy

Council's financial strategy for the 2009-19 LTCCP is to make maximum use of Fees and charges, while still ensuring that these are set at affordable levels. Council is also proposing to make more use of targeted rates to better match benefits received from services provided with those people who receive the benefit. Targeted rates also enhance transparency and accountability.

Council has recognized the affordability issues facing smaller communities which are in some cases incurring significant infrastructural upgrades to mainly water and sewer networks. Council seeks to address this affordability issue by equalizing the water and sewer rates. This means that all who are connected to these networks will pay the same rate, on the basis of "same service same cost".

Council intends to stay with land value based rates but has dispensed with the Uniform Annual General Charge which has largely been replaced with targeted rates set as fixed sums. Council has also reviewed the existing rating differentials. Rating differentials are to ensure that certain sections of the community pay a set percentage of the rate. Council intends to retain only the rural differential, but applied to farming and other commercial uses in rural areas rather than being purely location based in the past. Council intends to move to the proposed system progressively over the ten years of the LTCCP to enable ratepayers time to adjust to the new system.

Council has a significant capital works programme, especially in water and sewer infrastructural projects which are funded primarily from loan funds. Council uses external debt only after all other funding avenues such as external grants, existing investments (which amounts to internal loan funding) and capital contributions. Council's external debt is currently \$19.5m. This is projected to reach a maximum of \$71m by 30 June 2016 as the capital projects are funded.

In order to keep the level of rate increases to an affordable level Council is not fully funding depreciation. Council has done this without compromising its ability to fund asset renewals from depreciation thus ensuring that the people who benefit from the use of the asset contribute to the eventual replacement of that asset. However, it is intended to progressively increase the level of depreciation funding to be fully funding depreciation (except the Land

Transport Agency portion of Rooding depreciation) by year ten of the LTCCP.

Councils Financial Strategy can be summarised as follows:

- Council is of the view that it has the primary role of providing the infrastructure for the community of the Horowhenua allowing for the infrastructural needs resulting from the growth that is expected to occur
- The Council will use Development Contributions as the primary funding mechanism to fund the growth related costs of infrastructural assets
- Council is looking to fund all other capital expenditure creating new assets using debt. This will ensure that those people that will benefit from the capital asset created will pay for that asset over time
- Council will fund the replacement of existing assets primarily from depreciation reserves created by setting aside funds each year. This ensures that the people who benefit from the use of the asset contribute to the eventual replacement of that asset at the end of its useful life. This ensures future generations are not burdened by the cost of asset renewals
- Council will not fund the subsidised portion of the rooding asset renewals (excluding footpaths and non-subsidised rooding projects) as it is assumed that this subsidy will continue for the foreseeable future
- The Council intends to make more use of user fees and charges as well as targeting rating tools to ensure that the costs of the services are funded primarily by those people who benefit from the service
- Council's operating and capital expenditure levels for each year of the 2009-2019 Long Term Council Community Plan (LTCCP) are based on the level of service standards contained within the Activity Plan for each activity. These standards are set to achieve the community outcomes and to comply with the legislative requirements applying to each activity

## Amendments To Revenue And Financing Policy

There were several changes proposed to the way in which the Council funds some types of expenditures:

Part of the proposed policy change is to remove the current Uniform Annual General Charge ("UAGC") of \$366 that was formally levied on each rating unit and the introduction of various targeted rates to fund rooding and stormwater, library services, representation and governance, swimming pools, solid waste disposal and water supply.

### Targeted Rates For Rooding And Stormwater

This rate funds all Rooding (roads, streets and bridges, footpaths, stormwater drainage)

General rates are levied on land value ("LV"). Land values are assessed every three years, and were last assessed in 2008, which will form the basis of rating from 1 July 2009.

The rooding rate has been separated from the General rate. However, it will be levied in the same way as the General rate. It will be levied on LV which are set differentially, so as to maintain the incidence of the rates between the categories of property.

### Removal of differentials

Council has decided (as part of the Revenue and Financing Policy review) a proposal to dispense with all but the Rural differential. However, in order to lessen the impact of such a change Council is proposing to phase out all other differentials over ten years.

Therefore, in the first year:

- The urban category will contribute \$53.1% (59% 2008/09) of the Rooding rate, and applies to rating units in Levin, Shannon and Foxton.
- The township category will contribute 8.1% (9% 2008/09) of the Rooding rate, and applies to rating units in Waikawa Beach, Manakau, Ohau, Hokio Beach, Waitarere Beach, Foxton Beach and Tokomaru
- A new Rural Residential Category is proposed to be established and will contribute 6% (part of the rural differential in 2008/09) of the Rooding rate, and applies to rating units classified as lifestyle and rural residential

- The rural use category is changed to include only those rating units classified as rural use and will contribute 31% (32% 2008/09 of the Roading rate), and is those rating units that are not included above
- A new District wide differential (which will in five years absorb all but the rural category) to apply to all rating units other than those in the rural category will contribute 1.8% (0% 2008/09) of the Roading rate

#### **Targeted Rates For Library Services**

This is a proposed new targeted rate to fund all Library Services.

This rate is assessed as a fixed charge of \$86.20 for each rateable property across the District. It will be assessed on the basis of the number of separately used or inhabited parts of each rating unit.

#### **Targeted Rates For Representation And Governance**

This is a proposed new targeted rate to fund Representation and Governance costs (council and committees, consultation and advocacy, elections).

This rate is assessed as a fixed charge of \$167.00 for each rateable property across the District. It will be assessed on the basis of the number of separately used or inhabited parts of each rating unit.

#### **Targeted Rates For Swimming Pools**

This is a proposed new targeted rate to fund the cost of operating Council's public swimming pools.

This rate is assessed as a fixed charge of a uniform amount on the basis of the number of separately used or inhabited parts of each rating unit.

For Foxton, Foxton Beach and Levin a differential of 60% of the swimming pool costs. The rate to be assessed on each rateable property within these areas will be \$107.20. For all rating units a differential of 40% of the swimming pool costs. The rate to be assessed on each rateable property within these areas will be \$43.00.

#### **Targeted Rates For Solid Waste Disposal**

This rate funds all solid waste activities including the provision of the landfill, waste transfer stations, waste minimisation initiatives and recycling facilities.

This rate is assessed as a fixed charge of a uniform amount on the basis of the number of separately used or inhabited parts of each rating unit.

For all rating units located in the rural area a differential of 20% of the solid waste costs

For all rating units located in the urban areas a differential of 80% of the solid waste costs

#### **Targeted Rates For Water Supply**

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

Council's proposal is to levy a fixed-sum of \$238.00 rate for all rating connected across the district except for Moutua, Waikawa and Kuku schemes. This rate replaces the individual rates of between \$226.00 and \$612.00 currently levied across each of the five separately rateable water supply schemes within our District. Rating units are proposed to be assessed on the basis of connections or the number of separately used or occupied parts of each rating unit (whichever is the greater). The Foxton Beach charge will be reduced by an allowance to account for the universal metering of Foxton Beach.

The proposal is also to dispense with the fixed-sum rates for unconnected rating units that were formally assessed where the rating unit lies within 100m of the water mains.

In all schemes except Foxton Beach and Moutua, the additional fees for metered supplies are subject to an uncharged allowance of 1 cubic meter per day (approx 90 cubic meters per quarter). A charge of 93c per cubic meter will apply.

#### **Targeted Rates For Water Races**

These rates fund the cost of providing untreated water for stock irrigation in various Waikawa and Kuku (piped supply only) in rural areas.

#### **Targeted Rates For Wastewater Disposal**

This sewer rate fund the cost of providing reticulated wastewater disposal in various communities.

Council's proposal is to levy a fixed-sum rate of \$279.40 for all rating connected across the district. This rate replaces the individual rates of between \$188.00 to \$350.00 currently levied across each of the seven

separately rateable water supply schemes within our District. Rating units are proposed to be assessed on the basis of connections or the number of separately used or occupied parts of each rating unit (whichever is the greater).

The proposal is also to dispense with the fixed-sum rates for unconnected rating units that were formally assessed where the rating unit lies within 30m of the sewer mains.

The existing additional rate on connected rating units in Fairfield and Roslyn Roads, to fund the extension of the sewer main to Roslyn Road will remain.

## Expenditure Proposals

Detailed expenditure programmes for each group of activities are listed in Section 1. Highlights are summarised below. All estimated costs include allowances for inflation throughout the 10 year period.

### Regulatory Services

Environmental, health and safety outcomes will be furthered by a series of reports and reviews:

- State Of Environment reports every 5 years
- A complete review of the District Plan over 2009-2011, the first complete review since it became operative in 1999, and incorporating the 19 changes made since then
- Re-accreditation for issuing building consents under the Building Act 2004

### Parks And Recreation

Social and health outcomes will be furthered by an extensive programme of parks and recreation improvements including:

- Continued development of Playford Park and Donnelly Park that will include upgrading the turf, floodlighting, car parking, toilets and changing rooms.
- Continued development of Holben Parade reserve as a regional playground and an annual improvement budget.
- Reviewing all reserve management plans

### Roading

Safety outcomes will be furthered by continuing annual improvement programmes, focusing on those localities experiencing growth:

- Seal extension, \$1.2m
- Seal widening, \$2.4m
- Bridge widening \$0.5m
- New footpaths \$0.3m
- Stormwater improvements, \$3.0m

The footpath capital programme has been cancelled in year one of the LTCCP (\$29,000) as has seal extensions in year one (\$106,300). The Bridge widening project on Tane Road has been deferred until year 2 of the ten year plan.

Provision has been made for stormwater permits that will be required under the proposed Horizons Regional Council "One Plan".

### Water Supply

Health outcomes will be furthered by a capital works programme to improve:

- water quality (especially in Levin, Shannon and Foxton)
- the capacity of the systems (especially in Levin and Foxton Beach), and
- pressures (especially in Shannon and Foxton Beach)

Provision has been made to investigate the provision of water supplies at Hokio Beach, Waitarere Beach and Manakau, all of which are eligible for substantial Central government subsidies on capital cost.

Shannon and Tokomaru water supplies are scheduled for upgrades to meet drinking water standards taking advantage of government subsidies.

A significant upgrade of the Levin water supply is planned. Levin is not eligible for Central government subsidies because the population base falls outside the eligibility criteria.

### Wastewater Disposal

Environmental outcomes will be furthered by a capital works programme to:

- increase the capacity of treatment plants

- (especially Levin, Waitarere Beach and Foxton Beach)
- planning is ongoing for relocation of the Levin waste water treatment plant. Land acquisition continues to be difficult
- Land disposal options will be investigated for Foxton

### **Solid Waste Management**

Environmental outcomes will be furthered by initiatives under the Waste Management Plan including

- Ongoing development of a Waste Minimisation strategy for the district
- Kerbside recycling enhancement

### **Community Support**

Social and economic outcomes will be furthered by maintaining community support programmes generally at about the same levels of budget allocation as currently.

### **Libraries**

Social and cultural outcomes will be furthered by:

- A new \$2.0m Foxton library planned for 2009/10, and
- A major \$4.5m expansion of the Levin library over 2009-2011, of which \$900k has been expended in 2008/09. Council will contribute up to \$1.5m of the total project cost, the remainder will be externally funded

### **Properties**

Social and economic outcomes will be furthered by maintaining property services and facilities generally at about the same levels as currently. The property programme is notable for:

- The intention to put the Foxton Beach motor camp on the same leasing basis as the Levin and Waitarere camps, whereby Council engages in a long-term lease of the land to an entrepreneurial lessee who develops the facilities at own cost and for own benefit
- A complete review of Council property holdings by 31/12/09, including the identification of surplus properties that may be proceed to disposal

### **Representation and Governance**

Democracy outcomes will be furthered by a range of activities from the every day role of elected representatives, to the consultation involved in the annual plans and LTCCP issues, to triennial elections.

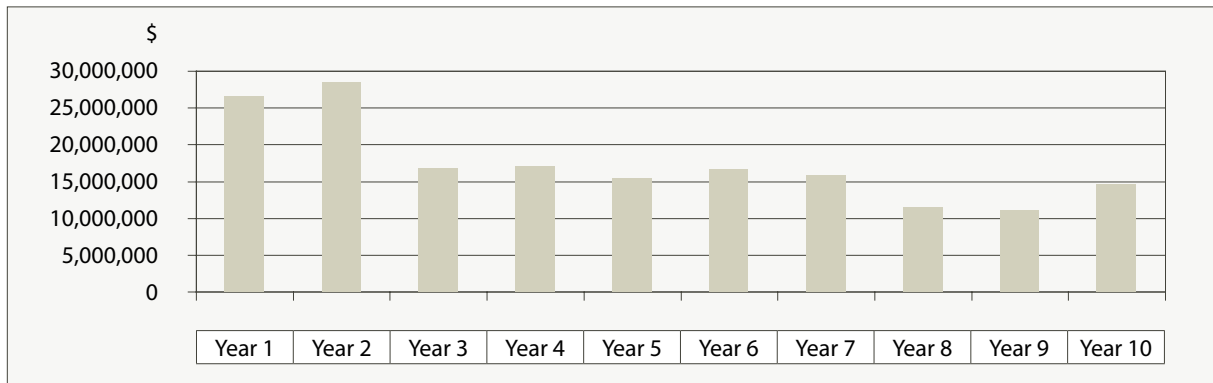
## **Financial Highlights**

Proposals in our LTCCP project an overall rating revenue increase of 3.57% across the District during the 2009/2010 year. The rate projected to be levied is in accordance with our current Revenue and Financing Policy. Council also indicated that it has concerns about the proposal to increase rate in excess of 15% during the 2010/11 financial year and as such, has requested that a review be undertaken of the activities and projects that are contributing to this increase, with a view to questioning the need or priority associated with these projects. Particular reference has been made to the Levin Water Scheme, the proposed relocation of the Levin Wastewater Scheme, Library operational costs, Foxton Wastewater, Shannon Wastewater, and Levin Landfill.

Council has this year proposed the first significant changes to its Rating Policy since 1996, reflecting a move away from general rates with a direction towards user-pay charges. As the Mayor has indicated in his Foreword to this document, Council is proposing to undertake a view of its Rating Policies over the next 12 months. It would be reasonable to assume that this theme will be continued through that proposed rating review.

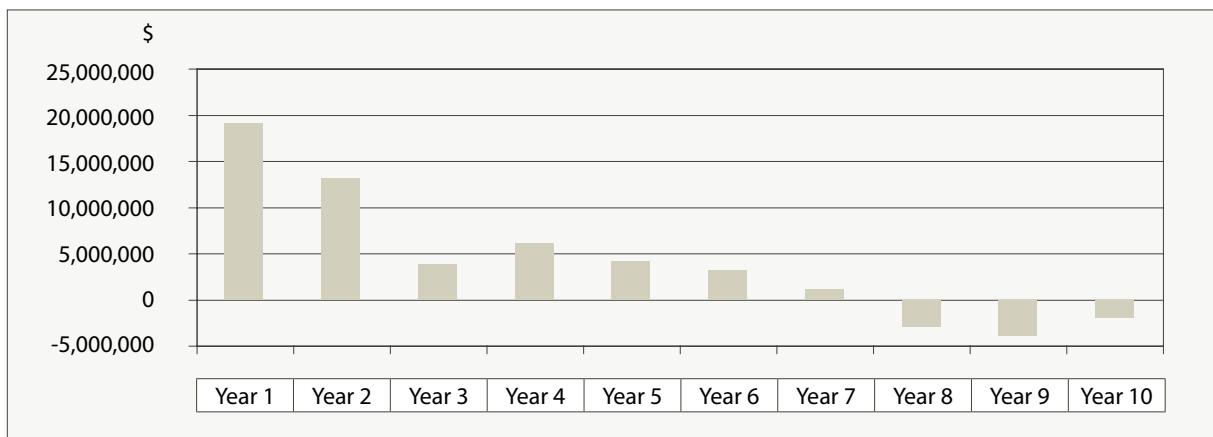
The financial statements make provision for a significant programme of capital expenditure that keeps the area progressing and enables us to service growth, as shown in the following graph:

## Annual Capital Expenditure



Most of the capital expenditure is planned to be financed from loans.

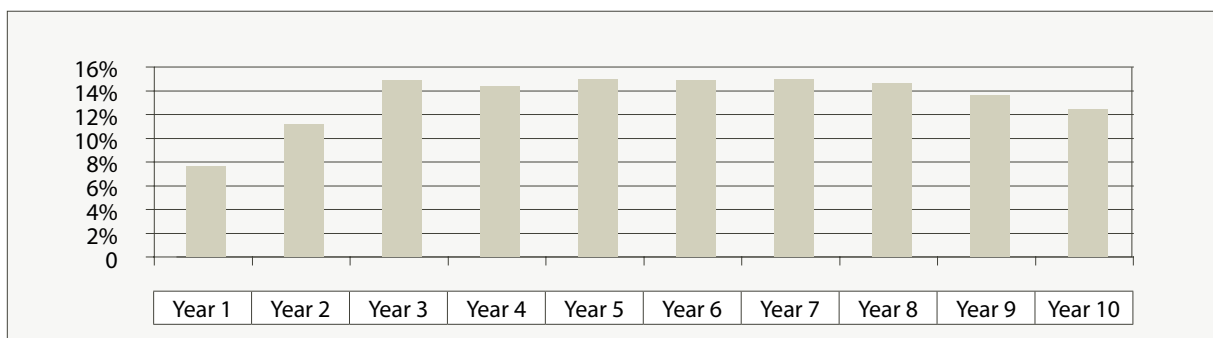
## Long Term Borrowing



At its height, our external debt will total \$71m (2015/16), which is very high compared to historical levels of debt. However, it is still considered to be a prudent level of debt, still within the policy that interest costs shall not exceed 20% of rates. The projected loans and interest costs are

lower than shown in the previous LTCCP, reflecting some changes to capital works (including deferrals at higher inflation-adjusted costs) and the reduced loans made possible by development contributions.

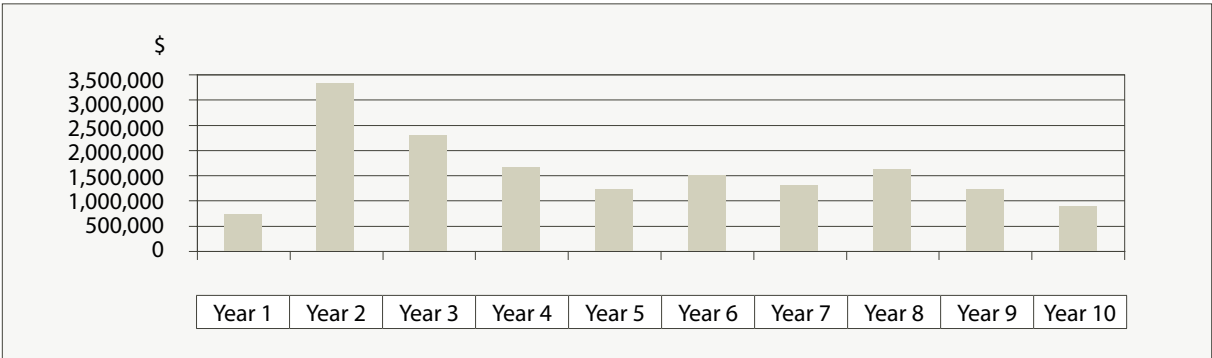
## Interest Costs as a % of Rates



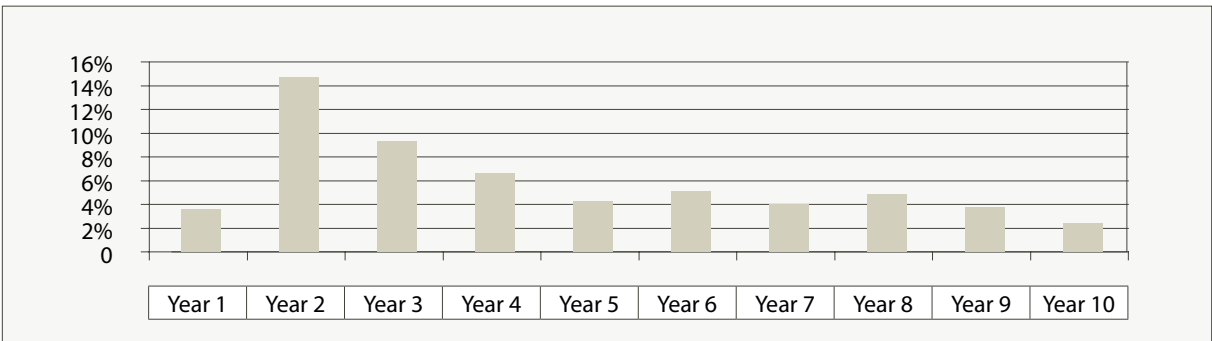
As noted above in relation to forecasting assumptions, refer to the BERL Inflation Forecasts shown on Page 11 of this document.

The overall annual average increases in total rates (including those allowances for inflation throughout the 10 years) are projected to be:

### Annual Increase in Total Rate Revenue Required Including Allowances for Inflation



### Percentage Annual Increase in Total Rates Revenue Required Including Allowances for Inflation



The varying increases (and decreases) on individual properties for 2009/10 are shown immediately after this overview. Actual increases in rates for the first year 2009/10 will vary between ratepayers because of:

- Changes in property valuations
- The effect of the new targeted rates set as uniform charges for Library Services, Representation and Governance, and Swimming Pools
- The fact that a UGAC is no longer to be levied
- The proposal to equalise the rates for Water and Wastewater
- The impact of the phasing out of differentials over a five year period

## Economic Recession

At the time of preparing this Ten Year Plan, there was considerable publicity about the impacts of the widespread economic recession affecting economies and financial markets around the world.

In developing this Ten Year plan, the Council has made a number of changes to its planned capital works and operational expenditure plans in an attempt to reduce its rating requirements in the short term. Our rating requirements have, however, also been influenced by a number of factors beyond our control (e.g. oil prices and external inflation) and the flow-on impacts of the significant capital works programme that we have completed in recent years.

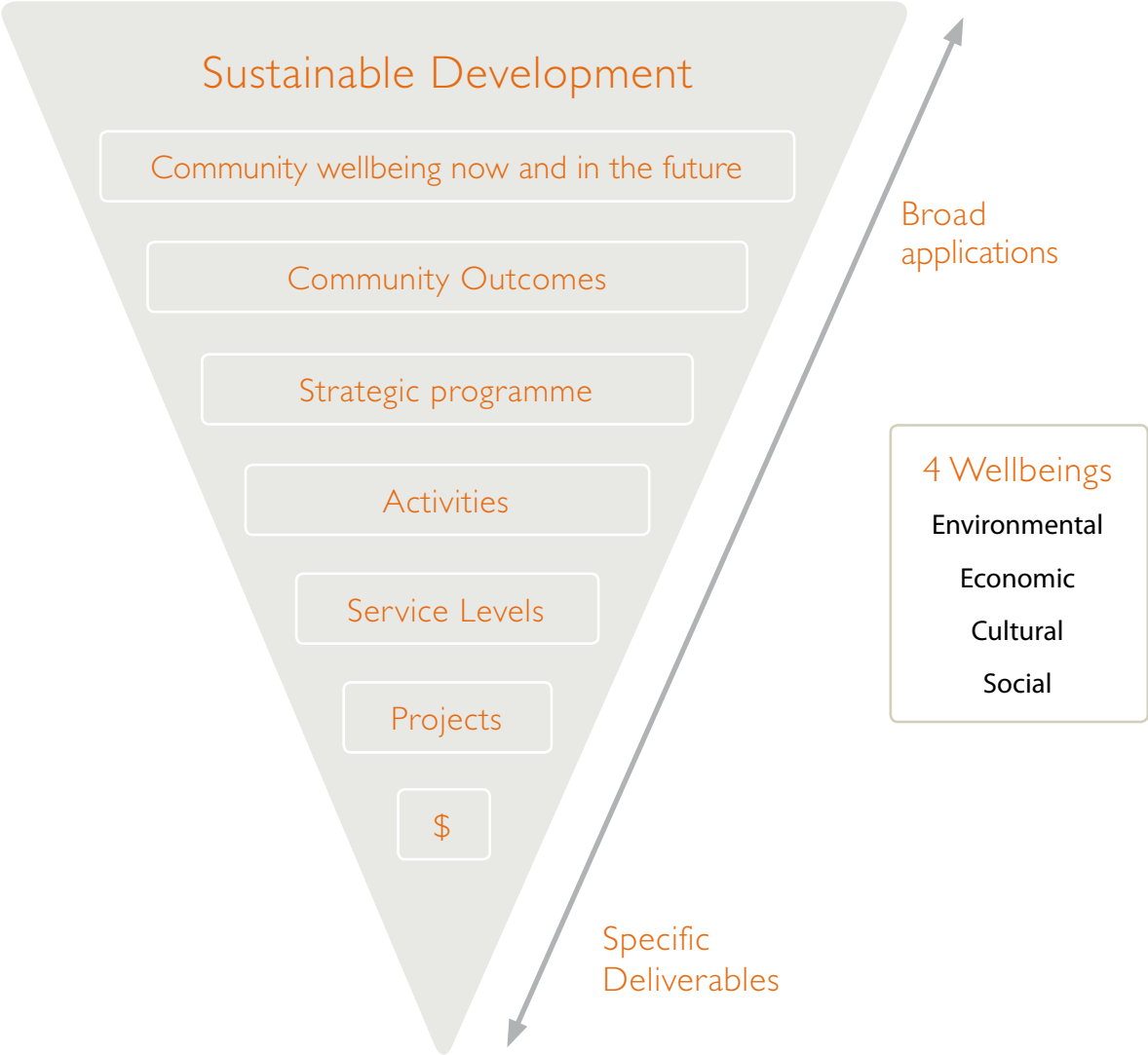
In making these changes, the Council has attempted to achieve a balance between reducing rating pressures and continuing the work that is needed to ensure that we can cope with the pressures that will inevitably come when the economy recovers. In this regard, it is noted that there are generally long lead in times associated with the development of many of the Council's infrastructure assets (e.g. water and wastewater) As a result we need to adopt a long term horizon in planning for the delivery of these services.

## Setting Council's direction

In deciding what services it intends to deliver and how we will pay for them, the Council needs to consider a number of things. We have to think about the wellbeing of our communities – economically, cultural, environmentally and socially.

We also have to think about the long term. This is called taking a sustainable development approach.

In planning our works programme for this period we have taken a sustainable development approach that starts with broad aspirations and uses a “filtering” process to define the specific things that we will provide and how they will be paid for.



## Growth

Over the past three years, Council has sought to provide greater leadership about the nature and location of growth, moving from a reactive to a proactive approach to growth management of the district.

The Horowhenua Development Plan adopted by Council in 2008 takes a pragmatic view of Council's role in managing development growth of the District based on three assumptions:

- that there will continue to be development in the district;
- that Council has responsibilities to take action in respect of managing development;
- that there is a community expectation that Council will take an integrated and proactive approach to managing development.

The purpose of the Horowhenua Development Plan is to establish clear effective direction for the management of the district's growth over time so that:

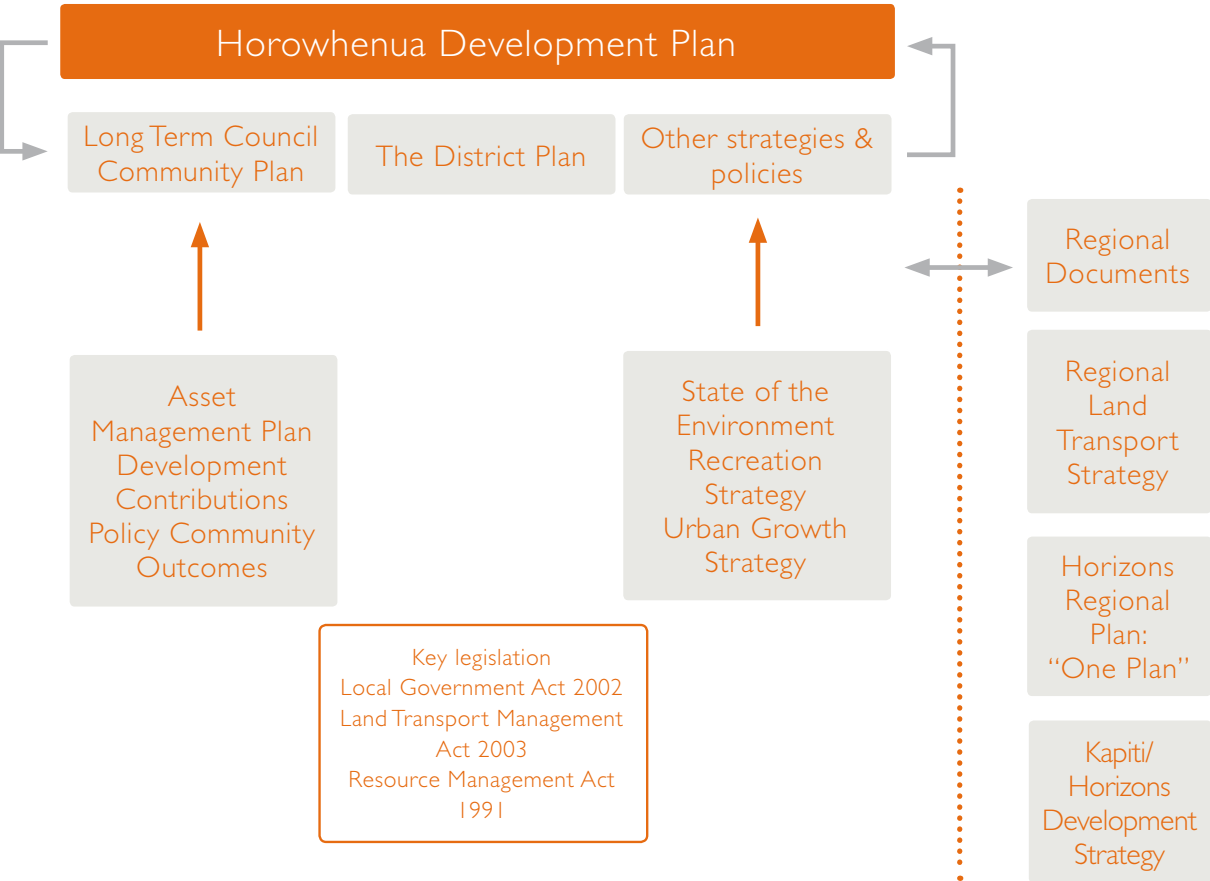
- Council demonstrates leadership on growth management on behalf of the community;
- There is a strategy for the development of existing settlements, new subdivisions and the rural environment;
- Infrastructure is provided in an efficient, affordable, and timely manner;
- The social cohesion and cultural diversity of communities are strengthened;
- The quality of the natural and built environments is maintained and improved;
- The economy is sustained and encouraged to thrive.

The Development Plan will be used by Council to guide further planning to manage growth. That planning will involve a range of strategies, policies, and plans developed under the Local Government Act 2002, Land Transport Management Act 2003, and Resource Management Act 1991. The Plan will also inform Council's partnerships with other key agencies, organisations and central government.

# Relationship to Other Strategies and Plans

The following diagram outlines the relationships between the Development Plan, other Council and Regional strategies and plans, and relevant legislation. In essence, the Development Plan provides strategic planning direction at the local level. In a regional and national sense, the Plan could be used as an advocacy tool to influence planning and decision making as it relates to the district.

Over the past two years the Council has placed considerable focus on the development of infrastructure to meet the needs to growth and ensure that we can deliver, for our existing communities, services that meeting today’s environmental standards. The development of the Levin Water and Wastewater plants are an example of this focus. The ten year LTCCP reflects the planned infrastructure development to meet growth expectations.



The Horowhenua Development Plan is needed to provide the overall direction and coordination so that all of these elements are considered in an integrated manner.

The Horowhenua Development Plan will inform the people of the Horowhenua, as well as others with an interest in the district, about the degree of change they can expect to see over time in any particular area and within the wider district.

It will provide greater certainty to the development sector and infrastructure providers so that strategic decisions regarding the timing, funding, and provision of infrastructure can be made with confidence.

It will give people making decisions about location for investment (i.e. should I start a business in Horowhenua or some other place?), future living environment choice (i.e. should I move to Horowhenua or some other place?), a basis to understand the opportunities offered in the district.

Council has made every effort to be sure that its programmes anticipate the growth, and has:

- increased expenditure in stormwater, water and waste disposal
- increased the budget allocation for the review of the District Plan
- revised the 2006 development contributions policy to place more of the financial cost of growth onto developers.

## LTCCP Consultation

Council's LTCCP document was released for public consultation on 22 April 2009. A summary of the document was delivered to all 17,400 rateable properties within our District.

In our consultation process Council presented its Draft LTCCP proposals to eight community meetings across the District, all of which were very well attended. It was obvious at these meetings that attendees had taken time to read the information that Council had prepared and circulated.

Council received 456 submissions to its Draft LTCCP. Hearing and deliberation meetings were held through June 2009. The key changes that were adopted by Council during the deliberation meetings were to extend the transition period for differentials from the proposed period of five years to a ten year period. Further, Council resolved to proceed with a further extensive rating review during the early part of the 2009/10 financial year.

## Conclusion

The process to develop and adopt Council's 2009 - 2019 LTCCP has been extensive. The process commenced not long after the 2006 Ten Year Plan was adopted by the previous Council with a review of projects, activities priorities and funding. There was significant community input via, for example, community surveys, focus groups and consultation on some of the individual policy documents to the document which was subsequently adopted.

The work that has gone into preparing this document is a reflection of the many challenging issues facing the district. In developing this Ten Year Plan the Council has looked to allocate funding to the strategic priorities that have been identified by the community.

Having undertaken a wide-ranging consultative consultation and deliberation process, now is the time to reflect and ask a number of questions, including:

Have we achieved the right balance between meeting the needs of today's generation versus the future?

Have we allocated the available funding to the right activities?

Do we have the balance right between the provision of new infrastructure and other activities such as economic development, and planning for the future?

Have we adequately recognised the financial impacts that rating increases can have on our community or do we need to reduce our expenditure further?

Or have we reduced expenditure too much in year one, deferring the inevitable rate increases to maintain current levels of service for future years?

Has Council got the way we calculate rates correct, or do you have alternative suggestions on how we should fund the various activities of Council?

This review will consider the impact of these projects on our rating system. It will consider issues such as Capital Value rating versus Land Rating and will consider the impact of differentials in relation to levels of service. Issues raised in submissions to the Draft 2009-2019 LTCCP will be used as the catalyst to these discussions. Council will engage in full community consultation through this process.

We would expect there would be a range of answers to these questions. And that is the challenge to this and every local authority throughout the country - to continue to challenge ourselves. To continue to consult, to continue to communicate. Rating is not an exact science, there is never a right time to introduce changes, fairness and equity mean different things to individuals and organisation. We do, however, believe that what is contained in this document is a fair plan, to help Council lead the way through the 2009-2019 period, and to acknowledge challenges in front of us.

David Ward  
Chief Executive





## Indicative 2009/10 Rates on selected Properties

Locality	Old Land Value \$	New Land Value \$	Indicative 2009/10					
			General \$	Roading \$	Library \$	Rep & Gov \$	Pools \$	Solid \$
Hokio Bch	40,000	80,000	106	79	86	167	43	55
Waikawa Bch	144,000	185,000	244	183	86	167	43	55
Waikawa Bch	220,000	285,000	376	282	86	167	43	55
Ohau	108,000	146,000	193	144	86	167	43	55
Manakau	175,000	220,000	290	217	86	167	43	55
Waitarere Bch	74,000	91,000	120	90	86	167	43	55
Waitarere Bch	105,000	127,000	168	126	86	167	43	55
Waitarere Bch	295,000	345,000	455	341	86	167	43	55
Foxton Bch	54,000	88,000	116	87	86	167	150	55
Foxton Bch	72,000	109,000	144	108	86	167	150	55
Foxton Bch	245,000	315,000	416	311	86	167	150	55
Tokomaru	26,000	62,000	82	61	86	167	43	55
Tokomaru	36,000	84,000	111	83	86	167	43	55
Rural	100,000	145,000	138	103	86	167	43	41
Rural	425,000	510,000	485	363	86	167	43	41
Rural	850,000	1,200,000	1,141	855	86	167	43	41
Rural	1,700,000	2,400,000	2,281	1,709	86	167	43	41
Rural	2,375,000	2,850,000	2,709	2,030	86	167	43	41
Rural	3,400,000	3,400,000	3,232	2,421	86	167	43	41
Rural Residential	190,000	265,000	310	232	86	167	43	41
Rural Residential	385,000	520,000	608	456	86	167	43	41
Levin	27,000	41,000	160	120	86	167	150	55
Levin	45,000	70,000	273	205	86	167	150	55
Levin	75,000	95,000	371	278	86	167	150	55
Levin	93,000	113,000	441	330	86	167	150	55
Levin	210,000	210,000	819	614	86	167	150	55
Levin	270,000	240,000	936	701	86	167	150	55
Foxton	18,000	44,000	172	129	86	167	150	55
Foxton	27,000	61,000	238	178	86	167	150	55
Foxton	45,000	96,000	374	281	86	167	150	55
Shannon	8,000	40,000	156	117	86	167	43	55
Shannon	20,000	72,000	281	210	86	167	43	55
Shannon	15,000	59,000	230	172	86	167	43	55

Indicative 2009/10			Previous Year					Increase	
Water \$	Sewer \$	Total \$	General \$	Solid \$	Water \$	Sewer \$	Total \$	\$	%
-	-	536	400	86	-	-	486	50	10.3%
-	-	778	489	86	-	-	575	203	35.3%
-	-	1,009	555	86	-	-	641	368	57.4%
238	-	926	459	86	226	-	771	155	20.1%
-	-	859	516	86	-	-	602	257	42.7%
-	279	841	429	86	-	188	703	138	19.6%
-	279	924	456	86	-	188	730	194	26.5%
-	279	1,427	619	86	-	188	893	534	59.8%
162	279	1,103	412	86	177	222	897	206	22.9%
162	279	1,151	428	86	177	222	913	238	26.1%
162	279	1,627	576	86	177	222	1,061	566	53.3%
238	279	1,012	388	86	612	420	1,506	(494)	-32.8%
238	279	1,062	397	86	612	447	1,542	(480)	-31.1%
-	-	578	561	70	-	-	631	(53)	-8.4%
-	-	1,185	1,197	70	-	-	1,267	(82)	-6.5%
-	-	2,332	2,027	70	-	-	2,097	235	11.2%
-	-	4,328	3,688	70	-	-	3,758	570	15.2%
-	-	5,076	5,007	70	-	-	5,077	(1)	0.0%
-	-	5,990	7,010	70	-	-	7,080	(1,090)	-15.4%
238	-	1,117	737	70	226	-	1,033	84	8.2%
238	-	1,639	1,118	70	226	-	1,414	225	15.9%
238	279	1,255	618	86	226	286	1,216	39	3.2%
238	279	1,453	785	86	226	290	1,387	66	4.8%
238	279	1,624	1,065	86	226	297	1,674	(50)	-3.0%
238	279	1,747	1,232	86	226	300	1,844	(97)	-5.3%
238	279	2,408	2,322	86	226	326	2,960	(552)	-18.6%
238	279	2,613	2,881	86	226	339	3,532	(919)	-26.0%
238	279	1,276	534	86	287	354	1,261	15	1.2%
238	279	1,392	618	86	300	388	1,392	(0)	0.0%
238	279	1,631	785	86	325	457	1,653	(22)	-1.4%
238	279	1,141	441	86	422	216	1,165	(24)	-2.0%
238	279	1,360	552	86	422	216	1,276	84	6.6%
238	279	1,271	506	86	422	216	1,230	41	3.3%

