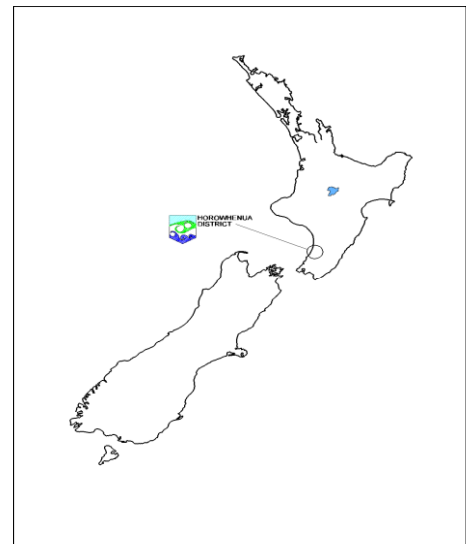
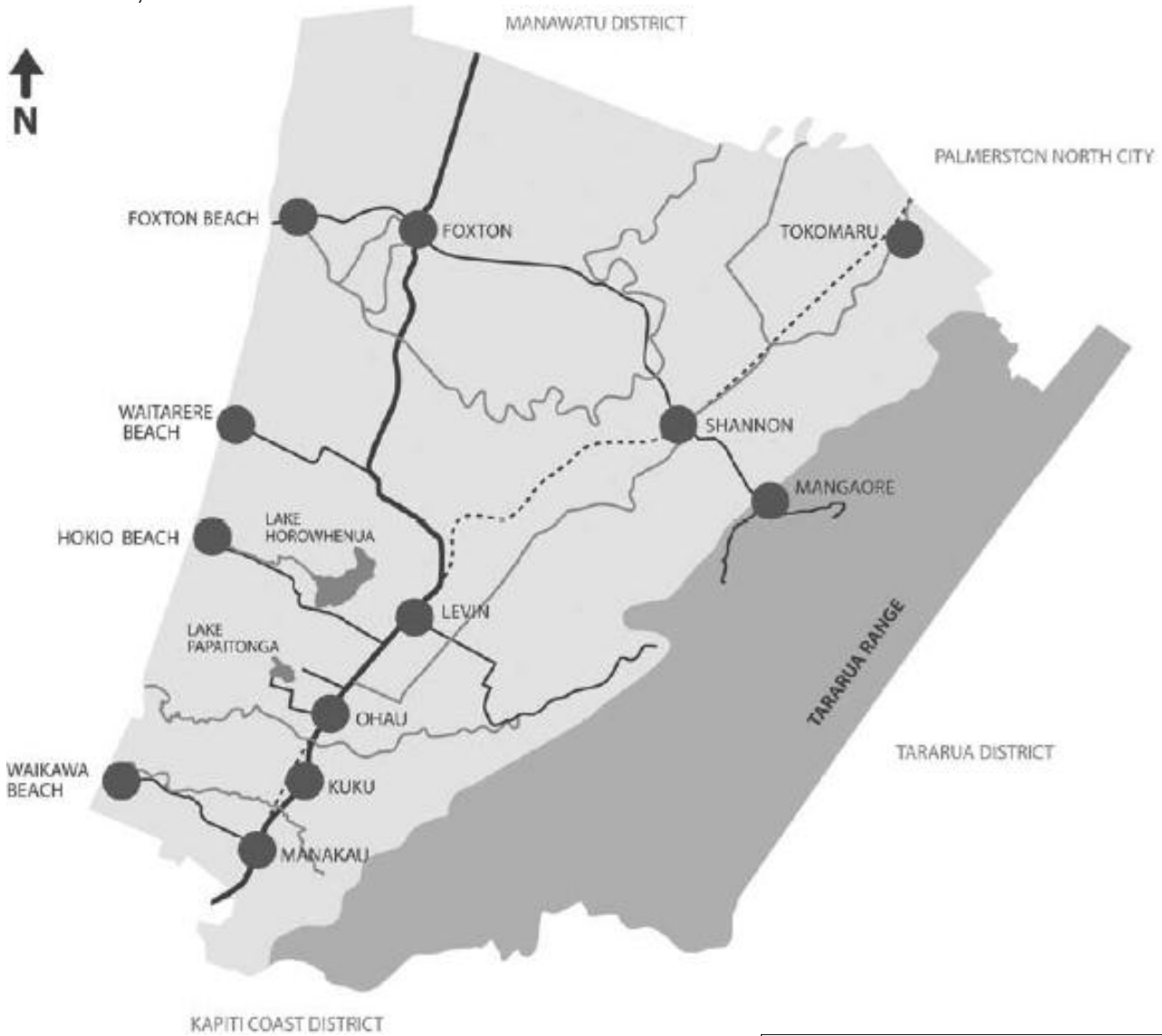


Horowhenua District Council  
**Annual Report**  
2013-2014



## WELCOME TO HOROWHENUA

The Horowhenua District is located near the southern end of the North Island of New Zealand, 100km north of the capital city Wellington along State Highway 1 and the main trunk railway. The District has a population of 30,000 and an area of 106 square km. The climate provides 1,880 sunshine hours per year (22 degrees in summer and 17 degrees in winter) and an average annual rainfall of 1,120mm.



# Contents

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|   |            |
|---|------------|
| <b>SECTION A: SUMMARY</b>   |            |
| Vision Statement.....   | 5          |
| Introduction from the Mayor and Chief Executive.....  | 6          |
| <b>SECTION B: FINANCIAL STATEMENTS</b>  | <b>10</b>  |
| Audit Report.....   | 11         |
| Statement Of Compliance.....  | 16         |
| Consolidated Statement of Comprehensive Income.....   | 17         |
| Consolidated Statement of Changes in Ratepayers' Equity.....  | 19         |
| Consolidated Statement of Financial Position.....   | 20         |
| Consolidated Statement of Cash Flows.....   | 22         |
| Funding Impact Statement (Whole of Council).....  | 24         |
| Reconciliation between Funding Impact Statement (Whole of Council) and the Statement of Comprehensive Income..... | 25         |
| Reserve Funds.....  | 26         |
| Council Significant Interest in other Entities.....   | 32         |
| Notes to the Financial Statements.....  | 36         |
| Benchmarks Disclosure statement.....  | 67         |
| Accounting Policies.....  | 76         |
| <b>SECTION C: SIGNIFICANT ACTIVITIES, SERVICE PERFORMANCE, AND ACTIVITY FUNDING IMPACT STATEMENTS</b>             | <b>93</b>  |
| Environmental Services.....   | 95         |
| Parks and Recreation.....   | 106        |
| Roading.....  | 113        |
| Stormwater.....   | 120        |
| Water Supply.....   | 126        |
| Wastewater Disposal.....  | 134        |
| Solid Waste Management.....   | 142        |
| Community Support.....  | 149        |
| Properties.....   | 157        |
| Representation and Governance.....  | 164        |
| Report On Contribution of Māori to Decision Making.....   | 169        |
| <b>SECTION D: APPENDICES</b>  | <b>171</b> |
| Governance Personnel.....   | 172        |
| Management Structure and Personnel.....   | 175        |
| Directory and Contacts.....   | 176        |
| Glossary.....   | 177        |
| Statistics.....   | 179        |

# SECTION A: SUMMARY

Section A sets the scene for the annual report by setting out some of the highlights of the year.

## **Introduction from the Mayor and Chief Executive**

His Worship the Mayor, Brendan Duffy, and the Chief Executive Officer, David Clapperton, highlight some of the big issues and review the year, commenting on the finances and achievements of the Council during the year.

## Vision Statement

---

**“To make Horowhenua the best  
rural lifestyle district in  
New Zealand”**



# Introduction from the Mayor and Chief Executive

The financial year ending 30 June 2014 has seen a continuation of Council achievements in providing a range of services within the Horowhenua District. The Annual Report contains considerable financial and non-financial information that indicates a significantly improved financial result for the year and the completion of several major water infrastructure renewal projects.

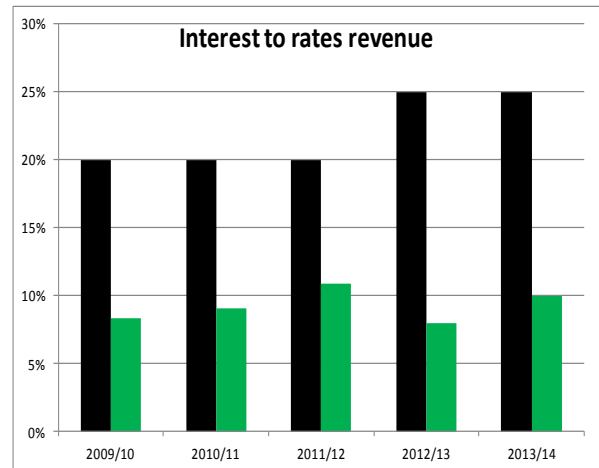
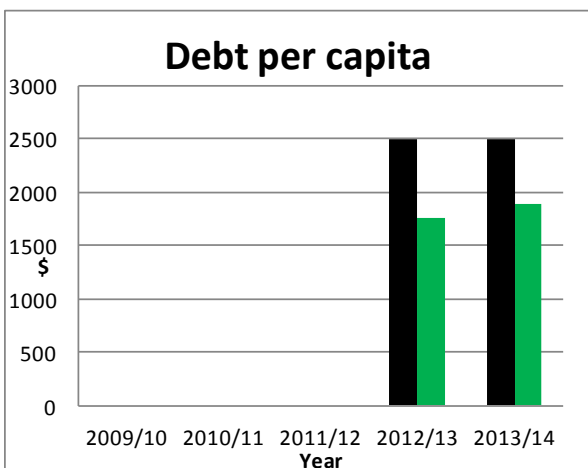
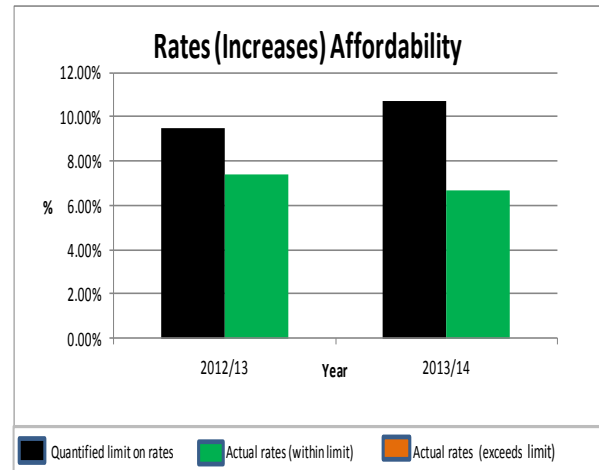
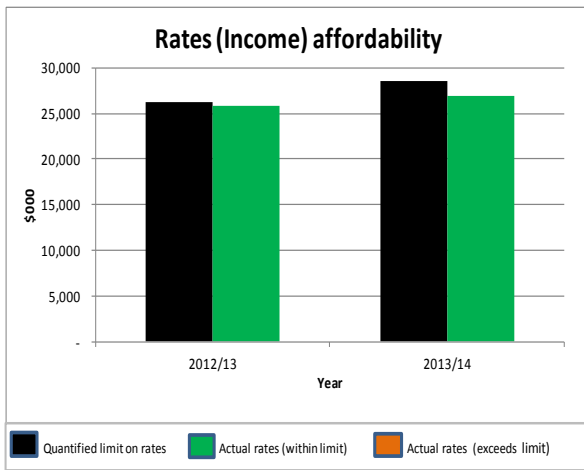
## Financial Performance

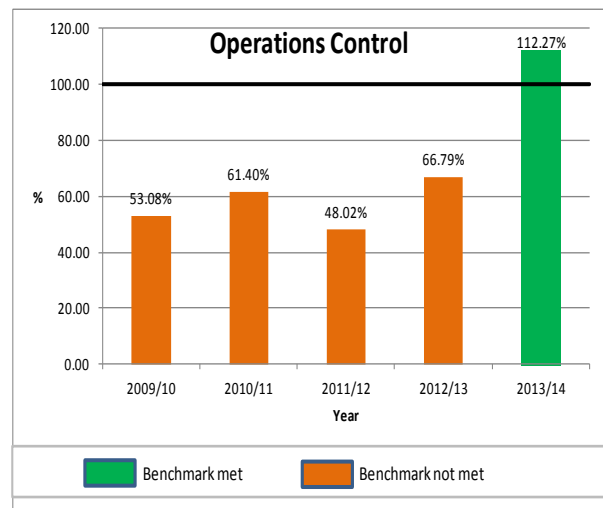
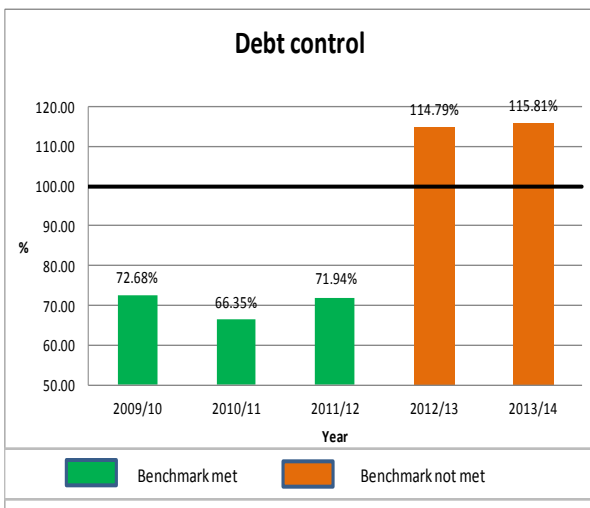
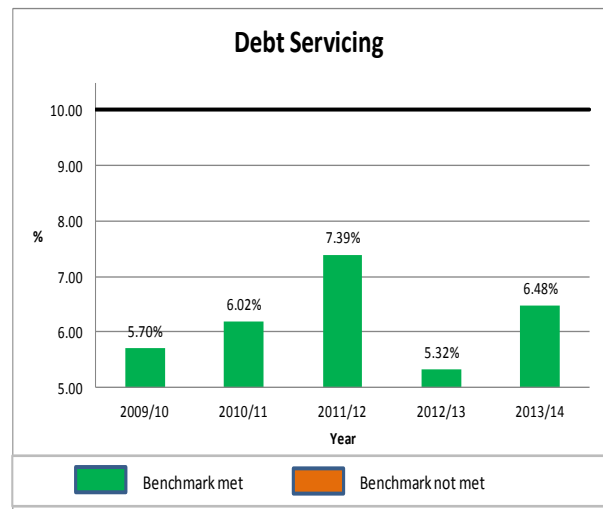
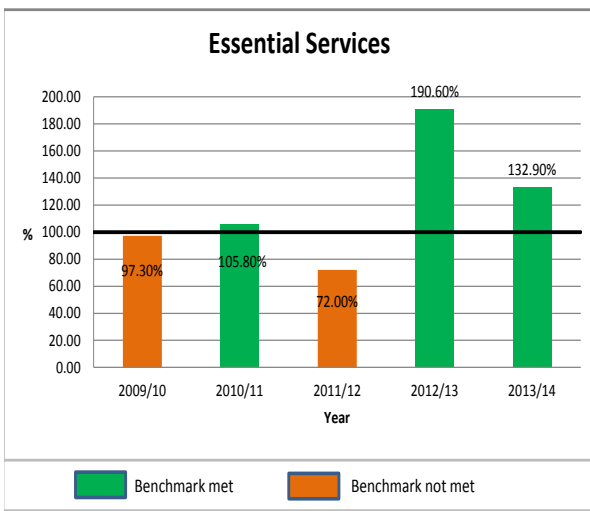
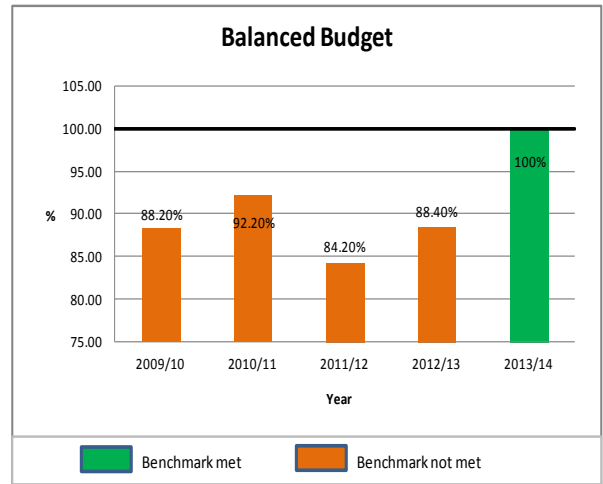
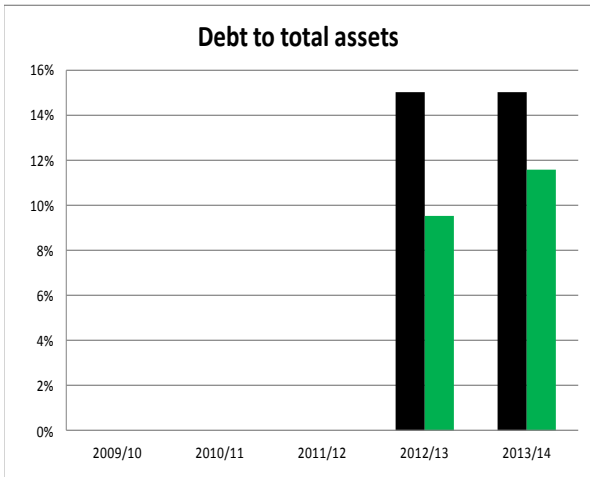
### Benchmarks

As a result of legislative changes in 2014, Council is now required to disclose its financial performance in relation to rates and debt affordability, balanced budget, essential services, debt servicing, debt control and operations control.

Council is pleased that each self-imposed target or benchmark and those prescribed in legislation have been met. The most significant achievement is that of Council achieving a balanced budget for the 2013/14 year.

Graphs detailing Council's performance against each benchmark follow - but for a complete explanation of the data in the graphs the Benchmarks Disclosure Statement on Pages 67-75 should be read.





There have been a considerable number of achievements in the year that we are extremely proud to report on:

### *District Plan Review*

The proposed District Plan was adopted by Council prior to the October 2013 Local Government election. There were only four appeals to the proposed District Plan, which is a significant achievement that followed an extensive consultative process during the District Plan review.

### *Parks and Recreation Activity*

The Foxton Cemetery land development and resurfacing of the netball courts at Donnelly Park in Levin were completed within budget during the financial year.

### *Shannon Water Treatment Plan Upgrade*

The new Shannon water treatment plant was officially opened on Monday 17 March 2014. The \$3.39M project was assisted by a \$2.13M capital works assistance subsidy from the Ministry of Health. A 12 month period of water quality monitoring is expected to result in a water grading of 'A', up from the current 'E' grading.

### *Foxton and Foxton Beach Water Treatment Plants*

Both the Foxton and Foxton Beach water treatment plant upgrades were successfully completed during the year. A 12 month period of water quality monitoring should also result in an 'A' grading for both supplies.

### *Wastewater*

The replacement pipeline to 'The Pot' from the Levin Wastewater Treatment Plant was completed during the year.

Consultation with a range of stakeholders regarding solutions to the disposal of treated effluent from the Shannon wastewater treatment plant continued during the year. By the end of 2014 we hope to have received Environment Court agreement to consent conditions, this being to dispose of treated effluent to land on Velvaleen farm, this will be on a trial basis.

Consultation on proposed options for effluent disposal for Foxton commenced during the 2014 year.

### *Levin Landfill*

The construction of Stage Three of the Levin Landfill was successfully completed during the year.

### *Te Awahou Nieuwe Stroom*

Council purchased the old Mitre 10 building in Foxton for the proposed development of a multi-purpose community and tourist facility. Work on this project continues.

### *Te Waioira Community Health Service*

Council made a significant contribution to the development of the new Foxton community health service through the sale of the land on Lady's Mile.



*Local Government Elections*

The Local Government elections were successfully held in October 2013 resulting in the election of six new Councillors to Council and two new members to the Foxton Community Board.

We would sincerely like to thank Councillors, Foxton Community Board members and Council staff for their support during the financial year and the commitment they continue to give to the Horowhenua District.



**Brendan Duffy, JP**  
**District Mayor**



**David Clapperton**  
**Chief Executive Officer**

# SECTION B: FINANCIAL STATEMENTS

Section B provides information on the financial outcomes for the year ended 30 June 2014.

## **Audit Report**

This is a report from the Council's Auditors outlining the scope of the audit and their Audit Opinion.

## **Statement of Compliance and Responsibility**

Confirmation from Senior Council officials that Council's systems comply with statutory requirements and that Council accepts responsibility for the information in the annual report.

## **Consolidated Statement of Comprehensive Income**

Effectively a Profit and Loss Statement, this shows the summarised operating revenues and operating costs of the Council in 2013/14, and the operating surplus.

## **Consolidated Statement of Movements in Ratepayers' Equity**

This shows the sources of the movement in the net worth of the Council during 2013/14 (primarily the net surplus and changes to asset valuations).

## **Consolidated Statement of Financial Position**

Also known as the Balance Sheet, this shows the financial position of the Council as at 30 June 2014. It summarises what the Council owns (its assets) and what the Council owes (its liabilities). The equity of the Council is the difference between the two, and represents the net community ownership.

## **Consolidated Statement of Cash Flows**

This shows the source of the movements in and out of Council's cash and bank resources during 2013/14.

## **Funding Impact Statement**

This shows the Council's operating and capital funding received and how it was applied during 2013/14.

## **Accounting Policies**

These set out the accounting policies that the Financial Statements are based on, covering such matters as: when revenue is recognised, what depreciation rates are used and how assets are valued. These Policies reflect generally accepted accounting practice.

## **Notes to the Accounts**

The notes to the accounts are a series of notes that are referred to in the main body of the Financial Statements. The notes give further details on the numbers given in the accounts. The importance of these numbers should not be underestimated.

# Audit Report

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## Independent Auditor's Report

### To the readers of Horowhenua District Council and group's annual report for the year ended 30 June 2014

The Auditor-General is the auditor of Horowhenua District Council (the District Council) and group. The Auditor-General has appointed me, Phil Kennerley, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2014 on page 20;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 17, 19 and 22;
  - the funding impact statement of the District Council on page 24;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 102 to 165; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 36 to 66 and pages 76 to 92;
- the statements of service provision (referred to as statements of service performance) of the District Council and the funding impact statements in relation to each group of activities of the District Council on pages 93 to 168; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 67 to 75.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on pages 93 to 168;
  - council-controlled organisations on pages 32 to 35;
  - reserve funds on pages 26 to 31;
  - each group of activities carried out by the District Council on pages 93 to 168;

- remuneration paid to the elected members and certain employees of the District Council on pages 56 to 57;
- employee staffing levels and remuneration on page 57;
- severance payments on page 58;
- rating base units on page 37; and
- insurance of assets on page 66.
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Māori to contribute to the Council's decision-making processes on pages 169 to 170; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 16.

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council and group on pages 17 to 31 and pages 36 to 66:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2014; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 24 fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 102 to 165, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statements of service performance of the District Council on pages 93 to 168:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:

- . the levels of service as measured against the intended levels of service adopted in the long-term plan; and
  - . the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 93 to 168 fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 67 to 75 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

## **Compliance with the other requirements of schedule 10**

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 29 October 2014. This is the date at which our opinion is expressed.

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

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statements of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;

- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statements of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result, we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

## Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statements of service performance that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;

- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## **Independence**

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, we have no relationship with, or interests in, the District Council or any of its subsidiaries.



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

# Statement of Compliance

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Horowhenua District Council hereby confirms that all statutory requirements relating to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.



**Brendan Duffy, JP**  
**District Mayor**  
29 October 2014



**David Clapperton**  
**Chief Executive Officer**  
29 October 2014



# Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

|   |          | Council                            | Council                            | Council                            | Group                              | Group                              |
|---|----------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | Note     | Actual \$<br>30 June 2014<br>\$000 | Budget \$<br>30 June 2014<br>\$000 | Actual \$<br>30 June 2013<br>\$000 | Actual \$<br>30 June 2014<br>\$000 | Actual \$<br>30 June 2013<br>\$000 |
| <b>Revenue</b>  |          |                                    |                                    |                                    |                                    |                                    |
| Rates, excluding targeted water rates                                   | 1        | 27,494                             | 27,434                             | 26,692                             | 27,494                             | 25,840                             |
| Finance Income  | 2a       | 175                                | 99                                 | 89                                 | 192                                | 109                                |
| Grants and Subsidies  | 2b       | 5,325                              | 3,412                              | 2,784                              | 5,325                              | 2,784                              |
| Fees, charges and targeted rates for water supply                       | 2c       | 6,131                              | 6,195                              | 5,176                              | 6,535                              | 6,467                              |
| Other Income  | 2d       | 2,934                              | 2,630                              | 3,780                              | 2,934                              | 4,257                              |
| Vested Assets   | 2e       | 296                                | 1,281                              | 690                                | 296                                | 690                                |
| Development Contributions   | 2f       | 516                                | 1,366                              | 784                                | 516                                | 784                                |
| Gain (loss) at fair value (Forestry)                                    | 3,13     | 45                                 | -                                  | 41                                 | 45                                 | 41                                 |
| Gain on Commercial Land and Buildings revaluations                      | 3        | -                                  | 141                                | -                                  | -                                  | -                                  |
| Fair Value Revaluation Gain -Financial assets                           |          | -                                  | -                                  | -                                  | -                                  | -                                  |
| Gain on disposal of assets  | 3        | 383                                | 474                                | 164                                | 383                                | 164                                |
| <b>Total Income</b>   |          | <b>43,299</b>                      | <b>43,032</b>                      | <b>40,200</b>                      | <b>43,721</b>                      | <b>41,136</b>                      |
| <b>Expenditure</b>  |          |                                    |                                    |                                    |                                    |                                    |
| Employee benefit expenses   | 4        | 7,954                              | 8,464                              | 7,482                              | 9,364                              | 8,926                              |
| Depreciation and amortisation   | 11,12,34 | 10,708                             | 11,575                             | 11,541                             | 10,886                             | 11,711                             |
| Finance costs   | 6        | 2,751                              | 2,901                              | 2,057                              | 2,751                              | 2,054                              |
| Loss on disposal of assets  | 3        | 96                                 | -                                  | 135                                | 96                                 | 135                                |
| Loss on Commercial Land and Buildings revaluations                      | 3        | 280                                | -                                  | 28                                 | 280                                | 28                                 |
| Present Value for Community Loans                                       | 3        | 16                                 | -                                  | -                                  | 16                                 | -                                  |
| Increase(decrease) in Landfill Provision                                | 17       | 240                                | -                                  | 64                                 | 240                                | 64                                 |
| Other Expenses  | 5        | 20,509                             | 20,620                             | 22,317                             | 19,405                             | 21,092                             |
| <b>Total Expenses</b>   |          | <b>42,554</b>                      | <b>43,560</b>                      | <b>43,624</b>                      | <b>43,038</b>                      | <b>44,010</b>                      |
| <b>Operating Surplus / (deficit) before taxation</b>                    |          | <b>745</b>                         | <b>(528)</b>                       | <b>(3,424)</b>                     | <b>683</b>                         | <b>(2,874)</b>                     |
| Income Tax Expense  |          | -                                  | -                                  | -                                  | -                                  | -                                  |
| <b>Operating Surplus (deficit) after taxation</b>                       |          | <b>745</b>                         | <b>(528)</b>                       | <b>(3,424)</b>                     | <b>683</b>                         | <b>(2,874)</b>                     |
| Loss on Revaluation of assets for which there is no Revaluation Reserve |          |                                    |                                    |                                    |                                    |                                    |
| Loss on Land and Buildings Revaluation                                  |          | (2,964)                            | 3,465                              | -                                  | (2,964)                            | -                                  |
| <i>Surplus/(deficit) attributable to:</i>                               |          |                                    |                                    |                                    |                                    |                                    |
| Horowhenua District Council   |          | (2,219)                            | 2,937                              | (3,424)                            | (2,281)                            | (2,874)                            |
| <b>Other Comprehensive Income</b>                                       |          |                                    |                                    |                                    |                                    |                                    |
| Loss on Infrastructural Assets Revaluations                             |          | (63,392)                           | 35,413                             | -                                  | (63,392)                           | -                                  |
| Gain on Restricted Assets Revaluation                                   |          | 1,883                              | -                                  | -                                  | 1,883                              | -                                  |
| Gain/(Loss) on land and buildings revaluations                          | 3        | -                                  | -                                  | -                                  | -                                  | -                                  |
| <b>Total Net Other Comprehensive Income for the year</b>                |          | <b>(61,509)</b>                    | <b>35,413</b>                      | <b>-</b>                           | <b>(61,509)</b>                    | <b>-</b>                           |
| <b>Total Comprehensive income(deficit) for the year</b>                 |          | <b>(63,728)</b>                    | <b>38,350</b>                      | <b>(3,424)</b>                     | <b>(63,789)</b>                    | <b>(2,874)</b>                     |
| <i>Total comprehensive income attributable to:</i>                      |          |                                    |                                    |                                    |                                    |                                    |
| Horowhenua District Council   |          | (63,728)                           | 38,350                             | (3,424)                            | (63,789)                           | (2,874)                            |
| Interest as percentage of Operating Revenue                             |          | 6%                                 | 7%                                 | 5%                                 | 6%                                 | 5%                                 |
| Interest to rates   |          | 10%                                | 11%                                | 8%                                 | 10%                                | 8%                                 |

The Financial Statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Accounts.

## **Explanations of significant variances between the Council's Actual results and the Council's Budget for 2013-2014**

### **Revenue**

A breakdown of the revenue included under this heading is provided in Note 2 and explanations of the variations from the budgets are also detailed in the relevant Funding Impact Statements included in Section C of this report. Further explanation follows:

**Subsidy Income** – This is higher than budget due to the delays in the finalisation of the projects for Shannon water and wastewater. The subsidy received for Foxton Water was greater than expected.

**Other Income** – Higher than budget due to a number of unbudgeted miscellaneous recoveries in a number of activities.

**Vested Assets** – Less than anticipated due to little subdivision activity in the year.

**Development Contributions** – Lower than budgeted due to decreased subdivision activity in the year.

**Gain in Fair Value (Forestry)** – There was no budgeted amount due to the volatility of the forestry markets which have shown a recent up-turn.

**Gain on Disposal of Assets** – Less than anticipated due to fewer sales of the Forbes Road subdivision properties. Gains on those properties sold, were not as high as anticipated due to slow property market conditions.

### **Expenditure**

**Employee Benefit Expenses** – Lower than budget as Governance salaries were included in the budget but for clarity, are now shown in Other Expenses.

**Loss on Disposal of Assets** – The unbudgeted loss on sale was due to the sale of a property for removal.

**Loss on Revaluation of Commercial Land and Buildings** – Reflects the lower market value as a result of the recession. No budget was prepared for this.

**Other Expenses** – A breakdown of the expenditure included under this heading is provided in Note 5 and explanations of the variations from the budgets are detailed in the relevant Funding Impact Statements included in Section C.

**Depreciation and Amortisation** – This is less than budgeted overall. Depreciation was reduced as a result of a new Rooding Valuation by \$1.018M; there were smaller increases as with the introduction of a new software program, depreciation is now charged immediately on new assets.

**Increase in Landfill Provision** – Because of the difficulty of prediction, no budget is generally set for this. Each year the provision is calculated: based on the closure costs at the time and aftercare cost for the Levin landfill.

**Finance Costs** – Reduced costs due to lower interest rates (Actual 5.32% vs Budget 5.50%) repayment of higher interest rate loans and lower borrowing than budgeted due to lower capital expenditure spending.

### **Other Comprehensive Income**

For details of the valuation differences see the Variance explanations on the Consolidated Statement of Financial Position, under the Non-current Assets heading – Page 20.

# Consolidated Statement of Changes in Ratepayers' Equity

FOR THE YEAR ENDED 30 JUNE 2014

|   | Council<br>Actual \$<br>30 June 2014<br>\$000 | Council<br>Budget \$<br>30 June 2014<br>\$000 | Council<br>Actual \$<br>30 June 2013<br>\$000 | Group<br>Actual \$<br>30 June 2014<br>\$000 | Group<br>Actual \$<br>30 June 2013<br>\$000 |
|---|---|---|---|---|---|
| Equity at 1 July                                      | 485,248                                       | 483,615                                       | 488,672                                       | 485,916                                     | 488,793                                     |
| Total Comprehensive Income/(deficit)                  | (63,728)                                      | 38,350  | (3,424)                                       | (63,789)                                    | (2,874)                                     |
| Total Recognised Revenues and Expenses for the period | <b>(63,728)</b>                               | <b>38,350</b>                                 | <b>(3,424)</b>                                | <b>(63,789)</b>                             | <b>(2,874)</b>                              |
| <b>Equity at 30 June</b>                              | <b>421,521</b>                                | <b>521,965</b>                                | <b>485,248</b>                                | <b>422,127</b>                              | <b>485,916</b>                              |
| <i>Total comprehensive income attributable to:</i>    |   |   |   |   |   |
| Horowhenua District Council                           | (63,728)                                      | 38,350  | (3,424)                                       | (63,789)                                    | (2,874)                                     |
| <b>Equity at 30 June</b>                              | <b>(63,728)</b>                               | <b>38,350</b>                                 | <b>(3,424)</b>                                | <b>(63,789)</b>                             | <b>(2,874)</b>                              |

*The Financial Statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Accounts.*

# Consolidated Statement of Financial Position

AS AT 30 JUNE 2014

|  | Note | Council<br>Actual \$<br>30 June 2014<br>\$000 | Council<br>Budget \$<br>30 June 2014<br>\$000 | Council<br>Actual \$<br>30 June 2013<br>\$000 | Group<br>Actual \$<br>30 June 2014<br>\$000 | Group<br>Actual \$<br>30 June 2013<br>\$000 |
|--|------|---|---|---|---|---|
| <b>ASSETS</b>                                    |      |   |   |   |   |   |
| <b>Current assets</b>                            |      |   |   |   |   |   |
| Cash and cash equivalents                        | 7    | 5,435   | 5,866   | 7,346   | 5,480                                       | 7,403                                       |
| Debtors and other receivables                    | 8    | 6,539   | 6,481   | 6,427   | 6,572                                       | 6,476                                       |
| Other financial assets                           | 9    | 360   | 10  | 10  | 362   | 10  |
| Non-current assets held for sale                 | 10   | 1,068   | 393   | 611   | 1,068                                       | 611   |
| <b>Total current assets</b>                      |      | <b>13,402</b>                                 | <b>12,750</b>                                 | <b>14,394</b>                                 | <b>13,482</b>                               | <b>14,500</b>                               |
| <b>Non-current assets</b>                        |      |   |   |   |   |   |
| Operational assets                               | 11   | 42,229  | 47,747  | 43,958  | 43,468                                      | 45,272                                      |
| Infrastructural Assets                           | 11   | 385,807                                       | 491,316                                       | 445,716                                       | 385,807                                     | 445,716                                     |
| Restricted assets                                | 11   | 40,278  | 41,377  | 39,045  | 40,278                                      | 39,045                                      |
| Intangible assets                                | 12   | 1,871   | 1,407   | 1,929   | 1,892                                       | 1,971                                       |
| Forestry assets                                  | 13   | 636   | 655   | 561   | 636   | 561   |
| Commercial property                              | 14   | 5,765   | 5,917   | 5,760   | 5,765                                       | 5,760                                       |
| <i>Other financial assets:</i>                   |      |   |   |   |   |   |
| - Investments in CCOs and other similar entities | 9    | 1,539   | 782   | 1,360   | 756   | 577   |
| - Investment in other entities                   | 9    | 110   | 943   | 136   | 110   | 136   |
| <b>Total non-current assets</b>                  |      | <b>478,235</b>                                | <b>590,144</b>                                | <b>538,465</b>                                | <b>478,711</b>                              | <b>539,038</b>                              |
| <b>Total assets</b>                              |      | <b>491,637</b>                                | <b>602,894</b>                                | <b>552,859</b>                                | <b>492,195</b>                              | <b>553,538</b>                              |
| <b>LIABILITIES</b>                               |      |   |   |   |   |   |
| <b>Current liabilities</b>                       |      |   |   |   |   |   |
| Creditors and other payables                     | 16   | 8,314   | 8,439   | 9,867   | 8,135                                       | 9,689                                       |
| Provisions                                       | 17   | 880   | 680   | 854   | 880   | 854   |
| Employee benefit liabilities                     | 18   | 651   | 585   | 601   | 716   | 725   |
| Borrowings                                       | 19   | 10,750  | 10,750  | 6,000   | 10,750                                      | 6,000                                       |
| <b>Total current liabilities</b>                 |      | <b>20,595</b>                                 | <b>20,454</b>                                 | <b>17,322</b>                                 | <b>20,481</b>                               | <b>17,268</b>                               |
| <b>Non-current liabilities</b>                   |      |   |   |   |   |   |
| Provisions                                       | 17a  | 2,060   | 2,012   | 1,846   | 2,060                                       | 1,846                                       |
| Employee benefit liabilities                     | 18   | 156   | 224   | 177   | 219   | 240   |
| Borrowings                                       | 19   | 46,000  | 57,000  | 46,750  | 46,000                                      | 46,750                                      |
| Other  | 17b  | 1,307   | 1,239   | 1,518   | 1,307                                       | 1,518                                       |
| <b>Total non-current liabilities</b>             |      | <b>49,523</b>                                 | <b>60,475</b>                                 | <b>50,291</b>                                 | <b>49,585</b>                               | <b>50,354</b>                               |
| <b>Total liabilities</b>                         |      | <b>70,118</b>                                 | <b>80,929</b>                                 | <b>67,613</b>                                 | <b>70,067</b>                               | <b>67,622</b>                               |
| <b>NET ASSETS</b>                                |      | <b>421,519</b>                                | <b>521,965</b>                                | <b>485,246</b>                                | <b>422,128</b>                              | <b>485,916</b>                              |
| <b>EQUITY</b>                                    |      |   |   |   |   |   |
| Retained earnings                                | 20   | 269,134                                       | 268,479                                       | 271,308                                       | 269,743                                     | 271,979                                     |
| Revaluation reserves                             |      | 147,449                                       | 247,860                                       | 208,956                                       | 147,449                                     | 208,956                                     |
| Other reserves                                   |      | 4,936   | 5,626   | 4,982   | 4,936                                       | 4,982                                       |
| <b>Total equity</b>                              |      | <b>421,519</b>                                | <b>521,965</b>                                | <b>485,247</b>                                | <b>422,128</b>                              | <b>485,916</b>                              |
| Total equity attributable to:                    |      |   |   |   |   |   |
| Horowhenua District Council                      |      | 421,519                                       | 521,965                                       | 485,247                                       | 422,128                                     | 485,916                                     |
| <b>Total equity</b>                              |      | <b>421,519</b>                                | <b>521,965</b>                                | <b>485,247</b>                                | <b>422,128</b>                              | <b>485,916</b>                              |

*The Financial Statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Accounts.*

## **Explanations of significant variances between the Council's Actual results and the Council's Budget for 2013-2014**

### **Assets**

**Cash and Cash Equivalents and Other Financial Assets** – Other financial assets is above budget as this includes \$350K held on behalf of the Shannon Community Trust. Cash and cash equivalents are below budget by the same amount.

**Non-current Assets Held for Sale** – This consists of the expected sale of the Forbes Road subdivision land and buildings, and the buildings and improvements at Foxtan Beach Holiday Park. The figure is greater than budgeted because two show homes were built on the Forbes Road subdivision to facilitate sales. See Note 10 for further details of the assets for sale.

**Non-current Assets** – Valuations of the Council's land and buildings, restricted assets and infrastructural assets were carried out at 30 June 2014. This resulted in reductions in the value of Rooding Assets (\$70M), Land (\$1.3M), Buildings (\$1.6M), and Stormwater (\$311K). Rooding valuations have reduced because of the refining of cost structures to reflect the contour of the roads; and as the districts roads are mainly on flat land this reduced the cost markedly. The land and buildings reduction reflected the decline in commercial property. Further information on the valuation can be found in Note 11.

Restricted assets (\$1.9M), Water (\$4.5M), Wastewater (\$1.8M) and Solid Waste (\$606K) assets all had increases overall.

Investments in CCO's and other similar entities are above budget due to holding LGFA borrowers notes (\$551K).

### **Liabilities**

**Borrowings** – These are below budget by \$11M due to having a higher cash balance than planned at 01/07/2013 (\$1.965M), and lower capital expenditure (\$8.2M) – because of delays in various projects.

**Revaluation Reserves** – Lower by \$100M because of the revaluation effects detailed above.

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

|   | Council<br>Actual \$<br>30 June 2014 | Council<br>Budget \$<br>30 June 2014 | Council<br>Actual \$<br>30 June 2013 | Group<br>Actual \$<br>30 June 2014 | Group<br>Actual \$<br>30 June 2013 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| Note  | \$000                                | \$000                                | \$000                                | \$000                              | \$000                              |
| <b>Cashflow from Operating Activities</b>   |                                      |                                      |                                      |                                    |                                    |
| <b>Cash was provided from:</b>              |                                      |                                      |                                      |                                    |                                    |
| Revenue from Rates                          | 27,442                               | 27,434                               | 25,484                               | 27,442                             | 25,484                             |
| Other Revenue                               | 14,109                               | 13,604                               | 13,469                               | 14,583                             | 13,902                             |
| Interest Received                           | 175                                  | 99                                   | 85                                   | 192                                | 106                                |
| Net GST movement                            | -                                    | -                                    | -                                    | -                                  | 9                                  |
|   | 41,726                               | 41,137                               | 39,038                               | 42,217                             | 39,501                             |
| <b>Cash was disbursed to:</b>               |                                      |                                      |                                      |                                    |                                    |
| Suppliers, services and employees           | 28,374                               | 29,084                               | 29,315                               | 28,726                             | 29,646                             |
| Interest Paid                               | 2,900                                | 2,901                                | 1,391                                | 2,900                              | 1,391                              |
| Net GST movement                            | 177                                  | -                                    | 197                                  | 173                                | 197                                |
|   | 31,451                               | 31,985                               | 30,903                               | 31,799                             | 31,234                             |
| <b>Net Cashflow from Operating Activity</b> | <b>31</b>                            | <b>10,275</b>                        | <b>8,135</b>                         | <b>10,418</b>                      | <b>8,267</b>                       |
| <b>Cashflows from Investing Activities</b>  |                                      |                                      |                                      |                                    |                                    |
| <b>Cash was provided from:</b>              |                                      |                                      |                                      |                                    |                                    |
| Proceeds from asset sales                   | 287                                  | 1,274                                | 2,708                                | 296                                | 2,718                              |
| Proceeds from investments                   | -                                    | 10                                   | 10                                   | -                                  | 222                                |
|   | 287                                  | 1,284                                | 2,718                                | 296                                | 2,940                              |
| <b>Cash was disbursed to:</b>               |                                      |                                      |                                      |                                    |                                    |
| Purchases of investments                    | 533                                  | 384                                  | 469                                  | 533                                | 469                                |
| Purchase of Assets                          | 15,938                               | 24,567                               | 24,132                               | 16,103                             | 24,871                             |
|   | 16,470                               | 24,951                               | 24,602                               | 16,636                             | 25,340                             |
| <b>Net Cashflow from Investing Activity</b> | <b>(16,184)</b>                      | <b>(23,667)</b>                      | <b>(21,883)</b>                      | <b>(16,341)</b>                    | <b>(22,400)</b>                    |
| <b>Cashflows from Financing Activities</b>  |                                      |                                      |                                      |                                    |                                    |
| <b>Cash was provided from:</b>              |                                      |                                      |                                      |                                    |                                    |
| Loans Raised                                | 15,000                               | 21,000                               | 31,500                               | 15,000                             | 31,500                             |
|   | 15,000                               | 21,000                               | 31,500                               | 15,000                             | 31,500                             |
| <b>Cash was disbursed to:</b>               |                                      |                                      |                                      |                                    |                                    |
| Repayment of Public Debt                    | 11,000                               | 6,000                                | 15,250                               | 11,000                             | 15,250                             |
|   | 11,000                               | 6,000                                | 15,250                               | 11,000                             | 15,250                             |
| <b>Net Cashflow from Financing Activity</b> | <b>4,000</b>                         | <b>15,000</b>                        | <b>16,250</b>                        | <b>4,000</b>                       | <b>16,250</b>                      |
| Net Increase (Decrease) in Cash Held        | (1,911)                              | 485                                  | 2,501                                | (1,924)                            | 2,120                              |
| Add Opening Cash bought forward             | 7,346                                | 5,381                                | 4,845                                | 7,404                              | 5,283                              |
| <b>Closing Cash Balance</b>                 | <b>5,435</b>                         | <b>5,866</b>                         | <b>7,346</b>                         | <b>5,480</b>                       | <b>7,403</b>                       |
| Closing Balance made up of;                 |                                      |                                      |                                      |                                    |                                    |
| Cash and cash equivalents                   | 5,435                                | 5,866                                | 7,345                                | 5,480                              | 7,403                              |

*The Financial Statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Accounts.*

## Explanations of significant variances between the Council's Actual results and the Council's Budget for 2013-2014

### Cashflows from Operating Activities

#### Cash was provided from:

**Rates Revenues** – Rates penalties were higher than anticipated as, though considerable work has been done on addressing overdue debt, core debt still remains and attracts penalties. Demand for water in Levin also exceeded budget.

**Other Revenues** – They were higher because of the timing of the Shannon Water and Wastewater Subsidies.

**Interest Received** – This is higher due to slightly higher market interest rates and a larger cash balance than anticipated due to slow capital spending early in the year.

#### Cash was disbursed to:

**Payment to Suppliers, Services and Employees** – This was lower than budget due to savings in a number of areas. The District Plan expenditure was lower due to a lower number of appeals, and there were a number of infrastructural activities below budget due to lower than anticipated reactive maintenance.

### Cashflows from Investment Activities

#### Cash was provided from:

**Proceeds from Assets Sales** – This was below budget due to fewer sales of the Forbes Road subdivision properties, and proceeds were not as high as anticipated due to slow property market conditions.

#### Cash was disbursed to:

**Purchase of Assets** – Lower expenditure on infrastructural projects, in particular, Carry Forwards to 2014/15 were \$7.8M, largely due to consenting issues and other delays.

### Cashflows from Financing Activities

**Net Cashflow from Financing Activity** – This is lower than budget due to lower expenditure on infrastructural projects largely due to consenting issues and other delays.

# Horowhenua District Council – Funding Impact Statement for the year ended 30 June 2014 (whole of Council)

|  | Annual Report 2013<br>\$000 | LTP Forecast 2013<br>\$000 | LTP Forecast 2014<br>\$000 | Annual Plan Forecast 2014<br>\$000 | Actual 2014<br>\$000 | Variance 2014<br>\$000 |
|--|-----------------------------|----------------------------|----------------------------|------------------------------------|----------------------|------------------------|
| <b>Sources of Operating Funding</b>                                      |                             |                            |                            |                                    |                      |                        |
| General rates, uniform annual general charges, rates penalties           | 6,700                       | 6,582                      | 7,200                      | 7,655                              | 7,742                | 87                     |
| Targeted rates (other than a targeted rate for water by meter supply)    | 19,140                      | 19,132                     | 20,717                     | 19,779                             | 19,752               | (27)                   |
| Subsidies and grants for operating purposes                              | 1,058                       | 1,174                      | 1,016                      | 1,004                              | 1,245                | 241                    |
| Fees, charges and targeted rates for water by meter supply               | 6,028                       | 8,464                      | 5,879                      | 6,089                              | 6,007                | (82)                   |
| Interest and dividends from investments                                  | 89                          | 110                        | 99                         | 99                                 | 175                  | 76                     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 3,780                       | 2,394                      | 2,530                      | 2,737                              | 2,947                | 210                    |
| <b>Total Operating Funding (A)</b>                                       | <b>36,795</b>               | <b>37,856</b>              | <b>37,441</b>              | <b>37,363</b>                      | <b>37,868</b>        | <b>505</b>             |
| <b>Applications of Operating Funding</b>                                 |                             |                            |                            |                                    |                      |                        |
| Payments to staff and suppliers  | 29,798                      | 28,523                     | 28,860                     | 29,084                             | 28,463               | (621)                  |
| Finance Costs  | 2,060                       | 2,243                      | 3,039                      | 2,901                              | 2,751                | (150)                  |
| <b>Total applications of operating funding (B)</b>                       | <b>31,858</b>               | <b>30,766</b>              | <b>31,899</b>              | <b>31,985</b>                      | <b>31,214</b>        | <b>- 771</b>           |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>4,937</b>                | <b>7,090</b>               | <b>5,542</b>               | <b>5,378</b>                       | <b>6,654</b>         | <b>1,276</b>           |
| <b>Sources of capital funding</b>  |                             |                            |                            |                                    |                      |                        |
| Subsidies and grants for capital expenditure                             | 1,726                       | 3,724                      | 1,399                      | 2,409                              | 4,191                | 1,782                  |
| Development and financial contributions                                  | 784                         | 1,366                      | 1,413                      | 1,366                              | 516                  | (850)                  |
| increase (decrease) in debt  | 11,669                      | 11,799                     | 3,126                      | 14,000                             | 4,000                | (10,000)               |
| Gross proceeds from sale of assets                                       | 584                         | 1,418                      | 1,311                      | 1,274                              | 1,403                | 129                    |
| <b>Total sources of capital funding (C)</b>                              | <b>14,763</b>               | <b>18,307</b>              | <b>7,249</b>               | <b>19,049</b>                      | <b>10,110</b>        | <b>(8,939)</b>         |
| <b>Applications of capital funding</b>                                   |                             |                            |                            |                                    |                      |                        |
| Capital expenditure  |                             |                            |                            |                                    |                      |                        |
| - to meet additional demand  | 1,745                       | 1,759                      | 760                        | 1,714                              | 1,051                | (663)                  |
| - to improve the level of service  | 11,110                      | 12,186                     | 4,215                      | 11,966                             | 7,756                | (4,210)                |
| - to replace existing assets   | 12,369                      | 11,319                     | 8,551                      | 10,886                             | 7,645                | (3,241)                |
| Increase (decrease) in reserves  | (5,983)                     | -                          | -                          | (513)                              | (222)                | 291                    |
| Increase (decrease) of investments                                       | 459                         | 133                        | (735)                      | 374                                | 533                  | 159                    |
| <b>Total applications of capital funding (D)</b>                         | <b>19,700</b>               | <b>25,397</b>              | <b>12,791</b>              | <b>24,427</b>                      | <b>16,764</b>        | <b>(7,663)</b>         |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(4,937)</b>              | <b>(7,090)</b>             | <b>(5,542)</b>             | <b>(5,378)</b>                     | <b>(6,654)</b>       | <b>(1,276)</b>         |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                    | <b>-</b>                   | <b>-</b>                   | <b>-</b>                           | <b>-</b>             | <b>-</b>               |
| Depreciation   | 11,541                      | 11,828                     | 12,142                     | 11,575                             | 10,708               | (867)                  |
| <b>Loans</b>   |                             |                            |                            |                                    |                      |                        |
|  |                             | <b>External</b>            |                            |                                    |                      |                        |
|  |                             | <b>\$000</b>               |                            |                                    |                      |                        |
| Loans as at 1/07/2013  |                             | 52,750                     |                            |                                    |                      |                        |
| Raised during year   |                             | 15,000                     |                            |                                    |                      |                        |
| Repaid During Year   |                             | (11,000)                   |                            |                                    |                      |                        |
| <b>Loans as at 30/06/2014</b>  |                             | <b>56,750</b>              |                            |                                    |                      |                        |
| Interest Expense   |                             | 2,751                      |                            |                                    |                      |                        |

*The Financial Statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Accounts.*



# Reconciliation between the Funding Impact Statement for the Whole of Council and the Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

|   | Annual<br>Report<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000 | Variance<br>2014<br>\$000 |
|---|-----------------------------------|----------------------------------|--|-------------------------|---------------------------|
| <b>Income</b>   |                                   |                                  |  |                         |                           |
| <b>Statement of Comprehensive Income</b>  |                                   |                                  |  |                         |                           |
| Total Operating Revenue   | 40,200                            | 42,326                           | 42,533                                   | 43,299                  | 766                       |
| <b>Summary Funding Impact Statement</b>   |                                   |                                  |  |                         |                           |
| <b>Sources of Operating Funding</b>   |                                   |                                  |  |                         |                           |
| Total Operating Funding   | 36,795                            | 37,441                           | 37,363                                   | 37,868                  | 505                       |
| <b>Add Sources of Capital Funding</b>   |                                   |                                  |  |                         |                           |
| Subsidies and grants for capital expenditure  | 1,726                             | 1,399                            | 2,409                                    | 4,190                   | 1,781                     |
| Development and financial contributions   | 784                               | 1,413                            | 1,366                                    | 515                     | (851)                     |
| Gain on Disposal of Assets  | 164                               | 488                              | 474                                      | 383                     | (91)                      |
| Gains on investments  | 41                                | 272                              | 141                                      | 45                      | (96)                      |
| Fair Value Revaluation Gain -Financial assets   | -                                 | -                                | -  | -                       | -                         |
| Add Vested Assets   | 690                               | 1,313                            | 1,281                                    | 296                     | (985)                     |
| <b>Total Revenue</b>  | <b>40,200</b>                     | <b>42,326</b>                    | <b>43,034</b>                            | <b>43,297</b>           | <b>263</b>                |
| <b>Expenditure</b>  |                                   |                                  |  |                         |                           |
| <b>Statement of Comprehensive Income</b>  |                                   |                                  |  |                         |                           |
| Operating Expenditure   | 43,624                            | 44,043                           | 43,560                                   | 42,554                  | (1,006)                   |
| <b>Summary Funding Impact Statement</b>   |                                   |                                  |  |                         |                           |
| <b>Total Application of Operating Funding</b>   | 31,858                            | 31,899                           | 31,985                                   | 31,213                  | (772)                     |
| Loss on Disposal of Assets and loss on changes in fair value of investment property and revaluation of Financial Assets | 163                               | -                                | -  | 392                     | 392                       |
| Increase(decrease) in Landfill Provision  | 64                                | -                                | -  | 240                     | 240                       |
| Add Depreciation and Amortisation Expense   | 11,541                            | 12,142                           | 11,575                                   | 10,708                  | (867)                     |
| <b>Total Expenditure</b>  | <b>43,626</b>                     | <b>44,041</b>                    | <b>43,560</b>                            | <b>42,553</b>           | <b>(1,007)</b>            |

*The Financial Statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Accounts.*

# 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 17 reserves, with 5 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 Report:

| <b>RESTRICTED RESERVES - PURPOSE OF THE FUND</b>   | <b>Opening Balance<br/>1 July 2013<br/>\$000s</b> | <b>Deposits<br/>for the period<br/>of the year<br/>\$000s</b> | <b>Withdrawals<br/>For the period<br/>of the year<br/>\$000s</b> | <b>Closing<br/>Balance<br/>30 June 2014<br/>\$000s</b> |
|--|---|---|--|--|
| <b>Foxton Beach Freeholding Fund (Property)</b><br>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. | 1,476   | 790   | 598  | 1,668  |
| <b>Reserve Land Reserve (Parks and Recreation)</b><br>To hold funds derived from the sale of surplus reserve land to be spent on the future development of reserves under the Reserves Act.                                    | 90  | 2   | 0  | 92   |
| <b>Road Upgrade Reserve (Roading Activity)</b><br>To fund transport network improvements as approved by the council, from the accumulated funds of the former Horowhenua County Council subdivision contributions to roading.  | 665   | 22  | 0  | 687  |
| <b>Old Boys' Cricket Club (Parks and Recreation)</b><br>Money held in trust on behalf of the cricket club  | 75  | 3   | 78   | 0  |
| <b>Total Restricted Reserves</b>   | <b>2,306</b>                                      | <b>817</b>  | <b>676</b>   | <b>2,447</b>   |

# Reserve Funds

| COUNCIL CREATED RESERVES<br>PURPOSE OF THE FUND  | Opening Balance<br>1 July 2013<br>\$000s | Deposits<br>for the period<br>of the year<br>\$000s | Withdrawals<br>For the period<br>of the year<br>\$000s | Closing<br>Balance<br>30 June 2014<br>\$000s |
|--|--|---|--|--|
| <b>Financial and Capital contributions for Rooding (Rooding Activity)</b><br>To fund transport network improvements, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.                                  | 175                                      | 5   | 0  | 180  |
| <b>Financial and Capital contributions for Water Supplies (Water Supply Activity)</b><br>To fund water supply improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.                   | 483                                      | 16  | 0  | 499  |
| <b>Financial and Capital contributions for Wastewater Schemes (Wastewater Activity)</b><br>To fund Wastewater Scheme improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.            | 288                                      | 9   | 174  | 123  |
| <b>Financial and Capital contributions for Parks and Reserves (Parks and Recreation Activity)</b><br>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. | 571                                      | 19  | 0  | 590  |
| <b>Election Fund (Representation and Governance Activity)</b><br>To smooth the rating impact of election costs and to fund any by-election.  | 72                                       | 2   | 74   | 0  |
| <b>Strategic Grants Fund (Community Support – Community Grants Activity)</b><br>To enable Council to make grants to organisations that fit Council's criteria for the fund.  | 50                                       | 2   | 52   | 0  |
| <b>Capital Projects Fund (All Activities)</b><br>To provide funds for strategic capital projects with the last \$250,000 as a disaster relief working capital fund.  | 781                                      | 25  | 0  | 806  |
| <b>Foxton Citizens Fund (Community Support Activity)</b><br>To provide a fund for awards in recognition of community service in Foxton   | 3  | 0   | 0  | 3  |

# Reserve Funds

| COUNCIL CREATED RESERVES<br>PURPOSE OF THE FUND  | Opening<br>Balance<br>1 July 2013<br>\$000s | Deposits<br>for the period<br>of the year<br>\$000s | Withdrawals<br>For the period<br>of the year<br>\$000s | Closing<br>Balance<br>30 June 2014<br>\$000s |
|--|---|---|--|--|
| <b>Hockey Turf Replacement Fund (Parks and Recreation - Sports Grounds)</b><br>To fund the replacement of the water turf at Donnelly Park on behalf of the Turf trust.                     | 106   | 29  | 0  | 135  |
| <b>Esplanade Fund (Parks and Recreation)</b><br>To provide a fund to construct or provide for possible public access ways to esplanade reserves created under the Resource Management Act. | 113   | 4   | 0  | 117  |
| <b>Driscoll Reserves Fund (Parks and Reserves)</b><br>To fund selected parks and reserves development projects.  | 12  | 1   | 0  | 13   |
| <b>Shannon Railway Station Fund (Property Activity)</b><br>Set aside from grants to preserve the historic Shannon Railway Station.   | 22  | 1   | 0  | 23   |
| <b>Total Council Created Reserves</b><br>These are not newly created reserves and were previously reported under retained earnings   | <b>2,676</b>                                | <b>113</b>  | <b>300</b>   | <b>2,489</b>                                 |
| <b>Total all Reserve Funds</b>   | <b>4,982</b>                                | <b>930</b>  | <b>976</b>   | <b>4,936</b>                                 |

# Reserve Funds

| RESTRICTED RESERVES - PURPOSE OF THE FUND   | Opening Balance<br>1 July 2012<br>\$000s | Deposits<br>for the period<br>of the year<br>\$000s | Withdrawals<br>For the period<br>of the year<br>\$000s | Closing<br>Balance<br>30 June 2013<br>\$000s |
|---|--|---|--|--|
| <b>Foxton Beach Freeholding Fund (Property)</b><br>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.  | 1,253                                    | 591   | 368  | 1,476  |
| <b>Reserve Land Reserve (Parks and Recreation)</b><br>To hold funds derived from the sale of surplus reserve land to be spent on the future development of reserves under the Reserves Act.   | 7  | 83  | 0  | 90   |
| <b>Road Upgrade Reserve (Roading Activity)</b><br>To fund transport network improvements as approved by the council, from the accumulated funds of the former Horowhenua County Council subdivision contributions to roading.   | 837                                      | 28  | 200  | 665  |
| <b>Shannon Water Improvement Funds (Community Support - Shannon)</b><br>Originally to finance water supply improvements for the Shannon water supply from funds generated from the Shannon Community. Council has transferred the funds to the Shannon Community Development Trust to be used for the benefit of the Shannon community. | 353                                      | 2   | 355  | 0  |
| <b>Old Boys' Cricket Club (Parks and Recreation)</b><br>Money held in trust on behalf of the cricket club   | 0  | 75  | 0  | 75   |
| <b>Total Restricted Reserves</b>  | <b>2,450</b>                             | <b>779</b>  | <b>923</b>   | <b>2,306</b>                                 |

# Reserve Funds

| COUNCIL CREATED RESERVES<br>PURPOSE OF THE FUND  | Opening Balance<br>1 July 2012<br>\$000s | Deposits<br>for the period<br>of the year<br>\$000s | Withdrawals<br>For the period<br>of the year<br>\$000s | Closing<br>Balance<br>30 June 2013<br>\$000s |
|--|--|---|--|--|
| <b>Financial and Capital contributions for Rooding (Rooding Activity)</b><br>To fund transport network improvements, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.                                  | 0  | 175   | 0  | 175  |
| <b>Financial and Capital contributions for Water Supplies (Water Supply Activity)</b><br>To fund water supply improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.                   | 0  | 578   | 95   | 483  |
| <b>Financial and Capital contributions for Wastewater Schemes (Wastewater Activity)</b><br>To fund Wastewater Scheme improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.            | 0  | 500   | 212  | 288  |
| <b>Financial and Capital contributions for Parks and Reserves (Parks and Recreation Activity)</b><br>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. | 0  | 577   | 6  | 571  |
| <b>Election Fund (Representation and Governance Activity)</b><br>To smooth the rating impact of election costs and to fund any by-election.  | 0  | 88  | 16   | 72   |
| <b>Strategic Grants Fund (Community Support – Community Grants Activity)</b><br>To enable Council to make grants to organisations that fit Council's criteria for the fund.  | 0  | 221   | 171  | 50   |
| <b>Youth Fund (Community Support – Community Development)</b><br>To fund youth targeted projects represented by unexpended grant monies.   | 0  | 111   | 111  | 0  |

# Reserve Funds

| COUNCIL CREATED RESERVES<br>PURPOSE OF THE FUND  | Opening<br>Balance<br>1 July 2012<br>\$000s | Deposits<br>for the period<br>of the year<br>\$000s | Withdrawals<br>For the period<br>of the year<br>\$000s | Closing<br>Balance<br>30 June 2013<br>\$000s |
|--|---|---|--|--|
| <b>Capital Projects Fund (All Activities)</b><br>To provide funds for strategic capital projects with the last \$250,000 as a disaster relief working capital fund.                        | 0   | 780   | 0  | 781  |
| <b>Foxton Citizens Fund (Community Support Activity)</b><br>To provide a fund for awards in recognition of community service in Foxton   | 0   | 3   | 0  | 3  |
| <b>Hockey Turf Replacement Fund (Parks and Recreation - Sports Grounds)</b><br>To fund the replacement of the water turf at Donnelly Park on behalf of the Turf trust.                     | 0   | 106   | 0  | 106  |
| <b>Esplanade Fund (Parks and Recreation)</b><br>To provide a fund to construct or provide for possible public access ways to esplanade reserves created under the Resource Management Act. | 0   | 113   | 0  | 113  |
| <b>Driscoll Reserves Fund (Parks and Reserves)</b><br>To fund selected parks and reserves development projects.  | 0   | 12  | 0  | 12   |
| <b>Shannon Railway Station Fund (Property Activity)</b><br>Set aside from grants to preserve the historic Shannon Railway Station.   | 0   | 22  | 0  | 22   |
| <b>Total Council Created Reserves</b><br>These are not newly created reserves and were previously reported under retained earnings   | <b>0</b>                                    | <b>3,286</b>  | <b>610</b>   | <b>2,676</b>                                 |
| <b>Total all Reserve Funds</b>   | <b>2,450</b>                                | <b>4,065</b>  | <b>1,533</b>   | <b>4,982</b>                                 |

# Council's Interest in Other Entities

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The Local Government Act 2002, Schedule 10 (28) requires Council to provide information in regards to organisation under the control of the Council.

## Te Horowhenua Trust

### Nature and Scope of Activities Provided

Te Horowhenua Trust is contracted by Council to deliver a diverse range of functions from Te Takere Cultural and Community Centre and maintain a comprehensive library service in Shannon and Foxton. The Trust also acts as the Councils' general service centre in Shannon.

### Policies and Objectives on Ownership and Control

In 1996 Council set up the Te Horowhenua Trust (formerly the Horowhenua Library Trust) and leased the library buildings to the Trust, vested its other library assets in the Trust and entered into a contract for the delivery of library services. The Trust is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is also a not-for-profit Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees.

The Trust receives an annual operating grant from Council but otherwise operates independently of Council. The Trust sets its own policies, employs its own staff, sets its budgets and generally has engaged in its activities without reference to Council.

The Trust is required, pursuant to section 6 of the Local Government Act 2002 and Schedule 8 of the Act, to prepare and deliver to Horowhenua District Council (Council) a draft Statement of Intent no later than the 1st of March in each year.

The Council appoints all the Trustees. Two of the trustees are Councillors.

The Council and the Trust has negotiated contracts of a four- year term, which specifies the annual grants from Council, a service arrangement for Council to provide all administration and IT services to the Trust and specific objectives for the success of Te Takere.

### Monitoring of Performance

The Trust submits an annual Statement of Intent, which once accepted by Council, forms the basis for Council to monitor the performance of Te Horowhenua Trust.

The Trust's key activities, over and above its principal activities, in 2012/2013 were to: establish the Te Takere Culture and Community Centre and work with the Horowhenua District Council and the Te Awahou-Niwe Stroom Trust to develop premises for the Foxton Library.

Te Horowhenua Trust will meet the key performance indicators (KPIs) as defined in their 2013/14 Statement of Intent approved by Horowhenua District Council on 3 July 2013.

### Usage

1. Report of Visitor Counts.
2. Report on programmes delivered.
3. Report on booking counts for community facilities.
4. Report on website usage.

### Awareness

5. Achieve 70% in a survey of Horowhenua residents testing awareness levels of Te Takere and its functions.

### Strategic Plan

6. Report progress on the actions identified in the Strategic Plan.

Progress against KPI's is reported quarterly to the Council and an annual report, which includes the audited financial accounts, is submitted to Council before 30th September each year.



## MEASURING PERFORMANCE

| Service                | Performance Measures                    | Attainment 2014  | Attainment 2013   |
|------------------------|---|--|---|
| Te Takere<br><br>Usage | Visitor Counts                          | <p>Levin 553,693<br/>                     Foxton 68,549<br/>                     Shannon 31,015<br/>                     A Total of 653,257 visits were made to the Districts Libraries. This is 17% more than 2012/13.</p> <p>Visitor counts are determined by adding together all the entries and exits through all entrances at each site then then dividing by 2. There were periods when both the Levin and Foxton counters failed and the missing data was recreated by averaging the actual counts around the period.</p>   | <p>Levin 464,799<br/>                     Foxton 53,767<br/>                     Shannon 38,197<br/>                     A Total of 556,763 visits were made to the Districts Libraries. This is 66% more than 2011/12.</p> <p>Visitor counts are determined by adding together all the entries and exits through the two entrances (Bath St and Levin Mall) then dividing by 2.</p>                |
|                        | Programmes Delivered                    | 107 different programmes or events were run during the year over 1,419 sessions.   | 113 different programmes or events were run during the year. Some were one-offs like Diwali. Samoan language week and Hip Hop workshops, while others were run weekly or quarterly.   |
|                        | Booking counts for community facilities | 388 meeting room bookings were made: 76 of these were community bookings and 312 were business bookings.   | For the nine months that Te Takere was open 292 meeting room bookings were made, 138 of which were business and 154 were community groups.  |
|                        | Website Usage                           | <p>Unique visitors<br/>                     Library catalogue – This comprised of <a href="http://www.kete.library.org.nz">www.kete.library.org.nz</a> which serves a content management system for the main website <a href="http://www.library.org.nz">www.library.org.nz</a>. There were 132,577 visits. This was an increase of 27% on average per month on 2012/13.</p> <p>Te Takere Website – there were 100,593 visits recorded from an average of 6,323 unique visitors per month.</p> <p>Kete Horowhenua – there were 245,545 visits from an average of 9,424 unique visitors per month.</p> <p>Facebook – social media is increasingly supplementing the trust websites as an engagement tool. The number of Facebook “Likes” was 677 in 2014. On average 428 users “engage” with our page content every 28 days.</p> <p>Definitions – A ‘unique visitor’ is an ip address and is counted only once during the month regardless of how many times they visited a site. A ‘visit’ is each time an ip address visits a site. “Engage” means any click or story created while ‘Reach” is the number of people who have seen any content associated with our Facebook page and can be equated with ‘unique users”.</p> | <p>Unique users<br/>                     Library catalogue – 104,202 visits, this was an increase of 30% on average per month on 2011/12.<br/>                     Te Takere Website – this was launched 28/9/2012. 89,712 visits were recorded over nine months, an average of 9,968 unique visitors per month.<br/>                     Kete Horowhenua – 217,992 hits (up 42%) from 2011/12.</p> |

## MEASURING PERFORMANCE

| Service        | Performance Measures  | Attainment 2014  | Attainment 2013  |
|----------------|---|--|--|
| Awareness      | Achieve at least 70% A survey of Horowhenua residence testing awareness level of Te Takere and its functions. | Horowhenua District Council carried out a survey of Horowhenua residents between April – June 2014. Preliminary results show that 71% of those surveyed were satisfied or very satisfied with libraries, (including Te Takere).                            | As at the present date of collating the information for this report, the community survey had not been commissioned and therefore is unable to report against this measure.  |
| Strategic Plan | Report on the progress on the actions identified in the Strategic plan.                                       | A Business Plan was developed which contained objectives for each of the 14 areas contained in the Strategic Plan. Progress was monitored monthly by Te Takere's CEO and monthly reports to the Trustees are copied to Council. Strategic Service Manager. | A Business Plan was developed which contains objectives for each of the 14 area contained in the Strategic Plan. Progress is monitored monthly by the Te Takere's CEO and Corporate and Strategic Service Manager. |

The Trust's annual accounts are audited by Audit NZ. The Council receives the Trust's audited Annual report. The annual accounts are included in the Group financials for 30 June 2014.

## **Shannon Community Development Trust**

### **Nature and Scope of Activities Provided**

The Shannon Community Development Trust has been set up for the benefit of residents of the Shannon Township. The purpose of the Trust is, but not limited to, Educational activities, including scholarships for educational purposes, the alleviation of hardship, the provision of training and equipment for the protection of the community, and the provision of financial assistance for events recognising the involvement of community members.

### **Policies and Objectives on Ownership and Control**

The Trust was established on the 2nd of August 2012. The Trust has five Trustees (excluding Advisory Trustees). The current Councillor for Miranui Ward will automatically be one of the five.

The Trust is an exempt Council Controlled Organisation, but has not been established for the purposes of making a profit and is not intended to be a Council Controlled Organisation under the Local Government Act 2002. The Trust is exempt from reporting its performance under the Local Government Act 2002, Schedule 10 (7) as approved by Council on the 7th of November 2012.

The Council receives the Trust's audited Annual Report. The annual accounts are included in the Group financials for 30 June 2014.

## **Horowhenua Health Workforce Trust**

### **Nature and Scope of Activities Provided**

The Horowhenua Health Workforce Trust has been set up to source funds for the attraction and retention of health professionals to the Horowhenua region. This means and includes, but is not limited to, pursuing available funding sources for the application of the Trust Fund for promoting the attractiveness of the Horowhenua region to medical general practitioners and nurse practitioners, assisting with the costs of relocation of medical general practitioners and nurse practitioners and their families into the Horowhenua district, assisting with the costs of professional development of medical general practitioners and nurse practitioners in the Horowhenua district, and assist with repayment of student loans.

### **Policies and Objectives on Ownership and Control**

The Trust was established the 5th of December 2012. The Trust has three Trustees, including one Councillor.

The Trust is an exempt Council Controlled Organisation but has not been established for the purposes of making a profit and is not intended to be a Council controlled trading. The Trust is exempt from reporting its performance under the Local Government Act 2002, Schedule 10 (7) as approved by Council 3 July 2013. The Trust has not traded during the year.

## **Manawatu/Wanganui Local Authorities Shared Services Limited (MWLASS)**

This company has been set up in 2008 by seven local councils to investigate the possibilities of economies of scale by joint procurement. To date there has been no call on share capital and the financial transactions during the year were restricted to regional archive being charged to Council of \$60,165, shared valuation database project and share of fixed charges \$11,119, and share on consultancy expenses \$1,229. Horowhenua District Council owns 1/7th equal share or 14% of this company and has a liability for \$1,000 share capital. This company is an investment of Council.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

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## INDEX OF NOTES TO THE FINANCIAL STATEMENTS

1. RATES REVENUE
2. FINANCE INCOME AND OTHER REVENUE
3. OTHER GAINS (LOSSES)
4. EMPLOYEE BENEFIT EXPENSES
5. OTHER OPERATING EXPENSES
6. FINANCE COSTS
7. CASH AND CASH EQUIVALENTS
8. DEBTORS AND OTHER RECEIVABLES
9. OTHER FINANCIAL ASSETS
10. NON-CURRENT ASSETS HELD FOR SALE
11. PROPERTY, PLANT AND EQUIPMENT (PPE)
12. INTANGIBLE ASSETS
13. FORESTRY ASSETS
14. INVESTMENT PROPERTY
15. INVESTMENT IN SUBSIDIARIES
16. CREDITORS AND OTHER PAYABLES
17. PROVISIONS
18. EMPLOYMENT BENEFIT LIABILITIES
19. BORROWINGS
20. EQUITY
21. CAPITAL COMMITMENTS AND OPERATING LEASES
22. CONTINGENCIES
23. RELATED PARTY TRANSACTIONS
24. REMUNERATION
25. SEVERANCE PAYMENTS
26. EVENTS AFTER BALANCE SHEET DATE
27. FINANCIAL INSTRUMENTS
28. BUDGETS FOR THE YEAR ENDED 30 JUNE 2014
29. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET
30. FINANCE LEASES
31. RECONCILIATION OF SURPLUS WITH CASHFLOWS FROM OPERATING ACTIVITIES
32. CAPITAL MANAGEMENT
33. DERIVATIVE FINANCIAL INSTRUMENTS
34. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY
35. INSURANCE OF ASSETS

## 1. RATES REVENUE

|   | Council<br>and Group<br>Actual \$<br>30 June 2014<br>\$000 | Council<br>and Group<br>Budget \$<br>30 June 2014<br>\$000 | Council<br>and Group<br>Actual \$<br>30 June 2013<br>\$000 |
|---|--|--|--|
| <b>General rates</b>                      |  |  |  |
| Uniform annual general charge             | -  | -  | -  |
| Differential general rates                | 7,185  | 7,211  | 6,163  |
| Penalties                                 | 557  | 444  | 538  |
| Total general-purpose rates               | 7,742  | 7,655  | 6,701  |
| <b>Solid waste rates</b>                  | 334  | 334  | 791  |
| <b>Roading rate</b>                       | 4,802  | 4,812  | 4,914  |
| <b>Library Rate</b>                       | 2,036  | 2,037  | 1,781  |
| <b>Representation and Governance rate</b> | 2,712  | 2,716  | 2,642  |
| <b>Swimming Pool rate</b>                 | 2,185  | 2,192  | 1,930  |
| <b>Water rates:</b>                       |  |  |  |
| District wide                             | 2,990  | 2,987  | 3,068  |
| Foxton Beach                              | 320  | 326  | 280  |
| Horowhenua race                           | -  | -  | -  |
| Kuku race                                 | -  | -  | -  |
| Waikawa race                              | 18   | 17   | 9  |
| <b>Total targeted water rates</b>         | 3,328  | 3,330  | 3,357  |
| <b>Sewer rates:</b>                       |  |  |  |
| District wide                             | 4,355  | 4,358  | 3,721  |
| Levin                                     | -  | -  | 3  |
| Total sewer rates                         | 4,355  | 4,358  | 3,724  |
| Total Rates Revenue (Net of Remissions)   | 27,494   | 27,434   | 25,840   |
| <b>Total Rates Revenue (Gross)</b>        | 27,565   | 27,434   | 25,881   |
| <b>Rates remissions:</b>                  |  |  |  |
| Land owned by community groups            | (14)   | -  | -  |
| Penalty Remissions                        | (57)   | -  | (41)   |
|   | (71)   | -  | (41)   |
| Total Rates Revenue Net of Remissions     | 27,494   | 27,434   | 25,840   |
| <b>Rateable Properties</b>                |  |  |  |
|   | <b>30 June 2014</b>  | <b>30 June 2013</b>  |  |
| Total Properties                          | 18,030   | 17,703   |  |
| Total Land Value                          | \$3,046,241,900  | \$3,002,193,000  |  |
| Total Capital Value                       | \$5,820,410,550  | \$5,699,239,900  |  |

Rates revenue is shown net of rates remissions. HDC's rates remissions policies allow HDC to remit rates on community groups, voluntary protected land, penalties, excessive water charges, remnant land, rating units in industrial and commercial areas used for residential purposes, small rate balances, targeted rates on non-rateable land, properties affected by disasters and Māori land.

In accordance with the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These include schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute remission under HDC's Rates Remission Policy.

| <b>2. FINANCE INCOME AND OTHER REVENUE</b>                                     | <b>Council<br/>Actual \$<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual \$<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual \$<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual \$<br/>30 June<br/>2013<br/>\$000</b> |
|--|---|---|---|---|
| <b>2a. Finance Income</b>  |   |   |   |   |
| Interest income for financial assets not at fair value through profit and loss |   |   |   |   |
| Bank Deposits  | 175   | 89  | 192   | 108   |
|  | <b>175</b>  | <b>89</b>   | <b>192</b>  | <b>108</b>  |
| <b>Other Revenue</b>   |   |   |   |   |
| <b>2b. Subsidies</b>   |   |   |   |   |
| NZTA government grants   | 2,193   | 2,114   | 2,193   | 2,114   |
| Water government grant   | 1,862   | 571   | 1,862   | 571   |
| Wastewater government grant  | 1,115   | -   | 1,115   | -   |
| Other government grants  | 155   | 99  | 155   | 99  |
|  | <b>5,325</b>  | <b>2,784</b>  | <b>5,325</b>  | <b>2,784</b>  |
| <b>2c. Fees, Charges</b>   |   |   |   |   |
| User charges   | 4,630   | 4,539   | 5,034   | 4,968   |
| Rental income from commercial properties                                       | 640   | 638   | 640   | 638   |
| Targeted rates for water supply  | 861   | 851   | 861   | 851   |
|  | <b>6,131</b>  | <b>6,028</b>  | <b>6,535</b>  | <b>6,457</b>  |
| <b>2d. Other Income</b>  |   |   |   |   |
| Infringements and fines  | 408   | 602   | 408   | 602   |
| Rendering of services  | 739   | 771   | 739   | 771   |
| Petrol tax   | 190   | 181   | 190   | 181   |
| NZ Carbon Credits  | -   | 33  | -   | 33  |
| Dividend Income  | 6   | -   | 6   | -   |
| Regulatory revenue   | 1,475   | 1,263   | 1,475   | 1,263   |
| Non-operating Income   | -   | -   | -   | 477   |
| Donations and private sector grants  | 5   | 663   | 5   | 930   |
| Capital Grants   | 111   | 267   | 111   | -   |
|  | <b>2,934</b>  | <b>3,780</b>  | <b>2,934</b>  | <b>4,257</b>  |
| <b>2e. Vested Assets</b>   | 296   | 690   | 296   | 690   |
| <b>2f. Development Contributions</b>   | 516   | 784   | 516   | 784   |
|  | <b>812</b>  | <b>1,474</b>  | <b>812</b>  | <b>1,474</b>  |

There are no unfulfilled conditions and other contingencies attached to government grants recognised other than that relating to the government grant for housing discussed in Note 23.

### 3. OTHER GAINS/(LOSSES)

|  |      | Council<br>Actual \$<br>30 June<br>2014<br>\$000 | Council<br>Actual \$<br>30 June<br>2013<br>\$000 | Group<br>Actual \$<br>30 June<br>2014<br>\$000 | Group<br>Actual \$<br>30 June<br>2013<br>\$000 |
|--|------|--|--|--|--|
|  | Note |  |  |  |  |
| <b>Non-financial Instruments</b>                     |      |  |  |  |  |
| Gain on changes in fair value of forestry assets     | 13   | 45   | 41   | 45   | 41   |
| Gain on disposal of property, plant and equipment    |      | 383  | 164  | 383  | 164  |
| Loss on disposal of property, plant and equipment    |      | (96)   | (135)  | (96)   | (135)  |
| Loss on changes in fair value of investment property | 14   | (280)  | (28)   | (280)  | (28)   |
| Gain/(Loss) on land and buildings revaluations       |      | -  | -  | -  | -  |
|  |      | <u>52</u>  | <u>42</u>  | <u>52</u>                                      | <u>42</u>                                      |
| <b>Financial Instruments</b>                         |      |  |  |  |  |
| Gain/(loss) on revaluation of financial liabilities  |      | -  | -  | -  | -  |
| Gain/(loss) on revaluation of financial assets       |      | (16)   | -  | (16)   | -  |
| Total gains/(losses)                                 |      | <u>36</u>  | <u>42</u>  | <u>36</u>                                      | <u>42</u>                                      |

### 4. EMPLOYEE BENEFIT EXPENSES

|  |      | Council<br>Actual \$<br>30 June<br>2014<br>\$000 | Council<br>Actual \$<br>30 June<br>2013<br>\$000 | Group<br>Actual \$<br>30 June<br>2014<br>\$000 | Group<br>Actual \$<br>30 June<br>2013<br>\$000 |
|--|------|--|--|--|--|
|  | Note |  |  |  |  |
| Salaries and wages                               |      | 7,484  | 7,002  | 8,958  | 8,370  |
| Increase/(decrease) in employee entitlements     |      | (7)  | (20)   | (63)   | 40   |
| Employee entitlement transferred to THT          |      | -  | 27   | -  | -  |
| Other Employee benefit expenses                  |      | 304  | 372  | 314  | 390  |
| Employer contributions to Superannuation Schemes |      | 173  | 101  | 173  | 126  |
| <b>Total Employee Benefit Expenses</b>           |      | <u>7,954</u>                                     | <u>7,482</u>                                     | <u>9,382</u>                                   | <u>8,926</u>                                   |

### 5. OTHER OPERATING EXPENSES

|   |  |               |               |               |               |
|---|--|---------------|---------------|---------------|---------------|
| Audit fees for financial statement audit      |  | 148           | 130           | 166           | 142           |
| Audit fees for financial plans/LTP audit      |  | -             | -             | -             | -             |
| Audit Fees for FMIS                           |  | -             | -             | -             | -             |
| Total fees to principal auditor               |  | <u>148</u>    | <u>130</u>    | <u>166</u>    | <u>142</u>    |
| Donations                                     |  | -             | -             | -             | -             |
| Debtors written off                           |  | -             | -             | -             | -             |
| Impairment of receivables                     |  | 222           | 63            | 222           | 63            |
| Impairment of property, plant and equipment   |  | -             | -             | -             | -             |
| Minimum lease payments under operating leases |  | 547           | 530           | 547           | 530           |
| Professional Services                         |  | 2,275         | 3,111         | 2,275         | 3,111         |
| Asset Maintenance contract expenditure        |  | 10,964        | 11,354        | 10,964        | 11,354        |
| General Grants                                |  | 2,298         | 2,084         | 439           | 231           |
| Expenditure on Utilities                      |  | 702           | 883           | 702           | 883           |
| Other   |  | 3,353         | 4,162         | 3,355         | 4,776         |
| <b>Total Other Operating Expenses</b>         |  | <u>20,509</u> | <u>22,317</u> | <u>19,405</u> | <u>21,091</u> |

### 6 FINANCE COSTS

#### Interest Expense

|  |  |              |              |              |              |
|--|--|--------------|--------------|--------------|--------------|
| Interest on borrowings                     |  | 2,918        | 2,211        | 2,918        | 2,208        |
| Valuation of interest rate swap adjustment |  | (167)        | (154)        | (167)        | (154)        |
| <b>Total Interest Expense</b>              |  | <u>2,751</u> | <u>2,057</u> | <u>2,751</u> | <u>2,054</u> |

| <b>7. CASH AND CASH EQUIVALENTS</b>                  | <b>Note</b> | <b>Council<br/>Actual \$<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual \$<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual \$<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual \$<br/>30 June<br/>2013<br/>\$000</b> |
|--|-------------|---|---|---|---|
| Cash at bank and in hand                             |             | 5,435   | 6,996   | 5,479   | 7,053   |
| Term deposits with maturities less than three months |             | -   | 350   | -   | 350   |
| <b>Total Cash and Cash Equivalents</b>               |             | <b>5,435</b>  | <b>7,346</b>  | <b>5,479</b>  | <b>7,403</b>  |

|  |  |              |              |              |              |
|--|--|--------------|--------------|--------------|--------------|
| Cash at bank and in hand                             |  | 5,435        | 6,996        | 5,479        | 7,053        |
| Term deposits with maturities less than three months |  | -            | 350          | -            | 350          |
| Bank overdrafts                                      |  | -            | -            | -            | -            |
| <b>Total Cash and Cash Equivalents</b>               |  | <b>5,435</b> | <b>7,346</b> | <b>5,479</b> | <b>7,403</b> |

| <b>8. DEBTORS AND OTHER RECEIVABLES</b>      | <b>Note</b> | <b>Council<br/>Actual \$<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual \$<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual \$<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual \$<br/>30 June<br/>2013<br/>\$000</b> |
|--|-------------|---|---|---|---|
| Rates receivables                            |             | 2,608   | 2,549   | 2,608   | 2,549   |
| Related party receivables                    | <b>23</b>   | 1   | -   | 1   | -   |
| Prepayments                                  |             | 95  | -   | 95  | -   |
| Other receivables                            |             | 5,740   | 5,057   | 5,773   | 5,106   |
|  |             | 8,444   | 7,606   | 8,477   | 7,655   |
| Less provision for impairment of receivables |             | (1,905)   | (1,179)   | (1,905)   | (1,179)   |
|  |             | 6,539   | 6,427   | 6,572   | 6,476   |
| Less non-current portion:                    |             | -   | -   | -   | -   |
| Current portion                              |             | 6,539   | 6,427   | 6,572   | 6,476   |

#### **Fair Value**

The carrying value of trade and other receivables approximates their fair value.

#### **Impairment**

There is no concentration of credit risk with respect to receivables outside the Group, as the Group has a large number of customers.

HDC does not provide for any impairment on rates receivable other than those likely to qualify under HDC's Rates Remissions Policy as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments.

These powers allow HDC to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the court's judgement, then HDC can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

As of 30 June 2014 and 2013 all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. HDC holds no collateral as security or other enhancements over receivables that are either past due or impaired.



The status of receivables as at 30 June 2014 and 2013 are detailed below:

|                   | 2014           |                     |              | 2013           |                     |              |
|-------------------|----------------|---------------------|--------------|----------------|---------------------|--------------|
|                   | Gross<br>\$000 | Impairment<br>\$000 | Net<br>\$000 | Gross<br>\$000 | Impairment<br>\$000 | Net<br>\$000 |
| <b>Council</b>    |                |                     |              |                |                     |              |
| Not past due      | 4,443          | -                   | 4,443        | 4,163          | -                   | 4,163        |
| Past due < 1 year | 2,420          | 727                 | 1,693        | 2,245          | 525                 | 1,720        |
| Past due > 1 year | 1,581          | 1,178               | 403          | 1,198          | 654                 | 544          |
| Total             | 8,444          | 1,905               | 6,539        | 7,606          | 1,179               | 6,427        |
| <b>Group</b>      |                |                     |              |                |                     |              |
| Not past due      | 4,472          | -                   | 4,472        | 4,212          | -                   | 4,212        |
| Past due < 1 year | 2,424          | 727                 | 1,697        | 2,245          | 525                 | 1,720        |
| Past due > 1 year | 1,581          | 1,178               | 403          | 1,198          | 654                 | 544          |
| Total             | 8,477          | 1,905               | 6,572        | 7,655          | 1,179               | 6,477        |

The impairment provision has been calculated based on expected losses for HDC's pool of debtors. Expected losses have been determined based on an analysis of HDC's losses in previous periods, and review of specific debtors as detailed below:

|                                | Note | Council                               | Council                               | Group                                 | Group                                 |
|--------------------------------|------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|                                |      | Actual \$<br>30 June<br>2014<br>\$000 | Actual \$<br>30 June<br>2013<br>\$000 | Actual \$<br>30 June<br>2014<br>\$000 | Actual \$<br>30 June<br>2013<br>\$000 |
| Individual impairment          |      | 876                                   | 654                                   | 876                                   | 654                                   |
| Collective impairment          |      | 1,028                                 | 525                                   | 1,028                                 | 525                                   |
| Total provision for impairment |      | 1,904                                 | 1,179                                 | 1,904                                 | 1,179                                 |

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

|                   |     |     |     |     |
|-------------------|-----|-----|-----|-----|
| Past due < 1 year | 222 | 61  | 222 | 61  |
| Past due > 1 year | 654 | 593 | 654 | 593 |
| Total             | 876 | 654 | 876 | 654 |

Movements in the provision for impairment of receivables are as follows:

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| At 1 July                                  | 1,179 | 939   | 1,179 | 939   |
| Additional provisions made during the year | 222   | 63    | 222   | 63    |
| Debtors written off during period          | -     | (75)  | -     | (75)  |
| Increase in infringement provision         | 503   | 252   | 503   | 252   |
| At 30 June                                 | 1,904 | 1,179 | 1,904 | 1,179 |

## 9. OTHER FINANCIAL ASSETS

|  | Council                               | Council                               | Group                                 | Group                                 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|  | Actual \$<br>30 June<br>2014<br>\$000 | Actual \$<br>30 June<br>2013<br>\$000 | Actual \$<br>30 June<br>2014<br>\$000 | Actual \$<br>30 June<br>2013<br>\$000 |
| <b>Current Portion</b>                         |                                       |                                       |                                       |                                       |
| Loans and receivables:                         |                                       |                                       |                                       |                                       |
| Community loans                                | 10                                    | 10                                    | 10                                    | 10                                    |
| Term deposits with maturities of 4-12 months   | 350                                   | -                                     | 350                                   | -                                     |
| Fair value through other comprehensive income: | -                                     | -                                     | -                                     | -                                     |
| Held-to-maturity:                              | -                                     | -                                     | -                                     | -                                     |
| Total current portion                          | 360                                   | 10                                    | 360                                   | 10                                    |

|  | Council<br>Actual \$<br>30 June<br>2014<br>\$000 | Council<br>Actual \$<br>30 June<br>2013<br>\$000 | Group<br>Actual \$<br>30 June<br>2014<br>\$000 | Group<br>Actual \$<br>30 June<br>2013<br>\$000 |
|--|--|--|--|--|
| <b>Non-current Portion</b>                     |  |  |  |  |
| Investment in CCO's and Similar Entities:      |  |  |  |  |
| Investment in Te Horowhenua Trust              | 783  | 783  | -  | -  |
| Unlisted shares in NZLGIC Limited              | 104  | 104  | 104  | 104  |
| Unlisted shares in MWLASS                      | 1  | 1  | 1  | 1  |
| Unlisted shares in LGFA                        | 100  | 100  | 100  | 100  |
| LGFA Borrowers Notes                           | 551  | 372  | 551  | 372  |
| Total investment in CCO's and similar entities | 1,539  | 1360   | 756  | 577  |
| Investment in other entities                   |  |  |  |  |
| Community loans                                | 110  | 136  | 110  | 136  |
| Deposits with maturities of over 12 months     | -  | -  | -  | -  |
| Investments carried at cost:                   | -  | -  | -  | -  |
| Total investment in other entities             | 110  | 136  | 110  | 136  |
| Total non-current portion                      | 1,649  | 1,496  | 866  | 713  |

### Fair Value

The unlisted shares in NZ Local Government Insurance Corp have been valued at cost and not fair value the participation in the Company is to obtain insurance cover rather than as an investment.

|             | Council<br>Actual \$<br>30 June<br>2014<br>\$000 | Council<br>Actual \$<br>30 June<br>2013<br>\$000 | Group<br>Actual \$<br>30 June<br>2014<br>\$000 | Group<br>Actual \$<br>30 June<br>2013<br>\$000 |
|-------------|--|--|--|--|
| <b>Note</b> |  |  |  |  |

### Term Deposits

The carrying amount of term deposits approximates their fair value.

Maturity analysis and effective interest rates:

|  |    |    |          |    |
|--|----|----|----------|----|
| Short-term deposits with maturities 3 months or less | -  | -  | -        | -  |
| Average maturity                                     | -  | -  | -        | -  |
| Weighted average effective interest rate             | 0% | 0% | 0%       | 0% |
| Short-term deposits with maturities of 4-12months    | -  | -  | 350      | -  |
| Average maturity                                     | -  | -  | 180 days | -  |
| Weighted average effective interest rate             | 0% | 0% | 4.45%    | 0% |
|  | -  | -  | 350      | -  |

### Community Loans

The fair value of community loans is \$98,948 (2013: \$105,673). Fair value has been determined using cash flows discounted at 3.1% (2013: 3.1%).

The face value of community loans is \$120,000 (2013: \$130,000).

### Impairment

There were no impairment provisions for other financial assets. None of the financial assets are past due date or impaired.

## 10. NON-CURRENT ASSETS HELD FOR SALE

|  | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|--|--|--|--|--|
| Non-current assets held for sale are:          |  |  |  |  |
| Forbes Road Sub-division                       | 828  | 274  | 828  | 274  |
| Cyrus Hills Forestry                           | -  | -  | -  | -  |
| Foxton Beach Holiday Park assets (excl. land)  | 240  | 240  | 240  | 240  |
| Land to be sold to Foxton Medical Centre Trust | -  | 97   | -  | 97   |
| Total assets held for sale                     | <u>1,068</u>   | <u>611</u>   | <u>1,068</u>   | <u>611</u>   |

### Forbes Road Sections

The Forbes Road lands form part of the Endowment Lands endowed to Council in the late 1800's, the revenue from which fund the Foxton Beach Freeholding Fund. The whole intent of the subdivision section sales is to generate revenue for the fund. Section sales will continue as they arise. It is expected that six of the 52 sections remaining in the Forbes Road subdivision will be sold in the next 12 months. Two of the sections in the assets held for sale, are show homes built by Council to promote sales.

### Foxton Beach Holiday Park

The camp also forms part of the endowment lands fund. Only the improvements, not the lands are being sold. Council went through a request for proposal process in 2012, with the sale of the improvements and a long term land lease being the option chosen. Settlement is expected on the completion of an accretion claim that is currently underway.

## 11. PROPERTY, PLANT AND EQUIPMENT (PPE) 2014

| 2014  | Cost /<br>revaluation<br>1-Jul-13 | Accumulated<br>depreciation<br>and impairment<br>charges<br>1-Jul-13 | Carrying<br>amount<br>1-Jul-13 | Additions<br>2013/14 | Vested<br>Assets | Disposals<br>at Cost<br>2013/14 | Depreciation<br>on Disposals<br>2013/14 | Depreciation<br>2013/14 | Revaluation<br>2013/14 | Transfers<br>2013/14 | Cost /<br>revaluation<br>30-Jun-14 | Accumulated<br>depreciation<br>and<br>impairment<br>charges<br>30-Jun-14 | Carrying<br>amount<br>30-Jun-14 |
|---|-----------------------------------|--|--------------------------------|----------------------|------------------|---------------------------------|---|-------------------------|------------------------|----------------------|------------------------------------|--|---------------------------------|
| <b>Council operational assets</b>               |                                   |  |                                |                      |                  |                                 |   |                         |                        |                      |                                    |  |                                 |
| Land  | 16,186                            | -  | 16,186                         | 117                  | -                | (193)                           | -                                       | -                       | (1,339)                | -                    | 14,771                             | -  | 14,771                          |
| Buildings                                       | 27,355                            | (819)  | 26,536                         | 1,452                | -                | (72)                            | 5                                       | (475)                   | (1,625)                | -                    | 25,816                             | -  | 25,816                          |
| Plant and equipment                             | 2,667                             | (1,399)  | 1,268                          | 667                  | -                | (64)                            | 21                                      | (251)                   | -                      | -                    | 3,269                              | (1,628)  | 1,641                           |
| Total operational assets                        | 46,208                            | (2,218)  | 43,990                         | 2,236                | -                | (329)                           | 26                                      | (726)                   | (2,964)                | -                    | 43,856                             | (1,628)  | 42,229                          |
| <b>Council infrastructural assets</b>           |                                   |  |                                |                      |                  |                                 |   |                         |                        |                      |                                    |  |                                 |
| Wastewater Treatment                            | 25,025                            | (1,308)  | 23,717                         | 2,471                | -                | -                               | -                                       | (650)                   | (1,387)                | -                    | 24,151                             | -  | 24,151                          |
| Wastewater Other                                | 52,180                            | (2,676)  | 49,504                         | 1,964                | 78               | -                               | -                                       | (1,344)                 | 3,225                  | -                    | 53,427                             | -  | 53,427                          |
| Water Supply Treatment                          | 13,401                            | (1,061)  | 12,341                         | 3,419                | -                | -                               | -                                       | (534)                   | (61)                   | -                    | 15,164                             | -  | 15,164                          |
| Water Supply Other                              | 40,466                            | (2,394)  | 38,071                         | 802                  | 53               | -                               | -                                       | (1,198)                 | 4,522                  | -                    | 42,251                             | -  | 42,251                          |
| Stormwater drainage                             | 32,863                            | (1,022)  | 31,841                         | 346                  | -                | -                               | -                                       | (531)                   | (311)                  | -                    | 31,345                             | -  | 31,345                          |
| Solid Waste                                     | 4,483                             | (544)  | 3,939                          | 564                  | -                | -                               | -                                       | (276)                   | 606                    | -                    | 4,833                              | -  | 4,833                           |
| Roads   | 226,263                           | (4,761)  | 221,502                        | 2,292                | 166              | -                               | -                                       | (3,747)                 | (70,864)               | -                    | 149,349                            | -  | 149,349                         |
| Footpaths                                       | 41,310                            | (795)  | 40,515                         | 405                  | -                | -                               | -                                       | (795)                   | 879                    | -                    | 41,004                             | -  | 41,004                          |
| Land under roads                                | 24,285                            | -  | 24,285                         | -                    | -                | -                               | -                                       | -                       | -                      | -                    | 24,285                             | -  | 24,285                          |
| Total infrastructural assets                    | 460,276                           | (14,561)   | 445,715                        | 12,263               | 297              | -                               | -                                       | (9,075)                 | (63,392)               | -                    | 385,808                            | -  | 385,808                         |
| <b>Council restricted assets</b>                |                                   |  |                                |                      |                  |                                 |   |                         |                        |                      |                                    |  |                                 |
| Cemeteries                                      | 993                               | (50)   | 943                            | 107                  | -                | -                               | -                                       | (29)                    | (8)                    | -                    | 1,013                              | -  | 1,013                           |
| Parks and reserves                              | 32,246                            | (1,033)  | 31,213                         | 709                  | -                | (100)                           | -                                       | (592)                   | 392                    | -                    | 31,622                             | -  | 31,622                          |
| Endowment properties                            | 6,915                             | (26)   | 6,889                          | 587                  | -                | (713)                           | -                                       | (20)                    | 1,498                  | (599)                | 7,642                              | -  | 7,642                           |
| Total restricted assets                         | 40,154                            | (1,109)  | 39,045                         | 1,403                | -                | (813)                           | -                                       | (641)                   | 1,883                  | (599)                | 40,278                             | -  | 40,278                          |
| Total council PPE                               | 546,638                           | (17,888)   | 528,750                        | 15,902               | 297              | (1,142)                         | 26                                      | (10,442)                | (64,473)               | (599)                | 469,943                            | (1,628)  | 468,315                         |
| <b>Subsidiary plant, property and equipment</b> |                                   |  |                                |                      |                  |                                 |   |                         |                        |                      |                                    |  |                                 |
| Kete equipment                                  | 16                                | (16)   | -                              | -                    | -                | -                               | -                                       | -                       | -                      | -                    | 16                                 | (16)   | -                               |
| Furniture and fittings                          | 577                               | (57)   | 520                            | 6                    | -                | -                               | -                                       | (55)                    | -                      | -                    | 583                                | (112)  | 471                             |
| IT equipment                                    | 44                                | (38)   | 6                              | 4                    | -                | -                               | -                                       | (5)                     | -                      | -                    | 48                                 | (43)   | 5                               |
| Books   | 1,331                             | (557)  | 774                            | 138                  | -                | (145)                           | 66                                      | (84)                    | -                      | -                    | 1,324                              | (575)  | 749                             |
| Other lending stock                             | 105                               | (91)   | 14                             | 25                   | -                | (29)                            | 26                                      | (22)                    | -                      | -                    | 101                                | (87)   | 14                              |
| Total subsidiary PPE                            | 2,073                             | (759)  | 1,314                          | 173                  | -                | (174)                           | 92                                      | (166)                   | -                      | -                    | 2,072                              | (833)  | 1,239                           |
| Total group PPE                                 | 548,711                           | (18,647)   | 530,064                        | 16,075               | 297              | (1,316)                         | 118                                     | (10,608)                | (64,473)               | (599)                | 472,016                            | (2,461)  | 469,554                         |

### Work in Progress

Work in Progress at 30 June 2014 was \$915,266 in Buildings (2013: \$101,058), \$2,697,047 in Wastewater (2013: \$11,990,373), \$408,912 in Water (2013: \$1,335,797), \$Nil in Parks (2013: \$107,708), \$560,892 in Solid Waste (2013: \$119,761) and \$54,454 in Stormwater (2013 Nil). They are included in the above assets.

## 11. PROPERTY, PLANT AND EQUIPMENT (PPE) 2013

| 2013  | Cost /<br>revaluation | Accumulated<br>depreciation<br>and impairment<br>charges | Carrying<br>amount | Additions | Disposals<br>at Cost | Depreciation<br>on Disposals | Depreciation | Revaluation | Transfers | Cost /<br>revaluation | Accumulated<br>depreciation<br>and<br>impairment<br>charges | Carrying<br>amount |
|---|-----------------------|--|--------------------|-----------|----------------------|------------------------------|--------------|-------------|-----------|-----------------------|---|--------------------|
|   | 1-Jul-12              | 1-Jul-12   | 1-Jul-12           | 2012/13   | 2012/13              | 2012/13                      | 2012/13      | 2012/13     | 2012/13   | 30-Jun-13             | 30-Jun-13   | 30-Jun-13          |
| <b>Council operational assets</b>               |                       |  |                    |           |                      |                              |              |             |           |                       |   |                    |
| Land  | 16,946                | -  | 16,946             | -         | (160)                | -                            | -            | -           | (600)     | 16,186                | -   | 16,186             |
| Buildings                                       | 24,191                | (408)  | 23,783             | 3,264     | (95)                 | 2                            | (413)        | -           | (5)       | 27,355                | (819)   | 26,536             |
| Plant and equipment                             | 2,825                 | (1,492)  | 1,333              | 209       | (398)                | 306                          | (214)        | -           | -         | 2,635                 | (1,399)   | 1,236              |
| Total operational assets                        | 43,962                | (1,900)  | 42,062             | 3,473     | (653)                | 308                          | (627)        | -           | (605)     | 46,176                | (2,218)   | 43,958             |
| <b>Council infrastructural assets</b>           |                       |  |                    |           |                      |                              |              |             |           |                       |   |                    |
| Wastewater disposal                             | 63,866                | (1,968)  | 61,898             | 13,339    | -                    | -                            | (2,016)      | -           | -         | 77,205                | (3,984)   | 73,221             |
| Water supply                                    | 51,201                | (1,715)  | 49,486             | 2,667     | -                    | -                            | (1,740)      | -           | -         | 53,868                | (3,455)   | 50,413             |
| Stormwater drainage                             | 32,504                | (510)  | 31,994             | 359       | -                    | -                            | (512)        | -           | -         | 32,863                | (1,022)   | 31,841             |
| Solid Waste                                     | 4,336                 | (268)  | 4,068              | 147       | -                    | -                            | (276)        | -           | -         | 4,483                 | (544)   | 3,939              |
| Roading   | 264,649               | -  | 264,649            | 2,924     | -                    | -                            | (5,556)      | -           | -         | 267,573               | (5,556)   | 262,017            |
| Land under roads                                | 24,285                | -  | 24,285             | -         | -                    | -                            | -            | -           | -         | 24,285                | -   | 24,285             |
| Total infrastructural assets                    | 440,841               | (4,461)  | 436,380            | 19,436    | -                    | -                            | (10,100)     | -           | -         | 460,277               | (14,561)  | 445,716            |
| <b>Council restricted assets</b>                |                       |  |                    |           |                      |                              |              |             |           |                       |   |                    |
| Cemeteries                                      | 894                   | (25)   | 869                | 99        | -                    | -                            | (25)         | -           | -         | 993                   | (50)  | 943                |
| Parks and reserves                              | 30,024                | (500)  | 29,524             | 2,372     | (53)                 | -                            | (533)        | -           | (97)      | 32,246                | (1,033)   | 31,213             |
| Endowment properties                            | 6,320                 | (13)   | 6,307              | 370       | (156)                | -                            | (13)         | -           | 381       | 6,915                 | (26)  | 6,889              |
| Total restricted assets                         | 37,238                | (538)  | 36,700             | 2,841     | (209)                | -                            | (571)        | -           | 284       | 40,153                | (1,109)   | 39,045             |
| Total council PPE                               | 522,041               | (6,899)  | 515,142            | 25,750    | (863)                | 308                          | (11,298)     | -           | (321)     | 546,606               | (17,888)  | 528,719            |
| <b>Subsidiary plant, property and equipment</b> |                       |  |                    |           |                      |                              |              |             |           |                       |   |                    |
| Kete equipment                                  | 16                    | (16)   | 0                  | -         | -                    | -                            | -            | -           | -         | 16                    | (16)  | 0                  |
| Furniture and fittings                          | 151                   | (86)   | 65                 | 519       | (93)                 | 69                           | (40)         | -           | -         | 577                   | (57)  | 520                |
| IT equipment                                    | 162                   | (142)  | 21                 | -         | (118)                | 111                          | (7)          | -           | -         | 44                    | (38)  | 7                  |
| Books   | 1,371                 | (614)  | 757                | 175       | (215)                | 144                          | (87)         | -           | -         | 1,331                 | (557)   | 774                |
| Other lending stock                             | 131                   | (120)  | 11                 | 25        | (51)                 | 50                           | (21)         | -           | -         | 105                   | (91)  | 14                 |
| Total subsidiary PPE                            | 1,831                 | (977)  | 854                | 719       | (477)                | 374                          | (155)        | -           | -         | 2,073                 | (758)   | 1,315              |
| Total group PPE                                 | 523,873               | (7,876)  | 515,997            | 26,469    | (1,340)              | 682                          | (11,453)     | -           | (321)     | 548,681               | (18,647)  | 530,033            |

### Work in Progress

Work in Progress at 30 June 2013 was \$101,058 in Buildings (2012: \$3,535,000), \$11,990,373 in Wastewater (2012: \$62,000), in Water \$1,335,797 (2012: \$161,000), \$107,708 in Parks (2012: \$Nil) and in Solid Waste \$119,761 (2012: \$Nil).

## 12. INTANGIBLE ASSETS

| 2014                                | Cost /<br>revaluation<br>1-Jul-13 | Accumulated<br>amortisation<br>and impairment<br>charges<br>1-Jul-13 | Carrying<br>amount<br>1-Jul-13 | Additions<br>2013/14 | Disposals<br>2013/14 | Depreciation<br>on Disposals<br>2013/14 | Amortisation<br>2013/14 | Revaluation<br>2013/14 | Transfers<br>2013/14 | Cost /<br>revaluation<br>30-Jun-14 | Accumulated<br>amortisation<br>and<br>impairment<br>charges<br>30-Jun-14 | Carrying<br>amount<br>30-Jun-14 |
|-------------------------------------|-----------------------------------|--|--------------------------------|----------------------|----------------------|---|-------------------------|------------------------|----------------------|------------------------------------|--|---------------------------------|
| <b>Council intangible assets</b>    |                                   |  |                                |                      |                      |   |                         |                        |                      |                                    |  |                                 |
| Easements                           | 235                               | -  | 235                            | -                    | -                    | -                                       | -                       | -                      | -                    | 235                                | -  | 235                             |
| Carbon credits                      | 33                                | -  | 33                             | -                    | (33)                 | -                                       | -                       | -                      | -                    | -                                  | -  | -                               |
| Computer software                   | 3,128                             | (1,467)  | 1,661                          | 236                  | -                    | -                                       | (261)                   | -                      | -                    | 3,364                              | (1,728)  | 1,636                           |
| Total council intangibles           | 3,396                             | (1,467)  | 1,929                          | 236                  | (33)                 | -                                       | (261)                   | -                      | -                    | 3,599                              | (1,728)  | 1,871                           |
| <b>Subsidiary intangible assets</b> |                                   |  |                                |                      |                      |   |                         |                        |                      |                                    |  |                                 |
| Computer software                   | 374                               | (332)  | 42                             | -                    | (9)                  | 2                                       | (14)                    | -                      | -                    | 365                                | (344)  | 21                              |
| Group intangible assets             | 3,770                             | (1,799)  | 1,971                          | 236                  | (42)                 | 2                                       | (275)                   | -                      | -                    | 3,964                              | (2,072)  | 1,892                           |
| <b>2013</b>                         |                                   |  |                                |                      |                      |   |                         |                        |                      |                                    |  |                                 |
| 2013                                | Cost /<br>revaluation<br>1-Jul-12 | Accumulated<br>amortisation<br>and impairment<br>charges<br>1-Jul-12 | Carrying<br>amount<br>1-Jul-12 | Additions<br>2012/13 | Disposals<br>2012/13 | Impairment<br>charges<br>2012/13        | Amortisation<br>2012/13 | Revaluation<br>2012/13 | Transfers<br>2012/13 | Cost /<br>revaluation<br>31-Jun-13 | Accumulated<br>amortisation<br>and<br>impairment<br>charges<br>30-Jun-13 | Carrying<br>amount<br>30-Jun-13 |
| <b>Council intangible assets</b>    |                                   |  |                                |                      |                      |   |                         |                        |                      |                                    |  |                                 |
| Easements                           | 235                               | -  | 235                            | -                    | -                    | -                                       | -                       | -                      | -                    | 235                                | -  | 235                             |
| Carbon credits                      | -                                 | -  | -                              | -                    | -                    | -                                       | -                       | 33                     | -                    | 33                                 | -  | 33                              |
| Computer software                   | 2,993                             | (1,223)  | 1,770                          | 135                  | -                    | -                                       | (244)                   | -                      | -                    | 3,128                              | (1,467)  | 1,661                           |
| Total council intangibles           | 3,228                             | (1,223)  | 2,005                          | 135                  | -                    | -                                       | (244)                   | 33                     | -                    | 3,396                              | (1,467)  | 1,929                           |
| <b>Subsidiary intangible assets</b> |                                   |  |                                |                      |                      |   |                         |                        |                      |                                    |  |                                 |
| Computer software                   | 348                               | (317)  | 31                             | 26                   | -                    | -                                       | (15)                    | -                      | -                    | 374                                | (332)  | 42                              |
| Group intangible assets             | 3,576                             | (1,540)  | 2,036                          | 161                  | -                    | -                                       | (259)                   | 33                     | -                    | 3,770                              | (1,799)  | 1,971                           |

### Impairment of Easements

Easements are not cash generating in nature, instead they give HDC the right to access private property where infrastructural assets are located. As such impairment of easements is determined by considering the future service potential of the easement and its assessed replacement.

### Life of Easements

Easements have been assessed as having an indefinite useful life because they provide HDC with access to infrastructural assets for an indefinite time period.

### Restrictions on Title

There are no pledges or restrictions on titles for any properties, plant or equipment.

### 13. FORESTRY ASSETS

|  | Council<br>and Group<br>Actual \$<br>30 June<br>2014<br>\$000 | Council<br>and Group<br>Actual \$<br>30 June<br>2013<br>\$000 |
|--|---|---|
| Note   |   |   |
| Balance at 1 July  | 561   | 563   |
| Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes | 45  | 41  |
| Increases due to new planting and pruning  | 30  | -   |
| Decreases due to transfer to current assets  | -   | -   |
| Decreases due to harvest   | -   | (43)  |
| Balance 30 June  | 636   | 561   |

Council owns 106.2 hectares of pinus radiata forest and other harvestable trees, which are at varying stages of maturity ranging from three to thirty years. This consists of the Ferry Reserve 13.6 ha, Hokio Landfill 39.7 ha, The POT Forest 30.1 ha (commercially viability 25.1 ha) and Target Reserve 22.8 ha.

Independent registered valuers Forme Consulting Ltd have valued the forestry assets as at 30 June 2014. Valuation assumptions adopted in determining the fair value of the forestry assets include:

- \* a pre-tax discount rate of 9% (2013: 9%) has been used in discounting the present value of expected cash returns;
- \* the value of the land and the cost of owning the land are not allowed for in the valuation;
- \* the estimated net stocked forest area is based on aerial mapping records;
- \* trend log prices are based on an average of the last six quarters; and
- \* costs are current average costs.

#### Financial Risk Management Strategies

HDC is exposed to financial risks arising from changes in timber prices. HDC is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. HDC reviews its outlook for timber prices regularly in considering the need for active financial risk management.

There are no restrictions on titles and liabilities for forestry.

### 14. INVESTMENT PROPERTY

|  | Council<br>and Group<br>Actual \$<br>30 June<br>2014<br>\$000 | Council<br>and Group<br>Actual \$<br>30 June<br>2013<br>\$000 |
|--|---|---|
| Note                                   |   |   |
| Balance at 1 July                      | 5,760   | 5,755   |
| Additions                              | 285   | 33  |
| Transfer from/(to) operational assets  |   |   |
| Disposals                              | -   | -   |
| Fair value gains/(losses) on valuation | (280)   | (28)  |
| Balance at 30 June                     | 5,765   | 5,760   |

HDC's investment properties are valued annually at fair value effective 30 June 2014. All investment properties were valued based on open market evidence. The valuation was performed by Bruce Lavender ANZIV, an independent valuer from Blackmore Associates, experienced valuers with extensive market knowledge in the types of investment properties owned by HDC.

The market value at 30 June 2014 was \$5,764,900 which has taken into account all the improvements made to that time. Assumptions vary depending on the item being valued. Land is based on current sales; Leasehold Land is based on recent market sales evidence and Commercial properties are determined by rental achieved or achievable with appropriate capitalisation return indicating property worth.

There are no restrictions on titles and liabilities for Investment Property.

**Contractual obligations in relation to investment properties at balance date but not recognised in the financial statements are as follows:**

As at 30 June 2014 there were \$ Nil contractual obligations for capital or operating expenditure (2013: \$ Nil).

**15. INVESTMENTS IN SUBSIDIARIES**

|                                  | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|----------------------------------|--|--|
| Te Horowhenua Trust (100% owned) | 783  | 783  |

**16. CREDITORS AND OTHER PAYABLES**

|                                   | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|-----------------------------------|--|--|--|--|
|                                   | <b>Note</b>  |  |  |  |
| Trade payables                    |  | 5,292  | 6,829  | 5,466  |
| Amounts due to related parties    | <b>23</b>  | 1  | -  | -  |
| Deposits and Bonds                |  | 758  | 880  | 758  |
| Accrued expenses                  |  | 890  | 793  | 890  |
| Rates and other income in advance |  | 818  | 743  | 818  |
| Rates Instalment                  |  | -  | -  | -  |
| Other                             |  | 555  | 622  | 205  |
| Total Trade and Other Payables    |  | <u>8,314</u>   | <u>9,867</u>   | <u>8,135</u>   |
|                                   |  |  |  | <u>9,689</u>   |

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

**17A. PROVISIONS**

|   | <b>Council<br/>and Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>and Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|---|--|--|
| <b>Current provisions are represented by:</b>     |  |  |
| Landfill aftercare                                | 880  | 854  |
| Financial guarantees                              | -  | -  |
| Total Current Provisions                          | <u>880</u>   | <u>854</u>   |
| <b>Non-current provisions are represented by:</b> |  |  |
| Landfill aftercare                                | 2,060  | 1,846  |
| Financial guarantees                              | -  | -  |
| Total Non-current Provisions                      | <u>2,060</u>   | <u>1,846</u>   |
| Total Provisions                                  | <u>2,940</u>   | <u>2,700</u>   |



| Provisions for each class are as follows:     | Landfill  | Landfill  |
|---|-----------|-----------|
|   | Aftercare | Aftercare |
|   | Actual    | Actual    |
|   | 30 June   | 30 June   |
|   | 2014      | 2013      |
|   | \$000     | \$000     |
| Opening balance                               | 2,700     | 2,636     |
| Adjustment to provisions made during the year | 240       | 64        |
| Unwinding of discount                         | -         | -         |
| Amounts used during the year                  | -         | -         |
| Closing balance                               | 2,940     | 2,700     |

#### Provision for financial guarantees

HDC is listed as sole guarantor to a number of community organisation bank loans. Under each of these HDC is obligated to make loan payments in the event the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent upon the financial stability of the community organisations, which will vary over time; it is not considered to be necessary to make any provision as at 30 June 2014 (30 June 2013: \$ Nil).

#### Provision for landfill aftercare costs

HDC gained a Resource Consent in 2002 to operate a landfill near Levin. HDC has responsibility under the Resource Consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

Cash outflows for landfill post-closure costs are already being incurred for closed cells, and will increase as each current and future cell is closed. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 7% (2013: 7%).

The management of the landfill will influence the timing of recognition of some liabilities – for example a liability relating to each cell will only be created when that cell is commissioned and when refuse begins to accumulate in the cell.

The provision was estimated by P. Landmark of Montgomery Watson as at 30 June 2014 (2013: P. Landmark of Montgomery Watson).

Assumptions have been made that additional remediation, including clay capping, is required and that environmental monitoring will be increased. It is also unlikely that leachate will be irrigated to land in the future and so the costs associated with that operation have been ignored.

The remaining capacity of the consented landfill is approximately 747,000 cubic metres (2013: 791,501) (comprising: refuse, clean fill and cover).

The estimated remaining life is approximately 17 years (2013: 24 years).

#### 17B. OTHER NON-CURRENT LIABILITIES

|                           | Council | Council | Group   | Group   |
|---------------------------|---------|---------|---------|---------|
|                           | Actual  | Actual  | Actual  | Actual  |
|                           | 30 June | 30 June | 30 June | 30 June |
|                           | 2014    | 2013    | 2014    | 2013    |
|                           | \$000   | \$000   | \$000   | \$000   |
| Development Contributions | 485     | 526     | 485     | 526     |
| LGFA Amortisation Reserve | 613     | 669     | 613     | 669     |
| Swap Derivatives          | 209     | 323     | 209     | 323     |
|                           | 1,307   | 1,518   | 1,307   | 1,518   |

**18. EMPLOYMENT BENEFIT LIABILITIES**

|                                    | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|------------------------------------|--|--|--|--|
| Accrued pay                        | 181  | 145  | 185  | 197  |
| Annual leave                       | 470  | 456  | 533  | 528  |
| Long service leave                 | 86   | 87   | 86   | 86   |
| Retirement gratuities              | 70   | 90   | 133  | 153  |
| Sick leave                         | -  | -  | -  | -  |
| Total employee benefit liabilities | <u>807</u>   | <u>778</u>   | <u>937</u>   | <u>964</u>   |
| Comprising:                        |  |  |  |  |
| Current                            | 651  | 601  | 718  | 724  |
| Non-current                        | 156  | 177  | 219  | 240  |
| Total employee benefit liabilities | <u>807</u>   | <u>778</u>   | <u>937</u>   | <u>964</u>   |

**19. BORROWINGS**

|                              | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|------------------------------|--|--|--|--|
| <b>Current</b>               |  |  |  |  |
| Bank overdraft               | -  | -  | -  | -  |
| Secured loans                | 10,750   | 6,000  | 10,750   | 6,000  |
| Total current borrowings     | <u>10,750</u>  | <u>6,000</u>   | <u>10,750</u>  | <u>6,000</u>   |
| <b>Non-current</b>           |  |  |  |  |
| Secured loans                | 46,000   | 46,750   | 46,000   | 46,750   |
| Total non-current borrowings | <u>46,000</u>  | <u>46,750</u>  | <u>46,000</u>  | <u>46,750</u>  |

HDC manages its borrowings in accordance with its funding and financial policies, including a Liability Management Policy, which has been adopted as part of HDC's LTP.

**Fixed Rate Debt**

HDC's secured debt of \$42,750,000 (2013: \$38,750,000) is issued at rates of interest fixed at time of issue.

**Floating Rate Debt**

HDC has \$14,000,000 on current floating rate (2013 \$14,000,000). The interest rate is reset quarterly based on the 90 day bill rate plus a margin for credit risk.

**Security**

The bank overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$500,000 (2013: \$500,000). There are no restrictions on the use of this facility.

The secured loans are secured over the rates of the Council.

## Maturity Analysis and Effective Interest Rates

The following is a maturity analysis of HDC's borrowings. There are no early repayment options.

|  | <b>Council<br/>and Group<br/>Secured<br/>Loans<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>and Group<br/>Secured<br/>Loans<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Council<br/>and Group<br/>Bank<br/>Overdraft<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>and Group<br/>Bank<br/>Overdraft<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|--|--|--|---|---|
| Less than one year                               | 10,750   | 6,000  | 10,750  | 6,000   |
| Effective weighted average interest rate         | 6.14%  | 5.96%  | 6.14%   | 5.96%   |
| Later than one year but not more than five years | 27,000   | 23,750   | 27,000  | 23,750  |
| Effective weighted average interest rate         | 5.03%  | 5.21%  | 5.03%   | 5.21%   |
| Later than five years                            | 19,000   | 23,000   | 19,000  | 23,000  |
| Effective weighted average interest rate         | 5.28%  | 4.32%  | 5.28%   | 4.32%   |
|  | <b>56,750</b>  | <b>52,750</b>  | <b>56,750</b>   | <b>52,750</b>   |

## Fair value of non-current borrowings

The carrying amounts and the fair values of non-current borrowings are as follows:

|               | <b>Carrying Amounts</b>                      |  | <b>Fair Values</b>                           |  |
|---------------|--|--|--|--|
|               | <b>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Actual<br/>30 June<br/>2013<br/>\$000</b> |
| Secured Loans | 46,000                                       | 46,750                                       | 46,000                                       | 46,750                                       |

The carrying amounts of borrowings repayable within one year approximate their fair value. The fair values are based on cash flow using a rate based on the weighted borrowing rates ranging from 4.39% to 7.05% (2013: 4.32% to 5.21%).

## Internal Borrowings

Information about internal borrowing per Activity is provided on the Activity Funding Impact Statements on pages 93-168.

## LGFA Covenant Compliance as at 30/06/14

|  | <b>2014<br/>Actual</b> | <b>2014<br/>Council<br/>Limit</b> | <b>2014 LGFA<br/>Limit Lending<br/>Policy</b> |
|--|------------------------|-----------------------------------|---|
| Net Debt to Total Operating Revenue                        | 121%                   |                                   | < 175%  |
| Gross Debt per Capita                                      | 1,885                  | < 2,500                           |   |
| Gross Debt as a percentage of Total assets                 | 12%                    | < 15%                             |   |
| Net Interest to Total Operating Revenue                    | 7%                     |                                   | < 20%   |
| Net Interest to Annual Rates Income                        | 10%                    |                                   | < 25%   |
| Gross Interest to Annual Rates Income                      | 10%                    | < 25%                             |   |
| Available financial accommodation to external indebtedness | 120%                   |                                   | > 110%  |

**20. EQUITY**

|  | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|--|--|--|--|--|
| <b>Retained earnings</b>   |  |  |  |  |
| As at 1 July   | 271,308  | 277,242  | 291,974  | 277,360  |
| Transfers to:  |  |  |  |  |
| Special Funds  | (930)  | (4,065)  | (930)  | (4,065)  |
| Transfers from:  |  |  |  |  |
| Special Funds  | 976  | 1,533  | 976  | 1,533  |
| Asset revaluation reserve on disposals                             | -  | 24   | -  | 24   |
| Surplus/(deficit) for the year                                     | (2,219)  | (3,424)  | (2,276)  | (2,874)  |
| As at 30 June  | <u>269,125</u>   | <u>271,308</u>   | <u>269,744</u>   | <u>271,978</u>   |
| <b>Other Reserve Funds (Refer to separate schedule on page 26)</b> |  |  |  |  |
| As at 1 July   | 4,982  | 2,450  | 4,982  | 2,450  |
| Transfers to:  |  |  |  |  |
| Retained earnings  | (976)  | (1,533)  | (976)  | (1,533)  |
| Transfers from:  |  |  |  |  |
| Retained earnings  | 930  | 4,065  | 930  | 4,065  |
| As at 30 June  | <u>4,936</u>   | <u>4,982</u>   | <u>4,936</u>   | <u>4,982</u>   |
| <b>Asset revaluation reserves</b>                                  |  |  |  |  |
| As at 1 July   | 208,958  | 208,982  | 208,958  | 208,982  |
| Revaluation gains/(losses)   | (61,509)   | -  | (61,509)   | -  |
| Transfers to:  |  |  |  |  |
| Retained earnings on disposal of property, plant and equipment     | -  | (24)   | -  | (24)   |
| As at 30 June  | <u>147,449</u>   | <u>208,958</u>   | <u>147,449</u>   | <u>208,958</u>   |
| Asset revaluation reserves consist of:                             |  |  |  |  |
| Operational assets   |  |  |  |  |
| Land and Buildings   | -  | -  | -  | -  |
| Infrastructural assets   |  |  |  |  |
| Sewerage system  | 33,102   | 31,265   | 33,102   | 31,265   |
| Water system   | 23,951   | 19,490   | 23,951   | 19,490   |
| Stormwater drainage system   | 18,499   | 18,810   | 18,499   | 18,810   |
| Solid Waste  | 1,028  | 421  | 1,028  | 421  |
| Roading network  | 60,783   | 130,770  | 60,783   | 130,770  |
| Restricted assets  |  |  |  |  |
| Cemeteries   | 115  | 122  | 115  | 122  |
| Parks and reserves   | 8,359  | 7,967  | 8,359  | 7,967  |
| Endowment property   | 1,612  | 113  | 1,612  | 113  |
| Total  | <u>147,449</u>   | <u>208,958</u>   | <u>147,449</u>   | <u>208,958</u>   |
| Total Equity   | <u>421,518</u>   | <u>485,248</u>   | <u>419,597</u>   | <u>485,208</u>   |

Refer to Reserve Funds Statement, pages 26-31, for details on Restricted Reserves and Council Created Reserve Funds.

## 21. CAPITAL COMMITMENTS AND OPERATING LEASES

Capital expenditure contracted at balance date for (but not yet incurred for ) property, plant and equipment

|  | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|--|--|--|--|--|
| <b>Capital Commitments</b>             |  |  |  |  |
| Shannon Water Treatment Plant          | 933  | 1,997  | 933  | 1,997  |
| Levin Water Reticulation Renewals      | 111  | -  | 111  | -  |
| Levin Rising Main and New Pump House   | -  | 1,397  | -  | 1,397  |
| Levin Wastewater Reticulation Renewals | 776  | -  | 766  | -  |
| <b>Total</b>                           | <b>1,820</b>   | <b>3,394</b>   | <b>1,820</b>   | <b>3,394</b>   |

Refer to Note 14 for capital commitments for investment properties.

### Operating Leases as Lessee

HDC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

|   | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|---|--|--|--|--|
| <b>Non-cancellable Operating Leases as Lessee</b> |  |  |  |  |
| Less than one year                                | 333  | 497  | 340  | 504  |
| Later than one year but not more than five years  | 152  | 424  | 152  | 434  |
| Later than five years                             | -  | -  | -  | -  |
| <b>Total Non-cancellable Operating Leases</b>     | <b>485</b>   | <b>921</b>   | <b>492</b>   | <b>935</b>   |

Leases can be renewed at HDC's option, with rents set by reference to current market rates of equivalent age and condition. HDC does have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on HDC by any of the leasing arrangements.

### Operating Leases as Lessor

HDC leases its investment properties, Foxton Beach endowment land and other property under operating leases. The majority of the investment and endowment property leases are leases in perpetuity and therefore non-cancellable; the majority of the other leases are cancellable. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

|  | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|--|--|--|--|--|
| Less than one year                               | 961  | 865  | 961  | 865  |
| Later than one year but not more than five years | 1,892  | 1,625  | 1,892  | 1,625  |
| Later than five years                            | 1,483  | 1,613  | 1,483  | 1,613  |
| <b>Total Non-cancellable Operating Leases</b>    | <b>4,336</b>   | <b>4,103</b>   | <b>4,336</b>   | <b>4,103</b>   |

Figures for later than five years are impracticable because most of the leases are in perpetuity. The total annual lease amounts are expected to be at least those indicated above.

No contingent rents have been recognised in the statement of financial performance during the period.

## 22. CONTINGENCIES

|                  | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|------------------|--|--|--|--|
| Guarantees       | 37   | 42   | 37   | 42   |
| Government Grant | 5,219  | 5,219  | 5,219  | 5,219  |

### Guarantees

The value of guarantees disclosed as contingent liabilities reflects HDC's assessment of the undiscounted portion of financial guarantees that are not recognised in the Statement of Financial Position. See Note 17 Provisions, for information on recognised financial guarantees. The maximum financial exposure the Council is open to is \$65,000.

### Government Grants

The value of Government grants disclosed as a contingent liability is the sum of what is notionally an interest-free, suspensory loan from Housing NZ, but is for all practical intents and purposes a grant. The sum advanced is part of a \$10M programme for the construction and modernisation of HDC's flats for the elderly. The sums advanced are repayable, with interest, primarily in the event of HDC selling the flats within 20 years and are registered as mortgages over the relevant properties. Currently HDC has no intention of selling the flats.

### Contingent Liability

Horowhenua District Council obtained public liability and professional indemnity insurance cover from New Zealand Mutual Liability Risk Pool. The Council has now withdrawn from the Risk Pool. Risk Pool operates as a mutual fund where each member makes an annual contribution to obtain cover; however should claims exceed contributions then calls can be made on the members of that fund year for the shortfall amount. Risk Pool have advised that further calls may be made to the Council for past pool periods. Horowhenua District Council has budgeted monies in its current LTP to cover these calls.

The site of the Foxton Mitre 10 building is included in the designs for the new Te Awahou Nieuwe Stroom facility. The Mitre 10 building is partly constructed on land owned by neither Mitre 10 nor Horowhenua District Council (HDC). HDC has applied to the Māori Land Court for relief from this encroachment. The Owners remain committed to reaching a negotiated outcome to this matter. The maximum potential liability for HDC is \$20,000 and a piece of land, being a purchase negotiated with the Owners.

Horowhenua District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Horowhenua District Council is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$100K. When aggregated with the uncalled capital of other shareholders, \$20M is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Horowhenua District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2014, NZLGFA had borrowings totalling \$3,728M (2013: \$2,475M).

Financial reporting standards require Horowhenua District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### Building Act Claims

The Building Act of 2004 imposes certain obligation and liabilities on local authorities in respect to the issue of Building Consents and inspections of work done.

HDC has one claim with the Weathertight Homes Resolution Service (WHRS claim 06649). This claim has been accepted as valid and will be liable for 25% of the value of repairs; being \$14,237. HDC is not expected to be covered under its insurance policies. HDC is also exposed to potential claims which have not been advised. The amount of these claims and any potential liability are not able to be reliably measured and are therefore not quantifiable.

### Contingent Assets

Third parties including sports clubs and community groups are able to construct facilities (e.g. club rooms) on HDC owned land. The third parties control the use of these facilities and HDC will only gain control of the asset if the third party vacates the facility. Unless, and until, such event occurs these assets are not recognised as assets in the Statement of Financial Position. As at 30 June 2014 there were 24 facilities having an approximate value of \$8,020M (2013: 24 facilities, \$8,020M). This estimate has been based on district rating valuations.

HDC also has a contingent asset in the land sold to the Foxton Medical Trust, which, should the Foxton Medical Trust sell the land, Council will receive the market value at the time of transfer.

## 23. RELATED PARTY TRANSACTIONS

### Te Horowhenua Trust

In 1996 Council set up the Horowhenua Library Trust (HLT) and then on the 4th of March 2011 changed its name to Te Horowhenua Trust (THT).

The primary objective of THT is the delivery of library services on behalf of the Council.

THT is considered to be a Council Controlled Organisation under the Local Government Act 2002.

A description of the library activities and comparisons between the actual performance and the Key Performance measures set out in the LTP 2012-2022 is contained in Section 1 under the Community Support Group of Services.

The following transactions were carried out with related parties:

|  | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|--|--|--|
| <b>Te Horowhenua Trust</b>                                       |  |  |
| Grant received from Council                                      | 1,500  | 1,350  |
| Contract income provided by HDC to Te Horowhenua Trust           | 214  | 90   |
| Other Grants and Income received by Te Horowhenua Trust from HDC | 68   | 26   |
| Other Services to Te Horowhenua Trust from HDC                   | 77   | 32   |
| Accounts payable to Te Horowhenua Trust                          | 1  | -  |
| Accounts receivable by HDC                                       | 7  | -  |
| Payment for services provided by HDC                             | 79   | -  |

The Council does not receive rental payments from Te Horowhenua Trust for the building Te Takere occupies and the Council owns.

### Te Horowhenua Trust

During the year 2012/13 funding totalling \$713,400 was received as part of the fundraising towards the building and transferred from Te Horowhenua Trust. Of this \$440,000 was recognised as revenue in 2011/12 and \$273,400 was recognised as revenue in 2012/13.

### Manawatu/Wanganui Local Authorities Shared Services Limited

This Company was set up in 2008 by seven local Councils to investigate the possibilities of economies of scale by joint procurement.

To date there has been one call on share capital and the company is now trading. Horowhenua District Council owns one seventh or 14% of this Company and has a \$1,000 share capital.

The Company is considered to be a Council Controlled Organisation under the Local Government Act 2002 but the member Councils have resolved that it is exempt for the purposes of Section 6(4)(i) of that Act for 2010/11, 2012/12, 2012/13. and 2013/14.

|  | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|--|--|--|
| <b>Manawatu/Wanganui Local Authorities Shared Services Limited</b> |  |  |
| E-Road Hardware  | 9  | -  |
| Regional Archives Project  | 59   | 60   |
| Benchmarking Project   | 4  | -  |
| Valuation services and share of fixed charges                      | 5  | 11   |
| Consultant expenses share  | 6  | 1  |

### Shannon Community Development Trust

The Council holds \$353,000 on deposit on behalf of the Shannon Community Development Trust.

### Key Management Personnel

During the year key management personnel (the mayor, councillors and senior managers) were involved in minor transactions with HDC (e.g. payment of rates, purchase of rubbish bags, and registration of dogs) as part of a normal customer relationship. In addition the following transactions were conducted with key management personnel:

|   | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|---|--|--|
| Canvasland Holdings Ltd (in which Mayor B Duffy is a shareholder)<br>Expenditure incurred in the year ended 30 June 2014  | 11   | 13   |
| Canvasland Sunshades Ltd (in which Mayor B Duffy is a shareholder)<br>Expenditure incurred in the year ended 30 June 2014 | 1  | 1  |

No provision has been required, nor any expense recognised, for impairment of receivables for any related party (2013: \$ Nil).

|   | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|---|--|--|
| <b>Key Management Personnel Compensation</b>      |  |  |
| Salaries and other short-term employment benefits | 1,445  | 1,325  |
| Post-employment benefits                          | -  | 11   |
| Other long-term benefits                          | -  | -  |
| Termination benefits                              | -  | -  |
|   | <u>1,445</u>   | <u>1,336</u>   |

For the purposes of this table 'Key Management Personnel' comprise the Chief Executive Officer and other Senior Executives and the Mayor and Councillors.

## 24. REMUNERATION

### Chief Executive Officer

The Chief Executive Officer of Horowhenua District Council appointed under section 42 of the Local Government Act 2002 received the following remuneration:

|                         | <b>Council<br/>Actual \$<br/>2014</b> | <b>Council<br/>Actual \$<br/>2013</b> |
|-------------------------|---------------------------------------|---------------------------------------|
| Chief Executive Officer |                                       |                                       |
| Salary                  | 215,000                               | 219,865                               |
| Final holiday pay       | -                                     | 7,561                                 |
| Vehicle (FBT)           | 6,040                                 | 11,955                                |
|                         | <u>221,040</u>                        | <u>239,381</u>                        |

For the period 1 July 2013 to 30 June 2014 the total annual cost of the remuneration package received by the Chief Executive is calculated as \$221,040 (2013: \$239,381) including FBT and final holiday pay.



|   | <b>Council<br/>Actual \$<br/>2014</b> | <b>Council<br/>Actual \$<br/>2013</b> |
|---|---------------------------------------|---------------------------------------|
| <b>Elected Representatives</b>            |                                       |                                       |
| Mayor B J Duffy                           | 89,812                                | 86,340                                |
| <b>Councillors:</b>                       |                                       |                                       |
| D Allan (Chair of the Hearings Committee) | 8,202                                 | 28,662                                |
| G Good (Deputy Mayor from Nov 13)         | 27,724                                | 21,364                                |
| A Hunt                                    | 5,602                                 | 19,374                                |
| B Judd                                    | 8,202                                 | 28,062                                |
| V Kaye-Simmons                            | 21,558                                | 19,814                                |
| L McMeeken                                | 5,682                                 | 20,664                                |
| N Murray                                  | 5,602                                 | 19,374                                |
| A Rush                                    | 23,015                                | 22,364                                |
| R Shaw                                    | 5,682                                 | 19,814                                |
| W Bishop                                  | 22,277                                | 19,814                                |
| R Brannigan                               | 15,896                                | -                                     |
| R Campbell                                | 15,896                                | -                                     |
| M Feyen                                   | 15,896                                | -                                     |
| J Mason                                   | 16,615                                | -                                     |
| C Mitchell                                | 16,615                                | -                                     |
| P H Tukupua                               | 15,896                                | -                                     |
|   | <u>320,172</u>                        | <u>305,649</u>                        |

#### **Foxton Beach Community Board**

|                 |               |
|-----------------|---------------|
| J Smart (Chair) | 7,877         |
| N Ellwood       | 1,647         |
| G Gimblett      | 4,728         |
| P Metcalf       | 5,585         |
| D Roache        | 5,585         |
| B Vertongen     | 5,587         |
| A Street        | 4,018         |
|                 | <u>35,037</u> |

#### **Council Employees**

Total annual remuneration by band for employees as at 30 June:

|                        | <b>Council<br/>Actual \$<br/>2014</b> | <b>Council<br/>Actual \$<br/>2013</b> |
|------------------------|---------------------------------------|---------------------------------------|
| <60,000                | 80                                    | 68                                    |
| \$60,000 - \$79,999    | 23                                    | 22                                    |
| \$80,000 - \$99,999    | 11                                    | 14                                    |
| \$100,000 - \$119,999  | 6                                     | 7                                     |
| \$120,000 - \$240,000  | 5                                     | -                                     |
| <b>Total Employees</b> | <u>125</u>                            | <u>111</u>                            |

At balance date, the Council employed 86 (2013: 90) full-time employees, with the balance of staff representing 21 (2013: 14) full-time equivalent employees. A full-time employee is determined on the bases of a 40-hour working week.

## 25. SEVERANCE PAYMENTS

For the year ended 30 June 2014, HDC made three severance payments to employees totalling \$30,790 (2013: \$13,031). The three payments made were \$21,727, \$6,000 and \$3,063. (2013: three payments made of: \$8,606, \$3,200 and \$1,241).

## 26. EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date.

## 27. FINANCIAL INSTRUMENTS

### 27A. FINANCIAL INSTRUMENT CATEGORIES

|   | Note | Council<br>Actual<br>30 June<br>2014<br>\$000 | Council<br>Actual<br>30 June<br>2013<br>\$000 | Group<br>Actual<br>30 June<br>2014<br>\$000 | Group<br>Actual<br>30 June<br>2013<br>\$000 |
|---|------|---|---|---|---|
| <b>FINANCIAL ASSETS</b>   |      |   |   |   |   |
| <b>Loans and Receivables</b>                                    |      |   |   |   |   |
| Cash and cash equivalents                                       | 7    | 5,435   | 7,346   | 5,480                                       | 7,403                                       |
| Debtors and other receivables                                   | 8    | 6,539   | 6,427   | 6,572                                       | 6,476                                       |
| Other financial assets:   |      |   |   |   |   |
| - term deposits   |      | -   | -   | 350   | -   |
| - community loans   | 9    | 120   | 146   | 120   | 146   |
| - derivatives interest rate swap                                |      | -   | -   | -   | -   |
| <b>Total Loans and Receivables</b>                              |      | <b>12,094</b>                                 | <b>13,919</b>                                 | <b>12,522</b>                               | <b>14,025</b>                               |
| <b>Fair Value Through Other Comprehensive Income</b>            |      |   |   |   |   |
| Unlisted Shares in NZLGIC Limited                               | 9    | 104   | 104   | 104   | 104   |
| Unlisted Shares In MWLASS                                       | 9    | 1   | 1   | 1   | 1   |
| Unlisted Shares in LGFA   | 9    | 100   | 100   | 100   | 100   |
| LGFA Borrowers Notes  |      | 551   | 372   | 551   | 372   |
| <b>Total financial assets</b>                                   |      | <b>12,850</b>                                 | <b>14,496</b>                                 | <b>13,278</b>                               | <b>14,512</b>                               |
| <b>FINANCIAL LIABILITIES</b>                                    |      |   |   |   |   |
| <b>Fair Value Through Surplus or Deficit – Held for Trading</b> |      |   |   |   |   |
| Derivative financial instrument liabilities                     | 33   | 208   | 376   | 208   | 376   |
| <b>Financial liabilities at amortised cost</b>                  |      |   |   |   |   |
| Creditors and other payables                                    | 16   | 8,523   | 10,190  | 8,696                                       | 9,689                                       |
| Borrowings:   |      |   |   |   |   |
| - secured loans   | 19   | 56,750  | 52,750  | 56,750                                      | 52,750                                      |
| <b>Total financial liabilities at amortised cost</b>            |      | <b>65,481</b>                                 | <b>63,316</b>                                 | <b>65,654</b>                               | <b>62,815</b>                               |

### 27B. FINANCIAL INSTRUMENT RISK

HDC has a series of policies to manage the risks associated with financial instruments. HDC is risk averse and seeks to minimise exposure from its Treasury activities. HDC has established Council approved Liability Management and Investment Policies. These Policies do not allow any transactions that are speculative in nature to be entered into.

### 27C. 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.

Derivates are initially recognised at fair value on the date a derivate contract is entered into and are subsequently remeasured at their fair value at each balance date.

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

## **Market Risk**

### ***Price Risk***

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. HDC is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to movements in fair value of unlisted securities. This price risk is managed by a prohibition of further share investment in HDC's Investment Policy.

HDC holds unlisted equity instruments in New Zealand Local Government Insurance Limited, which are not publicly traded. If the fair value of the shares had moved plus or minus 5%, the effect would have been to increase/decrease the fair value through equity reserve by \$5,200 (2013:\$5,200).

### ***Currency Risk***

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. HDC is not exposed to currency risk, as it does not enter into foreign currency transactions.

### ***Interest Rate Risk***

The interest rates on HDC's investments are disclosed in Note 9 and on HDC's borrowings in Note 19.

### ***Fair Value Interest Rate Risk***

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates exposes the HDC to fair value interest rate risk. HDC's Liability Management policy outlines the level of borrowing that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where HDC has borrowed at fixed rates. In addition, investments at fixed interest rates expose the HDC to fair value interest rate risk.

### ***Cash Flow Interest Rate Risk***

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose HDC to cash flow interest rate risk.

HDC manages its cash flow interest rate risk on borrowings by borrowing at fixed rates.

### ***Credit Risk***

Credit risk is the risk that a third party will default on its obligation to HDC, causing HDC to incur a loss. HDC has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and HDC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 22.

HDC invests funds only in government-guaranteed instruments, deposits with registered banks and local authority stock and its Investment Policy limits the amount of credit exposure to any one institution or organisation. Investments in other local authorities are secured by charges over rates. Accordingly, the Group does not require any collateral or security to support these financial instruments.

### **Maximum Exposure to Credit Risk**

HDC's maximum credit exposure for each class of financial instrument is as follows:

|                                |          | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|--------------------------------|----------|--|--|--|--|
| Cash at bank and term deposits | <b>7</b> | 5,785  | 7,346  | 5,830  | 403  |
| Debtors and other receivables  | <b>8</b> | 6,539  | 6,427  | 6,572  | 6,476  |
| Community loans                | <b>9</b> | 150  | 146  | 155  | 155  |
| Financial guarantees           | <b>2</b> | 37   | 42   | 37   | 42   |
| Total credit risk              |          | 12,481   | 13,961   | 12,594   | 14,076   |

### **Credit Quality of Financial Assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poors credit ratings (or similar, if available) or to historical information about contemporary default rates:

|  |  | <b>Council<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2014<br/>\$000</b> | <b>Group<br/>Actual<br/>30 June<br/>2013<br/>\$000</b> |
|--|--|--|--|--|--|
| <b>COUNTERPARTIES WITH CREDIT RATINGS</b>            |  |  |  |  |  |
| Cash at bank and term deposits:                      |  |  |  |  |  |
| AA   |  | -  | -  | 5,830  | 7,403  |
| AA-  |  | 5,785  | 7,346  | -  | -  |
| Total cash at bank and term deposits                 |  | 5,785  | 7,346  | 5,830  | 7,403  |
| <b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>         |  |  |  |  |  |
| Community loans:                                     |  |  |  |  |  |
| Existing counterparties with no defaults in the past |  | 120  | 146  | 146  | 146  |
| Existing counterparties with defaults in the past    |  | -  | -  | -  | -  |
| Total community loans                                |  | 120  | 146  | 146  | 146  |

Debtors and other receivables mainly arise from HDC's statutory functions, therefore there are no procedures in place to monitor or report the quality of debtors and other receivables with reference to internal or external credit ratings. HDC has no significant concentrations of credit risk in relation to debtors and other receivables as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

### **Liquidity Risk**

#### **Management of Liquidity Risk**

Liquidity risk is the risk that HDC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. HDC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, HDC maintains a target level of investments that must mature within the next 12 months.

HDC manages its borrowings in accordance with its Funding and Financial Policies, which includes a Liability Management Policy. These policies have been adopted as part of the HDC's LTP.

HDC has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2013: \$500,000). There are no restrictions on the use of this facility.

HDC has a CCAF (Committed Cash Advance Facility) of \$10 Million that has not been included in the Financial Statements.

HDC has a \$15,000 MasterCard facility that has not been included in the Financial Statements.

The maturity profiles of the HDC's interest bearing investments and borrowings are disclosed in Notes 10 and 20 respectively.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 22.

**Contractual Maturity Analysis of Financial Liabilities**

The table below analyses HDC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest rate payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

|                              | Note | Carrying Amount<br>\$000 | Contractual Cash Flow<br>\$000 | <1 Year<br>\$000 | 1-2<br>Years<br>\$000 | 2-5<br>Years<br>\$000 | >5 Years<br>\$000 |
|------------------------------|------|--------------------------|--------------------------------|------------------|-----------------------|-----------------------|-------------------|
| <b>Council 2014</b>          |      |                          |                                |                  |                       |                       |                   |
| Creditors and other payables | 16   | 8,523                    | 8,523                          | 8,523            | -                     | -                     | -                 |
| Secured loans                | 19   | 56,750                   | 59,322                         | 11,389           | 2,080                 | 26,162                | 19,691            |
| Total                        |      | 65,273                   | 67,845                         | 19,912           | 2,080                 | 26,162                | 19,691            |
| <b>Group 2014</b>            |      |                          |                                |                  |                       |                       |                   |
| Creditors and other payables | 16   | 8,486                    | 8,486                          | 8,486            | -                     | -                     | -                 |
| Secured loans                | 19   | 56,750                   | 59,322                         | 11,389           | 2,080                 | 26,162                | 19,691            |
| Total                        |      | 65,236                   | 67,808                         | 1,875            | 2,080                 | 26,162                | 19,691            |
| <b>Council 2013</b>          |      |                          |                                |                  |                       |                       |                   |
| Creditors and other payables | 16   | 9,867                    | 9,867                          | 9,867            | -                     | -                     | -                 |
| Secured loans                | 19   | 52,750                   | 59,201                         | 6,376            | 11,404                | 16,958                | 24,463            |
| Total                        |      | 62,617                   | 69,069                         | 16,243           | 11,404                | 16,958                | 24,463            |
| <b>Group 2013</b>            |      |                          |                                |                  |                       |                       |                   |
| Creditors and other payables | 16   | 9,689                    | 9,689                          | 10,713           | -                     | -                     | -                 |
| Secured loans                | 19   | 52,750                   | 59,201                         | 6,376            | 11,404                | 16,958                | 24,463            |
| Total                        |      | 62,439                   | 68,890                         | 17,089           | 11,404                | 16,958                | 24,463            |

### Contractual maturity analysis of financial assets

The table below analyses HDC's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

|                               | Note | Carrying Amount<br>\$000 | Contractual Cash Flow<br>\$000 | <1 Year<br>\$000 | 1-2<br>Years<br>\$000 | 2-5<br>Years<br>\$000 | >5 Years<br>\$000 |
|-------------------------------|------|--------------------------|--------------------------------|------------------|-----------------------|-----------------------|-------------------|
| <b>Council 2014</b>           |      |                          |                                |                  |                       |                       |                   |
| Cash and cash equivalents     | 7    | 5,435                    | 5,435                          | 5,435            | -                     | -                     | -                 |
| Debtors and other receivables | 8    | 6,539                    | 6,539                          | 6,539            | -                     | -                     | -                 |
| Other financial assets:       |      |                          |                                |                  |                       |                       |                   |
| * term deposits               |      | -                        | -                              | -                | -                     | -                     | -                 |
| * community loans             | 9    | 120                      | 167                            | 17               | 17                    | 46                    | 87                |
| <b>Total</b>                  |      | <b>12,094</b>            | <b>12,141</b>                  | <b>11,991</b>    | <b>17</b>             | <b>46</b>             | <b>87</b>         |
| <b>Group 2014</b>             |      |                          |                                |                  |                       |                       |                   |
| Cash and cash equivalents     | 7    | 5,479                    | 5,283                          | 5,283            | -                     | -                     | -                 |
| Debtors and other receivables | 8    | 6,572                    | 6,511                          | 6,511            | -                     | -                     | -                 |
| Other financial assets:       |      |                          |                                |                  |                       |                       |                   |
| * term deposits               |      | -                        | -                              | -                | -                     | -                     | -                 |
| * community loans             | 9    | 120                      | 167                            | 17               | 17                    | 46                    | 87                |
| <b>Total</b>                  |      | <b>12,170</b>            | <b>11,961</b>                  | <b>11,811</b>    | <b>17</b>             | <b>46</b>             | <b>87</b>         |
| <b>Council 2013</b>           |      |                          |                                |                  |                       |                       |                   |
| Cash and cash equivalents     | 7    | 7,346                    | 7,346                          | 7,346            | -                     | -                     | -                 |
| Debtors and other receivables | 8    | 6,427                    | 6,427                          | 6,427            | -                     | -                     | -                 |
| Other financial assets:       |      |                          |                                |                  |                       |                       |                   |
| * term deposits               |      | -                        | -                              | -                | -                     | -                     | -                 |
| * community loans             | 9    | 146                      | 154                            | 10               | 20                    | 30                    | 94                |
| <b>Total</b>                  |      | <b>13,919</b>            | <b>13,927</b>                  | <b>13,783</b>    | <b>20</b>             | <b>30</b>             | <b>94</b>         |
| <b>Group 2013</b>             |      |                          |                                |                  |                       |                       |                   |
| Cash and cash equivalents     | 7    | 7,403                    | 7,403                          | 7,403            | -                     | -                     | -                 |
| Debtors and other receivables | 8    | 6,476                    | 6,476                          | 6,476            | -                     | -                     | -                 |
| Other financial assets:       |      |                          |                                |                  |                       |                       |                   |
| * term deposits               |      | -                        | -                              | -                | -                     | -                     | -                 |
| * community loans             | 9    | 155                      | 164                            | 10               | 20                    | 30                    | 104               |
| <b>Total</b>                  |      | <b>14,033</b>            | <b>14,043</b>                  | <b>13,889</b>    | <b>20</b>             | <b>30</b>             | <b>104</b>        |

### Sensitivity Analysis

The tables below illustrate the potential profit and loss (excluding retained earnings) for reasonably possible market movements, with all other variables held constant, based on HDC's financial instrument exposures at the balance date.

|  | 30 June 2014<br>Parent<br>& Group<br>-100bps | 30 June 2014<br>Parent<br>& Group<br>+100bps | 30 June 2013<br>Parent<br>& Group<br>-100bps | 30 June 2013<br>Parent<br>& Group<br>+100bps |
|--|--|--|--|--|
|--|--|--|--|--|

#### INTEREST RATE RISK

##### Financial Assets

|                           |      |    |      |    |
|---------------------------|------|----|------|----|
| Cash and cash equivalents | (56) | 56 | (64) | 64 |
|---------------------------|------|----|------|----|

##### Financial Liabilities

|            |     |       |    |      |
|------------|-----|-------|----|------|
| Borrowings | 140 | (140) | 50 | (50) |
|------------|-----|-------|----|------|

Cash and cash equivalents include deposits at call totalling \$6,360,000 (2013: \$6,360,000) which are at floating rates. A movement of interest rates of plus or minus 1% has an effect on interest income of \$63,600 (2013: 63,600).

Borrowings include total debt of \$14,000,000 (2013: \$14,000,000) on current floating rates.

### 28. BUDGETS FOR YEAR ENDED 30 JUNE 2014

Budgets are as per the Annual Plan, 2013/2014

### 29. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations on major variances against budget are disclosed on the face of the Financial Statements and Funding Impact Statements.

### 30. FINANCE LEASES

Council does not have any finance leases (30 June 2013: nil).

### 31. RECONCILIATION OF SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

|  | Council<br>Actual<br>30 June<br>2014<br>\$000 | Council<br>Actual<br>30 June<br>2013<br>\$000 | Group<br>Actual<br>30 June<br>2014<br>\$000 | Group<br>Actual<br>30 June<br>2013<br>\$000 |
|--|---|---|---|---|
| <b>SURPLUS (DEFICIT)</b>                             | 745   | (3,424)                                       | 683   | (2,874)                                     |
| Add/(less) non-cash items:                           |   |   |   |   |
| Depreciation and amortisation                        | 10,708  | 11,541  | 10,888                                      | 11,711                                      |
| Bad and doubtful debts expense                       | -   |   |   |   |
| Other including vested and donated assets            | (297)   | (690)   | (304)                                       | (695)                                       |
| Net gains and losses and other non-current movements | (215)   | (10)  | (135)                                       | (279)                                       |
| Impairment of non-current assets                     | -   | -   |   | -   |
| Add/(less) movements in working capital:             |   |   |   |   |
| Increase/(decrease) in accounts receivable           | 290   | 50  | (119)                                       | 37  |
| Increase/(decrease) in current liabilities           | (956)   | 668   | (596)                                       | 367   |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>      | <b>10,274</b>                                 | <b>8,135</b>                                  | <b>10,417</b>                               | <b>8,267</b>                                |

## 32. CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its LTP and its annual plan (where applicable) to meet the expenditure needs identified in those plans and the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the financial policies in the Council's LTP.

HDC has the following Council-created reserves:

- reserves for different types of rates;
- reserves for the repayment of loans;
- depreciation funds.



### 33. DERIVATIVE FINANCIAL INSTRUMENTS

|   | Council<br>Actual<br>30 June<br>2014<br>\$000 | Council<br>Actual<br>30 June<br>2013<br>\$000 | Group<br>Actual<br>30 June<br>2014<br>\$000 | Group<br>Actual<br>30 June<br>2013<br>\$000 |
|---|---|---|---|---|
| <b>Current portion</b>                              |   |   |   |   |
| Interest rate swaps – fair value hedges             | -   | (53)  | -   | (53)  |
| <b>Non-current liability</b>                        |   |   |   |   |
| Interest rate swaps – fair value hedges             | (208)   | (323)   | (208)                                       | (323)                                       |
| <b>Total derivative financial instrument assets</b> | <u>(208)</u>                                  | <u>(376)</u>                                  | <u>(208)</u>                                | <u>(376)</u>                                |

#### Non-current liability

This is included under other non-current liability in the Financial Position on page 20.

#### Fair value

The fair value of interest rate swaps have been derived using a discounted cash flows valuation technique based on quoted market prices.

#### Interest Rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for HDC were \$7,000,000 and \$4,000,000 (2013 \$7,000,000 and \$4,000,000) and for the HDC Group were \$11,000,000 (2013 \$11,000,000). At 30 June 2014, the fixed interest rate of the cash flow hedge interest rate swap was 5.37% and 4.96% respectively (2013:5.37% and 4.96%).

### 34. Depreciation and Amortisation Expense by Group of Activity

|                          | Council<br>Actual<br>30 June<br>2014<br>\$000 | Council<br>Actual<br>30 June<br>2013<br>\$000 |
|--------------------------|---|---|
| Community Support        | 108   | 36  |
| Environmental Services   | 65  | 27  |
| Parks and Recreation     | 642   | 582   |
| Property                 | 434   | 419   |
| Roading                  | 4,542   | 5,556   |
| Solid Waste              | 304   | 305   |
| Stormwater               | 531   | 512   |
| Waste water              | 1,994   | 2,016   |
| Water Supply             | 1,732   | 1,740   |
| Council operating assets | 356   | 348   |
| <b>Total</b>             | <u><u>10,708</u></u>                          | <u><u>11,541</u></u>                          |

### 35. INSURANCE OF ASSETS

|  | <b>Council<br/>Actual<br/>30 June 2014<br/>\$000</b> | <b>Council<br/>Actual<br/>30 June 2013<br/>\$000</b> |
|--|--|--|
| Total value of assets covered by insurance contracts                 | 92,402   | 94,652   |
| Maximum amount of insurance  | 166,033  | 146,172  |
| <br>   |  |  |
| Total value of assets covered by financial risk sharing arrangements | 126,993  | 119,446  |
| Maximum amount available under those arrangements                    | 118,481  | 110,081  |
| <br>   |  |  |
| Total value of assets that are self-insured                          | 258,258  | 322,871  |
| The value of funds maintained for that purpose                       | -  | -  |

It is anticipated (but cannot be guaranteed) that under the terms contained in the Guide to the Civil Defence Emergency Plan, central government may fund 60% of the qualifying cost of reinstating essential infrastructure assets in the event of a major disaster.

### 36. Replacement Cost of Infrastructural Assets

|                       | <b>Council<br/>Actual<br/>30 June 2014<br/>\$000</b> |
|-----------------------|--|
| Waste Water Treatment | 34,085   |
| Water Other           | 80,231   |
| Water Treatment       | 27,082   |
| Wastewater Other      | 112,649  |
| Stormwater            | 45,113   |
| Solid Waste           | 7,670  |
| Roading               | 300,973  |
|                       | <u>607,803</u>                                       |

## Benchmarks Disclosure Statement For the year ending 30 June 2014

The purpose of this statement is to disclose the Council's financial performance in relations to rates affordability, debt affordability, balanced budget, essential services, debt servicing, debt control, and operations control.

The Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

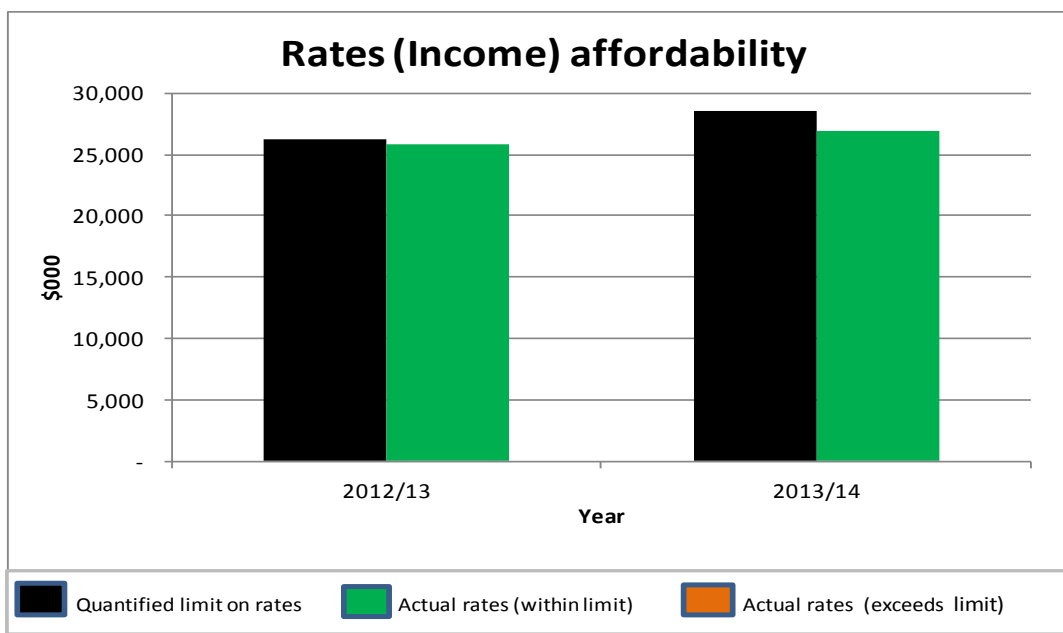
### Rates Affordability Benchmarks

The Council meets the rates affordability benchmark if it's:

- Actual or planned rates income for the year equals or is less than each qualified limit on rates; and
- Actual or planned rates increases for the year equal or are less than each qualified limit on rates increases.

### Rates (Income) affordability

The following graph compare the Council's actual rates income for 2012/13 and 2013/14 years with a quantified limit on rates contained in the Financial Strategy included in the Council's Long-Term Plan 2012-2022. All limits are based on the previous years' actual rates income adjusted for the projected maximum rates increase noted in Rates Increases Affordability benchmark. The quantified limit in the 2012-2022 Long-Term Plan is \$26,216,000 (2012/13) and \$28,465,000 (2013/14).

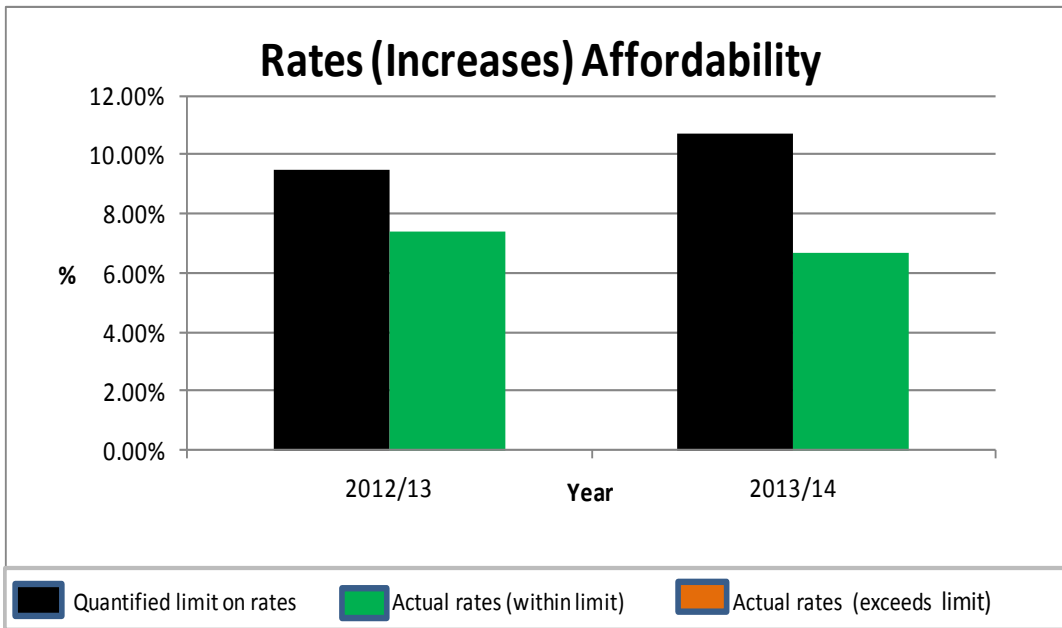


## Rates Increases Affordability

The following graph compares the Council's actual rate increase for the 2012/13 and 2013/14 years with a quantified limit on rates increases contained in the Financial Strategy included on the Council's Long Term Plan 2012-2022. The Financial Strategy was adopted in the Long Term Plan 2012-2012 therefore no comparatives are available for 2011/12 2010/11 and 2009/10.

The quantified limits are as follows:

- 2012/13 9.50%
- 2013/14 10.70%



## Debt Affordability Benchmark

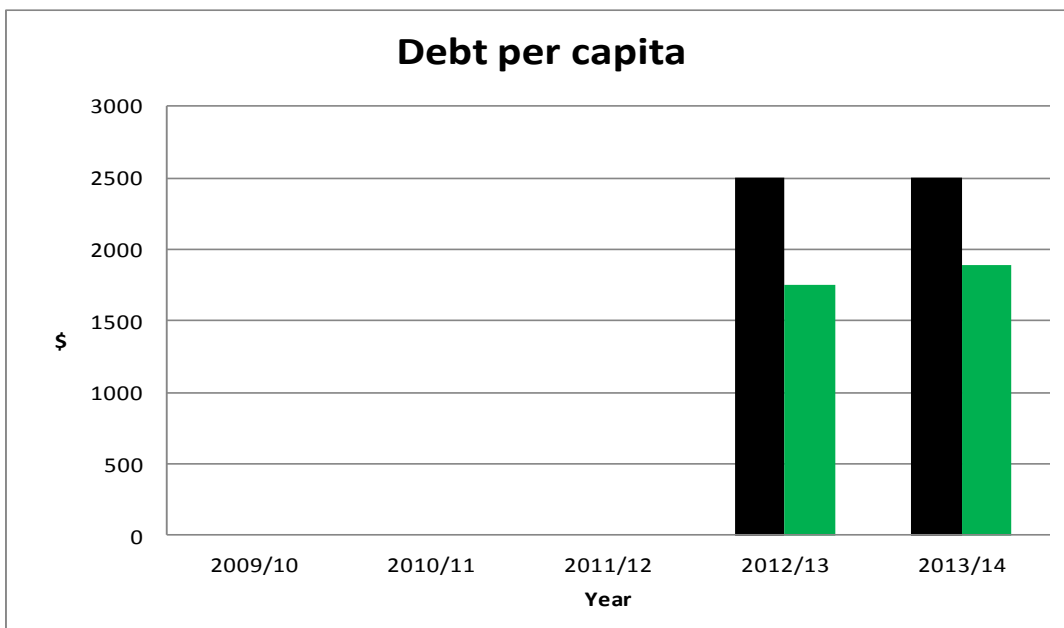
The Council meet the debt affordability benchmark for a year if actual or planned borrowing for the year is within each quantified limit on borrowing.

The Council quantified limits on borrowing are found in Liability Management Policy in the Long Term Plan 2012-2022 for 2012/13 and 2013/14. The three previous year limits are found in the Liability Management Policy in the Long Term Council Community Plan 2009-2019. These limits are decided on by Council. Where previous years are not shown it indicated a quantified limit had not been set at that time.

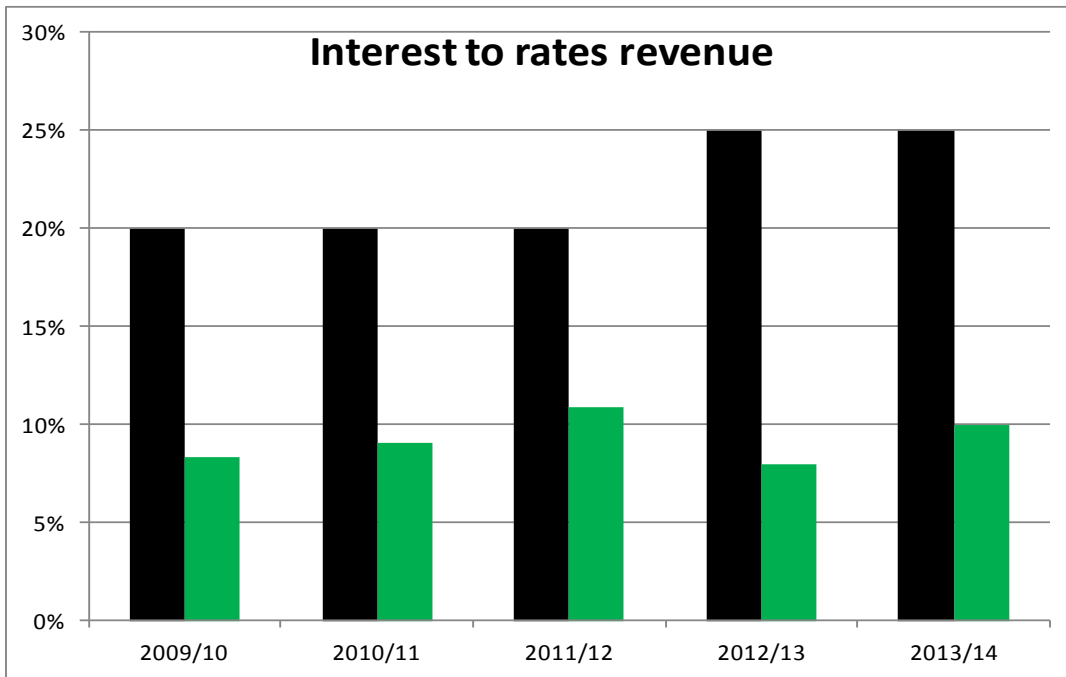
The limits are as follows:

- Debt per capita shall not exceed \$2,500.00
- Gross annual interest costs debt will not exceed 25% of total rates revenue
- Total debt as a percentage of total assets will not exceed 15%

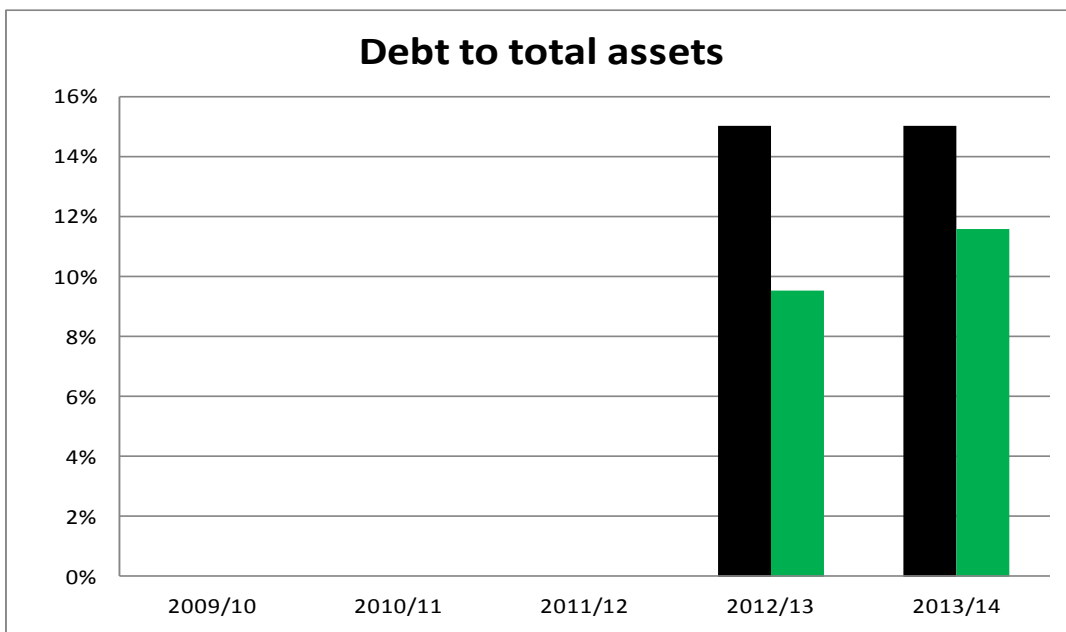
The following graph compares the Council's gross debt divided by the total population of the district to provide a per capita outcome.



The following graph compares the Council's Gross annual interest cost as a proportion of annual rates income.



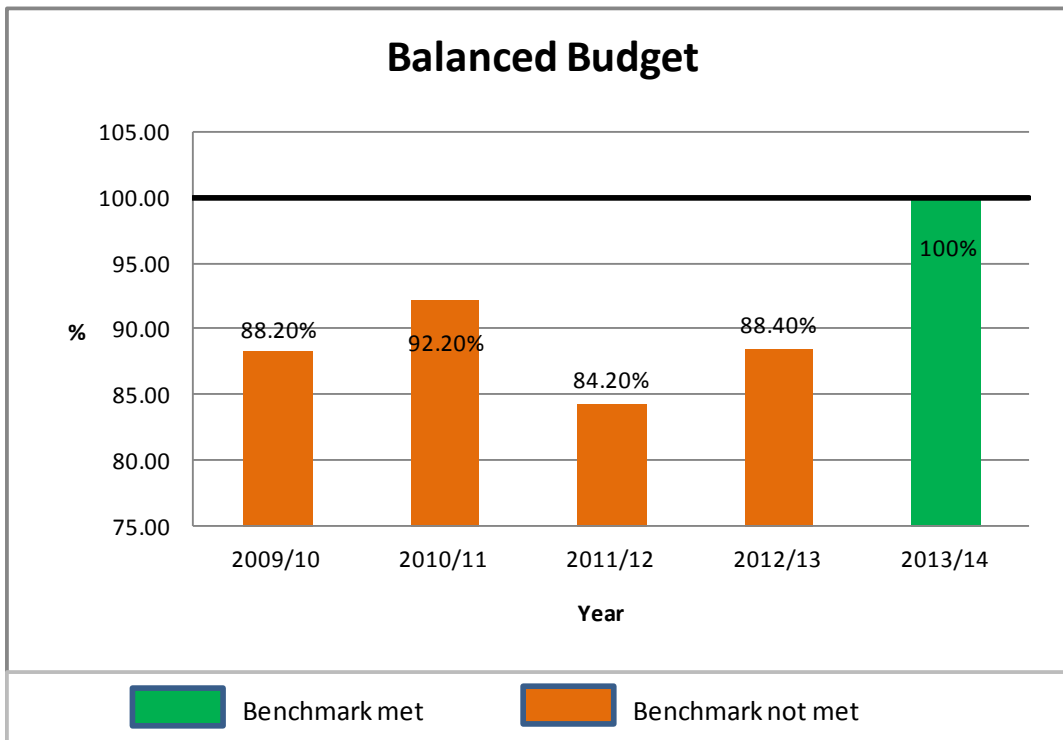
The following graph compares the Council's total debt divided by the total assets excluding trade and other receivables.



## Balanced Budget Benchmark

The following graph displays the Council's revenue excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment, as a proportion of operating expenses, excluding losses on derivative financial instruments and revaluations of property, plants or equipment.

The Council meets this benchmark if its revenue equals, or is greater than, its operating expenses.



## Explanation on Balanced Budget Benchmark

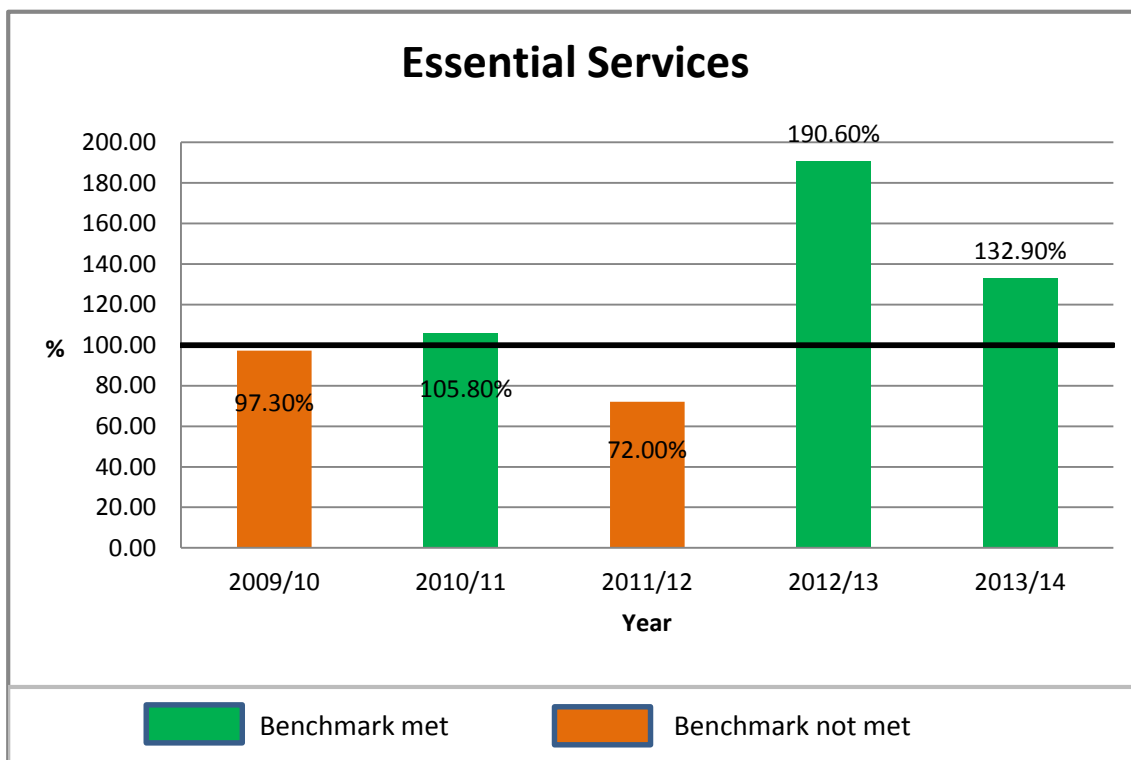
In order to keep the level of rate increases to an affordable level, Council has, for some years, not been fully funding depreciation. Funding depreciation creates a reserve to cover the cost of replacing Council's assets, especially infrastructural assets. Under funding this reserve is possible only in the short-term. Council has been progressively increasing the funding of depreciation since the 2009/10 financial year with the view of fully funding depreciation by the 2019/20 financial year. The major cause of Council's above inflation rate increases has been the need to increase depreciation funding. The underfunding of depreciation is the major reason for Council not meeting this benchmark.

## Essential Services Benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. Capital work includes both renewals of existing infrastructure and new capital works undertaken.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Network services is defined in the regulations as infrastructure relating to water supply, sewage and the treatment and disposal of sewage, storm water drainage, flood protection and control works and the provision of roads and footpaths. The Council owns no infrastructure relating to flood protection and control work.

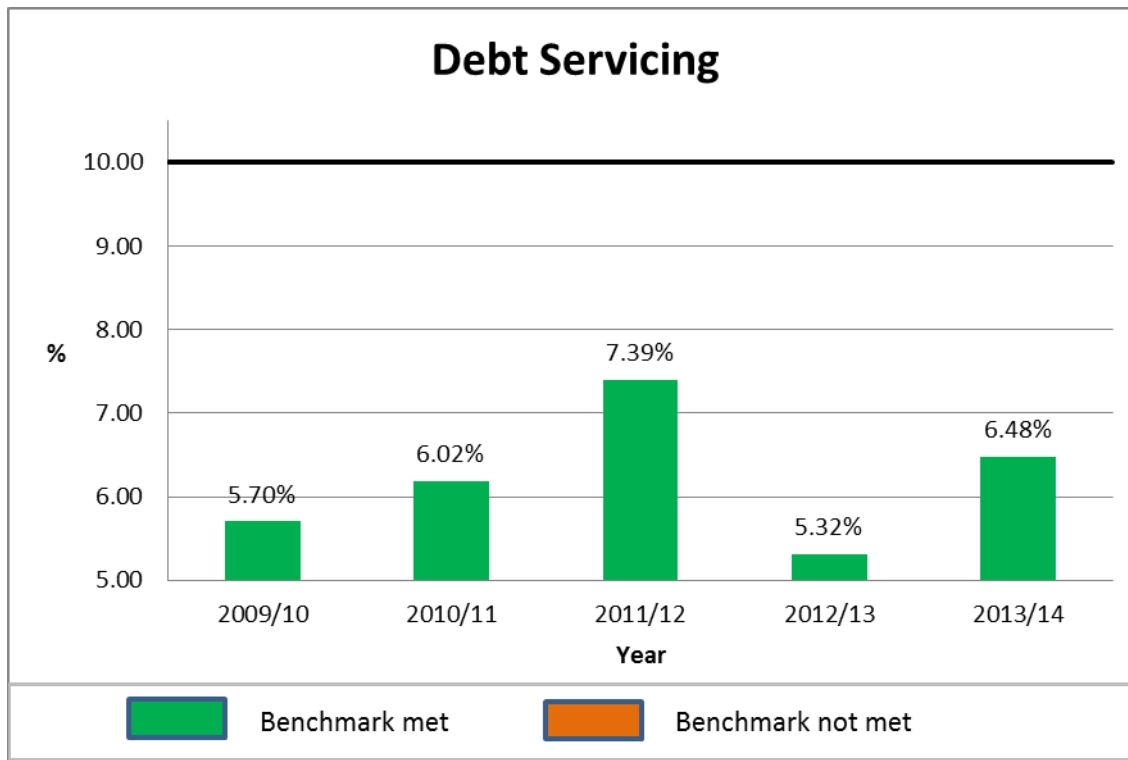




## Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment.

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate it meets the debt control benchmark if its borrowing costs are equal or less than 10% of its revenue, (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

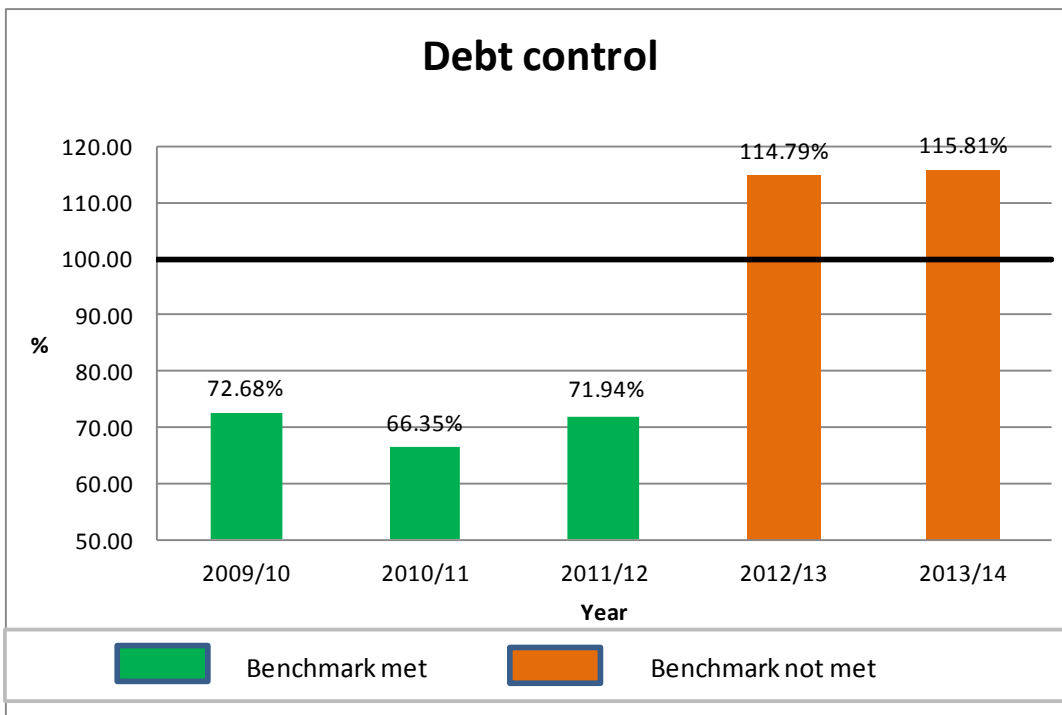


## Debt Control Benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt is financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt is less than or equal to the net debt planned for the year in its long term plan.

This benchmark has used the projected debt levels in 2009-2019 Long Term Council Community Plan 2009-2019 for the first three years and the Long Term Plan 2012-2022 for 2012/13 and 2013/14.



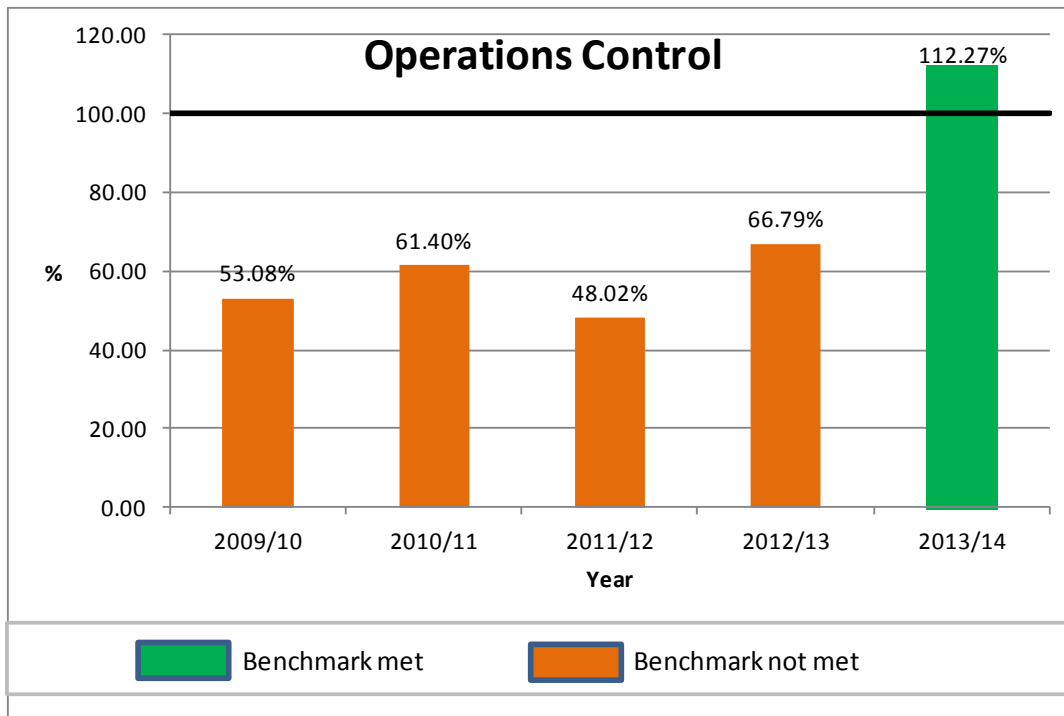
## Explanation on Debt control Benchmark

The reason for not meeting the benchmark in the 2012/13 and 2013/14 financial years is due to the purchase of the land for the Shannon wastewater treatment project. Council purchased this property ahead of when it was programmed to take advantage of the property coming on the market.

## Operations Control Benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# Accounting Policies

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## 1. REPORTING ENTITY

The Horowhenua District Council is a territorial Local Authority constituted under and governed by 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, HDC has designated itself and the group as Public Benefit Entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Financial Statements of HDC are for the year ended 30 June 2014. The Financial Statements were authorised for issue by Council on 30 October 2014.

## 2. BASIS OF PREPARATION

The Financial Statements of HDC have been prepared in accordance with the requirements of the Local Government Act 2002, Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

These Financial Statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for Public Benefit Entities.

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

The Financial Statements have been prepared on a 'historical cost' basis, modified by the revaluation of land and buildings, infrastructural assets, investment property, biological assets and financial instruments.

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 \$1,000.00.

## CHANGES IN ACCOUNTING POLICIES

There were no changes in Accounting Policies and all policies were applied in a manner consistent with previous years.

### **Standards, amendments and interpretations issued that are not yet effective and have not been early adopted are:**

NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*.

NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting.

Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its Business Model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 Reporting Entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for Public Benefit Entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to Public Benefit Entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

### **3. SUBSIDIARIES**

HDC consolidates as 'subsidiaries', in the Group Financial Statements, all entities where HDC has the capacity to control their funding and operating policies so as to obtain benefits from the activities of the entities. This power exists where HDC controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by HDC or where the determination of such policies is unable to materially impact the level of potential benefits that arise from the activities of the subsidiary.

#### **Basis of Consolidation**

The purchase method is used to prepare the Consolidated Financial Statements, which involves adding together like items of assets, liabilities, equity income and expenses on a line-by-line basis. All significant intra-group balances, transactions, incomes and expenses are eliminated on consolidation.

HDC's investment in its subsidiary is carried at cost in the HDC's own 'Parent Entity' Financial Statements.

## 4. REVENUE

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

### *Rates Revenue*

Revenue from rates is recognised when payable. Rates are set annually by a Resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set.

### *Development Contributions*

Revenue from development contributions is recognised at the later of the point when HDC provides, or is able to provide, the service for which the contribution was levied. Otherwise, development contributions are recognised as liabilities until such time as HDC provides, or is able to provide, the service for which the contribution was levied.

Development contributions are disclosed separately.

### *Other Revenue*

Revenue from water billing is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on the basis of subsequent billings or, where these are not available, on an average usage basis.

Revenue from traffic and parking infringements is recognised when tickets are issued.

Revenue from other government grants 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.

Revenue from government grants is recognised as revenue on entitlement.

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.

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.

Revenue from the vesting of physical assets acquired for nil or nominal consideration is recognised at fair value of the assets when control of the asset is obtained.

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

Revenue from interest is recognised using the effective interest method.

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

## 5. BORROWING COSTS

The Council and Group have elected to defer adoption of NZ IAS 23 *Borrowing Costs (revised 2007)* in accordance with its transitional provisions that are applicable to Public Benefit Entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

## 6. INCOME TAX

Income tax expense includes current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus 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.

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 income or directly in equity.

## 7. 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.

## 8. 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 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.

## 9. 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.

## 10. 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.

## 11. FINANCIAL ASSETS

HDC classifies its financial assets into four categories: 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 income. 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 categories of financial assets are:

### *Financial Assets at Fair Value Through Surplus or Deficit*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised through surplus or deficit.

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

### *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.

After initial recognition they are measured at amortised cost using the effective interest method. 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.

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 Income as a grant.

### *Financial Assets at Fair Value Through Other Comprehensive Income*

Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in other comprehensive income 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 and Group 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 Income*

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 income, 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 income 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.

## **12. 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. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

### 13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

*Operational Assets* - These include land, buildings, 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 retained earnings.

#### *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.

#### *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:

|  | Useful Life     | Depreciation Rate |
|--|-----------------|-------------------|
| <b>OPERATIONAL ASSETS</b>  |                 |                   |
| <b>Land</b>  | N/A             | N/A               |
| <b>Buildings:</b>  |                 |                   |
| Structure  | 50 to 100 years | 2% to 1%          |
| Roofing  | 40 years        | 2.5%              |
| Electricals  | 40 years        | 2.5%              |
| <b>Plant, equipment and vehicles</b>                                       | 4 to 25 years   | 25% - 4%          |
| <b>Library assets</b>  | 10 years        | 10%               |
| <b>Solid waste management:</b>   |                 |                   |
| Building structure   | 50 to 100 years | 2% to 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%               |
| <b>RESTRICTED ASSETS</b>   |                 |                   |
| <b>Land</b>  | N/A             | N/A               |
| <b>Buildings:</b>  |                 |                   |
| Structure  | 50 to 100 years | 2% to 1%          |
| Roofing  | 40 years        | 2.5%              |
| Electricals  | 40 years        | 2.5%              |
| <b>INFRASTRUCTURAL ASSETS</b>  |                 |                   |
| <b>Roading:</b> (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 to 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 to 25 years   | 4 to 100%         |
| <b>Stormwater:</b>   |                 |                   |
| Pump stations  | 60 years        | 1.67%             |
| Manholes   | 60 years        | 1.67%             |
| Sumps  | 60 years        | 1.67%             |
| Pipes  | 30 to 80 years  | 3.33% to 1.25%    |
| Pumps  | 10 years        | 10%               |
| <b>Water:</b>  |                 |                   |
| 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% to 1%       |
| Pipes  | 20 to 80 years  | 5% to 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%                |

|                                   | Useful Life     | Depreciation Rate |
|-----------------------------------|-----------------|-------------------|
| <b>INFRASTRUCTURAL ASSETS</b>     |                 |                   |
| <b>Sewer:</b>                     |                 |                   |
| Land                              | N/A             | N/A               |
| Buildings                         |                 |                   |
| Structure                         | 25 to 70 years  | 4% to 1.43%       |
| Roofing                           | 40 years        | 2.5%              |
| Electricals                       | 40 years        | 2.5%              |
| Treatment and disposal facilities | 10 to 100 years | 10% to 1%         |
| Pipes                             | 60 to 80 years  | 1.67% to 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 each financial year-end.

The Horowhenua Trust depreciation is provided on a diminishing value basis on all property, plant and equipment at rates that will write off the cost of these assets to their estimated residual values over their useful lives.

#### *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, Wastewater assets, Water Supply assets and Stormwater assets were valued as at 30 June 2014 using unit rates reviewed by Robert Berghuis (NZCE, REA) of Beca and Harrison Grierson. The valuation calculations were performed by Council. Land and buildings associated with the Water Supply and Wastewater activities was 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:*

HDC accounts for revaluations of property, plant and equipment on a 'class of asset' basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed through surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value is recognised through surplus or deficit. Income will be recognised first through surplus or deficit up to the amount previously expensed and then credited to the revaluation reserve for that class of asset.

## **14. 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%.

Te Horowhenua Trust'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%

## **15. 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.

## **16. 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.

## 17. 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 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.

## 18. 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, 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.

## **19. CREDITORS AND OTHER PAYABLES**

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

## **20. 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 not recognised for future operating losses.

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, a provision is recognised based on the probability that HDC will be required to reimburse a holder for a loss incurred discounted to present value. 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 initial recognition amount less any amortisation. However, if HDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

## 21. 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.

## 22. 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. The details of the Reserve Funds are on pages 26 to 31.

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.

HDC's objectives, policies and processes for managing capital are described in Note 32.

### *Asset Revaluation Reserves*

This reserve relates to the revaluation of property, plant and equipment to fair value.

## 23. 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.

## 24. BUDGET FIGURES

The budget figures are those approved by the Council at the beginning of the financial year in the LTP Year 2 2013/14, with the addition of budgets for uncompleted works carried over from the previous year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by HDC for the preparation of the financial statements.

## 25. 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.

## 26. 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 or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Landfill Aftercare Provision

Note 17, discloses an analysis of the exposure of HDC in relation to the estimates and uncertainties surrounding 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 Year**

Where reclassifications have been required for current reporting standards, the 2012/13 comparatives have also been adjusted.

**Critical Judgements in Applying Accounting Policies****Classification of Property**

HDC owns a number of properties to provide housing to 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 remeasured 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.

# SECTION C: SIGNIFICANT ACTIVITIES, SERVICE PERFORMANCE, AND FUNDING IMPACT STATEMENTS

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

## THE VISION FOR THE ECONOMY

**In 2014 the Horowhenua District will have:**

- 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.

## THE VISION FOR THE COMMUNITY

**In 2014 the Horowhenua District will have:**

- 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 THE INFRASTRUCTURE

**In 2014 the Horowhenua District will have:**

- 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 THE ENVIRONMENT

**In 2014 the Horowhenua District will have:**

- 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 areas.
- 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.

Section C outlines the activities carried out by the Council in furthering community outcomes.

This part is prepared according to the requirements of the Local Government Act 2002 and the Financial Reporting Standards issued by the New Zealand Institute of Chartered Accountants. It reports on the Council's policies, objectives, activities, performance targets, indicative costs and sources of funds as outlined in the LTP Year 2 2013/14. These are reported in the Statements of Service Performance for each significant activity contained on the following pages.

In doing so, the report is a reflection of the Council's accountability to the Horowhenua community and indicates the success (or otherwise) of the Council in fulfilling its intended achievements as it had outlined in the LTP Year 2 2013/14.

The Council continues to strive to incorporate measures which are appropriate, which measure outcomes and which can be supported by relevant evidential material. Each significant activity area as a whole incorporates elements of quality, quantity, timeliness, cost and location (where applicable). Quality processes that affect the quality of the outputs are also a standard feature of the internal management control systems. In particular:

- Published planning documents including the District Plan, Asset Management Plans, Revenue and Financing Policy, Investment Policy, Liability Management Policy, LTP, Annual Plans and Annual Reports are prepared in conjunction and consultation with the public and affected parties, internal peer review and in compliance with the requirements of relevant legislation.
- Internal reports are prepared by suitably qualified and experienced staff and significant reports are subject to peer review.
- Capital works are constructed to design specifications and are inspected by suitably qualified and experienced staff.
- Maintenance works are undertaken by employees or contractors under the supervision of suitably qualified and experienced engineers and are monitored in accordance with maintenance programmes.

The significant activities reported on are:

**Environmental Services:** includes development and/or enforcement of bylaw and legislation to protect the environment and the health and safety of the community e.g. Resource and Building Consents and health licensing.

**Parks and Recreation:** facilities for recreation and the beautification of the environment e.g. swimming pools, sports grounds, passive reserves, beautification and also public cemeteries.

**Roading:** a safe efficient land transport infrastructure for the community e.g. roads, bridges, footpaths, stormwater drainage.

**Water Supply:** safe drinking water for five townships and untreated water for three rural water races, important for the community's health and economy.

**Wastewater Disposal:** the disposal of wastewater from five communities, for the health of the people and the protection of the environment.

**Solid Waste Management:** the management of refuse and other solid waste generated by the community e.g. transfer stations, landfill, recycling services.

**Libraries:** these activities provide a wide range of library services in three communities, which contributes to their education and cultural pursuits.

**Community Support:** a range of services that help the community help itself, e.g. emergency management, community development, tourism and economic development, grants to community groups, arts and culture.

**Properties:** a variety of community property e.g. pensioner flats, public toilets, public halls, commercial property, endowment property.

**Representation and Governance:** activities that provide the local governance for the district - elected representatives and framework for the consultation and decision-making.

For each group of activities it shows the levels of service provided, asset renewals and acquisitions, impacts on community outcomes and Funding Impact Statements for 2013/14.

# Environmental Services

## STATEMENT OF SERVICE PERFORMANCE

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### 1. RATIONALE

The Horowhenua District Council has determined a range of eight Community Outcomes to which its activities contribute. Those addressed by Environmental Services include:

**HEALTH:** A community where all people have the opportunity to enjoy long and healthy lives.

**ECONOMIC:** A community where all people have access to a range of local business and employment opportunities and a community where all people have access to an adequate standard of living.

**ENVIRONMENT:** The natural and built environment in which people live is sustainable.

**SAFETY:** A community where all people enjoy personal safety and security within the community.

| Activity                    | Wellbeing                     | Community Outcome | Council Role |
|-----------------------------|-------------------------------|-------------------|--------------|
| District planning           | Environmental                 | Environment       | Regulator    |
| Health and safety licensing | Social and cultural           | Health, safety    | Regulator    |
| Building control            | Social and cultural           | Safety            | Regulator    |
| Animal control              | Social and cultural           | Safety            | Regulator    |
| Parking enforcement         | Economic, social and cultural | Economic, safety  | Regulator    |

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 District Planning

Horowhenua has a rich, diverse natural environment:

- West coast beaches
- One of the largest and most complex dune-lands in the world
- Sensitive dune lakes
- Coastal lowlands
- Flora and fauna
- Māori culture and heritage
- Manawatu River Estuary
- Streams and rivers
- The Tararua Ranges to the east
- A fertile plain that permits intensive agriculture e.g. dairying, market gardening, orchards, flower growing.

Resource management planning is necessary to ensure that the growth of the district can take place whilst avoiding or mitigating activities, problems or nuisances that adversely affect this valued environment.

The Council encourages sustainable resource management practices that will preserve the potential of the natural environment for future generations by:

- Monitoring the state of the environment
- Developing and reviewing the District Plan
- Enforcing the District Plan
- Hearing, and granting or declining, applications for Land Use Consents and Subdivision Consents
- Issuing Land Information Memoranda (LIMs).

A major undertaking statutorily requires revision of the District Plan. This work is to be undertaken during the first three years of the LTP. The District Plan review will be funded over the 10 year life of the District Plan.

#### 2.2 Health and Safety Licensing

Over the years central Government has passed legislation and regulations that set minimum standards of public health and safety.

These enable and/or require Council to monitor and mitigate problems, nuisances and threats to public health at the local level.

The activities necessary for this include:

- Registering, inspecting and investigating complaints about commercial food premises
- Considering and approving, or declining applications as the Liquor Licensing Authority
- Providing a noise complaints service
- Disposing of abandoned vehicles
- Investigating the illegal dumping of rubbish.

### **2.3 Building Control**

Everyone needs to be able to assume that the buildings in which they live, work, shop, play and visit for any reason are not dangerous or unsanitary.

The Council's building control service has been accredited by the Department of Building and Housing to ensure that certain minimum standards of health and safety are met in all new building construction works.

This includes:

- Considering and approving, or declining, applications for Building Consents
- Issuing Code of Compliance Certificates for buildings that comply with the Building Code
- Maintaining Compliance Schedules
- Receipting Warrants of Fitness
- Monitoring the work of independent building certifiers
- Inspecting the fencing of swimming pools
- Issuing Project Information Memoranda (PIMs)
- Providing free information and advice on building matters.

### **2.4 Animal Control**

There are 6,239 dogs in Horowhenua. Some are kept for companionship, some for security and some for business. The public has concerns about the risks associated with animals and with dogs, in particular:

- Fouling in public places
- Barking to the point of nuisance
- Dangerous or aggressive behaviour.

Wandering livestock can also be a problem - a danger to people, traffic and flora.

The Council is therefore involved in:

- The registration and micro-chipping of dogs
- Ranging, on the outlook for animal nuisances
- Responding to complaints about dangerous or wandering dogs and livestock
- Impounding stray dogs and livestock
- Educating the public on the responsibilities of dog ownership
- Protecting against damage to fragile areas.

### **2.5 Parking Enforcement**

The Council has parking meters in the Levin CBD as a means of rationing prime parking spaces.

These and other parking restrictions (e.g. car parks for the disabled) are enforced by Parking Enforcement Officers.

Traffic safety is also promoted by policing expired vehicle registrations and warrants of fitness.



### 3. MEASURING PERFORMANCE

| Service   | Performance Measures   | Attainment 2014   | Attainment 2013  |
|---|--|---|--|
| <p><b>District Planning - Resource Consenting:</b></p> <p>Applications under the Resource Management Act are processed efficiently, in time and in accordance with best practice.</p> | <p>1. All accepted applications under the Resource Management Act will be processed within statutory timeframes and within budget.</p>                                 | <p>Achieved. 138 applications were accepted, being 38 subdivision consents, 85 land use consents and 15 other RMA applications have been approved and processed within the statutory time frames and budget.</p>  | <p>Achieved. 32 subdivision consents, 59 land use consents and 18 other RMA applications have been approved and processed within the statutory time frames. A total of 109 applications have been accepted and all (100%) have been processed within statutory timeframes and budget.</p>  |
|   | <p>2. Resource Consents will be monitored for compliance with conditions imposed and action will be taken as appropriate to ensure compliance. Target 100%</p>         | <p>Achieved. 93 monitored consents, in which 39 complied, and there are 54 warnings issued</p>  | <p>Achieved. 176 monitored consents, in which 83 complied, and there are 93 enforcements including 1 Abatement notice and 1 Infringement notice issued, with 91 warnings given.</p>  |
| <p><b>District Planning - Policy:</b></p> <p>A District Plan that responds to the needs of a modern community and its environment.</p>  | <p>1. To present the proposed District Plan, following hearings, to Council for adoption prior to the 2013 Local Government elections within the available budget.</p> | <p>Achieved. The period for appeals on the Proposed District Plan closed during December 2013 with four appeals lodged with the Environment Court. Five parties have joined two of these appeals as interested parties. Officers have negotiated and reached settlements with appellants on two of the four appeals. The Environment Court has signed-off consent orders for both these appeals. Officers have commenced Environment Court assisted mediation on the remaining outstanding appeals. Those rules in the Proposed Plan that are not subject to appeal are now being treated as being operative. The project remains within budget prior to the 2013 Local Government elections.</p> | <p>Achieved. Hearings for submissions on the District Plan commenced 4 April 2013, with the last hearing held on 28 May 2013. The appointed District Plan Review Hearings Panel is currently preparing the decisions on submissions. The project will remain within budget and on track to have decisions adopted by Council prior to the 2013 Local Government elections.</p> |
|   | <p>2. Ensure that the Council's webpage relating to the District Plan review is current at all times.</p>  | <p>Achieved. The District Plan review webpage has been updated to reflect the current status of the project.</p>  | <p>Achieved. The District Plan review webpage has been updated to reflect the current status of the project.</p>   |
|   | <p>3. To monitor and respond to all known and reported instances of non-compliance with the District Plan or any resource consent.</p>                                 | <p>Achieved. 32 complaints were received with 32 complaints responded in two working days.</p>  | <p>Achieved. 94 complaints were received with 93 complaints responded in two working days, with one complaint responded to within 8 working days.</p>  |

### 3. MEASURING PERFORMANCE

| Service   | Performance Measures   | Attainment 2014   | Attainment 2013   |
|---|--|---|---|
| <p><b>Liquor Licensing:</b><br/>Sale of Liquor is controlled to ensure compliance with legislation.</p> <p><u>Note:</u> Alcohol legislation is in the process of significant amendments which may affect performance measures</p> | <p>1. Monitoring of all licensed premises to ensure full compliance with the Sale of Liquor Act and License conditions.</p>  | <p>Achieved. As at 30 June 2014, there were 76 licensed premises. All have been inspected (100%).</p> <p>A Controlled Purchase Operation (CPO) in conjunction with Police and Public Health partner agencies was conducted on 6th December 2013 of thirteen (13) "off" licence premises. One (1) premise sold to a minor. Enforcement action has resulted in the premise being unable to sell alcohol for a seven (7) day period.</p> <p>A second CPO was conducted on 2nd May 2014 of fifteen (15) "off" Licence premises. All Complied.</p> | <p>Achieved. As at 30 June 2013 there were 70 licensed premises comprising of 80 Operative Licenses (24 Off, 30 On and 26 Clubs). All have been inspected (100%).</p> <p>Controlled purchase operations (CPO) in conjunction with Police and Public health partner agencies-31 August 2012 a CPO was conducted in Foxton, Shannon and Levin involving 13 Off License premises. No underage sales were made.</p> <p>A second CPO conducted on 3 May 2013 where two premises sold to underage purchases. Formal enforcement actions have commenced.</p> |
| <p><b>Food safety:</b><br/>Food services used by the community are healthy and safe.</p>  | <p>1. Compliance with Food Safety legislation is monitored and enforced in all relevant premises.</p>  | <p>Achieved. 154 premises required to comply with food safety requirements. Monitoring is undertaken by an inspection and/or audit process.</p> <p>As at 30 June 2014, 154 premises are registered.</p> <p>All food premises are graded annually:<br/>A Grade = 131<br/>B Grade = 17<br/>Ungraded = 1<br/>New = 4<br/>Grade Not Required = 1<br/>Not Yet Graded = 0</p>   | <p>Achieved. Monitoring is undertaken by an inspection and/or audit process. 161 inspections have been conducted, being 136 Food premises, 17 VIP premises. 20 complaints were received and investigated during the year.</p> <p>All food premises are graded annually:<br/>A Grade = 130<br/>B Grade = 17<br/>Ungraded = 1<br/>New = 6<br/>Grade Not Required = 2</p>  |
| <p><b>Health and Safety Licensing:</b><br/>Bylaw and other legislative requirement are complied with.</p>   | <p>1. A noise complaints response service will be provided at all times.</p> <p>2. Public Safety bylaws and other legislation will be enforced as appropriate.</p> | <p>Achieved. A noise complaint service has been provided 24 hours a day, seven days a week. As at 30 June 2014, there have been 2,298 complaints, resulting in 354 verbal directions being given, 198 Noise Abatement Notices being issued, and there were 13 equipment seizures. Police assistance has been required on 30 occasions and 2 Infringements were issued.</p> <p>Achieved. Public Safety bylaws have been enforced as breaches occur.</p>  | <p>Achieved. A noise complaint service has been provided. There have been 2,177 complaints, resulting in 373 verbal directions being given and 192 Noise Abatement Notices being issued. There were 16 equipment seizures. Police assistance has been required on 27 occasions. There have been four Infringements issued.</p> <p>Achieved. Public Safety bylaws will be monitored and enforced as appropriate. These have been enforced. One hearing under the Litter Act was heard by the Hearing Committee on 27 June 2013.</p>                    |

### 3. MEASURING PERFORMANCE

| Service  | Performance Measures   | Attainment 2014   | Attainment 2013  |
|--|--|---|--|
| <p><b>Building Control:</b></p> <p>Building consent applications are processed within statutory timeframes in accordance with statutory accredited requirements.</p> | <p>1. Council will maintain its accredited status as a Building Consent Authority (BCA) and act in accordance with accredited policies and procedures.</p> | <p>Achieved. Council is an accredited Building Consent Authority (BCA). The last assessment was held on the 16-18 April 2013 and the BCA received reassessment without receiving any Corrective Action Requirements</p> <p>Next BCA accreditation assessment is due in 2015/16.</p>   | <p>Achieved. Council is an accredited BCA. The last assessment was held 16-18 April 2013 and the BCA received reassessment without receiving any Corrective Action Requirements. This is the second time assessed with no corrective actions required since the last accreditation in 2009. Also achieved is full accreditation up to Schedule 18 (training) which all Councils are required to meet by 1 December 2013.</p> <p>Next BCA accreditation assessment is due in 2015/16.</p> |
|  | <p>100% of Building Consents and Project Information Memoranda (PIM) will be granted within statutory time frames.</p>                                     | <p>Achieved. 100% of building consents and Project Information Memoranda (PIM) will be granted within statutory timeframes. The statutory timeframe is 20 working days. As at 30 June 2014, there have been 544 consents issued and all 100% have been processed in less than 20 working days.</p>  | <p>Achieved. With a statutory timeframe of 20 working days, 493 consents were grants all being within 20 workings days.</p>  |
|  | <p>Building inspections will be conducted at the agreed booked time.</p>   | <p>Achieved. As at 30 June 2014, 2,742 inspections had been booked and all 100% inspections were conducted as booked. A new booking system was implemented partway through the financial year resulting in more accurate booking numbers recorded. Previously 2,655 inspections were able to be reported on (multiple inspections can occur during one agreed booking time), now however the number of visits/bookings can be reported on.</p> <p>Between July-November, using the old booking system, there were 1,090 bookings. Between December-June there were 1,652 bookings using the new system.</p> | <p>Achieved. 2,114 inspections were booked, being 1,613 relating to consents and 501 relating to historic files, with all (100%) conducted at the agreed booked time.</p>  |

### 3. MEASURING PERFORMANCE

| Service  | Performance Measures  | Attainment 2014  | Attainment 2013   |
|--|---|--|---|
| <p><b>Building Control:</b></p> <p>Building consent applications are processed within statutory timeframes in accordance with statutory accredited requirements.</p> | <p>2. The Council will meet all requirements of the Building Act in relation to the performance of Territorial Authorities:</p> <p>Applications for Code of Compliance Certificates (CCC) will be assessed on whether to issue or not within statutory timeframes, being 20 working days.</p> | <p>Achieved.</p> <p>There were 439 CCC Applications received, with 439 issued within 20 working days (100%).</p>   | <p>Achieved.</p> <p>There were 434 CCC Applications received, with 429 issued within 20 working days (98.8%).</p>   |
|  | <p>1/3 of Pools on the Council Register will be inspected annually for compliance.</p>  | <p>Achieved. Currently there are 190 Pools on the Register with 89 (46.8%) inspections carried out in the year.</p>  | <p>Currently there are 224 Pools on the Register with 41 (18%) inspections carried out in the year. This with last year's inspections gives a total of 218 (97%) of Pools on the Council Register having been inspected within the last two years.</p>  |
|  | <p>Building Warrant of Fitness</p>  | <p>There are 335 properties on the Building Warrant of Fitness (BWOF) Register which must be annually renewed. As at 30 June 2014 there have been 241 BWOF's renewed.</p>  | <p>Building warrant of Fitness on Register = 355. Renewed at 30 June 2013 = 274.</p>  |
|  | <p>Earthquake-Prone Buildings</p>   | <p>There are 94 Earthquake-Prone Buildings listed on the register</p>  | <p>Earthquake-Prone Buildings on Register = 70. A further 10 currently awaiting assessment.</p>   |
| <p><b>Animal Control:</b></p> <p>Animal nuisances will be responded to.</p>  | <p>1. The Registration and classification of all known dogs within the District in accordance with the requirements of the Dog Control Act.</p>   | <p>Achieved. As at 30 June 2014, there are 6,239 dogs which have been registered. 405 infringement notices have been issued to owners of dogs.</p> <p>Dog classifications:<br/>           Dangerous = 20<br/>           Menacing by Breed = 188<br/>           Menacing by Deed = 65</p> | <p>Achieved. As at 1 July 2012 there were 6,143 known dogs on Council's database. There are now 6,159 registered dogs. 230 infringement notices have been issued to owners of unregistered dogs, 139 dogs remain unregistered. All known dogs have been accounted for.</p> <p>Dog classifications:<br/>           Dangerous = 20<br/>           Menacing by Breed = 179<br/>           Menacing by Deed = 521</p> |
|  | <p>2. The application and enforcement of Dog Control Bylaw and Stock Control Bylaw.</p>   | <p>Achieved. Owners of known errant dogs will be prosecuted where appropriate – five persecutions completed. There are currently one probationary dog owner and one disqualified dog owner.</p> <p>Stock Impoundings = 8<br/>           Dog Impoundings = 619</p>                        | <p>Achieved. Owners of known errant dogs will be prosecuted where appropriate – Four persecutions completed. Two prosecutions have been lodged with the Court.</p> <p>Stock Impoundings = 26<br/>           Dog Impoundings = 671</p>   |

### 3. MEASURING PERFORMANCE

| Service   | Performance Measures  | Attainment 2014                                       | Attainment 2013                                       |
|---|---|---|---|
| <b>Parking Enforcement:</b><br><br>People can access car parks in Levin | 1. All restricted parking spaces in the Levin CBD will be fully enforced under the provisions of the Council's Bylaw and the Transport Regulations. | Achieved. Enforcement was conducted each working day. | Achieved. Enforcement was conducted each working day. |

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of Environmental Services are mainly vehicles, pounds and parking meters. Renewal expenditure relating to these assets during the year ended 30 June 2014 was:

| <u>Environmental Services</u>  | <b>Annual Plan<br/>2013/14</b> | <b>Actual<br/>2013/14</b> | <b>Variance</b> | <b>Notes</b> |
|--|--------------------------------|---------------------------|-----------------|--------------|
| <b>Primary Type Renewals (Replace existing assets)</b>               | <b>\$000</b>                   | <b>\$000</b>              | <b>\$000</b>    |              |
| Meters   | 244                            | 241                       | (3)             |              |
| Overheads  | 5                              | -                         | (5)             |              |
|  | <u>249</u>                     | <u>241</u>                | <u>(8)</u>      |              |
| These Renewal Projects contain the following elements:               |                                |                           |                 |              |
| Renewals - replacing existing assets                                 | 249                            | 241                       | (8)             |              |
| Improve Level of Service   | -                              | -                         | -               |              |
| Growth- to meet additional demand                                    | -                              | -                         | -               |              |
|  | <u>249</u>                     | <u>241</u>                | <u>(8)</u>      |              |
| <b>Primary Type Improve Level of Service</b>                         |                                |                           |                 |              |
| Dog Pound Extensions   | 21                             | 17                        | (4)             |              |
| Overheads  | -                              | -                         | -               |              |
|  | <u>21</u>                      | <u>17</u>                 | <u>(4)</u>      |              |
| These Level of Service Projects contain the following elements:      |                                |                           |                 |              |
| Renewals - replacing existing assets                                 | -                              | -                         | -               |              |
| Improve Level of Service   | -                              | -                         | -               |              |
| Growth- to meet additional demand                                    | 21                             | 17                        | (4)             |              |
|  | <u>21</u>                      | <u>17</u>                 | <u>(4)</u>      |              |
| Make up of above Environmental and Regulatory projects by % of Type: |                                |                           |                 |              |
| Renewals - replacing existing assets                                 | 249                            | 241                       | (8)             |              |
| Improve Level of Service   | -                              | -                         | -               |              |
| Growth- to meet additional demand                                    | 21                             | 17                        | (4)             |              |
|  | <u>270</u>                     | <u>258</u>                | <u>(12)</u>     |              |

#### **Significant acquisitions of assets**

There were no significant acquisitions in the year

**5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).**

The bulk of the Council's expenditure is in the nature of operating and maintenance costs which, in providing stated levels and service and in maintaining the integrity of important assets, contributes to the community outcomes as noted in part one above.

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2014 included:

| <b>Community Outcomes</b> | <b>Effects Of Programmes in Activity Area</b>   |
|---------------------------|---|
| Health and Safety         | <p>Close engagement with key stakeholders in the Building, Planning, Food and Liquor industries has produced significant benefits for the Council and the public.</p> <p>Continued delivery of all relevant services in relation to policies and bylaws contributed to the health and safety of the community.</p> <p>The Council continues to maintain a high level of preparedness for Civil Defence Emergency Management events and a volunteer rural fire capability as required.</p> |
| Economic                  | Continued compliance with all statutory time limits ensures that regulatory processes are not an impediment to economic progress whilst at the same time ensuring that due process is applied correctly.  |
| Environment               | A full review of the District Plan was undertaken up to and including hearings. Decisions on the submissions have since been released for public notification. The process includes a high degree of formal and informal public consultation.   |

# Environmental Services

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
|--|----------------------------------|----------------------------------|--|---------------------------|---------------------------|-------|
| <b>Sources of Operating Funding</b>                                      |                                  |                                  |  |                           |                           |       |
| General rates, uniform annual general charges, rates penalties           | 1,510                            | 1,616                            | 1,463                                    | 1,457                     | (6)                       |       |
| Targeted rates (other than a targeted rate for water by meter supply)    | -                                | -                                | -  | -                         | -                         |       |
| Subsidies and grants for operating purposes                              | -                                | -                                | -  | -                         | -                         |       |
| Fees, charges and targeted rates for water by meter supply               | 2                                | 2                                | 4  | 15                        | 11                        |       |
| Interest and dividends from investments                                  | -                                | -                                | -  | -                         | -                         |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 2,128                            | 2,189                            | 2,268                                    | 1,956                     | (312)                     | 5     |
| Internal charges and overheads recovered                                 | -                                | -                                | -  | 62                        | 62                        |       |
| <b>Total Operating Funding (A)</b>                                       | <b>3,640</b>                     | <b>3,807</b>                     | <b>3,735</b>                             | <b>3,490</b>              | <b>(245)</b>              |       |
| <b>Applications of Operating Funding</b>                                 |                                  |                                  |  |                           |                           |       |
| Payments to staff and suppliers  | 1,105                            | 781                              | 1,054                                    | 634                       | (420)                     | 1     |
| Finance Costs  | 45                               | 108                              | 131                                      | 131                       | -                         |       |
| Internal charges and overheads applied                                   | 3,215                            | 3,291                            | 3,099                                    | 3,077                     | (22)                      |       |
| <b>Total applications of operating funding (B)</b>                       | <b>4,365</b>                     | <b>4,180</b>                     | <b>4,284</b>                             | <b>3,842</b>              | <b>(442)</b>              |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>(725)</b>                     | <b>(373)</b>                     | <b>(549)</b>                             | <b>(352)</b>              | <b>197</b>                |       |
| <b>Sources of capital funding</b>  |                                  |                                  |  |                           |                           |       |
| Subsidies and grants for capital expenditure                             | -                                | -                                | -  | -                         | -                         |       |
| Development and financial contributions                                  | -                                | -                                | -  | -                         | -                         |       |
| Increase (decrease) in debt  | 974                              | 504                              | 819                                      | 101                       | (718)                     | 1     |
| <b>Total sources of capital funding (C)</b>                              | <b>974</b>                       | <b>504</b>                       | <b>819</b>                               | <b>101</b>                | <b>(718)</b>              |       |
| <b>Applications of capital funding</b>                                   |                                  |                                  |  |                           |                           |       |
| <b>Capital expenditure</b>   |                                  |                                  |  |                           |                           |       |
| - to meet additional demand  | -                                | -                                | 21                                       | 17                        | (4)                       |       |
| - to improve the level of service  | -                                | -                                | -  | -                         | -                         |       |
| - to replace existing assets   | 249                              | 131                              | 249                                      | 241                       | (8)                       |       |
| Increase (decrease) in reserves  | -                                | -                                | -  | (509)                     | (509)                     |       |
| Increase (decrease) of investments                                       | -                                | -                                | -  | -                         | -                         |       |
| <b>Total applications of capital funding (D)</b>                         | <b>249</b>                       | <b>131</b>                       | <b>270</b>                               | <b>(251)</b>              | <b>(521)</b>              |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>725</b>                       | <b>373</b>                       | <b>549</b>                               | <b>352</b>                | <b>(197)</b>              |       |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                  | <b>-</b>                  |       |
| Depreciation   | 58                               | 36                               | 37                                       | 65                        | 28                        |       |
| <b>Loans attributable to this group of activities</b>                    |                                  |                                  |  |                           |                           |       |
|  |                                  |                                  | <b>External<br/>\$000</b>                | <b>Internal<br/>\$000</b> | <b>Total<br/>\$000</b>    |       |
| Loans as at 1/07/2013  |                                  |                                  | 2,500                                    | -                         | 2,500                     |       |
| Raised during year   |                                  |                                  | 340                                      | 11                        | 351                       |       |
| Repaid During Year   |                                  |                                  | (240)                                    | (10)                      | (250)                     |       |
| Loans as at 30/06/2014   |                                  |                                  | <b>2,600</b>                             | <b>1</b>                  | <b>2,601</b>              |       |
| Interest attributable to Loans   |                                  |                                  | 131                                      | -                         | 131                       |       |
| <b>ACTIVITY EXPENDITURE</b>  |                                  |                                  |  |                           |                           |       |
|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
| Resource Management  | 607                              | 619                              | 548                                      | 647                       | (99)                      | 2     |
| Animal Control   | 160                              | 173                              | 170                                      | 107                       | 63                        |       |
| Dog Control  | 341                              | 358                              | 498                                      | 557                       | (59)                      |       |
| Building Control   | 773                              | 792                              | 804                                      | 711                       | 93                        | 3     |
| Building Policy  | 336                              | 344                              | 176                                      | 120                       | 56                        |       |
| Environmental Health   | 184                              | 182                              | 215                                      | 171                       | 44                        |       |
| Health Policy  | 73                               | 74                               | -  | -                         | -                         |       |
| Liquor Licensing   | 99                               | 95                               | 193                                      | 230                       | (37)                      |       |
| Liquor Policy  | 6                                | 6                                | 2  | 2                         | -                         |       |
| Parking  | 575                              | 596                              | 544                                      | 428                       | 116                       | 4     |
| Planning Policy  | 1,130                            | 858                              | 955                                      | 734                       | 221                       | 1     |
| Safety Licensing   | 116                              | 120                              | 203                                      | 200                       | 3                         |       |
| <b>Total Expenditure</b>   | <b>4,400</b>                     | <b>4,217</b>                     | <b>4,308</b>                             | <b>3,907</b>              | <b>401</b>                |       |



**NOTES:**

1. Spending on the District Plan was largely finished apart from plan changes. This work is to be largely undertaken by Council Staff resulting in savings. There were fewer appeals against the plan than expected.
2. Some savings made in the use of External Consultants but offset by a greater allocation of staff resources to this area.
3. Less use of consultants and more work was done in house resulting in savings.
4. Doubtful debts budget not used.
5. Provision for Tickets gone to court reducing income.

# Parks and Recreation

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

The Horowhenua District Council has determined a range of eight Community Outcomes to which its activities contribute. Those addressed by Parks & Community Facilities assets include:

**HEALTH:** A community where all people have the opportunity to enjoy long and healthy lives.

**ECONOMIC:** A community where all people have access to a range of local business and employment opportunities and a community where all people have access to an adequate standard of living.

**ENVIRONMENT:** The natural and built environment in which people live is sustainable

**CULTURE:** A community where all people share a strong local heritage and identity and value cultural diversity and development.

**SOCIAL:** A community where all people enjoy constructive relationships with others and are able to participate fully with them in society.

| Activity                         | Wellbeing                          | Community Outcome  | Council Role               |
|----------------------------------|------------------------------------|--|----------------------------|
| Reserves                         | Environmental, social and cultural | Health, Economic, Environmental, Culture, Social, Youth, Positive Ageing | Provider                   |
| Sports grounds                   | Social and cultural                | Health, Economic, Environmental, Culture, Social, Youth, Positive Ageing | Provider, Funder, Advocate |
| Aquatic Centres                  | Social and cultural                | Health, Economic, Environmental, Culture, Social, Youth, Positive Ageing | Provider, Funder           |
| Cemeteries                       | Social and cultural                | Health, Economic, Environmental, Culture, Social                         | Provider                   |
| Beautification                   | Environmental, social and cultural | Health, Economic, Environmental, Culture, Social                         | Provider                   |
| Forestry (excluding Cyrus Hills) | Economic                           | Economic, Environmental  | Provider                   |

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Reserves

The provision and protection of green areas recognises that attractive open spaces are important to the quality of life, especially in built-up areas.

They also allow a diversity of pursuits important to the enjoyment of healthy lifestyles, and are an attraction to visitors.

Reserves include:

- Neighbourhood reserves
- Riverside and lakeside picnic areas
- Beaches
- Children's playgrounds
- Protected bush
- Street trees
- Street gardens
- Public gardens
- Greenbelts

## 2.2 Sports Grounds

Sports grounds function as reserves, with added facilities for more organised activities.

| Assets                                   | Quantity | Value \$m |
|--|----------|-----------|
| Reserves                                 | 52       | \$12.0m   |
| Sports grounds (including 3 Grandstands) | 12       | \$8.5m    |
| Aquatic Centres                          | 2        | \$6.5m    |
| Cemeteries                               | 6        | \$0.9m    |

The main reserves have management and development plans, which have been developed with substantial community involvement. The Reserves Assets are maintained and replaced as required to maintain levels of service, as set out in the Asset Management Plans.

## 2.3 Pools

Swimming Pools provide recreational opportunities that play an important part in the promotion of and opportunities for healthy and safe lifestyles in the Horowhenua.

The Horowhenua District Council's currently manages its aquatic facilities in house, providing land and water based activities to the Districts residents in Levin, Shannon and Foxton. Horowhenua Aquatics provides a number of services and programmes with a large focus on activities for young, elderly and physically impaired members of the community.

The Levin Aquatic Centre has 3 pools, a hydro slide and spa pools and is open all year round.

The Foxton Pool is comprised of a covered play area and a 25 metre indoor pool and a 33 1/3 outdoor pool which is open over summer months.

Council also runs the Shannon Summer Pool located at Shannon School on behalf of the community during the summer holidays.

## 2.4 Cemeteries

Human beings have always honoured their dead in one form or another. The ways in which we do so is sensitive to diverse and changing needs which are continually evolving and providing social commentary.

In recent years there has been a move away from large elaborate monuments, towards lawn cemeteries, memorial parks, cremation, and scattering ashes in places that the deceased was fond of, more often than not without having their names recorded at a cemetery. Genealogical research has never been more popular.

In response to genealogical research demand, Council this year finished a large Cemetery project to compile all of its cemetery records into a single computer database. The result now is that cemetery records and headstone photos are now available to the public on the District's website.

Most people still wish to have a special place such as a cemetery to visit for quiet contemplation and as a tangible reminder of their loved ones.

Local authorities have a legal responsibility to make provision for public cemeteries.

| Cemetery   | First Burial | 1 July 2013 – 30 June 2014 |       |
|------------|--------------|----------------------------|-------|
|            |              | Burials                    | Ashes |
| Tiro Tiro  | 1894         | 2                          | -     |
| The Avenue | 1972         | 74                         | 42    |
| Foxton     | 1867         | 28                         | 5     |
| Shannon    | 1893         | 7                          | 2     |
| Manakau    | 1892         | 5                          | 1     |
| Koputaroa  | 1910         | -                          | -     |

## 2.5 Parks and Community Facilities

The Council provides services through the provision of Parks and Community Facilities including buildings on reserves and parks. The management of the buildings is included in the Property section of the LTP, while all operations and the management of the other assets remain in the relevant section of the LTP.

### 3. MEASURING PERFORMANCE

| Service   | Performance Measures   | Attainment 2014  | Attainment 2013  |         |        |       |         |     |   |       |         |        |       |         |
|---|--|--|--|---------|--------|-------|---------|-----|---|-------|---------|--------|-------|---------|
| <p><b>Sports Fields:</b></p> <p>Council provides adequate play surfaces and facilities for sporting requirements.</p> <p>Sports grounds are maintained to a good quality and are tidy.</p>  | 1. Availability of Sports Fields for use a minimum of 95%.   | Achieved. As at 30 June 2014, sports fields were available 95% for the time for planned/normal use.  | Achieved. As at 30 June 2013, all sports fields were available for planned/normal use.   |         |        |       |         |     |   |       |         |        |       |         |
| <p><b>Aquatics:</b></p> <p>Council Aquatic facilities are safe and operate in accordance with nationally accepted guidelines and standards</p> <p>Council swimming pools are well maintained and meet the growing demand of the District in a cost effective way.</p> | 1a. Number of participants in learn to swim classes per school term will exceed 400.   | Achieved. As at 30 June 2014, there are 410 participants for Term 2 2014.  | Achieved. As at 30 June 2013, there are 497 participants for Term 2 2013.  |         |        |       |         |     |   |       |         |        |       |         |
|   | 1b. Annual Customer Satisfaction Survey provided by CERM for Aquatic Centres with a minimum target of 82.50% satisfied – very satisfied. | Not Achieved. The Annual Customer Satisfaction Survey was undertaken in July 2014, and the results have yet to be analysed.  | Achieved. The Annual Customer Satisfaction Survey provided by CERM resulted in a 99.1% customer satisfaction report.   |         |        |       |         |     |   |       |         |        |       |         |
|   | 1c. Water quality in indoor and outdoor pools meets Pool Safe Accreditation – target 100%.   | <p>Achieved.</p> <p>The Levin and Foxton pool is 100% compliant. Both pools have received Pool Safe Accreditation for March 2014 to April 2015 for the following:</p> <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Pool Alone policy</li> <li>• Water quality/Cryptosporidium</li> <li>• Supervision standards and training</li> <li>• Emergency Action Plan</li> </ul> | <p>Achieved.</p> <p>The Levin and Foxton pool is 100% compliant. Both pools have received Pool Safe Accreditation for May 2013 to April 2014 for the following:</p> <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Pool Alone policy</li> <li>• Water quality/Cryptosporidium</li> <li>• Supervision standards and training</li> <li>• Emergency Action Plan</li> </ul> |         |        |       |         |     |   |       |         |        |       |         |
|   | 1d. Pool users per pools in the district to 30 June.   | <table style="border: none;"> <tr> <td>Levin</td> <td style="text-align: right;">126,253</td> </tr> <tr> <td>Foxton</td> <td style="text-align: right;">8,402</td> </tr> <tr> <td>Shannon</td> <td style="text-align: right;">608</td> </tr> </table>  | Levin  | 126,253 | Foxton | 8,402 | Shannon | 608 | <table style="border: none;"> <tr> <td>Levin</td> <td style="text-align: right;">111,000</td> </tr> <tr> <td>Foxton</td> <td style="text-align: right;">7,894</td> </tr> <tr> <td>Shannon</td> <td style="text-align: right;">782</td> </tr> </table> | Levin | 111,000 | Foxton | 7,894 | Shannon |
| Levin   | 126,253  |  |  |         |        |       |         |     |   |       |         |        |       |         |
| Foxton  | 8,402  |  |  |         |        |       |         |     |   |       |         |        |       |         |
| Shannon   | 608  |  |  |         |        |       |         |     |   |       |         |        |       |         |
| Levin   | 111,000  |  |  |         |        |       |         |     |   |       |         |        |       |         |
| Foxton  | 7,894  |  |  |         |        |       |         |     |   |       |         |        |       |         |
| Shannon   | 782  |  |  |         |        |       |         |     |   |       |         |        |       |         |
| <p><b>Cemeteries:</b></p> <p>To provide sensitively managed cemetery facilities.</p>  | All arrangements and internments at Council cemeteries carried out in a timely manner.   | Achieved. All arrangements and internments were carried out in a timely manner. There have been no complaints in the year.   | Achieved. All arrangements and internments were carried out in a timely manner. There have been no complaints in the year.   |         |        |       |         |     |   |       |         |        |       |         |

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of parks and recreation services and facilities are mainly reserves, sports grounds, grandstands, pools and cemeteries. Capital and renewal expenditures adding to these assets during the year ended 30 June 2014 were:

| <b>Parks and Recreation</b>   | <b>Annual Plan<br/>2013/14</b> | <b>Actual<br/>2013/14</b> | <b>Variance</b> | <b>Notes</b> |
|---|--------------------------------|---------------------------|-----------------|--------------|
|   | <b>\$000</b>                   | <b>\$000</b>              | <b>\$000</b>    |              |
| <b>Primary Type Renewals (Replace existing assets)</b>                  |                                |                           |                 |              |
| District Play Equipment Bark mulch                                      | 26                             | 23                        | (3)             |              |
| Donnelly Park Netball Courts resurfacing                                | 257                            | 279                       | 21              | 1            |
| Foxton Tram Station Exterior Repair and Repaint                         | 21                             | 4                         | (16)            | 2            |
| Levin Domain Cycle Track Reseal   | 5                              | 5                         | (1)             |              |
| Levin Domain Replace light controller cabinets                          | 29                             | 30                        | 1               |              |
| Waitarere Domain Tennis Courts renewal work on fence                    | 8                              | -                         | (8)             |              |
| Waitarere Foreshore Reserve Signage & Plants                            | 5                              | 4                         | (2)             |              |
| Overheads   | 17                             | 1                         | (16)            |              |
|   | <b>368</b>                     | <b>345</b>                | <b>(23)</b>     |              |
| These Renewal Projects contain the following elements:                  |                                |                           |                 |              |
| Renewals - replacing existing assets                                    | 368                            | 345                       | (23)            |              |
| Improve Level of Service  | -                              | -                         | -               |              |
| Growth- to meet additional demand                                       | -                              | -                         | -               |              |
|   | <b>368</b>                     | <b>345</b>                | <b>(23)</b>     |              |
| <b>Primary Type Improve Level of Service</b>                            |                                |                           |                 |              |
| Courthouse Gardens Pedestrian link between Rose Gardens & Public        | 26                             | -                         | (26)            | 3            |
| District Fencing Contingency  | 31                             | 27                        | (4)             |              |
| Foxton Beach Coastal Reserve Implement Actions of FB Coastal Manag      | 15                             | 16                        | 1               |              |
| Kirkcaldies Reserve Parking Facilities                                  | 5                              | 4                         | (1)             |              |
| Levin disable facilities upgrade, hydrotherapy pool, zero depth pool an | 26                             | -                         | (26)            | 4            |
| Levin Domain Grandstand Earthquake assessment & feasibility study       | 14                             | 13                        | (1)             |              |
| Levin Domain Subsoil Drainage   | 21                             | 18                        | (2)             |              |
| Levin Public Gardens Landscaping  | 7                              | 3                         | (4)             |              |
| Levin Pump VSD  | 31                             | -                         | (31)            | 5            |
| Target Reserve Develop main entrances, signs                            | 21                             | 1                         | (20)            | 6            |
| Wairarawa Stream Walkway Development                                    | 21                             | 57                        | 36              | 8            |
| BBQ Waitarere Domain  | -                              | 7                         | 7               | 9            |
| Foxton Pool Heating   | -                              | 18                        | 18              | 10           |
| Cemetery - Foxton Land Development                                      | 206                            | 107                       | (99)            | 11           |
| Cemetery - Manakau land developemnt c/fwd from 12/13                    | 155                            | -                         | (155)           | 12           |
| Cemetery - Foxton Land Development c/fwd to 2013/14                     | 34                             | -                         | (34)            | 12           |
| Kimberley Reserve - Land Aquasition                                     | -                              | -                         | -               |              |
| Flagstaff Reserve Upgrade   | -                              | 16                        | 16              | 13           |
| Cousins Avenue Reserve Develop and Maintain Fire Break                  | -                              | 5                         | 5               |              |
| Playford Park Development   | -                              | 77                        | 77              | 7            |
| Purchase 68 Macarthur Street - Iona Park                                | -                              | 83                        | -               |              |
| Overheads   | 44                             | 11                        | (33)            |              |
|   | <b>655</b>                     | <b>462</b>                | <b>(276)</b>    |              |
| These Level of Service Projects contain the following elements:         |                                |                           |                 |              |
| Renewals - replacing existing assets                                    | 4                              | 4                         | -               |              |
| Improve Level of Service  | 606                            | 429                       | (177)           |              |
| Growth- to meet additional demand                                       | 45                             | 29                        | (16)            |              |
|   | <b>655</b>                     | <b>462</b>                | <b>(193)</b>    |              |
| <b>Primary Type Growth (meet additional demand)</b>                     |                                |                           |                 |              |
| Donnelly Park Cricket Fields new artificial surface                     | 12                             | 12                        | -               |              |
| Overheads   | 2                              | 1                         | 1               |              |
|   | <b>14</b>                      | <b>13</b>                 | <b>1</b>        |              |
| These Growth Projects contain the following elements:                   |                                |                           |                 |              |
| Renewals - replacing existing assets                                    | -                              | -                         | -               |              |
| Improve Level of Service  | -                              | -                         | -               |              |
| Growth- to meet additional demand                                       | 14                             | 13                        | 1               |              |
|   | <b>14</b>                      | <b>13</b>                 | <b>1</b>        |              |
| Make up of above Recreation projects by % of Type:                      |                                |                           |                 |              |
| Renewals - replacing existing assets                                    | 372                            | 349                       | (23)            |              |
| Improve Level of Service  | 606                            | 429                       | (177)           |              |
| Growth- to meet additional demand                                       | 60                             | 42                        | (15)            |              |
| <b>Total Recreation</b>   | <b>1,038</b>                   | <b>819</b>                | <b>(216)</b>    |              |

**NOTES:**

1. Additional milling needed of underlying surface.
2. Budget to be carried over to 2014/15 year, to coincide with new lessee's improvement work.
3. To be done as part of Streetworks contract.
4. Awaiting earthquake prone building report and community facility review before committing to this project.
5. Awaiting pool expansion project to replace pumps.
6. Deferred to 2014/15 year. Scope of project not defined and agreement not reached with the Target Reserve User Group.
7. Landscape and signage – funded by NZCT.
8. Project to continue 2014/15 (includes funding from Transpower),
9. Joint project including funding with Waitarere Beach Prog. Assoc.
10. Required for compliance.
11. Work was delayed due to late availability of fill. Balance carried over for entrance landscaping in 2014/15.
12. Carry over to 2014/15 – under negotiation.
13. Foxton Community Board were funding from Free Holding Account.

**5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).**

The majority of the Council's expenditure is in the nature of operating and maintenance costs. This is to provide parks and recreation activities at the stated levels of service and maintaining the integrity of important assets in accordance with the Asset Management Plans.

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2014 included:

| Community Outcomes        | Effects Of Programmes in Activity Area   |
|---------------------------|--|
| Social, Health and Safety | Across the District land and water based organised programmes and events at the District's Aquatic Centres have provided opportunities for young, elderly and physically impaired community members to be actively involved. Other examples are the heating of Foxton swimming Pool and the renewal of the Waiopahu bush footbridge for safety & general access.   |
| Economic                  | Parks and Reserves activity contracts were recently broken up into small local contractors for local contractors to bid for local work.  |
| Cultural                  | A number of local parks and recreation projects have endeavoured to build on local heritage and cultural identity. Recent examples include the upgrading of Playford Park to a multisport park with flood lighting new changing rooms and the resurfacing of Levin Tennis Court.   |
| Environmental             | <p>Re-vegetation projects have been continued at a number of neighbourhood reserves but specifically Waitarere Foreshore Reserve with signage and plants and Levin Adventure Park Oak tree maintenance and replanting.</p> <p>Beautification of CBD areas in Levin and Shannon have continued to be contributed to with the introduction of flowering hanging baskets in Shannon and upgraded street gardens in Levin.</p> |

# Parks and Recreation

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
|--|----------------------------------|----------------------------------|--|---------------------------|---------------------------|-------|
| <b>Sources of Operating Funding</b>                                      |                                  |                                  |  |                           |                           |       |
| General rates, uniform annual general charges, rates penalties           | 3,014                            | 3,338                            | 3,463                                    | 3,450                     | (13)                      |       |
| Targeted rates (other than a targeted rate for water by meter supply)    | 1,935                            | 1,970                            | 2,192                                    | 2,185                     | (7)                       |       |
| Subsidies and grants for operating purposes                              | 4                                | 4                                | 31                                       | 11                        | (20)                      |       |
| Fees, charges and targeted rates for water by meter supply               | 704                              | 725                              | 683                                      | 690                       | 7                         |       |
| Interest and dividends from investments                                  |                                  |                                  |  |                           | -                         |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 93                               | 97                               | 80                                       | 102                       | 22                        |       |
| <b>Total Operating Funding (A)</b>                                       | <b>5,750</b>                     | <b>6,134</b>                     | <b>6,449</b>                             | <b>6,438</b>              | <b>(11)</b>               |       |
| <b>Applications of Operating Funding</b>                                 |                                  |                                  |  |                           |                           |       |
| Payments to staff and suppliers  | 4,524                            | 4,573                            | 4,651                                    | 4,537                     | (114)                     | 1     |
| Finance Costs  | 268                              | 372                              | 290                                      | 291                       | 1                         |       |
| Internal charges and overheads applied                                   | 526                              | 530                              | 854                                      | 1,136                     | 282                       | 2     |
| <b>Total applications of operating funding (B)</b>                       | <b>5,318</b>                     | <b>5,475</b>                     | <b>5,795</b>                             | <b>5,964</b>              | <b>169</b>                |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>432</b>                       | <b>659</b>                       | <b>654</b>                               | <b>474</b>                | <b>(180)</b>              |       |
| <b>Sources of capital funding</b>  |                                  |                                  |  |                           |                           |       |
| Subsidies and grants for capital expenditure                             | 300                              | -                                | -  | 72                        | 72                        | 3     |
| Development and financial contributions                                  | 102                              | 105                              | 102                                      | 71                        | (31)                      |       |
| increase (decrease) in debt  | 1,609                            | 90                               | 270                                      | 315                       | 45                        |       |
| Gross proceeds from sale of assets                                       | -                                | -                                | -  | 363                       | 363                       | 4     |
| <b>Total sources of capital funding (C)</b>                              | <b>2,011</b>                     | <b>195</b>                       | <b>372</b>                               | <b>821</b>                | <b>449</b>                |       |
| <b>Applications of capital funding</b>                                   |                                  |                                  |  |                           |                           |       |
| <b>Capital expenditure</b>   |                                  |                                  |  |                           |                           |       |
| - to meet additional demand  | 188                              | 44                               | 60                                       | 42                        | (18)                      |       |
| - to improve the level of service  | 2,050                            | 451                              | 606                                      | 429                       | (177)                     | 5     |
| - to replace existing assets   | 130                              | 537                              | 372                                      | 349                       | (23)                      |       |
| Increase (decrease) in reserves  | 75                               | (178)                            | (12)                                     | 475                       | 487                       |       |
| Increase (decrease) of investments                                       | -                                | -                                | -  | -                         | -                         |       |
| <b>Total applications of capital funding (D)</b>                         | <b>2,443</b>                     | <b>854</b>                       | <b>1,026</b>                             | <b>1,295</b>              | <b>269</b>                |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(432)</b>                     | <b>(659)</b>                     | <b>(654)</b>                             | <b>(474)</b>              | <b>180</b>                |       |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                  | <b>-</b>                  |       |
| Depreciation   | 544                              | 584                              | 592                                      | 642                       | 50                        |       |
| <b>Loans attributable to this group of activities</b>                    |                                  |                                  |  |                           |                           |       |
|  |                                  |                                  | <b>External<br/>\$000</b>                | <b>Internal<br/>\$000</b> | <b>Total<br/>\$000</b>    |       |
| Loans as at 1/07/2013  |                                  |                                  | 5,390                                    | 153                       | 5,543                     |       |
| Raised during year   |                                  |                                  | 570                                      | 105                       | 675                       |       |
| Repaid During Year   |                                  |                                  | (310)                                    | (50)                      | (360)                     |       |
| Loans as at 30/06/2014   |                                  |                                  | <b>5,650</b>                             | <b>208</b>                | <b>5,858</b>              |       |
| Interest attributable to Loans   |                                  |                                  | 284                                      | 7                         | 291                       |       |
| <b>ACTIVITY EXPENDITURE</b>  |                                  |                                  |  |                           |                           |       |
|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
| Cemeteries   | 416                              | 444                              | 445                                      | 400                       | (45)                      |       |
| Swimming Pools   | 2,406                            | 2,455                            | 2,656                                    | 2,609                     | (47)                      |       |
| Beautification   | 450                              | 463                              | 473                                      | 527                       | 54                        |       |
| Reserves   | 1,593                            | 1,783                            | 1,883                                    | 1,911                     | 28                        |       |
| Sportsgrounds  | 996                              | 913                              | 928                                      | 1,153                     | 225                       | 6     |
| <b>Total Expenditure</b>   | <b>5,861</b>                     | <b>6,058</b>                     | <b>6,385</b>                             | <b>6,600</b>              | <b>215</b>                |       |

**NOTES:**

1. Employee costs in the Swimming Pools were below budget as less staff employed.
2. More staff time spent on Reserves and Sportsgrounds.
3. Grant for Playford Park.
4. Unbudgeted sale of land for the Foxton Medical Centre and Essex Street.
5. Work on cemetery development deferred to 2014/15 due to land availability.
6. Interest on Playford Park Development was under budgeted and a payment was made for Donnelly Park from a previous year's insurance claim.



# Roading

## STATEMENT OF SERVICE PERFORMANCE

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### 1. RATIONALE

The Land Transport Activity enables movement of people and goods through the District.

The Horowhenua District Council has determined a range of 8 Community Outcomes to which its activities contribute. Those addressed by roading assets include:

**ECONOMIC:** A community where all people have access to a range of local business and employment opportunities and a community where all people have access to an adequate standard of living.

**ENVIRONMENT:** The natural and built environment in which people live is sustainable.

**SAFETY:** A community where all people enjoy personal safety and security within the community.

| Activity  | Wellbeing                     | Community Outcome | Council Role |
|-----------|-------------------------------|-------------------|--------------|
| Roads     | Social, cultural and economic | Safety, economic. | Provider     |
| Footpaths | Social and cultural           | Safety            | Provider     |

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Roads

Roads are safe, convenient, comfortable and efficient systems for moving people and goods.

Mobility is important to the people in Horowhenua, who share the rest of the world's love affair with cars, so roads are important to:

- the quality of life
- the economy
- the accessibility of Horowhenua's natural environment

For a rural area, Horowhenua has a very high proportion of sealed roads:

|             |         |        |
|-------------|---------|--------|
| Sealed      | 522.2km | 89.9%  |
| Unsealed    | 58.8km  | 10.1%  |
| Total roads | 581.0km | 100.0% |

Roading is the largest single activity in Council's budget and includes:

- regular maintenance of carriageways, signs, markings, gutters, bridges and culverts, street lights and car parks
- cyclical maintenance, including reseals to maintain skid resistance and imperviousness to water, seal smoothing to reduce roughness, seal widening to prevent edge breaks
- safety improvements by way of speed humps, street islands, crossings and intersection improvements
- road safety education programmes

#### 2.2 Footpaths

Footpaths provide pedestrians with safe and comfortable corridors of movement without conflict with the main flow of vehicular traffic.

### 3. MEASURING PERFORMANCE

| Service  | Performance Measures  | Attainment 2014   | Attainment 2013  |
|--|---|---|--|
| <b>Roads:</b><br><br>To maintain roads to a safe standard. | 1. 91% of Urban and 91% of rural roads will be smooth to travel on smoothness rating of 100.<br><br>Smooth Travel Exposure measures the proportion (%) of vehicle kilometres travelled in a year (VKT) that occurs on 'smooth' sealed roads and indicates the ride quality experienced by motorists. A 'smooth' road is one smoother than a predetermined NAASRA roughness threshold. The thresholds used vary with traffic density and road location i.e. not all roads are calculated the same. Heavily trafficked roads have a lower (smoother) threshold. High volume urban roads have lower roughness thresholds than low volume rural roads. Our STE percentages are generated by running a report in RAMM. | Not Achieved.<br><br>The Annual Roughness Survey has been completed. The data will be used to help with decision making when producing the 10yr Forward Works Plan.<br><br>Urban Roads = 87%<br><br>Rural Roads = 95%<br><br>The latest Roughness Survey Contract was carried out by Briken & Associates of Palmerston North.<br><br>The survey was performed by Briken Ltd in January 2014 and covered half of the district. The other half of the district will be done in 2014/2015. | Achieved.<br><br>The Annual Roughness Survey has been completed. The data will be used to help with decision making when producing the 10yr Forward Works Plan. This year a different method of calculated the measure was used from 2011/12, therefore cannot report against the measure as in 2011/12.<br><br>Using the Smooth Travel Exposure measures the percentage figures for 2012/13 were:<br><br>Urban Roads - 91%<br>Rural Roads - 95%<br><br>The latest Roughness Survey Contract was carried out by Briken & Associates of Palmerston North.<br><br>The survey was performed by Briken Ltd in January 2013 and covered the whole district. |
|  | 2. Amount of defects in sealed surface 99%Urban/99% Rural.<br><br>This relates to the networks Surface Condition. To get it you use the Condition Index (CI). The CI is a combined index, a 'weighted sum', of the surface faults in sealed road surfaces. CI combines alligator cracking, scabbing, potholes, pothole patches and flushing. The CI figures are generated by running a report in RAMM. Using the formula "Surface Condition = 100 - CI".  | Not Achieved.<br><br>The Annual Condition Survey has been completed. The data will be used to help with decision making when producing the 10yr Forward Works Plan.<br><br>Urban Roads = 99.2%<br>Rural Roads = 98.6%<br>The latest Roughness Survey Contract was carried out by Briken & Associates of Palmerston North.<br><br>The survey was performed by Briken Ltd in January 2014 and covered half of the district. The other half of the district will be done in 2014/2015.     | Not Achieved.<br><br>Percentage figures for 2012/13 were:<br>Urban Roads - 99%<br>Rural Roads - 98.6%<br>The higher the number, the better the condition.<br><br>The survey was performed by Briken Ltd in January 2013 and covered the whole district.  |
|  | 3. Integrity of pavement 99%Urban/99% Rural<br><br>To get it you use the Pavement Integrity Index (PII). Pavement Integrity Index is a combined index of the pavement faults in sealed road surfaces. It is a 'weighted sum' of the pavement defects divided by total lane length. PII combines surface faults (CI) with rutting and shoving. The PII figures are generated by running a report in RAMM. Using the formula "Pavement Condition = 100 - PII".  | Not Achieved.<br><br>The Annual Condition Survey has been completed. The data will be used to help with decision making when producing the 10yr Forward Works Plan.<br><br>Urban Roads = 96.4%<br><br>Rural Roads = 93.3%<br><br>Briken Ltd has provided Council with the condition ratings and is currently carrying out the 2013/14 roughness ratings.  | Not Achieved.<br>Percentage figures for 2012/13 were:<br>Urban Roads - 96.4%<br>Rural Roads - 93.3%<br>The higher the number, the better the condition.<br><br>The latest Roughness Survey Contract carried out by Briken & Associates of Palmerston North.<br><br>The survey was performed by Briken Ltd in January 2013 and covered the whole district.  |

### 3. MEASURING PERFORMANCE

| Service  | Performance Measures  | Attainment 2014  | Attainment 2013  |
|--|---|--|--|
| Adequate parking provided, parking controls appropriately implemented and enforced.    | 4. 95% satisfied with parking provision.  | Not Achieved. The Annual Customer Satisfaction Survey was undertaken in July 2014, and the results have yet to be analysed.  | Not Achieved.<br>Question was not in the last survey. This will be included in the next survey.  |
| All weather access available throughout the formed road network (urban and rural)      | 5. 95% of weather events (floods and slips or emergency incidents) responded to within 30 minutes of initial call to Council. | Achieved.<br><br>100% of calls were responded to within 30 minutes with referral to the contractor. Response time of the contractor is monitored by Council Officers, but is not time measured due to the diversity and locations of events. The validity of this measure will be considered when reviewing the 2015-25 LTP.               | Achieved.<br><br>100% of calls were responded to within 30 minutes with referral to the contractor. Response time of the contractor cannot be reported due to the lack of a monitoring system in place.  |
| The services are managed at the lowest possible cost for the required level of service | 6. The roading network is managed within budget (to within plus or minus 5%). Target 100%                                     | As at 30 June 2014, the roading budget is on track as per NZTA.  | Achieved. The roading budget is on track.  |
| Customer requests for service is prompt  | 7. Customer requests for service are attended to within agreed timeframes. Target 100%.                                       | Achieved.<br><br>All customer requests for service were attended to within the agreed timeframes.  | Achieved.<br><br>All customer requests for service were attended to within the agreed timeframes.  |
| <b>Footpaths:</b><br><br>To maintain and extend safe footpaths.                        | 1. Length of reseals per year. Target 21km.   | Achieved.<br><br>25km of resealing of roading was completed.<br><br>Work was carried out in the district to maintain footpath safety during the year such as renewals due to injury or safety concerns, misalignment of footpath concrete sections, pedestrian ramps from footpath to the road, holes and other damage across the district | 24.5km of resealing of roading was completed.<br><br>Work was carried out in the district to maintain footpath safety during the year such as renewals due to injury or safety concerns, misalignment of footpath concrete sections, pedestrian ramps from footpath to the road, holes and other damage across the district. |

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of roading facilities are mainly roads, bridges and culverts, footpaths and stormwater drainage. Level of service and renewal expenditures adding to these assets during the year ended 30 June 2014 were:

| <u>Land Transport</u>   | Annual Plan<br>2013/14 | Actual<br>2013/14 | Variance     | Notes |
|---|------------------------|-------------------|--------------|-------|
|   | \$000                  | \$000             | \$000        |       |
| <b>Primary Type Renewals (Replace existing assets)</b>                    |                        |                   |              |       |
| District, subsidised Unsealed Road Metalling (WC 211)                     | 60                     | 67                | 7            | 1     |
| District, subsidised Seal Road (WC 212)                                   | 910                    | 794               | (116)        | 1     |
| District, subsidised Drainage renewals (WC 213)                           | 90                     | 84                | (6)          | 1     |
| District, subsidised Pavement Rehabilitation (WC 214)                     | 740                    | 793               | 53           | 1     |
| District, subsidised Structure component replacements (WC 215)            | 125                    | 78                | (47)         | 1     |
| District, subsidised Traffic Services Renewals (WC 222)                   | 170                    | 221               | 51           | 1     |
| District Footpath   | 206                    | 236               | 30           |       |
| Bath Street access to Te Takere - alteration to kerb & channel & footpath | 41                     | 41                | -            | 1     |
| Overheads   | 88                     | 2                 | (86)         |       |
|   | <u>2,430</u>           | <u>2,316</u>      | <u>(114)</u> |       |
| These Renewal Projects contain the following elements:                    |                        |                   |              |       |
| Renewals - replacing existing assets                                      | 2,430                  | 2,316             | (114)        |       |
| Improve Level of Service  | -                      | -                 | -            |       |
| Growth- to meet additional demand   | -                      | -                 | -            |       |
|   | <u>2,430</u>           | <u>2,316</u>      | <u>(114)</u> |       |
| <b>Primary Type Improve Level of Service</b>                              |                        |                   |              |       |
| District, subsidised Associated Improvements (WC 231)                     | 50                     | 44                | (6)          | 1     |
| District, subsidised Minor Improvements (WC 341)                          | 210                    | 211               | 1            | 1     |
| Foxton Beach Edinburgh Terrace footpath [Free-hold acc]                   | 59                     | 25                | (34)         | 2     |
| Foxton Beach Taylor Street (Pratt to Seabury) [Free-hold acc]             | 54                     | 51                | (3)          |       |
| Foxton Townscape: Southern Gateway  | 69                     | 50                | (19)         |       |
| Foxton Townscape: Main Street Central Area                                | 47                     | -                 | (47)         | 2     |
| Overheads   | 26                     | -                 | (26)         |       |
|   | <u>515</u>             | <u>382</u>        | <u>(134)</u> |       |
| These Projects contain the following elements:                            |                        |                   |              |       |
| Renewals - replacing existing assets                                      | -                      | -                 | -            |       |
| Improve Level of Service  | 499                    | 370               | (129)        |       |
| Growth- to meet additional demand   | 16                     | 12                | (4)          |       |
|   | <u>515</u>             | <u>382</u>        | <u>(133)</u> |       |
| <b>Primary Type Growth (meet additional demand)</b>                       |                        |                   |              |       |
| Overheads   | 4                      | -                 | (4)          |       |
| These Growth Projects contain the following elements:                     |                        |                   |              |       |
| Renewals - replacing existing assets                                      | -                      | -                 | -            |       |
| Improve Level of Service  | -                      | -                 | -            |       |
| Growth- to meet additional demand   | 4                      | -                 | (4)          |       |
|   | <u>4</u>               | <u>-</u>          | <u>(4)</u>   |       |
| Total Transport projects by % of Type:                                    |                        |                   |              |       |
| Renewals - replacing existing assets                                      | 2,430                  | 2,316             | (114)        |       |
| Improve Level of Service  | 499                    | 370               | (129)        |       |
| Growth- to meet additional demand   | 20                     | 12                | (8)          |       |
|   | <u>2,949</u>           | <u>2,698</u>      | <u>(251)</u> |       |

**NOTES:**

1. Work levels were adjusted to maximise the level of subsidy obtained.
2. Work planned but not finished – completed in 2014/15.

**Significant Acquisitions of Assets**

There were no significant acquisitions in the year.

**5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).**

The bulk of the Council's expenditure is in the nature of operating and maintenance costs which, in providing stated levels and service and in maintaining the integrity of important assets, contributes to the community outcomes as noted in part one above.

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2014 included:

| <b>Community Outcomes</b> | <b>Effects Of Programmes in Activity Area</b>   |
|---------------------------|---|
| Safety                    | Improvements to footpaths and roadways contributed to the safety of the people in the community.  |
| Economic                  | All sealed roads are inspected every two years with roads with over 500 vehicles per day inspected yearly. At the same time a roughness rating is undertaken. |

# Roading

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000           | LTP<br>Forecast<br>2014<br>\$000           | Annual Plan<br>Forecast<br>2014<br>\$000           | Actual<br>2014<br>\$000          | Variance<br>2014<br>\$000          | Notes        |
|--|--|--|--|----------------------------------|------------------------------------|--------------|
| <b>Sources of Operating Funding</b>                                      |  |  |  |                                  |                                    |              |
| General rates, uniform annual general charges, rates penalties           | -  | -  | -  | -                                | -                                  |              |
| Targeted rates (other than a targeted rate for water by meter supply)    | 3,922                                      | 3,916                                      | 3,645  | 3,637                            | (8)                                |              |
| Subsidies and grants for operating purposes                              | 1,098                                      | 969  | 949  | 1,155                            | 206                                | 1            |
| Fees, charges and targeted rates for water by meter supply               | -  | -  | -  | -                                | -                                  |              |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 260  | 297  | 262  | 324                              | 62                                 |              |
| <b>Total Operating Funding (A)</b>                                       | <b>5,280</b>                               | <b>5,182</b>                               | <b>4,856</b>                                       | <b>5,116</b>                     | <b>260</b>                         |              |
| <b>Applications of Operating Funding</b>                                 |  |  |  |                                  |                                    |              |
| Payments to staff and suppliers  | 2,641                                      | 2,724                                      | 2,733  | 2,977                            | 244                                | 2            |
| Finance Costs  | 2  | 3  | -  | -                                | -                                  |              |
| Internal charges and overheads applied                                   | 442  | 453  | 555  | 161                              | (394)                              | 5            |
| <b>Total applications of operating funding (B)</b>                       | <b>3,085</b>                               | <b>3,180</b>                               | <b>3,288</b>                                       | <b>3,138</b>                     | <b>(150)</b>                       |              |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>2,195</b>                               | <b>2,002</b>                               | <b>1,568</b>                                       | <b>1,978</b>                     | <b>410</b>                         |              |
| <b>Sources of capital funding</b>  |  |  |  |                                  |                                    |              |
| Subsidies and grants for capital expenditure                             | 982  | 1,026                                      | 1,138  | 1,103                            | (35)                               |              |
| Development and financial contributions                                  | 496  | 512  | 496  | 210                              | (286)                              | 3            |
| increase (decrease) in debt  | (597)                                      | (202)                                      | (83)   | -                                | 83                                 |              |
| <b>Total sources of capital funding (C)</b>                              | <b>881</b>                                 | <b>1,336</b>                               | <b>1,551</b>                                       | <b>1,313</b>                     | <b>(238)</b>                       |              |
| <b>Applications of capital funding</b>                                   |  |  |  |                                  |                                    |              |
| <b>Capital expenditure</b>   |  |  |  |                                  |                                    |              |
| - to meet additional demand  | 7  | 14   | 20   | 12                               | (8)                                |              |
| - to improve the level of service  | 96   | 278  | 499  | 370                              | (129)                              | 4            |
| - to replace existing assets   | 2,219                                      | 2,465                                      | 2,430  | 2,316                            | (114)                              | 4            |
| Increase (decrease) in reserves  | 754  | 581  | 170  | 593                              | 423                                |              |
| Increase (decrease) of investments                                       | -  | -  | -  | -                                | -                                  |              |
| <b>Total applications of capital funding (D)</b>                         | <b>3,076</b>                               | <b>3,338</b>                               | <b>3,119</b>                                       | <b>3,291</b>                     | <b>172</b>                         |              |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(2,195)</b>                             | <b>(2,002)</b>                             | <b>(1,568)</b>                                     | <b>(1,978)</b>                   | <b>(410)</b>                       |              |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                                   | <b>-</b>                                   | <b>-</b>   | <b>-</b>                         | <b>-</b>                           |              |
| Depreciation   | 5,986                                      | 5,999                                      | 5,556  | 4,542                            | (1,014)                            |              |
| <b>Loans attributable to this group of activities</b>                    |  |  |  |                                  |                                    |              |
|  |  |  | <b>External<br/>\$000</b>                          | <b>Internal<br/>\$000</b>        | <b>Total<br/>\$000</b>             |              |
| Loans as at 1/07/2013  |  |  | -  | -                                | -                                  |              |
| Raised during year   |  |  | -  | 162                              | 162                                |              |
| Repaid During Year   |  |  | -  | (162)                            | (162)                              |              |
| Loans as at 30/06/2014   |  |  | -  | -                                | -                                  |              |
| Interest attributable to Loans   |  |  | -  | -                                | -                                  |              |
| <b>ACTIVITY EXPENDITURE</b>  |  |  |  |                                  |                                    |              |
|  | <b>LTP<br/>Forecast<br/>2013<br/>\$000</b> | <b>LTP<br/>Forecast<br/>2014<br/>\$000</b> | <b>Annual Plan<br/>Forecast<br/>2014<br/>\$000</b> | <b>Actual<br/>2014<br/>\$000</b> | <b>Variance<br/>2014<br/>\$000</b> | <b>Notes</b> |
| Subsidised Roothing  | 7,945                                      | 8,033                                      | 7,382  | 7,238                            | (144)                              | 2            |
| Footpaths  | 640  | 646  | 924  | 887                              | (37)                               |              |
| Unsubsidised Roothing  | 484  | 499  | 538  | 570                              | 32                                 |              |
| <b>Total Expenditure</b>   | <b>9,069</b>                               | <b>9,178</b>                               | <b>8,844</b>                                       | <b>8,695</b>                     | <b>(149)</b>                       |              |

**NOTES:**

1. This related to the mix of work undertaken relating to OPEX and CAPEX.
2. There were unbudgeted costs relating to the Roads of National Significance.
3. This reflects the lower development activity within the district.
4. There were some projects that were not completed at the end of the year due to weather restrictions.
5. This was well managed requiring less Officers time.

# Stormwater

## STATEMENT OF SERVICE PERFORMANCE

---

### 1. RATIONALE

The compulsion for Council involvement in the Stormwater supply activity and ownership of assets comes from:

- The Local Government Act 2002 (section 130) which require Council to continue to provide water services and maintain its capacity to do so, and
- The Health Act 1956 (section 25) which requires Council to provide 'sanitary works', the definition of which included stormwater drainage works.
- A reliable stormwater collection service.
- Operating stormwater resources in an efficient and sustainable way.
- Provision of stormwater collection services to residential and commercial areas of Levin, Foxton, Foxton Beach and Shannon.

The Horowhenua District Council has determined a range of a Community Outcome to which its activities contribute. Those addressed by roading assets include:

**ECONOMIC:** A community where all people have access to a range of local business and employment opportunities and a community where all people have access to an adequate standard of living.

**ENVIRONMENT:** The natural and built environment in which people live is sustainable.

**SAFETY:** A community where all people enjoy personal safety and security within the community.

| Activity            | Wellbeing                          | Community Outcome   | Council Role |
|---------------------|------------------------------------|---------------------|--------------|
| Stormwater drainage | Environmental, social and cultural | Environment, Safety | Provider     |

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Stormwater Drainage

The prompt drainage of stormwater from roads after heavy rainfall reduces the risk of:

- danger and inconvenience to people
- damage to property, roads, underground infrastructure, and the environment



### 3. MEASURING PERFORMANCE

| Service  | Performance Measures  | Attainment 2014  | Attainment 2013  |
|--|---|--|--|
| <p><b>Stormwater Drainage:</b></p> <p>To provide reliable stormwater drainage.</p> | <p>1. Develop and adopt stormwater management strategy.</p>                     | <p>Not Achieved. A Stormwater Management Strategy is expected to be completed in 2014/15.</p>  | <p>Not Achieved, but a Stormwater Management System is currently being developed.</p>  |
|  | <p>2. Compliance with Regional Council resource consents - 100% compliance.</p> | <p>Achieved.</p> <p>As at 30 June 2014, there is 100% compliance with consents.</p> <p>One off consents (not monitored):</p> <p>104442 – Construction and maintenance of stormwater discharge structure.</p> <p>104795 – Disturbance of sand dunes for construction of stormwater discharge structure.</p> <p>104223 – Discharge of stormwater to Manawatu Estuary (Not currently used).</p> | <p>Achieved.</p> <p>As at 30 June 2013, there is 100% compliance with three consents held, which were received in 2008 and 2009, being:</p> <p>One off consents (not monitored):</p> <p>104442 – Construction and maintenance of stormwater discharge structure</p> <p>104795 – Disturbance of sand dunes for construction of stormwater discharge structure</p> <p>104223 – Discharge of stormwater to Manawatu Estuary (Not currently used).</p> |
|  | <p>3. Customer Survey on satisfaction.</p>                                      | <p>Not Achieved. The Annual Customer Satisfaction Survey was undertaken in July 2014, and the results have yet to be analysed.</p>   | <p>84% of customers are satisfied with the Stormwater service from the 2012 Customer Satisfaction Surveys. A total of 245 rate payers were surveyed, of these 39 stated "needs improvement" or did not know. The remaining 206 gave scores of excellent, good or meets expectations.</p>   |

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of stormwater facilities are mainly stormwater drainage. Capital and renewal expenditures adding to these assets during the year ended 30 June 2014 were:

| <b>Stormwater</b>   | <b>Annual Plan<br/>2013/14</b> | <b>Actual<br/>2013/14</b> | <b>Variance</b> | <b>Notes</b> |
|---|--------------------------------|---------------------------|-----------------|--------------|
|   | <b>\$000</b>                   | <b>\$000</b>              | <b>\$000</b>    |              |
| <b>Primary Type Renewals (Replace existing assets)</b>          |                                |                           |                 |              |
| District General Renewals                                       | 188                            | 130                       | (58)            | 1            |
| District General Renewals & District General C/fwd to 2013/14   | 78                             | 78                        | -               |              |
| Foxton Beach Pump Station                                       | 5                              | -                         | (5)             | 2            |
| Waitarere Beach Pump Station                                    | 7                              | -                         | (7)             | 2            |
| Levin Pump Station  | 25                             | -                         | (25)            | 2            |
| Overheads   | 9                              | 1                         | (8)             |              |
|   | <b>312</b>                     | <b>209</b>                | <b>(103)</b>    |              |
| These Renewal Projects contain the following elements:          |                                |                           |                 |              |
| Renewals - replacing existing assets                            | 297                            | 199                       | (98)            |              |
| Improve Level of Service  | -                              | -                         | -               |              |
| Growth- to meet additional demand                               | 15                             | 10                        | (5)             |              |
|   | <b>312</b>                     | <b>209</b>                | <b>(103)</b>    |              |
| <b>Primary Type Improve Level of Service</b>                    |                                |                           |                 |              |
| District General  | 38                             | -                         | (38)            | 3            |
| District Telemetry (combined with waters)                       | 25                             | -                         | (25)            | 4            |
| Levin Queen Street Drain C/fwd to 2013/14                       | 150                            | 14                        | (136)           | 5            |
| Boat Wash Down Facility   | -                              | 58                        | 58              | 6            |
| Overheads   | 5                              | 7                         | 2               |              |
|   | <b>217</b>                     | <b>78</b>                 | <b>(139)</b>    |              |
| These Level of Service Projects contain the following elements: |                                |                           |                 |              |
| Renewals - replacing existing assets                            | -                              | -                         | -               |              |
| Improve Level of Service  | 214                            | 78                        | (136)           |              |
| Growth- to meet additional demand                               | 4                              | -                         | (4)             |              |
|   | <b>218</b>                     | <b>78</b>                 | <b>(140)</b>    |              |
| <b>Primary Type Growth (meet additional demand)</b>             |                                |                           |                 |              |
| Levin, North East Improvement works                             | 58                             | 54                        | (5)             |              |
| Overheads   | 7                              | 1                         | (6)             |              |
|   | <b>65</b>                      | <b>54</b>                 | <b>(11)</b>     |              |
| These Growth Projects contain the following elements:           |                                |                           |                 |              |
| Renewals - replacing existing assets                            | -                              | -                         | -               |              |
| Improve Level of Service  | -                              | -                         | -               |              |
| Growth- to meet additional demand                               | 65                             | 54                        | (11)            |              |
|   | <b>65</b>                      | <b>54</b>                 | <b>(11)</b>     |              |
| Total Stormwater projects by % of Type:                         |                                |                           |                 |              |
| Renewals - replacing existing assets                            | 297                            | 199                       | (98)            |              |
| Improve Level of Service  | 214                            | 78                        | (136)           |              |
| Growth- to meet additional demand                               | 84                             | 65                        | (19)            |              |
|   | <b>595</b>                     | <b>342</b>                | <b>253</b>      |              |

#### NOTES:

1. Reactive renewals, exact prediction difficult.
2. Reactive pump renewal, no pumps required.
3. Reactive work so exact prediction difficult.
4. Project delayed and started early 2014/15.
5. Carried forward, delays due to consent issues.
6. Urgent unplanned project.

**Significant Acquisitions of Assets**

There were no significant acquisitions in the year.

**5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).**

The bulk of the Council's expenditure is in the nature of operating and maintenance costs which, in providing stated levels and service and in maintaining the integrity of important assets, contributes to the community outcomes as noted in part one above.

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2014 included:

| <b>Community Outcomes</b> | <b>Effects Of Programmes in Activity Area</b>   |
|---------------------------|---|
| Environmental and Safety  | Improvements to stormwater drainage contributed to the environment and safety of the people in the community. |

# Stormwater

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000 | Variance<br>2014<br>\$000 | Notes |
|--|----------------------------------|----------------------------------|--|-------------------------|---------------------------|-------|
| <b>Sources of Operating Funding</b>                                      |                                  |                                  |  |                         |                           |       |
| General rates, uniform annual general charges, rates penalties           | -                                | -                                | -  | -                       | -                         |       |
| Targeted rates (other than a targeted rate for water by meter supply)    | 975                              | 1,091                            | 1,167                                    | 1,164                   | (3)                       |       |
| Subsidies and grants for operating purposes                              | -                                | -                                | -  | -                       | -                         |       |
| Fees, charges and targeted rates for water by meter supply               | -                                | -                                | -  | -                       | -                         |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 84                               | 92                               | 69                                       | 71                      | 2                         |       |
| <b>Total Operating Funding (A)</b>                                       | <b>1,059</b>                     | <b>1,183</b>                     | <b>1,236</b>                             | <b>1,235</b>            | <b>(1)</b>                |       |
| <b>Applications of Operating Funding</b>                                 |                                  |                                  |  |                         |                           |       |
| Payments to staff and suppliers  | 444                              | 413                              | 481                                      | 227                     | (254)                     | 1     |
| Finance Costs  | 165                              | 192                              | 132                                      | 118                     | (14)                      |       |
| Internal charges and overheads applied                                   | 108                              | 110                              | 176                                      | 164                     | (12)                      |       |
| <b>Total applications of operating funding (B)</b>                       | <b>717</b>                       | <b>715</b>                       | <b>789</b>                               | <b>509</b>              | <b>(280)</b>              |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>342</b>                       | <b>468</b>                       | <b>447</b>                               | <b>726</b>              | <b>279</b>                |       |
| <b>Sources of capital funding</b>  |                                  |                                  |  |                         |                           |       |
| Subsidies and grants for capital expenditure                             | -                                | -                                | -  | -                       | -                         |       |
| Development and financial contributions                                  | -                                | -                                | -  | 4                       | 4                         |       |
| increase (decrease) in debt  | 419                              | 27                               | 200                                      | 50                      | (150)                     | 2     |
| <b>Total sources of capital funding (C)</b>                              | <b>419</b>                       | <b>27</b>                        | <b>200</b>                               | <b>54</b>               | <b>(146)</b>              |       |
| <b>Applications of capital funding</b>                                   |                                  |                                  |  |                         |                           |       |
| <b>Capital expenditure</b>   |                                  |                                  |  |                         |                           |       |
| - to meet additional demand  | 34                               | 78                               | 84                                       | 65                      | (19)                      |       |
| - to improve the level of service  | 326                              | 67                               | 214                                      | 78                      | (136)                     | 2     |
| - to replace existing assets   | 236                              | 226                              | 297                                      | 199                     | (98)                      |       |
| Increase (decrease) in reserves  | 165                              | 124                              | 52                                       | 438                     | 386                       |       |
| Increase (decrease) of investments                                       | -                                | -                                | -  | -                       | -                         |       |
| <b>Total applications of capital funding (D)</b>                         | <b>761</b>                       | <b>495</b>                       | <b>647</b>                               | <b>780</b>              | <b>133</b>                |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(342)</b>                     | <b>(468)</b>                     | <b>(447)</b>                             | <b>(726)</b>            | <b>(279)</b>              |       |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                | <b>-</b>                  |       |
| Depreciation   | 510                              | 514                              | 510                                      | 531                     | 21                        |       |
| <b>Loans attributable to this group of activities</b>                    |                                  |                                  |  |                         |                           |       |
|  |                                  |                                  | External<br>\$000                        | Internal<br>\$000       | Total<br>\$000            |       |
| Loans as at 1/07/2013  |                                  |                                  | 2,250                                    | 2                       | 2,252                     |       |
| Raised during year   |                                  |                                  | 140                                      | 3                       | 143                       |       |
| Repaid During Year   |                                  |                                  | (90)                                     | (3)                     | (93)                      |       |
| Loans as at 30/06/2014   |                                  |                                  | <b>2,300</b>                             | <b>2</b>                | <b>2,302</b>              |       |
| Interest attributable to Loans   |                                  |                                  | 118                                      | -                       | 118                       |       |
| <b>ACTIVITY EXPENDITURE</b>  |                                  |                                  |  |                         |                           |       |
|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000 | Variance<br>2014<br>\$000 | Notes |
| Stormwater Drainage  | 1,228                            | 1,228                            | 1,298                                    | 1,031                   | (267)                     | 1     |
| <b>Total Expenditure</b>   | <b>1,228</b>                     | <b>1,228</b>                     | <b>1,298</b>                             | <b>1,031</b>            | <b>(267)</b>              |       |

**NOTES:**

1. The Stormwater Contract (for repairs and maintenance) was below budget due to reactive repairs being less than expected.
2. Delays in Queen Street project due to consenting issues. Project carried forward to 2014/15.

# Water Supply

## STATEMENT OF SERVICE PERFORMANCE

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### 1. RATIONALE

The need for Council involvement in the water supply activity and ownership of assets comes from:

- The Local Government Act 2002 (section 130) which requires Council to continue to provide water services and maintain its capacity to do so, and
- The Health Act (Drinking Water) Amended Act 2007 which sets out the legal requirements for water supplies

The Water Activity aims to provide a safe and reliable supply of water to Residential and Commercial properties.

The Horowhenua District Council has determined a range of Community Outcomes to which its activities contribute. Those addressed by Water Supply assets include:

**HEALTH:** A community where all people have the opportunity to enjoy long and healthy lives.

**ECONOMIC:** A community where all people have access to a range of local business and employment opportunities; and - A community where all people have access to an adequate standard of living.

**SAFETY:** A community where all people enjoy personal safety and security within the community.

| Activity     | Wellbeing                                    | Outcome                                 | Role     |
|--------------|--|---|----------|
| Water supply | Social and cultural, economic, environmental | Health, economic, safety, environmental | Provider |

### 1. DESCRIPTION OF ACTIVITIES

The Council's main concern in supplying water is to make safe drinking water available to households, in lieu of water tanks or private bores.

The water is also used for:

- many other household purposes that do not necessarily require treated water (e.g. cleaning, sewage disposal)
- general industrial and commercial use
- recreation and fire fighting

A good system of extracting, treating, storing and distributing water is a major contribution to the quality of life of a community and contributes to all sectors of the economy.

The Council owns and operates several schemes:

|              | Source          | Average & Peak Consumptions (m <sup>3</sup> per day) |
|--------------|-----------------|--|
| Levin        | Ohau River      | 8,687 / 11,891                                       |
| Shannon      | Mangaore Stream | 938 / 2,359  |
| Foxton       | Bore            | 1,547 / 2,965  |
| Foxton Beach | Bore            | 465 / 1,630  |
| Tokomaru     | Tokomaru River  | 138 / 435  |

None of the supplies are fluoridated. They are operated and maintained under contract.

All properties in Foxton Beach are metered. In other schemes only selected consumers are metered, to equitably charge the larger users.

### 3. MEASURING PERFORMANCE

| Service                                    | Performance Measures   | Attainment 2014   | Attainment 2013  |
|--|--|---|--|
| To provide a reliable supply of safe water | <p>1. Compliance with appropriate Drink Water Standards for New Zealand 2005 (revised 2008) bacterial compliance criteria. Target 99%.</p> | <p>Achieved.</p> <p>The target of 99% has been achieved regarding compliance with the 2005 Drinking Water Standards for New Zealand (revised 2008) for Levin, Foxton Beach, Shannon and Tokomaru supply.</p> <p><b>Plant Grading</b><br/>                     Levin – we have not fully complied with the drinking water standard due to lack of treatment for the Protozoa. However, complied fully with the LTP target and all practicable measures were taken to ensure compliance with Drinking Water Standards New Zealand as assessed by the Drinking Water Assessor.</p> <p>Foxton – the upgraded Foxton water supply has been fully compliant with Drinking Water Standards New Zealand for part of the year (March to June 2014) as assessed by the Drinking Water Assessor. A Project completion report was issued to the Ministry of Health in May 2014.</p> <p>Foxton Beach – the upgraded Foxton Beach water supply has been fully compliant with Drinking Water Standards New Zealand for the year 2013/14 as assessed by the Drinking Water Assessor.</p> <p>Shannon – the new Shannon treatment plant was commissioned in December 2013 and has been fully compliant with Drinking Water Standards New Zealand for part of the year (February to June 2014) as assessed by the Drinking Water Assessor.</p> <p>Tokomaru – we have not fully complied with the drinking water standard due to lack of treatment for the Protozoa. However, complied fully with the LTP target and all practicable measures were taken to ensure compliance with Drinking Water Standards New Zealand as assessed by the Drinking Water Assessor.</p> | <p>Achieved.</p> <p>The target of 99% has been met regarding compliance with the 2005 Drinking Water Standards for New Zealand (revised 2008).</p> <p><b>Plant Grading</b><br/>                     Levin Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>Foxton Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>The positive E-coli test in Foxton in March 2013 had no impact on the residents other than the fact that a boil water notice was in place for a couple of days.</p> <p>Foxton Beach Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>Shannon Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>Tokomaru Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>Council is in the process of upgrading Shannon, Foxton and Foxton Beach plants to improve the water grading.</p> <p>Upgrade work for Levin is planned in 2014-2016. Upgrade for Tokomaru is planned in 2014/15.</p> |

### 3. MEASURING PERFORMANCE

| Service                                    | Performance Measures  | Attainment 2014  | Attainment 2013  |
|--|---|--|--|
| To provide a reliable supply of safe water | <p>2. Compliance with appropriate Drink Water Standards for New Zealand 2005 (revised 2008) Protozan compliance criteria. Targets: 0%. The Levin, Foxton, Foxton Beach, Shannon and Tokomaru Schemes.</p>   | <p>Achieved.</p> <p>Foxton Beach water supplies were fully compliant for the year.</p> <p>Foxton and Shannon water supplies were fully compliant for the second half of the year.</p> <p>All practicable steps have been undertaken to ensure compliance for Levin and Tokomaru water supplies.</p>                            | <p>Achieved. Work is being undertaken to ensure compliance for Shannon, Foxton and Foxton Beach water supplies. All practical steps have been undertaken to ensure compliance for Levin and Tokomaru water supplies</p>  |
|  | <p>3. All urban fire district fire hydrants tested will provide flows in accordance with the NZ Fire Service Fire Fighting Water Supplies Code of Practice SNZ 4509:2003. Target 0% (flow should be 25.5 litres per second or more).</p> <p>Where hydrants are on the edge or cusp of the urban supply it is expected that a lower flow will be tested. In these cases the cost to increase the flow significantly outweighs the benefit.</p> | <p>Achieved.</p> <p>As at 30 June 2014, of the 1,413 fire hydrants tested this year, 1,017 (72%) had flows above 25 litres per second.</p>   | <p>Achieved.</p> <p>As at 30 June 2013, we have carried out flow tests on 1,342 fire hydrants, of which 914 (68%) had flows at or above 25 litres per second. (2012 12.5 litres per second).</p>   |
|  | <p>4. Number of unplanned water shutdowns. Target 40.</p>   | <p>Achieved.</p> <p>As at 30 June 2014 the Total shutdowns were 20. The maximum shut time was 2.25 hours with the average shutdown length being 2.25 hours.</p> <p>Most reason for shutdowns – burst pipes.</p> <p>Shutdown by area:<br/>Levin – 13 shutdowns<br/>Foxton Beach – one shutdowns<br/>Shannon – six shutdowns</p> | <p>Not Achieved.</p> <p>As at 30 June 2013 the Total shutdowns were 33. The maximum shut time was 3.5 hours with the average shutdown length being 2.6 hours.</p> <p>Most reason for shutdowns – burst pipes.</p> <p>Shutdown by area:<br/>Levin – 28 shutdowns<br/>Foxton – one shutdown<br/>Shannon – three shutdowns<br/>Ohau – one shutdown.</p> |
|  | <p>5. Supply pressure at the property boundary is not less than 250kPa for on demand connections and 150kPa for restricted flow connections. Target 100%.</p>   | <p>Achieved.</p> <p>As at 30 June 2014, 100% of all properties assessed exceeded 250kPa.</p>   | <p>Achieved.</p> <p>As at 30 June 2013, 100% of all properties assessed exceeded 250kPa.</p>   |
|  |   |  |  |



### 3. MEASURING PERFORMANCE

| Service                                    | Performance Measures   | Attainment 2014  | Attainment 2013  |
|--|--|--|--|
| To provide a reliable supply of safe water | 6. Compliance with the Health (DW) Amendment Act 2007. Number of water supplies with approved Public Health Risk management Plans. Target 5. | Achieved.<br>As at 30 June 2014, all five water supplies have approved Public Health Risk Management Plans.  | Achieved.<br>As at 30 June 2013, all five water supplies have approved Public Health Risk Management Plans.  |
|  | 7. Compliance with water take limits of resources consents. Target 100%.   | Achieved.<br>As at 30 June 2014, 100% of water takes complied with consent limits. There are ten water take consents. This does not include consents for park bores as this is not under Water activity. | Achieved.<br>As at 30 June 2013, 100% of water takes complied with consent limits. There are ten water take consents. This does not include consents for park bores as this is not under Water activity. |

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of water supply are mainly water treatment plants, storage reservoirs, pipelines and service connections. Capital and renewal expenditures adding to these assets during the year ended 30 June 2014 were:

| <u>Water Supply</u>   | Annual Plan<br>2013/14<br>\$000 | Actual<br>2013/14<br>\$000 | Variance<br>\$000 | Notes |
|---|---------------------------------|----------------------------|-------------------|-------|
| <b>Primary Type Renewals (Replace existing assets)</b>                          |                                 |                            |                   |       |
| Foxton Reticulation- RENEWAL  | 56                              | 41                         | (15)              | 1     |
| Foxton Beach Reticulation- RENEWAL  | 56                              | 43                         | (13)              | 1     |
| Levin Reticulation- RENEWAL   | 542                             | 545                        | 3                 | 1     |
| Shannon - Mangaore Reticulation- RENEWAL  | 56                              | 119                        | 63                | 1     |
| Tokomaru Reticulation- RENEWAL  | 56                              | -                          | (56)              | 1     |
| Foxton Beach Treatment Plant  | 22                              | 38                         | 16                | 2     |
| Foxton Water Treatment Plant  | 200                             | 5                          | (195)             | 3     |
| Levin Treatment Plant   | 253                             | 35                         | (218)             | 9     |
| Levin Consent C/fwd to 2013/14  | 8                               | 143                        | 135               | 4     |
| Tokomaru Treatment Plant  | 30                              | 26                         | (4)               |       |
| Overheads   | 47                              | 23                         | (24)              |       |
|   | 1,326                           | 1,018                      | (308)             |       |
| These Renewal Projects contain the following elements:                          |                                 |                            |                   |       |
| Renewals - replacing existing assets  | 1,286                           | 944                        | (342)             |       |
| Improve Level of Service  | -                               | -                          | -                 |       |
| Growth- to meet additional demand   | 40                              | 74                         | 34                |       |
|   | 1,326                           | 1,018                      | (308)             |       |
| <b>Primary Type Improve Level of Service</b>                                    |                                 |                            |                   |       |
| Foxton Bore and treatment plant upgrade   | 364                             | 342                        | (22)              | 5     |
| Foxton Beach Bore and treatment plant upgrade C/fwd to 2013/14                  | 235                             | 235                        | -                 |       |
| Foxton New connections (recoverable income offset)                              | 4                               | 4                          | -                 |       |
| Foxton Telemetry (combined with waste water)                                    | 21                              | -                          | (21)              | 6     |
| Foxton Telemetry (combined with waste water) C/fwd to 2013/14                   | 13                              | -                          | (13)              | 6     |
| Foxton Beach New connections (recoverable income offset)                        | 6                               | 3                          | (3)               |       |
| Foxton Beach Telemetry (combined with waste water)                              | 21                              | -                          | (21)              | 6     |
| Foxton Beach Telemetry (combined with waste water) C/fwd to 2013/14             | 13                              | -                          | (13)              | 6     |
| Levin Bore exploration, new reservoir, treatment plant upgrade                  | 312                             | -                          | (312)             | 9     |
| Levin Bore exploration, new reservoir, treatment plant upgrade C/fwd to 2013/14 | 352                             | 174                        | (178)             | 9     |
| Levin New connections (recoverable income offset)                               | 9                               | 23                         | 14                |       |
| Levin Telemetry (combined with waste water)                                     | 42                              | 16                         | (26)              | 6     |
| Levin Telemetry (combined with waste water) C/fwd to 2013/14                    | 38                              | 38                         | -                 |       |
| Shannon New connections (recoverable income offset)                             | 3                               | 1                          | (2)               |       |
| Shannon Telemetry (combined with waste water)                                   | 21                              | -                          | (21)              | 6     |
| Shannon Telemetry (combined with waste water) C/fwd to 2013/14                  | 8                               | -                          | (8)               | 6     |
| Shannon (incl subsidy) Upgraded treatment plant                                 | 1,543                           | 2,272                      | 729               | 8     |
| Tokomaru Telemetry (combined with waste water)                                  | 21                              | -                          | (21)              | 6     |
| Tokomaru Telemetry (combined with waste water) C/fwd to 2013/14                 | 13                              | -                          | (13)              | 6     |
| Overheads   | 82                              | 94                         | 12                |       |
|   | 3,121                           | 3,202                      | 81                |       |
| These Level of Service Projects contain the following elements:                 |                                 |                            |                   |       |
| Renewals - replacing existing assets  | 106                             | 156                        | 50                |       |
| Improve Level of Service  | 2,464                           | 2,549                      | 85                |       |
| Growth- to meet additional demand   | 551                             | 497                        | (54)              |       |
|   | 3,121                           | 3,202                      | 81                |       |

| <u>Water Supply</u>   | Annual Plan<br>2013/14 | Actual<br>2013/14 | Variance | Notes |
|---|------------------------|-------------------|----------|-------|
| Primary Type Growth (meet additional demand)                | \$000                  | \$000             | \$000    |       |
| Overheads   | 30                     | -                 | (30)     |       |
| These Growth Projects contain the following elements:       |                        |                   |          |       |
| Renewals - replacing existing assets                        | -                      | -                 | -        |       |
| Improve Level of Service                                    | -                      | -                 | -        |       |
| Growth- to meet additional demand                           | 30                     | -                 | (30)     |       |
|   | 30                     | -                 | (30)     |       |
| Total Water Supply Projects contain the following elements: |                        |                   |          |       |
| Renewals - replacing existing assets                        | 1,392                  | 1,100             | (292)    |       |
| Improve Level of Service                                    | 2,463                  | 2,550             | 87       |       |
| Growth- to meet additional demand                           | 621                    | 571               | (50)     |       |
|   | 4,476                  | 4,221             | (255)    |       |

#### NOTES:

1. Reticulation renewals done on district wide budget and not on individual supplies so one area can be over budget and another under.
2. Unplanned renewals.
3. The Treatment Plant Upgrade was done instead of this renewal.
4. The consent process is increasing complex requiring much preparation with both ecological and cultural assessments, and input from consultants. Preparatory work had to be commenced in this year for submission in 2014/15, but was not budgeted for.
5. Upgrade optimised. Money used from Renewals project and a Government subsidy was received. Some money to be spent in improvements work after seismic assessments.
6. Part of single telemetry project – estimated completion Nov 2014.
7. Work program carried forward.
8. Additional funds voted by Council to complete the project.
9. The projects were carried forward to 2014/15 to await the completion of the Levin Master Plan in September 2014.

#### Significant Acquisitions of Assets

Significant acquisitions were:

- The Shannon Water treatment plant upgrade has been completed.
- All renewals are completed to replace aging assets to maintain the levels of service for all water schemes.

#### 5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).

The bulk of the Council's expenditure is in the nature of operating and maintenance costs which, in providing stated levels and service and in maintaining the integrity of important assets, contributes to the community outcomes being as noted in part one above.

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2014 included:

| Community Outcomes          | Effects Of Programmes in Activity Area  |
|-----------------------------|---|
| Health, Economic and Safety | The purpose of the water supply activity is to provide a safe and reliable water supply to residential, industrial, commercial and rural properties within serviced areas. Council owns and runs water networks to ensure that public health is protected at low cost. In addition, provision of water supply supports growth and economy of the community. |

# Water Supply

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000 | Variance<br>2014<br>\$000 | Notes |
|--|----------------------------------|----------------------------------|--|-------------------------|---------------------------|-------|
| <b>Sources of Operating Funding</b>                                      |                                  |                                  |  |                         |                           |       |
| General rates, uniform annual general charges, rates penalties           | -                                | -                                | -  | -                       | -                         |       |
| Targeted rates (other than a targeted rate for water by meter supply)    | 4,103                            | 3,397                            | 3,331                                    | 3,329                   | (2)                       |       |
| Subsidies and grants for operating purposes                              | -                                | -                                | -  | -                       | -                         |       |
| Fees, charges and targeted rates for water by meter supply               | 44                               | 835                              | 773                                      | 911                     | 138                       | 7     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 118                              | 108                              | 86                                       | 105                     | 19                        |       |
| <b>Total Operating Funding (A)</b>                                       | <b>4,265</b>                     | <b>4,340</b>                     | <b>4,190</b>                             | <b>4,345</b>            | <b>155</b>                |       |
| <b>Applications of Operating Funding</b>                                 |                                  |                                  |  |                         |                           |       |
| Payments to staff and suppliers  | 1,838                            | 1,797                            | 1,932                                    | 1,590                   | (342)                     | 1     |
| Finance Costs  | 282                              | 366                              | 238                                      | 230                     | (8)                       |       |
| Internal charges and overheads applied                                   | 701                              | 716                              | 627                                      | 516                     | (111)                     | 4     |
| <b>Total applications of operating funding (B)</b>                       | <b>2,821</b>                     | <b>2,879</b>                     | <b>2,797</b>                             | <b>2,336</b>            | <b>(461)</b>              |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>1,444</b>                     | <b>1,461</b>                     | <b>1,393</b>                             | <b>2,009</b>            | <b>616</b>                |       |
| <b>Sources of capital funding</b>  |                                  |                                  |  |                         |                           |       |
| Subsidies and grants for capital expenditure                             | 1,677                            | 373                              | 1,271                                    | 1,862                   | 591                       | 2     |
| Development and financial contributions                                  | 318                              | 331                              | 318                                      | 101                     | (217)                     | 3     |
| increase (decrease) in debt  | 1,281                            | 610                              | 1,589                                    | 970                     | (619)                     | 2     |
| Gross Proceeds from Sale of assets                                       | -                                | -                                | -  | 101                     | 101                       | 6     |
| <b>Total sources of capital funding (C)</b>                              | <b>3,276</b>                     | <b>1,314</b>                     | <b>3,178</b>                             | <b>3,034</b>            | <b>(144)</b>              |       |
| <b>Applications of capital funding</b>                                   |                                  |                                  |  |                         |                           |       |
| <b>Capital expenditure</b>   |                                  |                                  |  |                         |                           |       |
| - to meet additional demand  | 623                              | 304                              | 621                                      | 571                     | (50)                      |       |
| - to improve the level of service  | 2,591                            | 1,091                            | 2,463                                    | 2,550                   | 87                        |       |
| - to replace existing assets   | 1,704                            | 1,234                            | 1,392                                    | 1,100                   | (292)                     | 8     |
| Increase (decrease) in reserves  | (198)                            | 146                              | 95                                       | 823                     | 728                       |       |
| Increase (decrease) of investments                                       | -                                | -                                | -  | -                       | -                         |       |
| <b>Total applications of capital funding (D)</b>                         | <b>4,720</b>                     | <b>2,775</b>                     | <b>4,571</b>                             | <b>5,043</b>            | <b>472</b>                |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(1,444)</b>                   | <b>(1,461)</b>                   | <b>(1,393)</b>                           | <b>(2,009)</b>          | <b>(616)</b>              |       |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                | <b>-</b>                  |       |
| Depreciation   | 1,700                            | 1,770                            | 1,708                                    | 1,732                   | 24                        |       |
| <b>Loans attributable to this group of activities</b>                    |                                  |                                  |  |                         |                           |       |
|  |                                  |                                  | External<br>\$000                        | Internal<br>\$000       | Total<br>\$000            |       |
| Loans as at 1/07/2013  |                                  |                                  | 4,240                                    | 137                     | 4,377                     |       |
| Raised during year   |                                  |                                  | 1,210                                    | 18                      | 1,228                     |       |
| Repaid During Year   |                                  |                                  | (200)                                    | (58)                    | (258)                     |       |
| Loans as at 30/06/2014   |                                  |                                  | <b>5,250</b>                             | <b>97</b>               | <b>5,347</b>              |       |
| Interest attributable to Loans   |                                  |                                  | 224                                      | 6                       | 230                       |       |
| <b>ACTIVITY EXPENDITURE</b>  |                                  |                                  |  |                         |                           |       |
|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000 | Variance<br>2014<br>\$000 | Notes |
| Foxton Water   | 630                              | 613                              | 731                                      | 627                     | (104)                     | 1     |
| Foxton Beach Water   | 672                              | 715                              | 705                                      | 520                     | (185)                     | 1     |
| Levin Water  | 2,429                            | 2,447                            | 2,246                                    | 2,135                   | (111)                     | 1     |
| Moutoa Water   | -                                | -                                | -  | -                       | -                         |       |
| Shannon Water  | 502                              | 575                              | 523                                      | 526                     | 3                         |       |
| Tokomaru Water   | 258                              | 267                              | 265                                      | 174                     | (91)                      | 1     |
| Water Races  | 30                               | 32                               | 36                                       | 85                      | 49                        | 5     |
| <b>Total Expenditure</b>   | <b>4,521</b>                     | <b>4,649</b>                     | <b>4,506</b>                             | <b>4,067</b>            | <b>(439)</b>              |       |

**NOTES:**

1. The Water Contract (for repairs and maintenance) was below budget due to reactive repairs being less than expected.
2. Additional subsidy received for Foxton water supply.
3. This reflects the lower development activity within the district.
4. The allocation of staff time to this activity from Operations was below budget as reactive repairs were less than anticipated.
5. Additional costs were incurred in determining water race options.
6. Sale of Reservoir Liner.
7. Higher water usage than budget, especially in Levin.
8. In Foxton Water Treatment Plant the budget was used in the upgrade of the plant rather than repairs. Work on Levin treatment plant was deferred to await the production of the Levin Master Plan in September 2014.

# Wastewater Disposal

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

The compulsion for Council involvement in the Wastewater activity and ownership of assets comes from:

- The Local Government Act 2002 (section 130) which requires Council to continue to provide water services and maintain its capacity to do so ("water" in the context of this section if the LGA includes Wastewater services), and
- The Health Act 1956 (section 25) which requires Council to provide 'sanitary works', the definition of which includes "works for the disposal of sewage".

A sustainable future for the Horowhenua District has four well-being themes as specified in the Council's Strategic Plan:

The Horowhenua District Council has determined a range of 8 Community Outcomes to which its activities contribute. Those addressed by Waste Disposal assets include:

**HEALTH:** A community where all people have the opportunity to enjoy long and healthy lives.

**ECONOMIC:** A community where all people have access to a range of local business and employment opportunities and a community where all people have access to an adequate standard of living.

**ENVIRONMENT:** The natural and built environment in which people live is sustainable.

**SAFETY:** A community where all people enjoy personal safety and security within the community.

| Activity            | Wellbeing                                    | Outcomes                              | Role     |
|---------------------|--|---------------------------------------|----------|
| Wastewater disposal | Economic, social and cultural, environmental | Health, environment, safety, Economic | Provider |

### 2. DESCRIPTION OF ACTIVITIES

Systems that collect, treat and dispose of wastewater

- neutralise solids and organisms that would be harmful to waterways, groundwater and soils
- benefit public health
- provide infrastructure support for economic development

The Council owns and operates several schemes:

|                 | Treatment   | Disposal                  |
|-----------------|---|---------------------------|
| Levin           | Screening, Sedimentation, Biological Filtration and Oxidation | To land (pine plantation) |
| Waitarere Beach | Oxidation ditch   | To land (pine plantation) |
| Shannon         | Oxidation pond  | To Mangaore Stream        |
| Foxton          | Oxidation pond  | To Manawatu River loop    |
| Foxton Beach    | Oxidation pond  | To land (pasture)         |
| Tokomaru        | Oxidation pond  | To land (wetland)         |

The wastewater systems are operated and maintained under contract.

### 3. MEASURING PERFORMANCE

| Service   | Performance Measures  | Attainment 2014   | Attainment 2013  |
|---|---|---|--|
| To provide a reliable system of wastewater disposal with minimal disruption to the environment. | <p><b>Wastewater</b></p> <p>1. Treated effluent will be in compliance quality standards as defined in relevant Resource Consents.</p> | <p>Council through the resource consent conditions provides compliance data to Horizons on a frequent basis. The Levin, Shannon and Waitarere wastewater consents require preparation and presentation of Annual Compliance Reports.</p> <p>The following consent were assessed by Horizons Regional Council and complied:</p> <p>102220 – Waitarere – Discharge to Land</p> <p>102249 – Foxton Beach Discharge to Land</p> <p>103925 &amp; 103926 – Foxton – Discharge to Water and Discharge to Land</p> <p>6920 – Levin – Discharge to Air</p> <p>6624 – Levin – Discharge to Land</p> <p>103285 – Levin – Discharge to Air</p> <p>6921 – Levin – Discharge to Air</p> <p>The following consents were not assessed by Horizons Regional Council:</p> <p>105893 &amp; 105894 – Shannon – These consents were applied for the discharge of wastewater into the Manawatu River and not granted, therefore not in use.</p> <p>The following consents were assessed by Horizons regional council and were assessed non-compliant:</p> <p>6610 – Levin – Discharge to Land. This is a Technical non-compliance as a result of a failure to supply a report. This will be reassessed in a year.</p> <p>101227 &amp; 101228 – Tokomaru – Discharge to Land and Water. Exceeded the consented discharge volume of 250m<sup>3</sup>/day from 15 July 2013 to 29 July 2013.</p> | <p>Council through the resource consent conditions provides compliance data to Horizons on a frequent basis. The Levin, Shannon and Waitarere wastewater consents require preparation and presentation of Annual Compliance Reports.</p> <p>The following consent were assessed by Horizons Regional Council and complied.</p> <p>PAC 325/51 – Shannon – Discharge to Water</p> <p>102220 – Waitarere – Discharge to Land</p> <p>102249 – Foxton Beach Discharge to Land</p> <p>105844 – Foxton Beach – Desludge Oxidation Ponds</p> <p>103925 &amp; 103926 – Foxton – Discharge to Water and Discharge to Land</p> <p>6920 – Levin – Discharge to Air</p> <p>6624 – Levin – Discharge to Land</p> <p>103285 – Levin – Discharge to Air</p> <p>The following consents were not assessed by Horizons Regional Council.</p> <p>101227 &amp; 101228 – Tokomaru – Discharge to Land and Water</p> <p>6610 – Levin – Discharge to Land</p> <p>6921 – Levin – Discharge to Air</p> |

### 3. MEASURING PERFORMANCE

| Service   | Performance Measures  | Attainment 2014  | Attainment 2013  |
|---|---|--|--|
|   | <p>2. 99.5% of connected properties will be protected from system related overflows during the year.</p>  | <p>81 properties were affected by overflow. The total number of connected properties is 11,488 as per the rating data base at 30 June 2014. This gives a percentage of 99.3% connected properties protected from system-related overflows.</p> <p>The types of blockages reported were commonly fat and other materials, roots, sand, collapsed pipe and unknown causes of overflow.</p> | <p>63 properties were affected by overflow. The total number of connected properties is 11,239 as per the rating data base at 30 June 2013. This gives a percentage of 99.4% connected properties protected from system-related overflows.</p> <p>The types of blockages reported were commonly fat and other materials, roots, sand, collapsed pipe and unknown causes of overflow.</p> |
| <p>Council maintains and develops the wastewater system to meet the current and future needs in a cost-effective way.</p> | <p>The Wastewater Asset Management Plan provides a 20 year planning horizon and is reviewed on a three yearly basis. The target was 75% completion.</p> | <p>The Asset Management Plan is to be reviewed. This was held over to be reviewed as part of the LTP.</p>  | <p>The Asset Management Plan is to be reviewed in July 2013.</p>   |
| <p>Wastewater services meets users' needs</p>   | <p>Over 95% of customers satisfied with their wastewater services (customer survey).</p>  | <p>Not Achieved. The Annual Customer Satisfaction Survey was undertaken in July 2014, and the results have yet to be analysed.</p>   | <p>91% customer satisfaction with Wastewater service from the 2012 Customer Satisfaction Surveys. A total of 269 rate payers were surveyed, of these 24 stated "needs improvement" or did not know. The remaining 245 gave scores of excellent, good or meets expectations.</p>  |



#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of wastewater disposal are mainly connections, pipelines, wastewater treatment plants and effluent disposal facilities. Capital and renewal expenditures adding to these assets during the year ended 30 June 2014 were:

| <u>Wastewater</u>   | Annual Plan<br>2013/14 | Actual<br>2013/14 | Variance       | Notes |
|---|------------------------|-------------------|----------------|-------|
| <b>Primary Type Renewals (Replace existing assets)</b>          | <b>\$000</b>           | <b>\$000</b>      | <b>\$000</b>   |       |
| Foxton Reticulation Renewal                                     | 26                     | 43                | 17             | 1     |
| Foxton Treatment Plant  | 49                     | 22                | (27)           | 1     |
| Foxton Beach Reticulation Renewal                               | 36                     | 21                | (15)           | 1     |
| Foxton Beach Pump Station                                       | 90                     | 8                 | (82)           | 1     |
| Foxton Beach Treatment Plant                                    | 2                      | -                 | (2)            | 1     |
| Levin Reticulation Renewal                                      | 943                    | -                 | (943)          | 2     |
| Levin Reticulation Renewal C/fwd to 2013/14                     | 475                    | 173               | (302)          | 2     |
| Levin Treatment Plant   | 1,138                  | 907               | (231)          | 9     |
| Levin Pump Station C/fwd to 2013/14                             | 29                     | 9                 | (20)           | 1     |
| Shannon - Mangaore Reticulation Renewal                         | 357                    | 397               | 40             | 1     |
| Shannon - Mangaore Reticulation Renewal C/fwd to 2013/14        | 200                    | 200               | -              |       |
| Mangaore Pump Station   | 19                     | -                 | (19)           | 1     |
| Shannon Pump Station  | 13                     | -                 | (13)           | 1     |
| Shannon Treatment Plant   | 16                     | 10                | (6)            | 3     |
| Tokomaru Wastewater Treatment Plant                             | 25                     | 13                | (12)           | 1     |
| Waitarere Reticulation Renewal                                  | 36                     | -                 | (36)           | 1     |
| Waitarere Beach Pump Station                                    | 65                     | 4                 | (61)           | 1     |
| Waitarere Beach Treatment Plant                                 | 31                     | 94                | 63             | 10    |
| Foxton Beach WW Desludging                                      | -                      | 133               | 133            | 4     |
| Overheads   | 115                    | 42                | (73)           |       |
|   | <b>3,665</b>           | <b>2,076</b>      | <b>(1,589)</b> |       |
| These Level of Service Projects contain the following elements: |                        |                   |                |       |
| Renewals - replacing existing assets                            | 3,561                  | 2,034             | (1,527)        |       |
| Improve Level of Service  | 104                    | -                 | (104)          |       |
| Growth- to meet additional demand                               | -                      | 42                | 42             |       |
|   | <b>3,665</b>           | <b>2,076</b>      | <b>(1,589)</b> |       |

| <b>Wastewater</b>   | <b>Annual Plan<br/>2013/14</b> | <b>Actual<br/>2013/14</b> | <b>Variance</b> | <b>Notes</b> |
|---|--------------------------------|---------------------------|-----------------|--------------|
|   | <b>\$000</b>                   | <b>\$000</b>              | <b>\$000</b>    |              |
| <b>Primary Type Improve Level of Service</b>                        |                                |                           |                 |              |
| Foxton strategic upgrade Treatment Plant                            | 400                            | 186                       | (214)           | 5            |
| Foxton Telemetry (combined with water supply)                       | 2                              | -                         | (2)             | 6            |
| Foxton Telemetry (combined with water supply) C/fwd to 2013/14      | 9                              | -                         | (9)             | 6            |
| Foxton New connections (recoverable income offset)                  | 4                              | 4                         | -               |              |
| Foxton Beach Telemetry (combined with water supply)                 | 49                             | -                         | (49)            | 6            |
| Foxton Beach Telemetry (combined with water supply) C/fwd to 2013/1 | 13                             | -                         | (13)            | 6            |
| Foxton Beach New connections (recoverable income offset)            | 6                              | 6                         | -               |              |
| Levin strategic upgrade Pipeline to POT & Pump Station, improvemen  | 2,078                          | 1,021                     | (1,057)         | 7            |
| Levin Telemetry (combined with water supply)                        | 20                             | 19                        | (1)             |              |
| Levin Telemetry (combined with water supply) C/fwd to 2013/14       | 9                              | 9                         | -               |              |
| Levin New connections (recoverable income offset)                   | 8                              | 10                        | 2               |              |
| Shannon - Mangaore Telemetry (combined with water supply)           | 5                              | -                         | (5)             | 6            |
| Shannon - Mangaore Telemetry (combined with water supply) C/fwd to  | 10                             | -                         | (10)            | 6            |
| Shannon - Mangaore New connections (recoverable income offset)      | 3                              | -                         | (3)             |              |
| Shannon Disposal System   | 3,500                          | 730                       | (2,770)         | 8            |
| Shannon Disposal System plus c/fwd from 11/12 C/fwd to 2013/14      | 152                            | 152                       | -               |              |
| Tokomaru Telemetry (combined with water supply) C/fwd to 2013/14    | 9                              | -                         | (9)             | 6            |
| Waitarere Beach Treatment Plant + c/fwd from 11/12 C/fwd to 2013/14 | 185                            | 78                        | (107)           | 10           |
| Waitarere Telemetry (combined with water supply)                    | 25                             | -                         | (25)            | 6            |
| Waitarere Telemetry (combined with water supply) C/fwd to 2013/14   | 11                             | -                         | (11)            | 6            |
| Waitarere New connections (recoverable income offset)               | 6                              | -                         | (6)             |              |
| Shannon New connections   | -                              | 4                         | 4               |              |
| Levin WW Strategic Capital Projects                                 | -                              | 76                        | 76              | 11           |
| Overheads   | 209                            | 66                        | (143)           |              |
| <b>Total Wastewater</b>   | <b>6,713</b>                   | <b>2,361</b>              | <b>(4,352)</b>  |              |

These Renewal Projects contain the following elements:

|                                      |              |              |                |
|--------------------------------------|--------------|--------------|----------------|
| Renewals - replacing existing assets | 943          | 487          | (456)          |
| Improve Level of Service             | 5,117        | 1,640        | (3,477)        |
| Growth- to meet additional demand    | 653          | 233          | (420)          |
|                                      | <b>6,713</b> | <b>2,360</b> | <b>(4,353)</b> |

Total Wastewater Projects contain the following elements:

|                                      |               |              |                |
|--------------------------------------|---------------|--------------|----------------|
| Renewals - replacing existing assets | 4,504         | 2,521        | (1,983)        |
| Improve Level of Service             | 5,117         | 1,639        | (3,478)        |
| Growth- to meet additional demand    | 797           | 275          | (522)          |
|                                      | <b>10,418</b> | <b>4,436</b> | <b>(5,982)</b> |

#### NOTES:

1. These are Reactive Renewals so exact prediction of need is difficult.
2. Contractor delay, work to commence early 2014/15.
3. Work complete under budget.
4. Work urgently needed but not budgeted for.
5. Consultation/consent/minor design has been done; rest carried forward.
6. Project commenced early 2014/15.
7. The project was ahead of schedule in 2012/13 and \$1M extra was spent at the end of the last financial year.
8. Delay in consenting has meant this project has been carried forward to 2014/15.
9. Not all renewals completed, remainder of budget carried forward to 14/15 in August Council meeting.
10. These 2 projects were combined and all work completed under budget due to low tender cost.
11. Unexpected investigations required.

**5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).**

The bulk of the Council's expenditure is in the nature of operating and maintenance costs which, in providing stated levels and service and in maintaining the integrity of important assets, contributes to the community outcomes as noted in part one above.

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2014 included:

| <b>Community Outcomes</b> | <b>Effects Of Programmes in Activity Area</b>  |
|---------------------------|--|
| Health and Safety         | Greater public awareness of the wastewater activity through public consultation. Investigations for disposal options and upgrades include consultation and consideration of cultural issues  |
| Environmental             | Maintenance and Operational improvements to treatment facilities resulting in improvements to effluent quality.<br><br>Ongoing monitoring of the receiving environment results to better understanding and proactive intervention where required to protect the environment.<br><br>Improvements to discharges through capital upgrade projects. |
| Safety                    | Waste water treated in an effective way to minimise harm to the community.   |
| Economic                  | Levels of service were maintained during 2013/14 to the community.   |

# Wastewater Disposal

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
|--|----------------------------------|----------------------------------|--|---------------------------|---------------------------|-------|
| <b>Sources of Operating Funding</b>                                      |                                  |                                  |  |                           |                           |       |
| General rates, uniform annual general charges, rates penalties           | -                                | -                                | -  | -                         | -                         |       |
| Targeted rates (other than a targeted rate for water by meter supply)    | 3,732                            | 4,516                            | 4,358                                    | 4,355                     | (3)                       |       |
| Subsidies and grants for operating purposes                              | -                                | -                                | -  | -                         | -                         |       |
| Fees, charges and targeted rates for water by meter supply               | 648                              | 673                              | 679                                      | 688                       | 9                         |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 152                              | 25                               | 137                                      | 163                       | 26                        |       |
| <b>Total Operating Funding (A)</b>                                       | <b>4,532</b>                     | <b>5,214</b>                     | <b>5,174</b>                             | <b>5,206</b>              | <b>32</b>                 |       |
| <b>Applications of Operating Funding</b>                                 |                                  |                                  |  |                           |                           |       |
| Payments to staff and suppliers  | 2,339                            | 2,379                            | 2,312                                    | 2,033                     | (279)                     | 5     |
| Finance Costs  | 288                              | 701                              | 664                                      | 702                       | 38                        |       |
| Internal charges and overheads applied                                   | 601                              | 614                              | 662                                      | 547                       | (115)                     | 1     |
| <b>Total applications of operating funding (B)</b>                       | <b>3,228</b>                     | <b>3,694</b>                     | <b>3,638</b>                             | <b>3,282</b>              | <b>(356)</b>              |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>1,304</b>                     | <b>1,520</b>                     | <b>1,536</b>                             | <b>1,924</b>              | <b>388</b>                |       |
| <b>Sources of capital funding</b>  |                                  |                                  |  |                           |                           |       |
| Subsidies and grants for capital expenditure                             | 765                              | -                                | -  | 1,115                     | 1,115                     | 3     |
| Development and financial contributions                                  | 312                              | 324                              | 312                                      | 52                        | (260)                     | 4     |
| increase (decrease) in debt  | 6,355                            | 3,025                            | 8,528                                    | 636                       | (7,892)                   | 2     |
| <b>Total sources of capital funding (C)</b>                              | <b>7,432</b>                     | <b>3,349</b>                     | <b>8,840</b>                             | <b>1,803</b>              | <b>(7,037)</b>            |       |
| <b>Applications of capital funding</b>                                   |                                  |                                  |  |                           |                           |       |
| <b>Capital expenditure</b>   |                                  |                                  |  |                           |                           |       |
| - to meet additional demand  | 700                              | 316                              | 797                                      | 275                       | (522)                     |       |
| - to improve the level of service  | 3,660                            | 1,219                            | 5,117                                    | 1,639                     | (3,478)                   |       |
| - to replace existing assets   | 4,777                            | 3,381                            | 4,504                                    | 2,521                     | (1,983)                   |       |
| Increase (decrease) in reserves  | (401)                            | (47)                             | (42)                                     | (709)                     | (667)                     |       |
| Increase (decrease) of investments                                       | -                                | -                                | -  | -                         | -                         |       |
| <b>Total applications of capital funding (D)</b>                         | <b>8,736</b>                     | <b>4,869</b>                     | <b>10,376</b>                            | <b>3,727</b>              | <b>(6,649)</b>            |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(1,304)</b>                   | <b>(1,520)</b>                   | <b>(1,536)</b>                           | <b>(1,924)</b>            | <b>(388)</b>              |       |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                  | <b>-</b>                  |       |
| Depreciation   | 1,951                            | 2,023                            | 2,016                                    | 1,994                     | (22)                      |       |
| <b>Loans attributable to this group of activities</b>                    |                                  |                                  |  |                           |                           |       |
|  |                                  |                                  | <b>External<br/>\$000</b>                | <b>Internal<br/>\$000</b> | <b>Total<br/>\$000</b>    |       |
| Loans as at 1/07/2013  |                                  |                                  | 13,150                                   | 204                       | 13,354                    |       |
| Raised during year   |                                  |                                  | 2,090                                    | 239                       | 2,329                     |       |
| Repaid During Year   |                                  |                                  | (1,540)                                  | (153)                     | (1,693)                   |       |
| Loans as at 30/06/2014   |                                  |                                  | <b>13,700</b>                            | <b>290</b>                | <b>13,990</b>             |       |
| Interest attributable to Loans   |                                  |                                  | 693                                      | 9                         | 702                       |       |
| <b>ACTIVITY EXPENDITURE</b>  |                                  |                                  |  |                           |                           |       |
|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
| Foxton Wastewater  | 491                              | 504                              | 462                                      | 411                       | (51)                      | 1 & 5 |
| Foxton Beach Wastewater  | 592                              | 635                              | 595                                      | 452                       | (143)                     | 1 & 5 |
| Levin Wastewater   | 2,981                            | 3,360                            | 3,229                                    | 3,179                     | (50)                      | 1 & 5 |
| Shannon Wastewater   | 508                              | 578                              | 836                                      | 869                       | 33                        |       |
| Tokomaru Wastewater  | 168                              | 173                              | 149                                      | 106                       | (43)                      | 1 & 5 |
| Waitarere Beach Wastewater   | 439                              | 467                              | 382                                      | 259                       | (123)                     | 1 & 5 |
| <b>Total Expenditure</b>   | <b>5,179</b>                     | <b>5,717</b>                     | <b>5,653</b>                             | <b>5,276</b>              | <b>(377)</b>              |       |

**NOTES:**

- 1 The allocation of staff time to this activity from Operations was below budget as reactive repairs were less than anticipated.
- 2 Capital Expenditure on Growth and Level of Service projects were below budget. See Acquisitions and Renewal of assets for details.
- 3 Subsidy received for Shannon Wastewater upgrade.
- 4 This reflects the lower development activity within the district.
- 5 The Water Contract (for repairs and maintenance) was below budget due to reactive repairs being less than expected, and electricity consumption was below budget, particularly in Levin.

# Solid Waste Management

## STATEMENT OF SERVICE PERFORMANCE

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### 1. RATIONALE

Council's involvement in the Solid Waste supply activity and ownership of assets comes from:

- The Health Act 1956, which requires Council to provide 'sanitary works', the definition of which includes works for the collection and disposal of refuse,
- The Local Government Act 2002 (section 97) precludes Council from transferring ownership or control of a strategic asset, or construct, replace or abandon a strategic asset, unless it has first consulted with the community and included the proposal in the LTP, and
- The Waste Minimisation Act 2008.

The Horowhenua District Council has determined a range of Community Outcomes to which its activities contribute. Those addressed by Solid Waste Management include:

HEALTH: A community where all people have the opportunity to enjoy long and healthy lives.

| Activity                | Wellbeing     | Outcome             | Role     |
|-------------------------|---------------|---------------------|----------|
| Landfill                | Environmental | Health, environment | Provider |
| Waste transfer stations | Environmental | Health, environment | Provider |
| Recycling               | Environmental | Health, environment | Provider |
| Roadside collection     | Environmental | Health, environment | Provider |

Sound procedures for the management and disposal of solid waste:

- Protect the environment both above the ground and below it.
- Contribute to public health.

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Landfill

The Council owns and has a 35-year Resource Consent to operate the only landfill in the District. The Council also monitors its former, smaller landfills in Shannon, Foxton and Foxton Beach, which were closed in 1995 and 1996.

#### 2.2 Waste Transfer Stations

The Council owns and operates waste transfer stations at Shannon and Foxton. The refuse from these is trucked to the landfill.

#### 2.3 Recycling

The Council provides recycling centres at Levin, Waitarere Beach, Shannon, Foxton, Foxton Beach, Tokomaru and Opiki.

The Council also provides for the weekly roadside collection of recyclables in urban areas and undertakes public education on waste minimisation.

#### 2.4 Roadside Collection

The Council provides weekly roadside collection of prepaid refuse bags (in built-up areas, in competition with private refuse collectors).

### 3. MEASURING PERFORMANCE

| Service  | Performance Measures  | Attainment 2014  | Attainment 2013   |
|--|---|--|---|
| <p><b>Landfill:</b></p> <p>Landfill operated in an environmentally friendly way.</p>   | <p>The Levin Landfill will be fully compliant with the annual consent inspection report.</p>  | <p>Achieved.</p> <p>Council provides compliance reports to Horizons quarterly as well as an annual comprehensive compliant.</p> <p>Consents fully complied for the following:</p> <p>Consent 7289 discharge to liquate waste to land. Currently there is no liquid waste being discharged to land.</p> <p>Consent 6009 discharge solid waste to land.</p> <p>Consent 6010 discharge leachate to land.</p> <p>Consent 6012 divert stormwater.</p> <p>Consent 102259 discharge to land.</p> <p>Consent 106129 discharge to air, expired.</p> | <p>Achieved.</p> <p>Council provides compliance reports to Horizons quarterly as well as an annual comprehensive compliant.</p> <p>The Compliance Report was received on the 6 March 2013.</p> <p>Consents fully complied for the following:</p> <p>Consent 7289 discharge to liquate waste to land. Currently there is no liquid waste being discharged to land.</p> <p>Consent 6009 discharge solid waste to land.</p> <p>Consent 6010 discharge leachate to land.</p> <p>Consent 6011 discharge gas, odour and dust to air.</p> <p>Consent 6012 divert stormwater.</p> <p>Consent 102259 discharge to land.</p> <p>Consent 106129 discharge to air.</p> <p>Consent 109129/1 discharge air from Levin Landfill Gas Flare.</p> |
| <p><b>Recycling:</b></p> <p>Refuse and recycling collection services are provided and recycling is actively promoted.</p>              | <p>Council will collect at least 2000 tonnes of recycling material received from kerbside and static recycling schemes.</p>   | <p>Achieved.</p> <p>As at 30 June 2014, there has been 2,295.00 tonnes of recycling collected.</p>   | <p>Achieved.</p> <p>As at 30 June 2013, there has been 2305.66 tonnes of recycling collected.</p>   |
|  | <p>Kerbside recycling shall be offered to 91% of all serviceable households.</p>  | <p>Achieved.</p> <p>As at 30 June 2014, kerbside recycling services are offered to 95.3% of serviceable households in the District</p>   | <p>Achieved.</p> <p>Kerbside Recycling service is offered to 95.3% of serviceable households in the district.</p>   |
| <p><b>Roadside Collection:</b></p> <p>To provide a reliable system of roadside collection of refuse bags and recycling collection.</p> | <p>There will be no more than 15 justified service complaints per month about non-collection of refuse bags and recycling. The level of satisfaction will be measured by the number of service calls.</p> | <p>Council has over 13,000 recycling creates in service throughout the district and collects on average 6,700 rubbish bags per month.</p> <p>Achieved.</p> <p>71 justified complaints have been received between July 2013 - June 2014, being a monthly average of 5.9 complaints per month.</p>   | <p>Council has over 13,000 recycling creates in service throughout the district and collects on average 8,400 rubbish bags per month.</p> <p>Achieved.</p> <p>42 justified complaints have been received between July 2012 - June 2013, being a monthly average of 3.5 complaints per month.</p>  |

### 3. MEASURING PERFORMANCE

| Service  | Performance Measures  | Attainment 2014   | Attainment 2013  |
|--|---|---|--|
| <p><b>All Solid Waste:</b><br/>To measure all solid waste and undertake community education.</p> | <p>Council will measure the amount of Recycling and Rubbish per resident.</p> | <p>Achieved.<br/>As at 30 June 2014, the average person diverted 80.91kg of recycling.<br/>As at 30 June 2014, the average person disposed of 33.00kg of rubbish.</p> | <p>Achieved.<br/>As at 30 June 2013, the average person diverted 6kg of recycling.<br/>As at 30 June 2013, the average person disposed of 34kg of rubbish.</p> |
|  | <p>The Council will carry out waste education within the community.</p>       | <p>Achieved.<br/>Waste Education being successfully carried out in Schools throughout the District.</p>   | <p>Achieved.<br/>Waste Education being successfully carried out in Schools throughout the District.</p>  |



#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of solid waste management are mainly the landfill, waste transfer stations and recycling centres. Capital and renewal expenditures adding to these assets during the year ended 30 June 2014 were not completed as noted below.

| <u>Solid Waste</u>  | Annual Plan<br>2013/14 | Actual<br>2013/14 | Variance | Notes |
|---|------------------------|-------------------|----------|-------|
|   | \$000                  | \$000             | \$000    |       |
| <b>Primary Type Renewals (Replace existing assets)</b>          |                        |                   |          |       |
| Closed Levin Landfill Capping shape correction                  | 26                     | -                 | (26)     | 1     |
| Levin Landfill Programmed renewals                              | 5                      | -                 | (5)      | 2     |
| Maintain Capping Cover on Existing Sites                        | -                      | 1                 | 1        | 3     |
| Overheads   | 1                      | 3                 | 2        |       |
|   | 32                     | 4                 | (28)     |       |
| These Renewal Projects contain the following elements:          |                        |                   |          |       |
| Renewals - replacing existing assets                            | 32                     | 4                 | (28)     |       |
| Improve Level of Service  | -                      | -                 | -        |       |
| Growth- to meet additional demand                               | -                      | -                 | -        |       |
|   | 32                     | 4                 | (28)     |       |
| <b>Primary Type Improve Level of Service</b>                    |                        |                   |          |       |
| Levin Landfill Energy Recovery / Flare                          | 210                    | -                 | (210)    | 4     |
| Levin Landfill Cell   | 337                    | -                 | (337)    | 5     |
| Levin Landfill Cell c/fwd from 12/13                            | 783                    | 537               | (246)    |       |
| Levin Landfill Leachate pre-treatment                           | 129                    | 2                 | (127)    | 6     |
| Levin Landfill Leachate pre-treatment C/fwd to 2013/14          | 15                     | -                 | (15)     | 6     |
| Overheads   | 34                     | 22                | (12)     |       |
|   | 1,508                  | 561               | (947)    |       |
| These Level of Service Projects contain the following elements: |                        |                   |          |       |
| Renewals - replacing existing assets                            | -                      | -                 | -        |       |
| Improve Level of Service  | 1,508                  | 561               | (947)    |       |
| Growth- to meet additional demand                               | -                      | -                 | -        |       |
|   | 1,508                  | 561               | (947)    |       |
| Total Solid Waste projects by % of Type:                        |                        |                   |          |       |
| Renewals - replacing existing assets                            | 32                     | 4                 | (28)     |       |
| Improve Level of Service  | 1,508                  | 561               | (947)    |       |
| Growth- to meet additional demand                               | -                      | -                 | -        |       |
|   | 1,540                  | 564               | (976)    |       |

#### NOTES:

1. No shape correction was required.
2. No renewals were required hence no capital costs.
3. Unforeseen capping correction.
4. The need for this project came under review due to economics of continued flaring. The Project was postponed to the 2014/15 financial year where it will be reviewed.
5. Project carried forward to next year, but budget reduced. Sections of Stage 3 of the landfill came in under budget
6. The need for this project came under review due to the technical and economic viability of pre-treatment of leachate. Review postponed project to the 2014/15 financial year.

#### Significant Acquisitions of Assets

- To comply with consent conditions, the Levin Landfill required investment in the infrastructure to protect the environment from adverse effects and maintain general operation.

**5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).**

The bulk of the Council's expenditure is in the nature of operating and maintenance costs which, in providing stated levels and service and in maintaining the integrity of important assets, contributes to the community outcomes as noted in Part one above.

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2014 included:

| <b>Community Outcomes</b> | <b>Effects Of Programmes in Activity Area</b>   |
|---------------------------|---|
| Environmental             | The introduction of kerbside recycling has had a significant effect on the amount of waste being transferred to the Levin landfill. |

# Solid Waste Management

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
|--|----------------------------------|----------------------------------|--|---------------------------|---------------------------|-------|
| <b>Sources of Operating Funding</b>                                      |                                  |                                  |  |                           |                           |       |
| General rates, uniform annual general charges, rates penalties           | -                                | -                                | -  | -                         | -                         |       |
| Targeted rates (other than a targeted rate for water by meter supply)    | 790                              | 1,071                            | 334                                      | 334                       | -                         |       |
| Subsidies and grants for operating purposes                              | -                                | -                                | -  | -                         | -                         |       |
| Fees, charges and targeted rates for water by meter supply               | 1,788                            | 1,845                            | 1,792                                    | 1,939                     | 147                       | 1     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 36                               | 31                               | 24                                       | 28                        | 4                         |       |
| <b>Total Operating Funding (A)</b>                                       | <b>2,614</b>                     | <b>2,947</b>                     | <b>2,150</b>                             | <b>2,301</b>              | <b>151</b>                |       |
| <b>Applications of Operating Funding</b>                                 |                                  |                                  |  |                           |                           |       |
| Payments to staff and suppliers  | 1,874                            | 2,129                            | 1,560                                    | 1,360                     | (200)                     | 2     |
| Finance Costs  | 304                              | 352                              | 230                                      | 219                       | (11)                      |       |
| Internal charges and overheads applied                                   | 345                              | 354                              | 252                                      | 230                       | (22)                      |       |
| <b>Total applications of operating funding (B)</b>                       | <b>2,523</b>                     | <b>2,835</b>                     | <b>2,042</b>                             | <b>1,809</b>              | <b>(233)</b>              |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>91</b>                        | <b>112</b>                       | <b>108</b>                               | <b>492</b>                | <b>384</b>                |       |
| <b>Sources of capital funding</b>  |                                  |                                  |  |                           |                           |       |
| Subsidies and grants for capital expenditure                             | -                                | -                                | -  | -                         | -                         |       |
| Development and financial contributions                                  | -                                | -                                | -  | -                         | -                         |       |
| Increase (decrease) in debt  | 741                              | 285                              | 1,337                                    | 394                       | (943)                     | 6     |
| <b>Total sources of capital funding (C)</b>                              | <b>741</b>                       | <b>285</b>                       | <b>1,337</b>                             | <b>394</b>                | <b>(943)</b>              |       |
| <b>Applications of capital funding</b>                                   |                                  |                                  |  |                           |                           |       |
| <b>Capital expenditure</b>   |                                  |                                  |  |                           |                           |       |
| - to meet additional demand  | -                                | -                                | -  | -                         | -                         |       |
| - to improve the level of service  | 924                              | 502                              | 1,508                                    | 561                       | (947)                     | 6     |
| - to replace existing assets   | 26                               | 32                               | 32                                       | 4                         | (28)                      |       |
| Increase (decrease) in reserves  | (118)                            | (137)                            | (95)                                     | 322                       | 417                       |       |
| Increase (decrease) of investments                                       | -                                | -                                | -  | -                         | -                         |       |
| <b>Total applications of capital funding (D)</b>                         | <b>832</b>                       | <b>397</b>                       | <b>1,445</b>                             | <b>886</b>                | <b>(559)</b>              |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(91)</b>                      | <b>(112)</b>                     | <b>(108)</b>                             | <b>(492)</b>              | <b>(384)</b>              |       |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                  | <b>-</b>                  |       |
| Depreciation   | 306                              | 391                              | 304                                      | 304                       | -                         |       |
| <b>Loans attributable to this group of activities</b>                    |                                  |                                  |  |                           |                           |       |
|  |                                  |                                  | <b>External<br/>\$000</b>                | <b>Internal<br/>\$000</b> | <b>Total<br/>\$000</b>    |       |
| Loans as at 1/07/2013  |                                  |                                  | 4,200                                    | (38)                      | 4,162                     |       |
| Raised during year   |                                  |                                  | 460                                      | 100                       | 560                       |       |
| Repaid During Year   |                                  |                                  | (160)                                    | (6)                       | (166)                     |       |
| Loans as at 30/06/2014   |                                  |                                  | <b>4,500</b>                             | <b>56</b>                 | <b>4,556</b>              |       |
| Interest attributable to Loans   |                                  |                                  | 221                                      | (2)                       | 219                       |       |
| <b>ACTIVITY EXPENDITURE</b>  |                                  |                                  |  |                           |                           |       |
|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
| Roadside Collection Bags   | 310                              | 320                              | 277                                      | 248                       | (29)                      |       |
| Landfill   | 1,347                            | 1,708                            | 1,024                                    | 888                       | (136)                     | 3     |
| Recycling Centres  | 832                              | 859                              | 793                                      | 643                       | (150)                     | 4     |
| Waste Transfer Stations  | 341                              | 339                              | 252                                      | 301                       | 49                        | 5     |
| <b>Total Expenditure</b>   | <b>2,830</b>                     | <b>3,226</b>                     | <b>2,346</b>                             | <b>2,080</b>              | <b>(266)</b>              |       |

**NOTES:**

1. Revenue is higher as volumes to the landfill were above budget.
2. Expenditure is below budget due to budgeted ETS costs not being incurred and reduced collection costs.
3. Expenditure is below budget due to budgeted ETS costs not being incurred.
4. Expenditure is below budget due to cost savings due to the Foxton static recycling being combined with WTS and reduction in kerbside management costs.
5. Expenditure is above budget due to increased disposal costs to reflect the true cost of disposal.
6. Capital spend below budget – see Acquisition and Renewal of Assets for details.

# Community Support

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

The Horowhenua District Council has determined a range of Community Outcomes to which its activities contribute. Those addressed by Community Support include:

**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 a community where all people have access to an adequate standard of living.

**CULTURE:** A community where all people share a strong local heritage and identity and value cultural diversity and development.

**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.

| Activity                            | Wellbeing                     | Outcomes   | Role        |
|-------------------------------------|-------------------------------|--|-------------|
| Community Centres and Libraries     | Economic, social and cultural | Youth, positive ageing, education, culture, social | Provider    |
| Emergency Management and Rural Fire | Social and cultural           | Safety   | Provider    |
| Marketing                           | Economic                      | Economic   | Facilitator |
| Community Development               | Social and cultural           | Culture, social, youth, positive ageing            | Facilitator |
| Safer community Councils            | Social and cultural           | Safety   | Provider    |
| Grants                              | Social and cultural           | Culture, social, youth, positive ageing            | Facilitator |
| Arts and Culture                    | Social and cultural           | Culture, social                                    | Facilitator |
| Tourism and Economic Development    | Economic                      | Economic   | Facilitator |

### 2. DESCRIPTION OF ACTIVITIES

#### Libraries

Public libraries are an important educational, cultural and recreational resource. They enrich the economic, social and intellectual life of the community.

The Council owns the Levin Culture and Community Centre (Te Takere) and library buildings in Shannon and Foxton.

In 1996 Council set up the Te Horowhenua Trust (formerly the Horowhenua Library trust) and leased the library buildings to the Trust, vested its other library assets in the Trust and entered into a contract for the delivery of library services.

There are capacity issues in the current size limitations of the Foxton library, and provision is made to expand it.

The libraries:

- provide ready access to a very wide range of books, magazines, CDs, videos, archives, files and genealogical material by way of borrowing, reference or internet access.
- target the special needs of Māori, children, the housebound, the sight-impaired and schools and support the volunteer libraries in Waitarere Beach and Tokomaru.

## **Emergency Management**

Parts of Horowhenua are vulnerable to civil emergencies caused by natural disasters (e.g. earthquake, flooding or tsunami) or by accidents (e.g. spills or explosions of hazardous substances) as well as risks from rural fires.

In the event of civil emergencies that are beyond the capabilities of the permanent emergency services, Council can help gain access to extra resources and co-ordinate support, to help save lives, treat the injured and alleviate stress. This activity is one that may be more effectively delivered by way of joint services arrangements with other organizations that have similar roles.

It is impossible to predict when, where, or the degree of emergencies that might occur, so preparedness is the key. The Council has an important planning role in:

- reducing the likelihood of disasters occurring
- reducing the social and economic disruption from those that do occur maintaining the Horowhenua Emergency Management Committee and the Emergency Management and Recovery Plans
- maintaining links with emergency services, welfare organisations and other agencies through the Manawatu Wanganui Civil Defence Emergency Management group Joint Committee
- assisting other organisations in the community in the preparation of their own emergency plans
- providing public education about what to do in an emergency

Emergency management also involves:

- issuing rural fire permits
- arranging rural fire-fighting coverage

From 1 July 2009 Emergency Management is be delivered under a shared services arrangement by the Horizons Regional Council

## **Marketing**

These activities help keep residents and ratepayers informed of the Council's activities.

## **Community Development**

The Council:

- administers the Horowhenua Youth Voice, a Youth Council
- helps community groups generally
- encourages participation in Council affairs

## **Safer Communities**

The Council sponsors and provides funding support for Neighbourhood Support Groups.

## **Grants**

Community groups make a significant contribution to Horowhenua's well-being, whether in welfare, recreational, cultural or social activities.

These groups are usually run by volunteers whose unselfish efforts create opportunities for others and add to Horowhenua's sense of identity.

The Council operates several small grant schemes including:

- grants on behalf of Creative New Zealand
- grants for the maintenance of community halls
- grants to community groups generally
- grants of \$10,000 to \$100,000 towards sporting, environmental or cultural developments of a capital nature

## **Arts and Culture**

The Council has a small budget for grants towards artistic and cultural products and events and has adopted an Arts, Culture and Heritage Strategy which may lead to the development of a slightly wider role in this area.

### **Tourism and Economic Development**

Although not directly involved in the development of business ventures, a broad range of proactive strategies to encourage new investment and strengthen present industries has the potential to provide greater economic security for the District and lower levels of unemployment.

The Council's main activity is to provide:

- promotion of Horowhenua as a place to invest in
- visitor information centres
- marketing programmes, visitor guides and heritage trails that promote the district's brand, strengths, events and attractions to metropolitan audiences

Other activities include:

- sponsoring the Horowhenua-Kapiti Business Award for Manufacturer of the Year.
- maintaining sister town relationships with the Japanese towns, Ashiro and Shimofusa.

### **Customer Services**

The Council provides a main customer services facility in Levin and service centre support in Shannon and Foxton for the convenience of people in the areas more distant from Council's main office in Levin.

### 3. MEASURING PERFORMANCE

| Service  | Performance Measures   | Attainment 2014  | Attainment 2013  |
|--|--|--|--|
| <p><b>Libraries</b><br/>There is a range of library stock including up-to-date material.</p>                       | <p>Community Centre and Libraries:<br/>Te Horowhenua Trust will meet Performance Indicators defined in a Management Agreement with Council.<br/>Target for 2013/14 is 90%.</p> | <p>For details of this please see Pages 33 and 34.</p>   | <p>For details of this please see Pages 33 and 34.</p>   |
| <p><b>Emergency Management</b><br/>To reduce the potential impact of civil defence emergencies on communities.</p> | <p>Emergency Management and Rural Fires:<br/><br/>Five media messages promoting preparedness for an emergency will be made to residents and ratepayers annually.</p>           | <p>Achieved.<br/><br/>Undertaking CDEM advertising in the following:<br/>- 2014 Neighbourhood Support Wall Planner<br/>- Palmerston North / Horowhenua / Manawatu Neighbourhood Support Handbook - 2014 edition<br/>- Horowhenua A-Z Business Directory 2014<br/>- Horowhenua Chronicle Emergency Services feature (&amp; other features throughout the year)<br/>- Newspaper &amp; radio advertising re our Get Ready Week display at Te Takere - date to be confirmed (usually week of 16 September)<br/>- Various CDEM features in Community Connection throughout the year<br/>- Plus various other opportunities as they arise.</p> | <p>Achieved.<br/><br/>The following items were uploaded onto our Council website in the 2012/2013 year, regarding Emergency Preparedness:<br/><br/>Friday, 07 September 2012, "Get ready to drop, cover and hold"<br/><br/>Tuesday, 25 June 2013, "Tuning in before, during, and after an emergency – let's be prepared! "<br/><br/>There were other media releases in regards to specific emergency events (Gladstone Slip, Tongariro eruption etc).<br/><br/>Target of five media messages has been met.</p> |
| <p><b>Marketing</b><br/>To keep residents informed about the Council.</p>  | <p>Eleven monthly Council newsletters will be published each year.</p>   | <p>Not Achieved.<br/><br/>As at 30 June 2014, there have been six Community Connections published and distributed to 23,000 ratepayers and residents. A review of the Community Connection has taken place, with the result being the Community Connection is now being published in a local newspaper once a month, resulting in significant cost savings. The first copy was published in the local newspaper in October 2013. Six editions have now been published and positive feedback continues to be received. A Summary of the 2014/2015 Draft Annual Plan has also been published.</p>  | <p>Achieved.<br/><br/>Eleven issues of Community Connection have been printed and distributed with the 9<sup>th</sup> issue being the draft Annual Plan Summary. Full year target has been met.</p>  |



### 3. MEASURING PERFORMANCE

| Service   | Performance Measures  | Attainment 2014  | Attainment 2013  |
|---|---|--|--|
| <b>Community Development</b><br><br>To keep residents and ratepayer informed about Council.   | 1. Community contact details will be included in the Community Directory.   | Achieved.<br><br>Community Directory has been updated for 2013/14  | Achieved.<br><br>Community Directory has been updated for 2012/13.   |
|   | 2. Requests for information and advice will be responded to within 48 hours. Target 97%   | Not Achieved.<br><br>The Council continues to work towards achieving this goal.  | Achieved.<br><br>All requests for information and advice were responded to within 48 hours.  |
| <b>Grants</b><br>To promote participation in and display of arts and cultural activities.   | The various grant schemes will be implemented effectively based on feedback from Creative NZ and grant applicants as to the timeliness of decisions and processing of grants. | Achieved.<br><br>Grants that have been allocated to 30 June 2014 have been done in accordance to guidelines and policy with no negative feedback from recipients or Creative NZ.<br><br>The new Community Grants and Funding framework is in the implementation phase, and the Rural Halls Grant closed at the end of June for the 2014/2015 year. | Achieved.<br><br>As at 30 June 2013 this was completed. Grants that have been allocated to 30 June 2013 have been done in accordance to guidelines and policy with no negative feedback from recipients or Creative NZ.  |
| <b>Tourism and Economic Development</b><br><br>Increase in number of visitors to the District. Resources allocated to gain greatest economic benefit. | Council's Economic development Business Unit will meet Performance Indicators defined in the Horowhenua Economic Development Strategy.  | Achieved.<br><br>The Economic Development Strategy has commenced. Portfolio based initiatives have been developed, and wide ranging actions are currently being implemented. Quarterly update results from Infometrics show that economic conditions in Horowhenua are improving across many key areas.  | Achieved.<br><br>Council updated on activity in the Horowhenua economy at the April 2013 Council meeting. A Council briefing took place late June with a focus on Marketing and Branding of the district. Further to that the first meeting of an Economic Development Advisory Group has taken place. |

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of community support services are mainly vehicles and service centre buildings. Capital and renewal expenditures adding to these assets during the year ended 30 June 2014 were:

| <b>Community Support</b>                                  | <b>Annual Plan<br/>2013/14</b> | <b>Actual<br/>2013/14</b> | <b>Variance</b> | <b>Notes</b> |
|---|--------------------------------|---------------------------|-----------------|--------------|
| <b>Primary Type Renewals (Replace existing assets)</b>    | <b>\$000</b>                   | <b>\$000</b>              | <b>\$000</b>    |              |
| Foxton Community Centre c/fwd fm 11/12                    | 1,650                          | 1,058                     | (592)           | <b>1</b>     |
| Levin Library Extension C/fwd to 2013/14                  | 71                             | (0)                       | (71)            | <b>2</b>     |
| Motor Vehicles  | 82                             | 158                       | 76              | <b>3</b>     |
| Overheads   | 34                             | -                         | (34)            |              |
|   | <b>1,837</b>                   | <b>1,216</b>              | <b>(621)</b>    |              |
| These Projects contain the following elements:            |                                |                           |                 |              |
| Renewals - replacing existing assets                      | 814                            | 598                       | (216)           |              |
| Improve Level of Service                                  | 911                            | 549                       | (362)           |              |
| Growth- to meet additional demand                         | 112                            | 69                        | (43)            |              |
|   | <b>1,837</b>                   | <b>1,216</b>              | <b>(621)</b>    |              |
| Make up of above Community Support projects by % of Type: |                                |                           |                 |              |
| Renewals - replacing existing assets                      | 814                            | 598                       | (216)           |              |
| Improve Level of Service                                  | 911                            | 549                       | (362)           |              |
| Growth- to meet additional demand                         | 112                            | 69                        | (43)            |              |
| <b>Total Recreation</b>                                   | <b>1,837</b>                   | <b>1,216</b>              | <b>(621)</b>    |              |

#### NOTES:

- 1 Land and Building purchased and some design work done – further work carried forward to 2014/15.
- 2 Contract completed under budget.
- 3 Carried forward balance to 2014/15.

#### Significant Acquisitions of Assets

Significant acquisitions were:

- The purchase of the land and buildings for the Foxton Community Centre.

#### 5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).

Council's Community Wellbeing function provides overall strategic leadership, facilitation and coordination to community organisations, who work together towards our achieving a socially, culturally, environmentally and physically well community.

Programmes that had identifiable impacts on the community's community outcomes during the year ended 30 June 2014 included:

| <b>Community Outcomes</b>        | <b>Effects Of Programmes in Activity Area</b>   |
|----------------------------------|---|
| Social                           | Major grants were made to community groups to enable them to improve services and facilities, which offer the public greater opportunities for positive community wellbeing   |
| Economic, Cultural and Education | The opening of Te Takeretanga o Kura-Hau-Po in September 2012 was a significant achievement for 2012/2013, which supported the economic, environment, social and cultural development of Horowhenua. Planning continued for Te Awahou, which will become a multi-purpose culture and heritage centre based in Foxton. |
| Safety                           | The Council sponsors and provides funding support for community groups that increase safety within the community, including Neighbourhood Support, Surf Life Saving and Beach Wardens.  |

# Community Support

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
|--|----------------------------------|----------------------------------|--|---------------------------|---------------------------|-------|
| <b>Sources of Operating Funding</b>                                      |                                  |                                  |  |                           |                           |       |
| General rates, uniform annual general charges, rates penalties           | 1,488                            | 1,576                            | 1,467                                    | 1,462                     | (5)                       |       |
| Targeted rates (other than a targeted rate for water by meter supply)    | 1,785                            | 2,055                            | 2,037                                    | 2,036                     | (1)                       |       |
| Subsidies and grants for operating purposes                              | 65                               | 36                               | 24                                       | 71                        | 47                        |       |
| Fees, charges and targeted rates for water by meter supply               | 2,600                            | -                                | 500                                      | -                         | (500)                     | 1     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 53                               | 53                               | 68                                       | 315                       | 247                       | 2     |
| <b>Total Operating Funding (A)</b>                                       | <b>5,991</b>                     | <b>3,720</b>                     | <b>4,096</b>                             | <b>3,884</b>              | <b>(212)</b>              |       |
| <b>Applications of Operating Funding</b>                                 |                                  |                                  |  |                           |                           |       |
| Payments to staff and suppliers  | 2,558                            | 2,644                            | 2,581                                    | 3,040                     | 459                       | 3     |
| Finance Costs  | 315                              | 392                              | 274                                      | 347                       | 73                        |       |
| Internal charges and overheads applied                                   | 531                              | 531                              | 673                                      | 812                       | 139                       | 4     |
| <b>Total applications of operating funding (B)</b>                       | <b>3,404</b>                     | <b>3,567</b>                     | <b>3,528</b>                             | <b>4,199</b>              | <b>671</b>                |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>2,587</b>                     | <b>153</b>                       | <b>568</b>                               | <b>(315)</b>              | <b>(883)</b>              |       |
| <b>Sources of capital funding</b>  |                                  |                                  |  |                           |                           |       |
| Subsidies and grants for capital expenditure                             | -                                | -                                | -  | 38                        | 38                        |       |
| Development and financial contributions                                  | 14                               | 14                               | 14                                       | 3                         | (11)                      |       |
| increase (decrease) in debt  | 1,193                            | 46                               | 1,311                                    | 585                       | (726)                     | 9     |
| <b>Total sources of capital funding (C)</b>                              | <b>1,207</b>                     | <b>60</b>                        | <b>1,325</b>                             | <b>626</b>                | <b>(699)</b>              |       |
| <b>Applications of capital funding</b>                                   |                                  |                                  |  |                           |                           |       |
| <b>Capital expenditure</b>   |                                  |                                  |  |                           |                           |       |
| - to meet additional demand  | 205                              | 4                                | 112                                      | 69                        | (43)                      |       |
| - to improve the level of service  | 2,013                            | 36                               | 911                                      | 549                       | (362)                     |       |
| - to replace existing assets   | 1,614                            | 113                              | 814                                      | 598                       | (216)                     |       |
| Increase (decrease) in reserves  | (38)                             | 60                               | 56                                       | (905)                     | (961)                     |       |
| Increase (decrease) of investments                                       | -                                | -                                | -  | -                         | -                         |       |
| <b>Total applications of capital funding (D)</b>                         | <b>3,794</b>                     | <b>213</b>                       | <b>1,893</b>                             | <b>311</b>                | <b>(1,582)</b>            |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(2,587)</b>                   | <b>(153)</b>                     | <b>(568)</b>                             | <b>315</b>                | <b>883</b>                |       |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                  | <b>-</b>                  |       |
| Depreciation   | 36                               | 90                               | 78                                       | 108                       | 30                        |       |
| <b>Loans attributable to this group of activities</b>                    |                                  |                                  |  |                           |                           |       |
|  |                                  |                                  | <b>External<br/>\$000</b>                | <b>Internal<br/>\$000</b> | <b>Total<br/>\$000</b>    |       |
| Loans as at 1/07/2013  |                                  |                                  | 6,100                                    | 493                       | 6,593                     |       |
| Raised during year   |                                  |                                  | 850                                      | 40                        | 890                       |       |
| Repaid During Year   |                                  |                                  | (50)                                     | (255)                     | (305)                     |       |
| Loans as at 30/06/2014   |                                  |                                  | <b>6,900</b>                             | <b>278</b>                | <b>7,178</b>              |       |
| Interest attributable to Loans   |                                  |                                  | 325                                      | 22                        | 347                       |       |
| <b>ACTIVITY EXPENDITURE</b>  |                                  |                                  |  |                           |                           |       |
|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
| Community Development  | 114                              | 116                              | 165                                      | 251                       | 86                        | 5     |
| Economic Development   | 465                              | 476                              | 288                                      | 441                       | 153                       | 8     |
| Arts, Culture & Heritage   | 7                                | 7                                | 6  | 2                         | (4)                       |       |
| Community Grants   | 370                              | 277                              | 257                                      | 247                       | (10)                      |       |
| District Marketing   | 261                              | 267                              | 302                                      | 279                       | (23)                      |       |
| Libraries  | 1,785                            | 2,055                            | 2,115                                    | 2,728                     | 613                       | 6     |
| Road Safety  | 12                               | 13                               | -  | -                         | -                         |       |
| Safer Communities  | -                                | -                                | -  | -                         | -                         |       |
| Emergency Management   | 435                              | 448                              | 485                                      | 358                       | (127)                     | 7     |
| <b>Total Expenditure</b>   | <b>3,449</b>                     | <b>3,659</b>                     | <b>3,618</b>                             | <b>4,306</b>              | <b>688</b>                |       |

**NOTES:**

1. Expected external funding for Te Takere Project which was not secured.
2. Unbudgeted recoveries from Te Horowhenua Trust.
3. Unbudgeted IT rentals for Te Horowhenua Trust.
4. This reflects the staff resources allocated to this area.
5. This reflects the additional allocation of staff resources to this area.
6. Unbudgeted IT and maintenance costs.
7. Lower than budgeted charges from Horizons and lower staff allocation to this area.
8. Unbudgeted grants paid to Te Horowhenua Trust and Destination Manawatu Tourism, and greater use of staff time.
9. Capital projects not completed as budgeted.

# Properties

## STATEMENT OF SERVICE PERFORMANCE

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### 1. RATIONALE

A sustainable future for the Horowhenua District has four well-being themes as specified in the Council's Strategic Plan:

The Horowhenua District Council has determined a range of Community Outcomes to which its activities contribute. Those addressed by property assets include:

**HEALTH:** A community where all people have the opportunity to enjoy long and healthy lives.

**ECONOMIC:** A community where all people have access to a range of local business and employment opportunities and a community where all people have access to an adequate standard of living.

**CULTURE:** A community where all people share a strong local heritage and identity and value cultural diversity and development.

**SOCIAL:** A community where all people enjoy constructive relationships with others and are able to participate fully with them in society.

| Activity                    | Wellbeing           | Outcome  | Role     |
|-----------------------------|---------------------|--|----------|
| Motor camps                 | Economic            | Economic   | Provider |
| Community Halls and Centres | Social and cultural | Social, education                                  | Provider |
| Residential housing         | Economic            | Economic, positive ageing                          | Provider |
| Endowment property          | Economic            | Economic   | Provider |
| Commercial property         | Economic            | Economic   | Provider |
| Forestry                    | Economic            | Economic, environment                              | Provider |
| Public toilets              | Social and cultural | Health   | Provider |
| General                     | Social and cultural | Culture, social, education, youth, positive ageing | Provider |
| Water, Wastewater           | Social and cultural | Health   | Provider |

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Motor Camps

Motor camps provide accommodation opportunities for family groups, sports teams and others from casual visits and leased term semi-permanent caravan sites.

Council owns three camps: the Waitarere Beach Motor Camp, Playford Park Holiday Camp and the Foxton Beach Holiday Park.

The Waitarere and Playford Park Camps are on a ground lease basis only, meaning Council only owns the land, not the buildings or business. The Council owns and operates the Foxton Beach Holiday Park, which is managed by a Council Contractor.

The Waitarere and Foxton Beach Camps compete with another private camp at each township.

#### 2.2 Halls

Public halls are focal points for assembly for communities to hold meetings, dances, displays, celebrations, community group activities and a range of other social events.

The public halls provided by Council are:

- Levin Memorial Hall
- Shannon Memorial Hall
- Foxton Memorial Hall
- Coronation Hall
- Mangaore Hall
- Okunui Hall

A significant refurbishment of the Shannon Memorial Hall was undertaken during the period, significantly improving the level of service provided at this site.

The three Memorial Halls have a special status in the remembrance of those who fell in war. The other two are small rural halls.

There are many other halls in the District belonging to schools, sports clubs and other community groups.

### **2.3 Residential Housing**

Council provides residential housing in Levin, Shannon and Foxton owning 115 pensioner flats and three residential houses.

Council has specific a policy for the rental of Pensioner Flats, ensuring that accommodation is provided to those members of the community that have a low or little income or are sickness beneficiaries.

Council's Pensioner Housing Redevelopment Project has recently been completed seeing all 115 of Council's Pensioner Flats being refurbished.

### **2.4 Endowment Property**

The 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 and some vacant land is developed for residential subdivision.

The income from sales and leases is set aside in the Foxton Beach Free-holding Account. Funds from the Free-holding Account are spent in accordance with the expenditure policy for the account.

### **2.5 Commercial Property**

Council owns a number of commercial properties in Levin including the Work and Income Building. The WINZ building houses two of the largest employers in the Levin CBD and the long term leases of the building covers the costs of maintenance and building renewal.

Work has recently been completed on the WINZ building, re-cladding the second storey and replacing the first storey roof.

Council also owns several land blocks in Levin's CBD, all of which are leased by commercial tenants with long term land leases. The income from these leases is returned back into Council's Levin Town Centre Fund for CBD development.

### **2.6 Forestry**

Forestry is seen as a long term investment that will eventually provide a substantial income and enable Council to diversify its revenue base.

### 3. MEASURING PERFORMANCE

| Service  | Performance Measures   | Attainment 2014   | Attainment 2013   |
|--|--|---|---|
| <b>Halls:</b><br>To maintain low-cost public halls.  | 1. Levin Memorial Hall will be used at least seven times a week.   | Not achieved. As at 30 June 2014, the Levin Memorial hall was used 296 times. This equate to being used 5.69 times a week.  | As at 30 June 2013, the Levin Memorial hall was used 418 times. This equate to being used 8 times a week.   |
|  | 2. Foxtton Memorial Hall and Shannon Memorial Hall to be used at least twice per fortnight.                            | Achieved. As at 30 June 2014, the Foxtton Memorial Hall was used 113 times, equating to 2.17 times per week. Shannon Memorial Hall was used 222 times, equating to 4.27 times per week.   | As at 30 June 2013, the Foxtton Memorial Hall was used 137 times, equating to 2.6 times per week. Shannon Memorial Hall was used 261 times, equating to 5 times per week.   |
| <b>Residential Housing:</b><br>To provide low-cost housing to people over 60 years of age. | The pensioner accommodation will achieve at least 94% occupancy.   | Achieved. As at 30 June 2014 there has been 97.31% occupancy.<br><br>We are currently working through applications.   | As at 30 June 2013 there has been 94.70% occupancy.<br><br>We are currently working through applications.   |
| <b>Endowment Property:</b><br>To optimise returns from endowment property.                 | The rate of endowment property released by Council for purchase over the next ten years. Target 40 sections available. | At as 30 June 2014, there are currently 44 sections available for sale as part of the Forbes Road Subdivision.<br><br>This takes account of the five sections exchanged for Seabury Avenue Land and five sections due for settlement later in 2014, and two sections due at the latest 31 August 2015 (Spec Builder). | At as 30 June 2013, there are currently 57 sections available for sale as part of the Forbes Road Subdivision.  |
| <b>All Property:</b><br>All Council owned property will comply with appropriate standards. | All HDC owned buildings with Compliance Schedules will have current Building Warrants of Fitness.                      | All buildings with Compliance Schedules have current BWOF's. This means all specified systems including fire alarms have been maintained and inspected in accordance with the compliance schedule. This meets the requirement of the Building Act 2004.   | All buildings with Compliance Schedules have current BWOF's. This means all specified systems including fire alarms have been maintained and inspected in accordance with the compliance schedule. This meets the requirement of the Building Act 2004. |

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of property services are mainly motor camps, public halls, residential flats, Foxton Beach endowment properties, leasehold commercial property in Levin, forestry blocks, public toilets and other property holdings. Capital and renewal expenditures adding to these assets during the year ended 30 June 2014 were:

| <u>Property</u>  | Annual Plan<br>2013/14<br>\$000 | Actual<br>2013/14<br>\$000 | Variance<br>\$000 | Notes |
|--|---------------------------------|----------------------------|-------------------|-------|
| <b>Primary Type Renewals (Replace existing assets)</b>                               |                                 |                            |                   |       |
| Civic Building Internal and external repairs & remedial painting                     | 26                              | 38                         | 12                | 1     |
| Community Buildings Programmed renewals  | 20                              | 10                         | (10)              | 2     |
| District Halls (& Pavilions) Reactive works (including vandalism)                    | 15                              | 49                         | 34                | 3     |
| Okunui Hall Disposal   | 8                               | 4                          | (4)               | 4     |
| Pensioner Flats Programmed Renewals  | 54                              | 62                         | 8                 |       |
| Public Toilets Programmed Renewals   | 39                              | 11                         | (28)              |       |
| Shannon Railway Station Roof replacement   | 33                              | 5                          | (28)              | 5     |
| Thompson House Design and assessment prior to Year 3 works                           | 9                               | 9                          | 0                 |       |
| Overheads  | 10                              | 5                          | (5)               |       |
|  | <u>213</u>                      | <u>192</u>                 | <u>(21)</u>       |       |
| These Projects contain the following elements:                                       |                                 |                            |                   |       |
| Renewals - replacing existing assets   | 213                             | 192                        | (21)              |       |
| Improve Level of Service   | -                               | -                          | -                 |       |
| Growth- to meet additional demand  | -                               | -                          | -                 |       |
|  | <u>213</u>                      | <u>192</u>                 | <u>(21)</u>       |       |
| <b>Primary Type Improve Level of Service</b>   |                                 |                            |                   |       |
| Foxton Memorial Hall Earthquake assessment and design                                | 26                              | -                          | (26)              | 6     |
| Foxton Memorial Hall Earthquake assessment and design C/fwd to 2013/14               | 12                              | -                          | (12)              | 6     |
| Levin Hall Earthquake assessment and design & pricing                                | 26                              | 29                         | 3                 |       |
| Levin Hall Earthquake assessment and design & pricing C/fwd to 2013/14               | 15                              | 15                         | 1                 |       |
| Civic Building HVAC Relocation and replacement of failed pre-heater C/fwd to 2013/14 | 45                              | 199                        | 154               | 7     |
| Civic Building Foyer ventilation and cooling C/fwd to 2013/14                        | 20                              | 19                         | (0)               |       |
| Foxton Museum (Old courthouse) Earthquake design C/fwd to 2013/14                    | 15                              | 14                         | (1)               |       |
| Shannon Memorial Hall Earthquake assessment feasibility study C/fwd to 2013/14       | 11                              | 18                         | 8                 |       |
| Seismic Strengthening of WINZ Building C/fwd to 2013/14                              | 295                             | 274                        | (21)              |       |
| Target Reserve Silviculture  | 21                              | 16                         | (5)               |       |
| Ferry Reserve Silviculture   | 3                               | 10                         | 7                 |       |
| POT Forest Planting and growth maintenance   | 12                              | -                          | (12)              |       |
| Forestry General Silviculture  | 12                              | 4                          | (8)               |       |
| Show Homes Forbes Rd Subdivision'  | -                               | 342                        | 342               | 8     |
| Seabury Avenue Swapped Land Additions  | -                               | 200                        | -                 | 9     |
| Forbes Road Subdivision Stormwater improvements                                      | -                               | 40                         | -                 | 10    |
| Overheads  | 8                               | 18                         | 10                |       |
|  | <u>518</u>                      | <u>1,199</u>               | <u>441</u>        |       |
| These Level of Service Projects contain the following elements:                      |                                 |                            |                   |       |
| Renewals - replacing existing assets   | -                               | -                          | -                 |       |
| Improve Level of Service   | 520                             | 1,199                      | 679               |       |
| Growth- to meet additional demand  | -                               | -                          | -                 |       |
|  | <u>520</u>                      | <u>1,199</u>               | <u>679</u>        |       |
| Make up of above projects by % of Type:  |                                 |                            |                   |       |
| Renewals - replacing existing assets   | 213                             | 192                        | (21)              |       |
| Improve Level of Service   | 520                             | 1,199                      | 679               |       |
| Growth- to meet additional demand  | -                               | -                          | -                 |       |
|  | <u>733</u>                      | <u>1,391</u>               | <u>658</u>        |       |



**NOTES:**

1. Unplanned replacement of Vinyl flooring urgently needed.
2. New chairs needed.
3. Budget for Foxton Memorial Hall earthquake assessment used for needed reactive works.
4. Relocation work will begin in early 2014/15.
5. Investigation showed the roof needed only minor work.
6. Budget used in District Halls reactive works.
7. Surplus capital funding from the previous year was not rolled over.
8. Decision made to build 2 more show homes to foster sales.
9. Item not budgeted for.
10. Urgent work needed because of drainage problems.

**Significant Acquisitions of Assets**

There were no significant acquisitions of assets.

**5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).**

The bulk of the Council's expenditure is in the nature of operating and maintenance costs which, in providing stated levels and service and in maintaining the integrity of important assets, contributes to the community outcomes being as noted in part one above.

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2014 included:

| <b>Community Outcomes</b> | <b>Effects Of Programmes in Activity Area</b>   |
|---------------------------|---|
| Social and Cultural       | <p>During the period the completion of the Pensioner Housing Refurbishment project has provided rental accommodation to pensioners and those with disabilities, now in a modern refurbished setting.</p> <p>The provision of community halls, where refurbishment has occurred, has seen a continued increase in their utilisation, providing spaces for recreational, social, family and cultural activities to occur.</p> |
| Economic                  | <p>Property contracts were recently consolidated into one large contract, providing a greater scope of continued and consistent property and facilities maintenance contract work to the market for the first time in years.</p>  |
| Health and Safety         | <p>To maintain the Council owned property to ensure community safety and health requirements are met</p>  |

# Property

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
|--|----------------------------------|----------------------------------|--|---------------------------|---------------------------|-------|
| <b>Sources of Operating Funding</b>                                      |                                  |                                  |  |                           |                           |       |
| General rates, uniform annual general charges, rates penalties           | 1,230                            | 1,330                            | 1,150                                    | 1,146                     | (4)                       |       |
| Targeted rates (other than a targeted rate for water by meter supply)    | -                                | -                                | -  | -                         | -                         |       |
| Subsidies and grants for operating purposes                              | -                                | -                                | -  | -                         | -                         |       |
| Fees, charges and targeted rates for water by meter supply               | 1,918                            | 1,798                            | 1,657                                    | 1,764                     | 107                       | 1     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 61                               | 79                               | 76                                       | 113                       | 37                        |       |
| Internal charges and overheads recovered                                 | 570                              | 582                              | 456                                      | 541                       | 85                        |       |
| <b>Total Operating Funding (A)</b>                                       | <b>3,779</b>                     | <b>3,789</b>                     | <b>3,339</b>                             | <b>3,564</b>              | <b>225</b>                |       |
| <b>Applications of Operating Funding</b>                                 |                                  |                                  |  |                           |                           |       |
| Payments to staff and suppliers  | 2,334                            | 2,217                            | 2,201                                    | 2,122                     | (79)                      |       |
| Finance Costs  | 1,094                            | 1,091                            | 765                                      | 740                       | (25)                      |       |
| Internal charges and overheads applied                                   | 695                              | 714                              | 605                                      | 510                       | (95)                      | 3     |
| <b>Total applications of operating funding (B)</b>                       | <b>4,123</b>                     | <b>4,022</b>                     | <b>3,571</b>                             | <b>3,372</b>              | <b>(199)</b>              |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>(344)</b>                     | <b>(233)</b>                     | <b>(232)</b>                             | <b>192</b>                | <b>424</b>                |       |
| <b>Sources of capital funding</b>  |                                  |                                  |  |                           |                           |       |
| Subsidies and grants for capital expenditure                             | -                                | -                                | -  | -                         | -                         |       |
| Development and financial contributions                                  | 124                              | 128                              | 124                                      | 75                        | (49)                      | 8     |
| Increase (decrease) in debt  | (44)                             | (798)                            | 78                                       | 379                       | 301                       | 2     |
| Gross proceeds from sale of assets                                       | 1,418                            | 1,311                            | 1,274                                    | 909                       | (365)                     | 4     |
| <b>Total sources of capital funding (C)</b>                              | <b>1,498</b>                     | <b>641</b>                       | <b>1,476</b>                             | <b>1,363</b>              | <b>(113)</b>              |       |
| <b>Applications of capital funding</b>                                   |                                  |                                  |  |                           |                           |       |
| <b>Capital expenditure</b>   |                                  |                                  |  |                           |                           |       |
| - to meet additional demand  | -                                | -                                | -  | -                         | -                         |       |
| - to improve the level of service  | 411                              | 451                              | 520                                      | 1,199                     | 679                       | 2     |
| - to replace existing assets   | 306                              | 255                              | 213                                      | 192                       | (21)                      |       |
| Increase (decrease) in reserves  | 394                              | 427                              | 431                                      | 164                       | (267)                     |       |
| Increase (decrease) of investments                                       | 43                               | (725)                            | 80                                       | -                         | (80)                      |       |
| <b>Total applications of capital funding (D)</b>                         | <b>1,154</b>                     | <b>408</b>                       | <b>1,244</b>                             | <b>1,555</b>              | <b>311</b>                |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>344</b>                       | <b>233</b>                       | <b>232</b>                               | <b>(192)</b>              | <b>(424)</b>              |       |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                  | <b>-</b>                  |       |
| Depreciation   | 410                              | 426                              | 415                                      | 434                       | 19                        |       |
| <b>Loans attributable to this group of activities</b>                    |                                  |                                  |  |                           |                           |       |
|  |                                  |                                  | <b>External<br/>\$000</b>                | <b>Internal<br/>\$000</b> | <b>Total<br/>\$000</b>    |       |
| Loans as at 1/07/2013  |                                  |                                  | 13,420                                   | 668                       | 14,088                    |       |
| Raised during year   |                                  |                                  | 1,300                                    | 89                        | 1,389                     |       |
| Repaid During Year   |                                  |                                  | (370)                                    | (640)                     | (1,010)                   |       |
| Loans as at 30/06/2014   |                                  |                                  | <b>14,350</b>                            | <b>117</b>                | <b>14,467</b>             |       |
| Interest attributable to Loans   |                                  |                                  | 710                                      | 30                        | 740                       |       |
| <b>ACTIVITY EXPENDITURE</b>  |                                  |                                  |  |                           |                           |       |
|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000   | Variance<br>2014<br>\$000 | Notes |
| Public Toilets   | 316                              | 328                              | 267                                      | 225                       | (42)                      | 5     |
| Council Building   | 652                              | 667                              | 524                                      | 989                       | 465                       | 7     |
| Camping Grounds  | 259                              | 56                               | 45                                       | 29                        | (16)                      |       |
| Commercial Properties  | 336                              | 346                              | 341                                      | 321                       | (20)                      |       |
| Endowment Property   | 246                              | 256                              | 211                                      | 192                       | (19)                      |       |
| Forestry   | 52                               | 57                               | 11                                       | 17                        | 6                         |       |
| General Property   | 653                              | 639                              | 702                                      | 749                       | 47                        |       |
| Halls  | 334                              | 334                              | 368                                      | 293                       | (75)                      | 6     |
| Residential Housing  | 1,132                            | 1,184                            | 1,062                                    | 984                       | (78)                      | 3     |
| <b>Total Expenditure</b>   | <b>3,980</b>                     | <b>3,867</b>                     | <b>3,531</b>                             | <b>3,799</b>              | <b>268</b>                |       |

**NOTES:**

1. Revenue is above budget due to new income from recently leased buildings at the depot.
2. Two show homes were built on the Forbes Road subdivision to facilitate sales.
3. Internal charges were lower due to less Officer time being spent in this activity due to the flats being at 99% occupancy.
4. Property sales were lower than budgeted due to the sluggish property market.
5. Direct expenditure is well below budget with lower vandalism and graffiti experienced. Internal costs are lower than budgeted due to less Officer time being required in this area.
6. Savings due to lower electricity usage.
7. Error in Annual Plan document – Forecast should be \$979K.
8. This reflects the lower development activity within the district.

# Representation and Governance

## STATEMENT OF SERVICE PERFORMANCE

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### 1. RATIONALE

A sustainable future for the Horowhenua District has four well-being themes as specified in the Council's Strategic Plan:

The Horowhenua District Council has determined a range of Community Outcomes to which its activities contribute. Those addressed by Representation and Governance include:

DEMOCRACY: A community where all people enjoy civil and political rights and opportunities.

|                               | Outcome   | Role     |
|-------------------------------|-----------|----------|
| Representation and governance | Democracy | Provider |

### 2. DESCRIPTION OF ACTIVITIES

The purpose of the Horowhenua District Council is to enable democratic local decision making to promote the community's vision for its social, economic, environmental and cultural well-being in the present and for the future.

In fulfilling its purpose, the Council exercises powers and fulfils responsibilities conferred on it by legislation, administering a number of its powers through specific bylaws.

#### Governance Role

The Mayor and Councillors of the Horowhenua District Council have the following roles:

- Setting the policy direction of Council
- Monitoring the performance of the 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 generally
- Employing the Chief Executive Officer (under the Local Government Act 2002, the Local Authority employs the Chief Executive Officer who in turn employs all other staff on its behalf).

#### The Council fulfils its role by:

- Holding regular meetings, 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 of regional and central Government
- Keeping abreast of issues, legislation and best practice
- Balancing the books.

#### Governance Structure

All actions, goals and themes that will help the Council achieve its vision will be guided by a set of values. These values will be constant reminders to ensure the actions taken under the Annual Plan reinforce the Vision Statement.

These values will guide all the following strategies and be taken into account whenever the Long Term Financial Strategy is revised and Business Plans are developed to implement the strategies. These overriding values are:

- To promote the holistic well being of the total community.
- To fund activities as equitably as possible across generations.
- To respect the needs of different age groups within the community.
- To respect the needs of different ethnic groups within the community.
- To recognise the community's ability to pay for services and capital development.
- To recognise the principles of sustainability.
- To recognise the role of the community in key planning and decision-making processes.
- To prioritise resources according to where the need is greatest.
- To ensure every community in the District has access to basic facilities.

### Governance Values

The Council comprises:

- A Mayor elected at large
- Ten Councillors representing four wards, and
- The Foxton Community Board, five members and two Councillors.

At the time of the October 2013 triennial elections there were 22,437 electors eligible to vote for people to fill the positions of Mayor and ten Councillors. In addition, electors in Foxton and Foxton Beach were eligible to vote for the Foxton Community Board, which has five elected members and one Council appointee.

### 3. MEASURING PERFORMANCE

| Service                                      | Performance Measures  | Attainment 2014  | Attainment 2013  |
|--|---|--|--|
| To provide open, accessible local government | 1. Local body elections will be held in compliance with relevant legislation.                 | Local body elections were held in October 2013 in compliance with relevant legislation.  | Local body elections will be held in October 2013.   |
|  | 2. The Annual Plan will be adopted before 30 June annually.                                   | The Annual Plan was adopted by Council on 4th June 2014.   | The Annual Plan adopted by Council on 22 <sup>nd</sup> May 2013.   |
|  | 3. The Annual Report will include an unqualified audit opinion.                               | Achieved. An unqualified 2012/13 Annual Report adopted by Council on 6 November 2013.  | Achieved. An unqualified 2011/12 Annual Report adopted by Council on 24 October 2012.  |
|  | 4. The Representation Review is to be completed within statutory timeframes and requirements. | Local government Commission determination released with Council recommendations accepted by the commission. The Representation Review has been completed within statutory timeframes and requirements. | Local government Commission determination released with Council recommendations accepted by the commission. The Representation Review has been completed within statutory timeframes and requirements. |

### 4. ACQUISITION AND RENEWAL OF ASSETS

No assets are used exclusively for the purposes of representation and governance, and there were therefore no significant asset acquisitions or replacements during the year ended 30 June 2014 nor were any shown in the LTP for the year.

**5. IDENTIFIED EFFECTS THAT ANY ACTIVITY WITHIN THE GROUP OF ACTIVITIES HAS HAD ON THE COMMUNITY (LGA 2002 Part 3, section 23).**

The bulk of the Council's expenditure is in the nature of operating and maintenance costs which, in providing stated levels and service and in maintaining the integrity of important assets, contributes to the community outcomes as noted in Part One above.

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2014 are those mentioned in other activities, it having been the governance arm of the Council that set the priorities, made the key decisions and arranged the provision of funding (mainly through rates) that they may proceed in a democratic manner.

# Representation and Governance

## HOROWHENUA DISTRICT COUNCIL – FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000 | Variance<br>2014<br>\$000 | Notes |
|--|----------------------------------|----------------------------------|--|-------------------------|---------------------------|-------|
| <b>Sources of Operating Funding</b>                                      |                                  |                                  |  |                         |                           |       |
| General rates, uniform annual general charges, rates penalties           | -                                | -                                | -  | -                       | -                         |       |
| Targeted rates (other than a targeted rate for water by meter supply)    | 2,650                            | 2,701                            | 2,716                                    | 2,712                   | (4)                       |       |
| Subsidies and grants for operating purposes                              | -                                | -                                | -  | 1                       | 1                         |       |
| Fees, charges and targeted rates for water by meter supply               | -                                | -                                | -  | -                       | -                         |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 2                                | 70                               | 70                                       | 60                      | (10)                      |       |
| Internal charges and overheads recovered                                 | -                                | -                                | -  | -                       | -                         |       |
| <b>Total Operating Funding (A)</b>                                       | <b>2,652</b>                     | <b>2,771</b>                     | <b>2,786</b>                             | <b>2,773</b>            | <b>(13)</b>               |       |
| <b>Applications of Operating Funding</b>                                 |                                  |                                  |  |                         |                           |       |
| Payments to staff and suppliers  | 698                              | 832                              | 743                                      | 1,223                   | 480                       | 1     |
| Finance Costs  | -                                | -                                | -  | -                       | -                         |       |
| Internal charges and overheads applied                                   | 1,937                            | 1,968                            | 2,109                                    | 2,041                   | (68)                      |       |
| <b>Total applications of operating funding (B)</b>                       | <b>2,635</b>                     | <b>2,800</b>                     | <b>2,852</b>                             | <b>3,264</b>            | <b>412</b>                |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>17</b>                        | <b>(29)</b>                      | <b>(66)</b>                              | <b>(491)</b>            | <b>(425)</b>              |       |
| <b>Sources of capital funding</b>  |                                  |                                  |  |                         |                           |       |
| Subsidies and grants for capital expenditure                             | -                                | -                                | -  | -                       | -                         |       |
| Development and financial contributions                                  | -                                | -                                | -  | -                       | -                         |       |
| increase (decrease) in debt  | -                                | -                                | -  | -                       | -                         |       |
| Gross proceeds from sale of assets                                       | -                                | 1                                | -  | -                       | -                         |       |
| <b>Total sources of capital funding (C)</b>                              | <b>-</b>                         | <b>1</b>                         | <b>-</b>                                 | <b>-</b>                | <b>-</b>                  |       |
| <b>Applications of capital funding</b>                                   |                                  |                                  |  |                         |                           |       |
| <b>Capital expenditure</b>   |                                  |                                  |  |                         |                           |       |
| - to meet additional demand  | -                                | -                                | -  | -                       | -                         |       |
| - to improve the level of service  | -                                | -                                | -  | -                       | -                         |       |
| - to replace existing assets   | -                                | -                                | -  | -                       | -                         |       |
| Increase (decrease) in reserves  | 17                               | (28)                             | (66)                                     | (491)                   | (425)                     |       |
| Increase (decrease) of investments                                       | -                                | -                                | -  | -                       | -                         |       |
| <b>Total applications of capital funding (D)</b>                         | <b>17</b>                        | <b>(28)</b>                      | <b>(66)</b>                              | <b>(491)</b>            | <b>(425)</b>              |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(17)</b>                      | <b>29</b>                        | <b>66</b>                                | <b>491</b>              | <b>425</b>                |       |
| <b>Funding Balance ((A-B)+(C-D))</b>                                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                | <b>-</b>                  |       |
| Depreciation   | -                                | -                                | -  | -                       | -                         |       |
| <b>Loans attributable to this group of activities</b>                    |                                  |                                  |  |                         |                           |       |
|  |                                  |                                  | External<br>\$000                        | Internal<br>\$000       | Total<br>\$000            |       |
| Loans as at 1/07/2013  |                                  |                                  | -  | -                       | -                         |       |
| Raised during year   |                                  |                                  | -  | -                       | -                         |       |
| Repaid During Year   |                                  |                                  | -  | -                       | -                         |       |
| Loans as at 30/06/2014   |                                  |                                  | -  | -                       | -                         |       |
| Interest attributable to Loans   |                                  |                                  | -  | -                       | -                         |       |
| <b>ACTIVITY EXPENDITURE</b>  |                                  |                                  |  |                         |                           |       |
|  | LTP<br>Forecast<br>2013<br>\$000 | LTP<br>Forecast<br>2014<br>\$000 | Annual Plan<br>Forecast<br>2014<br>\$000 | Actual<br>2014<br>\$000 | Variance<br>2014<br>\$000 | Notes |
| Community Board  | 128                              | 129                              | 153                                      | 128                     | (25)                      |       |
| Elections  | -                                | 115                              | 151                                      | 164                     | 13                        |       |
| Governance   | 2,010                            | 2,048                            | 2,069                                    | 2,278                   | 209                       | 3     |
| External Reporting   | 497                              | 508                              | 479                                      | 693                     | 214                       | 2     |
| <b>Total Expenditure</b>   | <b>2,635</b>                     | <b>2,800</b>                     | <b>2,852</b>                             | <b>3,263</b>            | <b>411</b>                |       |

**NOTES:**

1. A grant was made for the Foxtton Medical Centre (\$235K) and professional/legal fees were under budgeted.
2. Staff time on "Reporting" \$135K above budget, and valuation fees and Audit above budget.
3. A grant was made for the Foxtton Medical Centre (\$235K).



# Report On Contribution of Māori to Decision Making

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## 1. BACKGROUND AND POLICY

Parts 2 and 6 of the Local Government Act 2002 provide principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes. In particular, the role of local authorities as defined in Part 2 of the Act is, inter alia, to promote the social, economic, environmental and cultural well-being of communities, in the present and for the future. The principles relating to local authorities in performing their role include providing for opportunities for Māori to contribute to local authorities' decision-making processes.

Part 6 of the Act relates to Council's planning, decision-making and accountability requirements. Section 81 requires a local authority to:

1. Establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority.
2. Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority.
3. Provide relevant information to Māori for the purposes of (1) and (2) above.

Section 77 of the Act requires a local authority, in the course of its decision-making process, to take into account the relationship of Māori and the culture and traditions with their ancestral land, water, sites, wahi tapu, valued flora and fauna, and other taonga if any of the options identified in its decision-making process involves a significant decision in relation to land or a body of water.

Schedule 10 of the Local Government Act specifically requires Council to include in its LTP any steps that the local authority intends to take, having considered ways in which it might foster the development of Māori capacity to contribute to the decision-making processes of the local authority, over the period covered by that Plan.

Council proposes to address this matter by consulting with Iwi using the mechanisms defined in its current Memoranda of Understanding to determine the issues, if any, that are limiting their capacity to participate more fully in Council's decision-making processes and to discuss options for resolving or reducing these issues.

The reasoning behind this approach is that until Council has a better understanding of the issues that may or may not be impacting on the ability of Māori to participate at a higher level than at present in Council's decision-making processes, any decision on this matter may be premature and/or presumptive.

## 2. YEAR ENDED 30 JUNE 2014

Schedule 10 Part 3 (21) requires Council to report on activities it has taken in the year to establish and maintain processes to provide for opportunities for Māori to contribute to Council's decision-making processes.

During the year ended 30 June 2014 Council continued to make good progress in its pursuit of enhanced relationships with a view to establishing Memorandums of Understanding/Partnership with Iwi representation throughout our District. Regular meetings at both formal and informal level were held throughout the year with a number of different Iwi and hapū groups.

These Memoranda are enabling documents, which have already provided significant benefit to the respective parties and their ongoing communication on a number of matters of mutual interest.

The following is a précis of the significant iwi consultation matters during 2013/14:

1. Te Awahou Project - Foxton
  2. Shannon Wastewater Treatment Plant (WWTP)
  3. Levin Water Supply
  4. Foxton Wastewater Treatment Plant (WWTP)
  5. Ngāti Whakare
- 
- 1) Te Awahou Project - Foxton: During the year Council and the Te Awahou Nieuwe Stroom Trust have continued discussions with the nine local hapū of Ngāti Raukawa (collectively known as Te Taitoa Māori o Te Awahou) regarding the Te Awahou Nieuwe Stroom project – a world class, multi-purpose cultural heritage centre proposed for Foxton. The nine local hapū include Ngāti Takihiku, Ngāti Ngaronga, Ngāti Hinemata, Ngāti Whakare, Ngāti Turanga, Ngāti Te Au, Ngāti Pareraukawa, Ngāti Rakau and Ngāti Kikopiri. The hapū are seeking a place from which to tell their stories and express their identity through art and crafts, exhibitions, kōrero (conversation), learning and a strong ‘home base’ that provides a symbol of local, regional and national identity.
  - 2) Shannon WWTP: There were multiple rounds of discussions in regard to the Shannon WWTP consent application. Significant progress was made with Ngāti Whakare and Tanenuiarangi Manawatu Incorporated (TMI) in understanding the positive aspects of the project and Council’s desire to remove the discharge of treated wastewater effluent from the river for all but 10 days of the year. The rest of the flow will be applied to land.
  - 3) Levin Water Supply: Ongoing discussions were held with Muaūpoko Tribal Authority, Muaūpoko Cooperative Society and Te Iwi o Ngāti Tukorehe regarding continuing the water take from the Ohau River.
  - 4) Foxton WWTP: Horowhenua District Council formed a focus group which the following iwi and hapū were invited to attend: Muaūpoko, Ngāti Raukawa, Ngāti Whakare, Ngāti Ngaronga, Ngāti Kikopiri, Te Taitoa Māori o Te Awahou and Ngāti Apa.
  - 5) Ngāti Whakare: Over the past 12 months, Council is pleased to have begun building a strong partnership with Ngāti Whakare. Previously, there was little to no engagement, but through ongoing, open and honest dialogue and consultation, Council now believe they have a positive relationship with Ngāti Whakare. Through the ongoing work of Councillors, Council staff and Ngāti Whakare, Council now understand more about their interests in the District. Council looks forward to continuing to strengthen this relationship with Ngāti Whakare in the future.

# SECTION D: APPENDICES

Section D provides additional useful information about the Council.

## **Governance Structure and Personnel**

Shows the ward representation and lists elected representatives and their special responsibilities.

## **Management Structure and Personnel**

Lists the senior staff and their responsibilities.

## **Directory and Contacts**

Lists the Council's key associated bodies and how they can be contacted.

## **Glossary**

Provides short definitions of the jargon that creeps into local authority documents.

# Governance Personnel

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Committee membership and representation responsibilities are:

## **Mayor Brendan Duffy**

Phone: 0274 433 516

Email: Mayor@horowhenua.govt.nz

Council Committees: ex officio on all committees, Chair of Civic Honours Special Judging Panel, Chair of Community Wellbeing Executive, Chair of Chief Executive Officer's Performance Agreement Review Special Committee, Chair of Community Grants and Funding Committee, Projects Advisory Group, Tenders Subcommittee.

Represents Council on: Zone 3 of Local Government New Zealand Association, Horowhenua Lake Domain Board, Regional Land Transport Committee-Horizons Regional Council, Manawatu-Wanganui Region Civil Defence Emergency Management Group Governance Body, Mayors' Task Force for Jobs, Life to the Max, Lake Accord (He Hokioi Rerenga Tahī)

## **Deputy Mayor Garry Good**

Ward: Levin

Phone: 027 235 9195

Email: cr.garry.good@horowhenua.govt.nz

Council Committees: Deputy Chair of Chief Executive Officer's Performance Agreement Review Special Committee, Deputy Chair of Hearings Committee, Deputy Chair of Community Wellbeing Executive, Deputy Chair of Community Grants and Funding Committee, Deputy Chair of Tertiary Scholarships Judging Panel.

Represents Council on: Regional Land Transport Committee-Horizons Regional Council, Te Horowhenua Trust, Education Horowhenua, Jack Allen Community House

## **Cr Victoria Kaye-Simmons**

Ward: Levin

Phone: 027 601 1014

Email: cr.victoria.kaye@horowhenua.govt.nz

Council Committees: Chair of Creative New Zealand Funding Allocation Special Committee, Civic Honours Special Judging Panel, Youth Scholarships Judging Panel, Tenders Subcommittee.

Represents Council on: Horowhenua Lake Domain Board, Thompson House Executive, Horowhenua District Health Transportation Trust, Crime Prevention Camera Trust, Lake Accord (He Hokioi Rerenga Tahī), Keep Levin Beautiful, Youth Voice

## **Cr Tony Rush**

Ward: Levin

Phone: 027 241 6262

Email: cr.tony.rush@horowhenua.govt.nz

Council Committees: Chair of Hearings Committee, Deputy Chair of Finance Subcommittee, District Licensing Committee, Chief Executive Officer's Performance Agreement Review Special Committee, Tertiary Scholarships Judging Panel.

Represents Council on: Horowhenua Lake Domain Board, Manawatu/Wanganui Regional Disaster Relief Fund Trust, Te Horowhenua Trust Lake Accord (He Hokioi Rerenga Tahī), Disability Leadership Forum, Keep Levin Beautiful

## **Cr Wayne Bishop**

Ward: Waiopēhu

Email: cr.wayne.bishop@horowhenua.govt.nz

Phone: 0274 474611

Council Committees: Hearings Committee, Chair of Finance Subcommittee, Chief Executive Officer's Performance Agreement Review Special Committee, Economic Development Advisory Group, Projects Advisory Group, Tenders Subcommittee.

Represents Council on: Waitarere Beach Progressive and Ratepayers Association Inc., Hokio Progressive Association Inc., Manakau District Community Association, Waikawa Beach Ratepayers Association

**Cr Ross Brannigan**

Ward: Kere Kere

Phone: 021 247 7338

Email: cr.Ross.Brannigan@horowhenua.govt.nz

Council Committees: Chair of District Licensing Committee, Community Grants and Funding Committee, Civic Honours Special Judging Panel, Foxton Community Board.

Represents Council on: National Museum of Audio Visual Arts & Sciences Trust Board, Shannon Progressive Association Inc., Crime Prevention Camera Trust

**Cr Ross Campbell**

Ward: Miranui

Phone: 027 253 3956

Email: cr.ross.campbell@horowhenua.govt.nz

Council Committees: Community Grants and Funding Committee, Civic Honours Special Judging Panel, Projects Advisory Group.

Represents Council on: Manawatu River Users Advisory Group, Shannon Progressive Association Inc., Shannon Community Action Committee, Shannon Community Development Trust, Mangaore Village

**Cr Jo Mason**

Ward: Levin

Phone: 027 248 6643

Email: cr.jo.mason@horowhenua.govt.nz

Council Committees: Hearings Committee, Community Wellbeing Executive, Community Grants and Funding Committee.

Represents Council on: Manawatu River Users Advisory Group, Horowhenua Neighbourhood Support Management Committee, Horowhenua Health Workforce Trust, Disability Leadership Forum

**Cr Michael Feyen**

Ward: Kere Kere

Phone: 027 441 9923

Email: cr.michael.feyen@horowhenua.govt.nz

Council Committees: Creative New Zealand Funding Allocation Special Committee, Youth Scholarships Judging Panel, Economic Development Advisory Group, Projects Advisory Group.

Represents Council on: Passenger Transport Committee-Horizons Regional Council, Foxton Area Community Medical Trust, Coast Access Radio-Horowhenua District Trustee, Save our River Trust

**Cr Piri-Hira Tukapua**

Ward: Levin

Phone: 027 529 4883

Email: cr.piri-hira.tukapua@horowhenua.govt.nz

Council Committees: Finance Subcommittee, Youth Scholarships Judging Panel, Economic Development Advisory Group.

Represents Council on: Horowhenua Learning Centre Trust, Education Horowhenua, Youth Voice

**Cr Christine Mitchell**

Ward: Waiopahu

Phone: 027 318 7703

Email: cr.christine.mitchell@horowhenua.govt.nz

Council Committees: Hearings Committee, Finance Subcommittee, Tenders Subcommittee.

Represents Council on: Waitarere Beach Progressive and Ratepayers Association Inc., Hokio Progressive Association Inc., Manakau District Community Association, Waikawa Beach Ratepayers Association

## **FOXTON COMMUNITY BOARD**

|                             |   |
|-----------------------------|---|
| <b>Janine Smart</b> (Chair) | Ph: 027 546 0090<br>Email: smartdesign@xtra.co.nz     |
| <b>Tricia Metcalf</b>       | Ph: 021 447 711<br>Email: pmetcalf@vodafone.co.nz     |
| <b>David Roache</b>         | Ph: 027 442 5691<br>Email: roachesconcrete@xtra.co.nz |
| <b>Basil Vertongen</b>      | Ph: 027 449 8734<br>Email: basil.lorna@xtra.oc.nz     |
| <b>Amanda Street</b>        | Ph: 021 920 067<br>Email: amanda.street@bayleys.co.nz |

# Management Structure and Personnel

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|   |  |
|---|--|
| Chief Executive Officer<br>David Clapperton                     | Governance relationships<br>Employer of Council staff<br>Organisational effectiveness and efficiency   |
| Group Manager Infrastructure Services<br>Gallo Saily            | Water supply<br>Wastewater disposal<br>Solid waste management<br>Roading and stormwater  |
| Group Manager Finance<br>Doug Law                               | Financial policy and financial services<br>Accounting services<br>Financial planning and reporting<br>Rates  |
| Group Manager Customer & Community Services<br>Monique Davidson | Administration<br>Strategic planning<br>Computer systems<br>Committees' administration<br>Secretarial services<br>Civic and ceremonial functions<br>Libraries<br>Community development<br>Arts and culture<br>Economic development<br>Council communications<br>Service centres<br>Resource management planning<br>Building control<br>Environmental health<br>Animal control<br>Parking enforcement<br>Emergency management<br>Property<br>Parks & Recreation |
| Senior Manager People & Capability<br>Meredith Blackler         | HR policies<br>HR administration   |
| Senior Manager Business Services<br>Nicki Brady                 | Records Management   |
| Senior Manager Strategic Planning<br>David McCorkindale         | Strategic and District Planning  |

# Directory and Contacts

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## AUDITORS

Audit New Zealand (on behalf of the Auditor General)  
49 Victoria Avenue, Palmerton North

## BANKERS

BNZ

## SOLICITORS

Todd Whitehouse  
27 Queen Street, Levin 5510

## COUNCIL OFFICES

|                                   |       |                              |
|-----------------------------------|-------|------------------------------|
| Main Office                       | Phone | (06) 366 0999 (all hours)    |
| 126-148 Oxford St, Levin 5510     | Fax   | (06) 366 0977                |
| (or Private Bag 4002, Levin 5540) | Email | enquiries@horowhenua.govt.nz |

|                                      |       |               |
|--------------------------------------|-------|---------------|
| Foxton Service Centre                | Phone | (06) 363 5018 |
| Foxton Library, Clyde Street, Foxton |       |               |

|                          |       |               |
|--------------------------|-------|---------------|
| Shannon Service Centre   | Phone | (06) 362 7030 |
| Plimmer Terrace, Shannon | Fax   | (06) 362 7030 |

## VISITOR INFORMATION CENTRE

|   |       |               |
|---|-------|---------------|
| Te Takere Culture and Community Centre, | Phone | (06) 368 1953 |
| 10 Bath Street, Levin                   | Fax   | (06) 367 9218 |

## EMERGENCY MANAGEMENT AND RURAL FIRES

|                              |       |               |
|------------------------------|-------|---------------|
| 126-148 Oxford Street, Levin | Phone | (06) 366 0999 |
|                              | Fax   | (06) 368 7110 |

## SWIMMING POOLS

|                     |       |               |
|---------------------|-------|---------------|
| Queen Street, Levin | Phone | (06) 368 0070 |
|---------------------|-------|---------------|

|                     |       |               |
|---------------------|-------|---------------|
| Main Street, Foxton | Phone | (06) 363-6123 |
|---------------------|-------|---------------|

## TE HOROWHENUA TRUST INC

|                       |       |               |
|-----------------------|-------|---------------|
| 10 Bath Street, Levin | Phone | (06) 368 1953 |
|                       | Fax   | (06) 367 9218 |

|                      |       |               |
|----------------------|-------|---------------|
| Clyde Street, Foxton | Phone | (06) 363 5571 |
|                      | Fax   | (06) 363 5571 |

|                          |       |               |
|--------------------------|-------|---------------|
| Plimmer Terrace, Shannon | Phone | (06) 362 7030 |
|                          | Fax   | (06) 362 7030 |



# Glossary

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## **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 are bank accounts, amounts owing by debtors, parks, roads, land, buildings, vehicles, computers and the water, wastewater and stormwater networks.

## **ASSET MANAGEMENT PLAN (AMP)**

This is a long-term 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 roading, water supply, wastewater disposal, parks and solid waste 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 are 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.

## **COMMUNITY OUTCOMES**

Statements of the community's vision and goals for the future of the District. It is intended that these outcomes inform and co-ordinate the activities and planning of all sectors of the community (including the Council).

## **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 that manages, through rules, potential adverse impacts of subdivisions and land use on the environment.

## **FINANCIAL YEAR**

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

## **PROJECTED FINANCIAL STATEMENT**

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

## **FUNDING IMPACT STATEMENT**

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

## **GOVERNANCE**

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

## **INFRASTRUCTURE**

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

## **LAND VALUE**

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

**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 long-term (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.

**OPERATING COSTS**

The costs of running Council in the short-term. Examples are 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.

**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. Examples are the replacement of old water mains and the resealing of roads.

**REVENUE**

Income: Examples are rates, dog registration fees, building permit fees, subsidies, rental income and interest on investments.

**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 well-being of the community.

**STORMWATER**

Rain that runs off properties and roads.

**SUSTAINABILITY**

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

**TARGETED RATES**

Any rate other than a general rate, targeted at users or beneficiaries of a particular service. Examples are rates for solid waste, water supply and wastewater.

**UNIFORM ANNUAL GENERAL CHARGE (UAGC)**

A fixed-sum rate payable by all properties as part of their contribution to general rates. There are statutory rules whereby the UAGC is not payable on contiguous properties – where two or more properties are next to each other, owned by the same ratepayer, used for a common purpose.

**WASTEWATER**

The liquid waste from a property. Examples are sewage, grey water and trade waste.

# Statistics

## Rating And Valuation 1 July 2013

|                               |                 |
|-------------------------------|-----------------|
| Area, sq.km <sup>2</sup>      | 1,063.60        |
| Capital value                 | \$5,762,080,950 |
| Land value                    | \$3,058,230,700 |
| Rateable land value           | \$3,010,226,000 |
| Number of rateable properties | 17,658          |

## Census 2013

### Demographics

|   |          |
|---|----------|
| Population  | 30,099   |
| Population aged 65 years and over (national average 14.3%)  | 23.7%    |
| Population aged 15 years and under (national average 20.4%) | 19.1%    |
| Average age in the district (national average 38. years)    | 46 years |

### Ethnicity

|                       |       |
|-----------------------|-------|
| European              | 82.4% |
| Māori                 | 22.8% |
| Pacific peoples       | 4.8%  |
| Asian                 | 3.4%  |
| African               | 0.3%  |
| Other (New Zealander) | 1.8%  |

### Households

|   |        |
|---|--------|
| Number of Dwellings   | 15,099 |
| Average household size (national average 2.7))                  | 2.3    |
| Households with access to the internet (national average 76.8%) | 64.7%  |

# Contact Us

Horowhenua District Council  
126 Oxford Street  
Levin 5510  
Private Bag 4002, Levin 5540

Ph: 06 366 0999  
Fax: 06 366 0983  
enquiries@horowhenua.govt.nz  
[www.horowhenua.govt.nz](http://www.horowhenua.govt.nz)



HOROWHENUA DISTRICT COUNCIL  
Hōwhenua-ā-Ihaka