

# Other Supporting Information

He Kōrero  
Taunaki Kē Atu

This page has intentionally been left blank.

# Table of Contents

Community Outcomes.....3

Significant Forecasting Assumptions.....5

Development of Māori Capacity to Contribute to Decision Making .....30

Council Controlled Organisations .....32

Summary of Council's Policy on Determining Significance .....34

Report to Foxton Community Board (Foxton Pool - Extended Season Trial .....36

# Community Outcomes – LTP 2018-2038

## Thriving communities

- Our communities have a 'sense of place' that makes people feel proud to live here.
- Our community has access to health, social and recreation facilities which enable people to enjoy positive healthy lifestyles.
- Our communities live in a safe and supportive environment and are empowered to make positive and healthy lifestyle choices.
- Our communities are inclusive, connected and have the opportunity to influence local outcomes and decisions.
- Our communities are resilient and provide for intergenerational well-being through networks which care for all ages.
- Our communities individually and collectively participate in community development.

## Exuberant economy

- We are a welcoming, enabling and business friendly district that encourages local economic development.
- We provide opportunities for people of all ages and at all phases of life to enjoy a quality of living within our District that is economically sustainable and affordable.
- We recognise and manage the effects of population growth and actively promote the District as a destination of choice.
- We value the role our District's natural, cultural and social assets play in supporting economic development.

## Stunning environment

- We are proud of our natural and built environments.
- We sustainably manage our environment so it can be enjoyed now and by future generations.
- Our natural resources play a vital role in sustaining the district.
- We actively support improving the health of our District's rivers, lakes and waterways.

## Enabling infrastructure

- Our community facilities and infrastructure services are planned and developed to meet current and future needs.
- Waste reduction, recycling, energy conservation and efficiency are promoted as part of how we all live.
- We have reliable, efficient and well planned community facilities and infrastructure services.
- Our community facilities and infrastructure are built resiliently, preparing us to combat natural hazards.

## **Partnership with Tangata Whenua**

- We acknowledge our partnership with the Tangata Whenua of our district through a proactive approach to the Treaty of Waitangi and its principles.
- We support Mana Whenua to maintain and enhance their traditions with their ancestral lands and waterways, wahi tapu and other taonga.
- We will work with local marae, hapu and Iwi to support their development and capacity building.
- We value working together to achieve common goals.

## **Vibrant cultures**

- We are proud of the heritage and diversity of our district and our people.
- We respect each other and what we each contribute to the District through our traditions and culture.
- Our community's cultural diversity is celebrated.

*(Please note the Outcomes and associated bullet points listed above are not intended to be read as a hierarchal list ordered by importance.)*

# Significant Forecasting Assumptions

The table below identifies the Significant Forecasting Assumptions that Council has made for this Long Term Plan (LTP) and the risks and the level of uncertainty associated with each assumption as well as the potential effects/impact of this uncertainty.

<b>Population Growth</b>																																																																												
<b>Assumption</b>	Population growth is assumed at a rate of more than 1% per year for the 20 year period of this LTP.																																																																											
<b>Detailed Forecasts</b>	<p>The Projections Report by Sense Partners provides the latest detailed population count for the District. The 50<sup>th</sup> percentile projections state that the population will grow at an average rate of 1.2% per annum between 2018 and 2028 resulting in:</p> <ul style="list-style-type: none"> <li>• 3,728 more people over the 10 year period; and</li> <li>• As at 30 June 2028 the population forecast is 36,886.</li> </ul> <p>The 50<sup>th</sup> percentile projections state the population will grow at an average rate of 1.1% per annum between 2028 and 2038 resulting in:</p> <ul style="list-style-type: none"> <li>• 3,847 more people over the 10 year period; and</li> <li>• As at June 2038 the population forecast is 41,128.</li> </ul> <p>Socio-economic projections completed by Sense Partners factor in the effect the New Zealand Transport Agency's Wellington Northern Corridor project will have on population growth. The below table shows the forecasted population growth for the life of this LTP.</p> <table border="1"> <thead> <tr> <th>Last Year</th> <th>This Year</th> <th>Yr 1</th> <th>Yr 2</th> <th>Yr 3</th> <th>Yr 4</th> <th>Yr 5</th> <th>Yr 6</th> <th>Yr 7</th> <th>Yr 8</th> <th>Yr 9</th> </tr> </thead> <tbody> <tr> <td>16/17</td> <td>17/18</td> <td>18/19</td> <td>19/20</td> <td>20/21</td> <td>21/22</td> <td>22/23</td> <td>23/24</td> <td>24/25</td> <td>25/26</td> <td>26/27</td> </tr> <tr> <td>32,348</td> <td>32,758</td> <td>33,158</td> <td>33,596</td> <td>34,017</td> <td>34,388</td> <td>34,787</td> <td>35,215</td> <td>35,586</td> <td>35,944</td> <td>36,421</td> </tr> <tr> <th>Yr 10</th> <th>Yr 11</th> <th>Yr 12</th> <th>Yr 13</th> <th>Yr 14</th> <th>Yr 15</th> <th>Yr 16</th> <th>Yr 17</th> <th>Yr 18</th> <th>Yr 19</th> <th>Yr 20</th> </tr> <tr> <td>27/28</td> <td>28/29</td> <td>29/30</td> <td>30/31</td> <td>31/32</td> <td>32/33</td> <td>33/34</td> <td>34/35</td> <td>35/36</td> <td>36/37</td> <td>37/38</td> </tr> <tr> <td>36,886</td> <td>37,281</td> <td>37,738</td> <td>38,171</td> <td>38,650</td> <td>39,106</td> <td>39,500</td> <td>39,862</td> <td>40,259</td> <td>40,684</td> <td>41,128</td> </tr> </tbody> </table>										Last Year	This Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	32,348	32,758	33,158	33,596	34,017	34,388	34,787	35,215	35,586	35,944	36,421	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37	37/38	36,886	37,281	37,738	38,171	38,650	39,106	39,500	39,862	40,259	40,684	41,128
Last Year	This Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9																																																																		
16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27																																																																		
32,348	32,758	33,158	33,596	34,017	34,388	34,787	35,215	35,586	35,944	36,421																																																																		
Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20																																																																		
27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37	37/38																																																																		
36,886	37,281	37,738	38,171	38,650	39,106	39,500	39,862	40,259	40,684	41,128																																																																		
<b>Risk</b>	Population growth across the Horowhenua District is at a significantly different rate (much faster or slower) than assumed. Another risk is that the population number declines rather than increases. The likelihood of this risk occurring is considered likely*. The rate of growth depends on many different variables, most of which are out of Council's control.																																																																											
<b>Level of Uncertainty</b>	2018 to 2020/21 – Moderate; 2021/22 to 2027/28 – Moderate to High; and 2028/29 to 2038 – High.																																																																											

## Financial impact

As the assumption on population growth is fundamental to the information underlying the LTP, the below scenarios have been provided. The scenarios outline the financial implications if population growth were to occur slower or faster than anticipated. Each scenario is modelled independently and is compared to the baseline figures from the Financial Strategy.

### Scenario 1 Slower population growth

On the basis growth occurs at half the rate as predicted, the following growth work programmes would not proceed within the next 20 years:

- Ōhau Water Supply and Wastewater;
- Manakau Water Supply and Wastewater;
- Waikawa Beach Water Supply and Wastewater;
- Waitārere Beach Water Supply; and
- Hōkio Beach Water Supply and Wastewater.

The financial implications of removing the above projects over the next 20 years are as follows:

	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Rates income percentage increases</b>					
Projected	6.53%	5.97%	5.40%	6.42%	4.92%
Slower Growth	6.53%	5.95%	5.36%	6.12%	4.79%
<b>Total rates income \$000</b>					
Projected	\$37,449	\$39,683	\$41,826	\$44,512	\$46,703
Slower Growth	\$37,449	\$39,677	\$41,804	\$44,362	\$46,488
<b>Effect on net debt*</b>					
Projected	\$82m	\$93m	\$100m	\$107m	\$105m
Slower Growth	\$81m	\$92m	\$99m	\$106m	\$103m

\*An increase in depreciation funding reduces debt over time

### Rate income

- Since the above projects are not necessary due to lack of growth, the income affordability is still within operating measures.
- With removing the above projects, Council will require lower rate increases resulting in less rates income than anticipated.

### Rate increases

- In alignment with rate income, the proposed rates will be on average 0.5% lower than predicted.

## Debt limits

- With less capital projects, Council will begin to lower its debt by 2021/22.

A slower rate of growth or population decline would result in less demand for services and facilities than Council has anticipated. This could mean that some of the planned upgrade and/or introduction of assets (above schemes) may be able to be delayed and this could result in a reduction in Council's projected expenditure, which could have flow on effects for rates. It could also mean that the costs of undertaking projects or providing services (e.g. swimming pools) would need to be spread across fewer ratepayers.

## Scenario 2 Faster population growth

If growth occurs twice as fast than assumed, the following growth programmes will be completed (some of these schemes will also be brought forward):

- Levin Growth Areas Wastewater;
- Levin Growth Areas Water Supply;
- Ōhau Water Supply and Wastewater;
- Manakau Water Supply and Wastewater;
- Waikawa Beach Water Supply and Wastewater;
- Waitārere Beach Water Supply; and
- Hōkio Beach Water Supply and Wastewater.

The financial implications of moving forward and completing the above projects over the next 20 years are as follows:

	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Rates income percentage increases</b>					
Projected	6.53%	5.97%	5.40%	6.42%	4.92%
Faster Growth	6.53%	5.98%	5.40%	6.15%	4.94%
<b>Total rates income \$000</b>					
Projected	\$37,449	\$39,683	\$41,826	\$44,512	\$46,703
Faster Growth	\$37,449	\$39,690	\$41,832	\$44,406	\$46,599
<b>Effect on net debt*</b>					
Projected	\$82m	\$93m	\$100m	\$107m	\$105m
Faster Growth	\$82m	\$93m	\$100m	\$108m	\$107m

\*An increase in depreciation funding reduces debt over time



	<p><b>Rate income</b></p> <ul style="list-style-type: none"> <li>• Council will receive \$11m more rates income with additional growth over 20 years.</li> <li>• Risk: Rates income will exceed Council's proposed rates income limits for: 2024/25 by \$79k; 2025/26 by \$290k; 2027/28 by \$1,126k; 2028/29 by \$389k; 2029/30 by \$1,666k; 2030/31 by \$717k; and 2031/32 by \$1,255k.</li> </ul> <p><b>Rates increase</b></p> <ul style="list-style-type: none"> <li>• Risk: Rates increases will exceed Council's proposed rate increase limits for 2027/28 by 0.88%.</li> </ul> <p><b>Debt limits</b></p> <ul style="list-style-type: none"> <li>• With multiple large programmes of work taking place over year 4–13, the expected debt is higher over these years (breaching 2028/29 by \$119k).</li> <li>• The highest debt level will be in 2028/29 at 195%.</li> </ul> <p>A faster rate of growth would increase demand for services and facilities and could mean that they may need replacing and/or introducing earlier than anticipated. For some services or facilities, such as swimming pools, a higher level in population growth could result in an increase in the number of people using those services or facilities and therefore Council would collect a higher amount of user fees and charges.</p>
--	---

<b>Data Source</b>	Sense Partners - Socio-economic Projections 27 July 2017
--------------------	--

**Demographics**

<b>Assumption</b>	It is assumed most of the growth in Horowhenua District's population will occur in the 40 to 64-years-old age range.
-------------------	--

<b>Detailed Forecasts</b>	<p>By 2038; 16.5% of the population will be aged between 0-14 years old; 25.2% will be aged between 15-39 years old; 30.2% will be aged between 40-64 years old; and 28% will be aged 65 years old or over.</p> <p>Socio-economic projections completed by Sense Partners factor in the effect the New Zealand Transport Agency's Wellington Northern Corridor project will have on population growth. Age demographics are based on 50<sup>th</sup> percentile projections.</p> <p>The below table shows the forecasted age demographics over the first 10 years of the LTP.</p>
---------------------------	---

	Last Year	This Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9
Age	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
0-14 years	5,910	5,866	5,836	5,820	5,817	5,823	5,840	5,870	5,904	5,948	6,023
15-39 years	7,913	8,207	8,488	8,763	9,006	9,207	9,392	9,571	9,707	9,850	9,977
40-64 years	10,542	10,600	10,649	10,689	10,735	10,755	10,784	10,820	10,841	10,856	10,887
65 years +	8,018	8,122	8,220	8,351	8,488	8,655	8,832	9,013	9,215	9,430	9,646

	The below table shows the forecasted age demographics over the last 10 years of the LTP.											
		<b>Yr 10</b>	<b>Yr 11</b>	<b>Yr 12</b>	<b>Yr 13</b>	<b>Yr 14</b>	<b>Yr 15</b>	<b>Yr 16</b>	<b>Yr 17</b>	<b>Yr 18</b>	<b>Yr 19</b>	<b>Yr 20</b>
	<b>Age</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>31/32</b>	<b>32/33</b>	<b>33/34</b>	<b>34/35</b>	<b>35/36</b>	<b>36/37</b>	<b>37/38</b>
	0-14 years	6,099	6,183	6,271	6,354	6,447	6,542	6,622	6,685	6,733	6,768	6,806
	15-39 years	10,068	10,147	10,211	10,257	10,265	10,221	10,252	10,257	10,311	10,350	10,381
	40-64 years	10,931	11,003	11,104	11,234	11,427	11,590	11,739	11,896	12,042	12,207	12,241
	65 years +	9,853	10,053	10,237	10,425	10,587	10,758	10,923	11,091	11,263	11,412	11,543
<b>Risk</b>	Population growth for different age groups is substantially different from what is anticipated, e.g. there is less of an increase in the age range of 40 to 64 years old and a greater increase occurs in the other age ranges.											
<b>Level of Uncertainty</b>	2018 to 2020/21 – Moderate; 2021/22 to 2027/28 – Moderate to High; and 2028/29 to 2038 – High.											
<b>Financial impact</b>	<p>If there was a less of an increase in the older age ranges and more of an increase in the younger age ranges (20 year olds to 40 year olds) then this could place more demand on Council's infrastructure. This is because the younger age groups are likely to have larger households (i.e. parents with children) whereas people in the older age ranges are likely to have small households consisting of one or two people. A higher level of demand on infrastructure could result in Council needing to replace or upgrade assets faster than anticipated and this may mean an increase in rates or in Council's level of borrowing.</p> <p>If there was a greater increase in the older ranges than anticipated then this could increase pressure for facilities or services that are targeted more specifically to the needs of an ageing population (e.g. the provision of a hydrotherapy pool) which would mean that Council would either need to reprioritise funds for other projects, increase rates, or borrow to pay for these facilities or services.</p>											
<b>Data Source</b>	Sense Partners - Socio-economic Projections 27 July 2017											
<b>Household Growth</b>												
<b>Assumption</b>	An increase of 4,902 dwellings is assumed for over the 20 year period of this LTP. The majority of this growth is anticipated to occur in the residential areas. Of the urban settlements, the Levin residential area would have the highest growth.											
<b>Detailed Forecasts</b>	<p>Socio-economic projections completed by Sense Partners factor in the effect the New Zealand Transport Agency's Wellington Northern Corridor project will have on household population growth. The growth rates are based on 50<sup>th</sup> percentile projections.</p> <p><i>Number of Dwellings</i></p> <p>Census 2013 -Total number of dwellings = 15,099 (12,633 Occupied, 2,415 Unoccupied and 51 Under Construction)</p>											

New Dwellings and Relocated Dwellings constructed in Horowhenua since the Census 2013:

2013/14 = 108

2014/15 = 108

2015/16 = 193

2016/17 = 236

2017/18 = 240 (forecast)

Therefore the forecasted total number of dwellings in the District at 30 June 2018 is 15,984.

*Dwelling Occupancy*

It is assumed that the Dwelling Occupancy Rate for the District will be 85%. The Sense Partners projections have been used to inform the projected number of occupied dwellings. A 15% allowance has been added to provide for the unoccupied dwellings.

The 2013 Census identified a dwelling occupancy of 84% for Horowhenua. The slight increase in occupancy is recognising those that have built dwellings here in the District as holiday or weekend homes over the last 10 years are now moving here to reside in them permanently as they retire.

The below table shows the forecasted number of households for the life of this LTP.

Last Year	This Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9
<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
15,744	15,984	16,181	16,492	16,786	17,038	17,289	17,547	17,807	18,035	18,324
Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>31/32</b>	<b>32/33</b>	<b>33/34</b>	<b>34/35</b>	<b>35/36</b>	<b>36/37</b>	<b>37/38</b>
18,578	18,816	19,084	19,340	19,584	19,785	20,032	20,215	20,445	20,671	20,886

In 2038 it is forecast there will be 17,753 occupied dwellings and 3,133 unoccupied dwellings.

*Where will the growth occur?*

This growth will result in an average of 244 additional dwellings (new dwellings and relocated dwellings) per year. The below table shows the forecasted number of dwellings by type and area per year.

	Residential	Greenbelt	Rural
<b>Levin</b>	61	13	n/a
<b>Foxtan Beach</b>	26	2	n/a
<b>Foxtan</b>	6	0	n/a
<b>Waitārere</b>	8	8	n/a
<b>Ōhau</b>	7	8	n/a
<b>Waikawa</b>	1	2	n/a
<b>Manakau</b>	1	4	n/a
<b>Shannon</b>	1	0	n/a
<b>Tokomaru</b>	2	2	n/a
<b>Hōkio Beach</b>	1	0	n/a
<b>Rural</b>	n/a	n/a	90
<b>Total</b>	115	39	90

<b>Risk</b>	The future growth in the number of dwellings and the location of the new dwellings varies substantially (much higher/lower).
<b>Level of Uncertainty</b>	Low to Moderate
<b>Financial impact</b>	<p>A lower level of growth in the number of households would result in less income from rates than predicted. This would have a flow on effect of either increasing the cost of rates per ratepayer for the delivery of services, or Council would need to fund some services and/or planned projects through loans, or it would need to cut back on some planned projects and/or possibly consider reducing Levels of Service.</p> <p>A higher level of growth would increase demand for services and could mean that services need replacing or upgrading earlier than anticipated, however, Council would have a larger rate base to collect rates from to fund the replacement/upgrade of services. Higher than anticipated growth in one part of the District could require upgrading and renewal projects to be prioritised over other parts of the District.</p>
<b>Data Source</b>	<p>Sense Partners - Socio-economic Projections 27 July 2017</p> <p>Census 2013 – Statistics, Horowhenua District Council</p>

## Household Occupancy

<b>Assumption</b>	The average number of occupants per dwelling will be 2.3 over the life of the LTP.
<b>Detailed Forecasts</b>	<p>Socio-economic projections completed by Sense Partners factor in the effect the Wellington Northern Corridor Expressway project will have on household population growth. Figures are based on 50<sup>th</sup> percentile projections.</p> <p><i>Average number of occupants:</i></p> <p>There were an average number of 2.3 people per house in the Horowhenua District in 2013 (Census 2013). It is assumed the average number of occupants will stay at this rate (2.3) on average over the life of this LTP.</p> <p>By 2038: 17,753 (occupied households) x 2.317 (people per house) = 41,134 Note: this is six more people than the assumed population which is 41,128 in 2038. This is due to rounding the figure for average people per house. Overall we assume the population will be 41,128.</p>
<b>Risk</b>	That the future growth of the average number of occupants varies substantially (much higher or lower) than the assumed rates.
<b>Level of Uncertainty</b>	Low to Moderate
<b>Financial impact</b>	<p>A lower average number of occupants per dwelling could result in there being a reduction in the demand for services and facilities. This could mean that some of the planned upgrade or replacement of assets may be able to be delayed and this could result in a reduction in rates or Council borrowing.</p> <p>A higher average number of occupants per dwelling would result in an increase in demand for services and could mean that services may need replacing or upgrading earlier than anticipated. Council may have to increase rates or borrowing more than assumed to fund the replacement and/or upgrade of these services and facilities.</p>
<b>Data Source</b>	<p>Sense Partners - Socio-economic Projections 27 July 2017</p> <p>Census 2013 - Statistics New Zealand</p>

## Legislative Changes

<b>Assumption</b>	Changes in legislation will not result in a significant effect on Council's finances or Levels of Service.
<b>Detailed Forecasts</b>	<p>Key areas that could potentially be affected by changes in legislation are in the regulatory and compliance areas of Council such as Building Consent, Resource Consents and Enforcement. Further changes to legislation around fresh water may also be likely in the future and would have implications for Council in terms of its Water Supply, Wastewater and Stormwater Activities.</p> <p>Possible future changes to legislation could result in Council having to increase or decrease its Levels of Service. Council Officers will closely monitor future changes to legislation.</p>

	Recent changes to legislation, including the Building (Earthquake-prone Buildings) Amendment Act 2016 and Resource Legislation Amendment Act 2017, have had implications for Council and require implementation in the short term. The implications of the Building (Earthquake-prone Buildings) Amendment Act 2016 have been described in a separate assumption. The implications from the Resource Legislation Amendment Act 2017 could include reviewing the Operative District Plan to reflect the new National Plan Standards (currently under development by the Ministry for the Environment).
<b>Risk</b>	<p>Whilst we have a good understanding of the implications that the recent amendments to legislation are likely to have for Council in the near future, there is uncertainty about what amendments might be made in the future. This LTP covers a period of 20 years and with this comes less certainty as there could be changes in government or other contributing factors that result in amendments being made to legislation.</p> <p>Such amendments could require Council to implement legislative changes to its plans, bylaws, regulatory processes and/or infrastructure requirements. There is uncertainty around the likely cost implications and timing to undertake such changes although there is high expectation that the implementation requirements would fall within the 20 year life of this LTP.</p>
<b>Level of Uncertainty</b>	2018 to 2020/21 – Low; 2021/22 to 2027/28 – Moderate; and 2028/29 to 2038 – High.
<b>Financial impact</b>	Changes in legislation may result in a requirement to increase Levels of Service, implement policy, and regulatory changes which may not have been foreseen or accurately budgeted for. Some changes could require additional funding from rates or an increase in fees and charges to implement the legislative changes as directed and within the required timeframes.
<b>Data Source</b>	Horowhenua District Council
<b>Climate Change</b>	
<b>Assumption</b>	It is assumed that climate change will occur in line with the atmospheric projections based on simulations undertaken for the International Panel on Climate Change's (IPCC) 5 <sup>th</sup> Assessment. Climate change will affect the Horowhenua District in a range of ways, including by an increase in temperature, change in annual precipitation patterns and rising sea levels.
<b>Detailed Forecasts</b>	<p>The National Institute of Water and Atmospheric Research (NIWA) has predicted the following changes in temperature, precipitation (rainfall) and sea level rise using the Intergovernmental Panel on Climate Change (IPCC)'s 5<sup>th</sup> Assessment:</p> <ul style="list-style-type: none"> <li>• <b>Temperatures</b> in the Manawatu-Whanganui Region could increase by an annual mean of between 0.7°C (RCP 2.6) and 1.1°C (RCP 8.5) at 2040 (2031-2050 average);</li> <li>• Projected changes in annual <b>precipitation</b> between 1986-2005 and 2031-2050 for Foxton, Levin, Shannon and the Tararua Ranges is between 1% (RCP 2.6) and 2% (RCP 8.5). Projected changes in precipitation vary seasonally (and between RCPs 2.6 and 8.5, and between Levin, Foxton and Shannon) with slight decreases projected for summer (-1% to 0%), autumn (1% to 0%) and spring (1% to 0%), and an increase projected for winter (4% to 7%). Projected changes in precipitation vary seasonally (and between RCPs 2.6 and 8.5) for the Tararua Ranges with slight</li> </ul>

decreases projected for summer (-1% to 0%), autumn (2% to 1%) and spring (1% and 1%), and an increase projected for winter (3% to 6%).

The RCP values are the lowest and highest scenario Representative Concentration Pathways from IPCC's 5<sup>th</sup> Assessment. These scenarios have been further developed for New Zealand to cover a range of possible **sea level rise** futures:

- a low to eventual net-zero emission scenario (RCP2.6),
- an intermediate-low scenario based on the RCP4.5 median projections,
- a scenario with continuing high emissions, based on the RCP8.5 median projections, or
- a higher H+ scenario, taking into account possible instabilities in polar ice sheets, based on the RCP8.5 (83rd percentile) projections.

Ministry for the Environment's (MfE) Guidance Manual on Coastal Hazards and Climate Change recommends the use of 'adaptive pathways' to plan for adapting to sea level rise rather a reliance on a single value. Users are advised to use the four sea level rise scenarios above.

Increments for projections of sea-level rise (metres above 1986–2005 baseline) for New Zealand using these scenarios are:

Year	RCP 2.6 (metres)	RCP 4.5 (metres)	RCP 8.5 (metres)	RCP 8.5 H+ (metres)
2020	0.08	0.08	0.09	0.11
2030	0.13	0.13	0.15	0.18
2040	0.18	0.19	0.21	0.27
2050	0.23	0.24	0.28	0.37

<b>Risk</b>	Climate change occurs at a different rate to what has been projected with greater or lesser implications for the Manawatu-Whanganui Region and the Horowhenua District.
<b>Level of Uncertainty</b>	Low to Moderate
<b>Financial impact</b>	If climate change results in changes that are more significant or which occur sooner than currently projected then this could place strain on some of Council's core infrastructure, e.g. less rain may mean that some water supplies may not be sufficient in the driest months of the year or if there is an increase in heavy rainfalls then this could place additional pressure on Council's stormwater system. If infrastructure needs to be upgraded then this may result in unbudgeted expenditure which could result in an increase in borrowing, the use of Council reserves, or an increase in rates.
<b>Data Source</b>	MfE – 'Coastal Hazards and Climate Change. A Guidance Manual for Local Government in New Zealand.' (July 2008) NIWA – 'Climate Change and Variability – Horizons Region'. (September 2016)

## Natural Hazards – Response and Recovery

<b>Assumption</b>	It is assumed that Council has the capacity to borrow any funds it may require to respond to, and recover from, natural hazard events should they occur during the 20 year period covered by this LTP.
<b>Detailed Forecasts</b>	<p>The Horowhenua District is susceptible to a range of natural hazards including flooding and river erosion, coastal erosion, extreme wind events, and inundation (e.g. storm surges and tsunamis), land instability (e.g. slips, slumps and runoff), seismic activity (e.g. ground rupture, shaking and liquefaction) and volcanic activity.</p> <p>Council must have the capacity to borrow funds to respond to a natural hazard event quickly and to be able to provide necessary relief. Council received an A+ credit rating from Standard and Poors in May 2017. This enables Council's current debt limit, which is set by the Local Government Funding Agency (LGFA), to increase from 175% of our operating income to 250%. The 250% limit provides Council with an adequate buffer to respond and recover from natural hazard events if necessary.</p>
<b>Risk</b>	<p>Some natural hazards are more likely to occur than others in the Horowhenua District. However, there is a relatively high level of uncertainty around when or what type of natural hazard event may occur.</p> <p>There is a risk that a natural hazard event, or series of events, could occur and that cost of recovering from the damage caused would be greater than the funds that are available to Council if it was to stay within its current debt limit.</p>
<b>Level of Uncertainty</b>	Low to Moderate
<b>Financial impact</b>	<p>If Council required more funds to recover from a natural hazard event then what would be available to Council if it was to stay within its current debt limit, then Council would have to borrow funds at a higher interest rate. This could potentially result in Council having to increase rates to cover the loans.</p> <p>It is noted that the New Zealand Transport Agency (NZTA) provides funding for emergency works required to be done on roads as a result of damage caused by qualifying (natural hazard) events. The NZTA provides assistance at Council's normal Funding Assistance Rate (FAR) for cumulative claims for the costs of emergency works up to 10% of Council's approved maintenance programme for the year. For the portion of cumulative claims of the total costs of emergency works that exceed 10% of Council's approved maintenance programme for the year, the NZTA will provide funding at the normal FAR plus an additional 20%.</p> <p>An increase in the frequency of natural hazards that has occurred in recent history, as well as the severity of these natural hazard events (most notably the Christchurch Earthquake 2011), has resulted in an increase in the cost of insurance.</p>
<b>Data Source</b>	<p>Horowhenua District Council</p> <p>New Zealand Transport Agency</p>



## Sources of Funds for Replacement of Significant Assets

<b>Assumption</b>	It is assumed that funding for the replacement of significant assets will be in accordance with Council's Revenue and Financing Policy, and Financial and Infrastructure Strategies.
<b>Detailed Forecasts</b>	<p>Funding sources used to finance capital expenditure (i.e. replacement of significant assets) are as per the Revenue and Financing Policy (in order of hierarchy):</p> <ol style="list-style-type: none"> <li><b>1. Third party sources:</b> These are sources that relieve the burden on ratepayers generally. These are not commonly available, but include any government subsidies for water and wastewater schemes and third party donations.</li> <li><b>2. Rates:</b> This reflects a prudent propensity on Council's part to ensure that special purpose reserves are only utilised on a selective basis on relatively significant works in the context of long term planning, rather than on minor works over a shorter term, and a prudent reluctance to increase loan indebtedness unless necessary.</li> <li><b>3. Reserves:</b> In particular, funds that may be held for larger capital works in specific activities. An example includes water, wastewater, roading and property works financed from the Foxton Beach Freeholding Fund.</li> <li><b>4. Borrowing:</b> This reflects a prudent reluctance to increase loan indebtedness unless necessary. Although it is the last option considered, the LTP provides for substantial new borrowing to achieve an element of intergenerational equity in the financing of a range of major capital expenditure works.</li> </ol> <p>Note: loan funding is also used for infrastructural asset renewals where the rate generated reserves are inadequate due to the level of renewals in any one year.</p>
<b>Risk</b>	That there are insufficient funds available for the replacement of significant assets.
<b>Level of Uncertainty</b>	Low
<b>Financial impact</b>	If the assumed funding sources were not available and a significant asset needed to be replaced then Council would either have to borrow funds and incur higher than usual interest on this loan or defer other planned works that are of lower priority and use the funds that were initially allocated to them to replace the significant asset.
<b>Data Source</b>	Horowhenua District Council – Revenue and Financing Policy
<b>Interest Costs</b>	
<b>Assumption</b>	Council is assuming for the 20 year period of this LTP that the interest rate for new borrowing will be between 4.75% and 6.00%

**Detailed Forecasts**

The table below identifies the assumed interest costs over the 20 year life of this LTP.

2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
4.75%	4.75%	4.75%	5.00%	5.00%	5.00%	5.00%	5.25%	5.25%	5.75%
2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
5.75%	5.75%	5.75%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

**Risk**

Interest rates can vary subject to market conditions and could fluctuate beyond what is anticipated, however, 4.75% to 6.00% is considered to be a conservative projection. The lower interest rates projected for years 1 and 2 of this LTP are based on prevailing market conditions as well as Council having recently obtained an A+ credit rating.

**Level of Uncertainty**

2018 to 2020/21 – Moderate; 2021/22 to 2027/28 – Moderate to High; and 2028/29 to 2038 – High.

**Financial impact**

As the assumption on interest costs is fundamental to the information underlying the LTP, the below scenarios have been provided. The scenarios outline the financial implications if the interest costs occur higher or lower than anticipated. Each scenario is modelled independently and is compared to the baseline figures from the Financial Strategy.

**Scenario 1 Increase in interest costs (1% higher than assumed)**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 and following years
<b>Rates income percentage increases</b>						
<b>Projected</b>	6.53%	5.97%	5.40%	6.42%	4.92%	Range 2.10% to 4.47%
<b>1% Increase in interest rates</b>	9.06%	5.96%	5.54%	6.43%	4.95%	Range 2.00% to 4.41%
<b>Total rates income (\$000)</b>						
<b>Projected</b>	\$37,449	\$39,683	\$41,826	\$44,512	\$46,703	From \$48,064 to \$74,139
<b>1% Increase in interest rates</b>	\$38,338	\$40,622	\$42,874	\$45,630	\$47,890	From \$49,227 to \$75,866

Higher interest rates will have an impact on Council’s interest expense and consequently the affordability of services provided and the ability to afford capital improvements which are funded from borrowing.

**Scenario 2 Reduction in interest costs (1% lower than assumed)**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 and following years
<b>Rates income percentage increases</b>						
<b>Projected</b>	6.53%	5.97%	5.40%	6.42%	4.92%	Range 2.10% to 4.47%
<b>1% Reduction in interest rates</b>	4.00%	5.97%	5.25%	6.42%	4.86%	Range 2.00% to 4.56%
<b>Total rates income (\$000)</b>						
<b>Projected</b>	\$37,449	\$39,683	\$41,826	\$44,512	\$46,703	From \$48,064 to \$74,139
<b>1% Reduction in interest rates</b>	\$36,561	\$38,744	\$40,780	\$43,396	\$45,507	From \$46,880 to \$73,823

Lower interest rates would result in lower rates income increases and as such, improve the affordability of services and the ability to afford capital improvements.

**Data Source**

Horowhenua District Council  
Bancorp Treasury Services Limited

## ***Depreciation***

<b>Assumption</b>	Council is assuming that by 2026 depreciation funds will be adequate to fund asset renewal expenditure.
<b>Detailed Forecasts</b>	Council has estimated future depreciation on the basis of recent asset valuations and planned capital expenditure, using straight line percentage calculations of depreciation as laid out in the Accounting Policies.
<b>Risk</b>	The actual cost of renewals may be higher or lower than depreciation.
<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	Underfunding of depreciation would result in increased borrowing requirements to fund asset renewals or potentially not undertaking some renewals as early as initially anticipated. Overfunding of depreciation would result in Council surpluses that could be used to reduce debt.
<b>Data Source</b>	Accounting Policies (found in Financial Statements) - Horowhenua District Council

## ***Local Government Funding Agency***

<b>Assumption</b>	That the Local Government Funding Agency (LGFA) remains in existence and is Council's preferred source of debt funding. Also that the deed guarantee obligations on default of any Council under the deed will not occur.
<b>Detailed Forecasts</b>	The LGFA is a Council-Controlled Organisation (CCO) that was established to raise debt on behalf of local authorities on terms that are more favourable to them than if they raised the debt directly. Council is a shareholder of the LGFA and each of the shareholders are party to a deed of guarantee, whereby the parties to the deed guarantee have obligations to the LGFA in the event of default.
<b>Risk</b>	The risk of a local authority borrower defaulting is extremely low and highly unlikely especially given that all of the borrowings by a local authority from the LGFA are secured by rates.
<b>Level of Uncertainty</b>	Low
<b>Financial impact</b>	Given the extremely low likelihood of the event of default by a local authority borrower, Council has insufficient information to reliably forecast any potential impact of its shareholding.
<b>Data Source</b>	Horowhenua District Council

## ***Investment Revenue***

<b>Assumption</b>	Council is assuming that dividends will be zero (or immaterial) and that the rate of interest earned on all future investments for the life of this LTP will be between 3.5% and 4.5%.
<b>Detailed</b>	Most of Council's interest revenue is tagged to special funds and is not a direct supplement to rating revenue or offset against

<b>Forecasts</b>	rates requirements. The proposed utilisation of these special funds does not rely unduly on accumulations of interest earnings.
<b>Risk</b>	The assumed rate is in the range of rates experienced in recent and current prevailing economic environments. There is potential for interest earned to be higher or lower than estimated.
<b>Level of Uncertainty</b>	Low to Moderate
<b>Financial impact</b>	Lower interest rates on Council's investments would lead to lower revenue. However, investment revenue is not significant and as such there would be only a minimal financial impact for Council if these rates were lower than anticipated.
<b>Data Source</b>	Horowhenua District Council Bancorp Treasury Services Limited

## Inflation

### Assumption

Annual increases in inflation will be in accordance with the inflation adjusters that have been provided by Business and Economic Research Ltd (BERL) and endorsed for use by the Society of Local Government Managers (SOLGM).

### Detailed Forecasts

The table below details the inflation adjusters that have been used for each category.

#### Adjustors: % per annum change

##### Years 1-10

	Planning and Regulation	Roading	Transport	Community Activities	Water and Environmental
Year ending	% change (on year earlier)				
June 2020	2.1	2.2	2.0	2.0	2.5
June 2021	2.1	2.2	2.1	2.1	2.3
June 2022	2.1	2.3	2.2	2.1	2.4
June 2023	2.2	2.4	2.2	2.2	2.4
June 2024	2.3	2.4	2.3	2.3	2.5
June 2025	2.3	2.5	2.4	2.3	2.6
June 2026	2.4	2.6	2.5	2.4	2.6
June 2027	2.4	2.7	2.5	2.4	2.7
June 2028	2.5	2.8	2.7	2.6	2.8

##### Years 11-20

	Planning and Regulation	Roading	Transport	Community Activities	Water and Environmental
Year ending	% change (on year earlier)				
20-year ave %pa	2.3	2.5	2.4	2.3	2.6

An average inflation has been given for the years 2029 to 2038.

### Risk

Council uses standard BERL adjusters, however, these are predictions and future rates of inflation are subject to a large number of variables which are beyond Council's control and are difficult to forecast.

### Level of Uncertainty

2018 to 2020/21 – Low-Moderate, 2021/22 to 2027/28 – Moderate and 2028/29 to 2038 – High.

## Financial impact

As the assumption on inflation is fundamental to the information underlying the LTP, the below scenarios have been provided. The scenarios outline the financial implications if the inflation rate were to occur higher or lower than anticipated. Each scenario is modelled independently and is compared to the baseline figures from the Financial Strategy.

### Scenario 1 Increase in inflation (0.5% higher than assumed)

	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Rates income percentage increases</b>					
<b>Projected</b>	6.53%	5.97%	5.40%	6.42%	4.92%
<b>0.5% Increase in inflation</b>	6.53%	6.28%	5.83%	5.79%	5.32%
<b>Total rates income \$000</b>					
<b>Projected</b>	\$37,449	\$39,683	\$41,826	\$44,512	\$46,703
<b>0.5% Increase in inflation</b>	\$37,449	\$39,801	\$42,121	\$44,981	\$47,373
<b>Effect on net debt*</b>					
<b>Projected</b>	\$82m	\$93m	\$100m	\$107m	\$105m
<b>0.5% Increase in inflation</b>	\$82m	\$93m	\$100m	\$108m	\$106m

\*An increase in depreciation funding reduces debt over time.

If inflation were to occur higher than what is anticipated we would experience higher rates income increases and subsequently total rates income. Net debt would also increase more than what has been projected.

### Scenario 2 Reduction in inflation (0.5% lower than assumed)

	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Rates income percentage increases</b>					
<b>Projected</b>	6.53%	5.97%	5.40%	6.42%	4.92%
<b>0.5% Reduction in inflation</b>	6.53%	5.65%	4.98%	6.05%	4.50%
<b>Total rates income \$000</b>					
<b>Projected</b>	\$37,449	\$39,683	\$41,826	\$44,512	\$46,703
<b>0.5% Reduction in inflation</b>	\$37,449	\$39,683	\$40,780	\$43,396	\$45,507
<b>Effect on net debt*</b>					

	<b>Projected</b>	\$82m	\$93m	\$100m	\$107m	\$105m
	<b>0.5% Reduction in inflation</b>	\$82m	\$92m	\$100m	\$107m	\$105m
	<p>*An increase in depreciation funding reduces debt over time.</p> <p>A lower inflation rate would mean lower rates income increase and total rates income. The difference in net debt wouldn't be significant with the only variance occurring in 2019/20.</p>					
<b>Data Source</b>	The inflation adjusters have been provided by BERL and have been endorsed for use by the SOLGM.					
<b>Property</b>						
<b>Assumption</b>	<p>Council assumes it will dispose of \$7 million of non-core property over the first two years of the LTP. Non-core is identified as properties contributing to non-traditional Council services (e.g. commercial buildings and residential housing).</p> <p>Council assumes that the above includes non-core community property (Halls), and that seismic strengthening of Community Halls will not be undertaken.</p> <p>Beyond year two, Council assumes that further non-core property will be programmed for disposal following a complete evaluation of all Council property assets in line with Council's Property Strategy. This evaluation will consider all property assets including infrastructure, community facilities, land, buildings, and reserves.</p> <p>This disposal programme will be indicatively phased across the subsequent nine years of the LTP with a view to Council owning and maintaining only core property by 2028.</p>					
<b>Detailed Forecasts</b>	<p>Following the Property Strategy evaluation, Council has identified \$5.3 million (capital value) of commercial property and \$1.7 million of general property as non-core and consequently available for disposal. Council aims to achieve a purchase price of approximately \$7 million for the commercial and residential property it sells.</p> <p>The majority of community buildings identified for potential disposal are earthquake prone. Should Council sell these buildings, it would aim to achieve the best price possible and dispense with the financial liability associated with earthquake strengthening of the portfolio.</p>					
<b>Risk</b>	Council disposes of more or less property than assumed above, or fails to achieve the appropriate sale prices, resulting in debt levels that are higher or lower than forecast. The likelihood of these risks occurring is considered unlikely*.					
<b>Level of Uncertainty</b>	Moderate					
<b>Financial impact</b>	<p>If Council disposes of less property than forecast, or if it does not receive the expected income from sales, then debt and interest will be higher than forecast, and Council may need to rely on other funding sources to progress Council priorities that may otherwise have been funded through income generated by property sales.</p> <p>If Council disposes of more property than forecast, or if it receives higher income from sales than expected, then debt and</p>					



interest will be lower than forecast, and Council may have greater capacity to progress Council priorities that may otherwise have been funded through debt funding or other sources.  
 If Council does not dispose of its Community Halls, then it will need to borrow additional money to complete seismic strengthening.

**Data Source** Horowhenua District Council

**NZTA subsidy (Funding Assistance Rates)**

**Assumption** It is assumed that the roading subsidies (Funding Assistance Rates) that Council receives from the New Zealand Transport Agency (NZTA) will increase from 54% in 2018/19 to 59% by the end of the transition in 2023/24. From 2023/24 they will remain 59% for the life of the LTP.

**Detailed Forecasts** Council works closely with its co-investment partner, the NZTA, to undertake its Land Transport (Roads and Footpaths) Activities.  
 Currently Council receives a subsidy of 52% from the NZTA. As advised by the NZTA, and in accordance with its 2018-2021 National Land Transport Programme (NLTP), this subsidy will increase by 2% to 54% in 2018/19. It will then increase 1% per year until it reaches 59% and shown in the table below:

Normal Funding Assistance Rates for Horowhenua District Council for the 2018-21 NLTP			
2018/19	2019/20	2020/21	End of transition 2023/24
54%	55%	56%	59%

For the first three years of this LTP there are no significant changes expected to the size of the roading network. As part of the next review of the LTP any anticipated changes will be factored in.

**Risk** Subsidies for roading are calculated annually so it is possible that in the later years of the LTP that the NZTA may not approve as much of a subsidy as Council requests or there may be a variation in the criteria for inclusion in the subsidised works programme.

**Level of Uncertainty** 2018 to 2021 – Low; 2021/22 to 2028 – Moderate; and 2028/29 to 2038 – High.

**Financial impact** If NZTA does not approve the requested subsidy in any one year, then Council will have to either increase the funds available for non-subsidised road works which would result in an increase in rates or an increase in borrowing to what Council has initially projected. Alternatively Council would have to reduce the amount of road works that it had intended to undertake.

**Data Source** NZTA  
 Horowhenua District Council

## Asset Management Plans

<b>Assumption</b>	Council assumes the underlying data for Council's Water, Wastewater, Stormwater, Land Transport (Roads and Footpaths), Solid Waste, and Parks and Property Asset Management Plans are up to date and reliable. Asset data is being updated on a regular basis with the assistance from Operations Team and the maintenance contractors.
<b>Detailed Forecasts</b>	<p>Forecasts for Capital and Operational expenditure in Wastewater, Water, Stormwater and Roding Activities are based on the information in the Asset Management Plans and summarised in the Infrastructure Strategy as only core Council activities are part of this strategy.</p> <p>Forecasts for Capital and Operational expenditure in Property, Parks, and Solid Waste Activities are also based on the information in the Asset Management Plans but these are not part of the Infrastructure Strategy.</p>
<b>Risk</b>	<p>Council has used the best available information in projecting future expenditure towards capital works. Activity Managers will perform due diligence while finalising/identifying assets for renewals by performing condition assessments, assess asset performance and also considering the risk of asset failure.</p> <p>The Asset Management Plans are based on the best information currently available to Council. However, Council's information on the condition of its underground assets is continually improving and as this information improves Council will have a better understanding of what assets require renewal and replacement and by when.</p> <p>The Property and Solid Waste Activities have a fair degree of certainty but are subject to impending decisions on future of ownership, management and operation.</p>
<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	More certainty on the condition of underground assets may result in changes to planned replacement programmes and changes to funding requirements.
<b>Data Source</b>	<p>Water, Wastewater, Stormwater data is from IPS/Geographical Information System (GIS) based registers (Horowhenua District Council).</p> <p>Roding data and some Stormwater data are from the Road Assessment and Maintenance Management (RAMM) system (Horowhenua District Council).</p> <p>Solid Waste, Parks and Property data is in spreadsheet registers and in SPM Assets (Horowhenua District Council).</p>

## Asset Revaluations

<b>Assumption</b>	Council is assuming that the impact of the periodic revaluation of assets will be in line with the assumed rates of inflation relevant to local government goods and services and cost fluctuations relevant to each infrastructure sector. Council is also assuming that the expected useful lives of significant assets will remain the same.
<b>Detailed</b>	Asset revaluations take place every year with the last revaluation occurring as of 01 July 2016. This is done in

<b>Forecasts</b>	accordance with the accounting standards applicable to each class of asset and is shown in the financials as an annual adjustment to asset values and equity equivalent to the inflation rate applied to the opening asset values. Infrastructure asset valuations are based on Council's own recent contract prices where relevant work has been undertaken, otherwise inflation adjustments have been made to reflect regional cost changes, or construction cost indices applicable to each activity.
<b>Risk</b>	Asset valuations could be higher or lower than assumed. Key impacts on the valuation of infrastructure assets are oil prices and regional economic activity within each relevant sector.
<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	Increases in valuations would require a higher level of depreciation funding as the cost of renewals would increase and this would impact on other Council spending or would require Council to increase rates. A change in asset valuation would also impact on the long term renewals and capital addition expenditure projections.  Decreases in valuations would require less in depreciation funding as cost of renewals would decrease and this would have a flow on effect for rates.
<b>Data Source</b>	Horowhenua District Council

### **Useful Lives of Assets**

<b>Assumption</b>	Asset lives are based on the National Asset Management Steering Group "Valuation and Depreciation Guidelines" 2002 and have been used in Council's Asset Management Plans and Asset Valuation report as of 01 July 2016. As such, it is assumed that assets will last as long as estimated in Council's Asset Management Plans and Infrastructure Strategy which is reflected in the Accounting Policies. There is not enough evidence collected to change/extend the asset useful lives.
<b>Detailed Forecasts</b>	The useful lives of assets adopted are industry best practices and Activity Managers perform condition assessment on critical assets before assets are identified for renewals.
<b>Risk</b>	Council has estimated the useful lives of its assets on the best information available to it currently. As Council's information improves over time, these estimates will become more certain. There is a risk that assets could deteriorate at a faster or slower rate than anticipated and this would mean they may need to be replaced earlier or later than currently forecast.
<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	Unanticipated asset deterioration may result in unbudgeted expenditure which could result in an increase in borrowing,

	<p>use of Council reserves, or an increase in rates.</p> <p>If assets take longer to deteriorate than anticipated then Council would not need to replace them as early as planned. Council would have more time to set aside funds for the replacement of assets and would therefore borrow less when assets eventually did require replacement.</p> <p>Changes in timing around the requirement to replace assets could also result in the cost of replacing an asset changing (i.e. being more or less expensive than anticipated). Therefore Council would either need to come up with funds if the cost of the project had increased or Council could borrow less if replacement costs had decreased.</p>
<b>Data Source</b>	National Asset Management Steering Group “Valuation and Depreciation Guidelines” (2002). Horowhenua District Council - Asset Management Plans.

### **Resource Consents Requirements**

<b>Assumption</b>	That Council will obtain any resource consents that are required to ensure that it’s Water, Wastewater, Stormwater and Solid Waste Activities (and any other activity) can continue to operate. Also that these consents are granted within required timeframes and within anticipated expenditure.
<b>Detailed Forecasts</b>	Expenditure estimates for resource consents have been prepared based on experience with and observations of trends of previous resource consent processes and standards. These costs have been built into the overall costs of each specific project.
<b>Risk</b>	It may cost more than anticipated to obtain the required resource consents, or conditions that are imposed on the consents may be more stringent than expected. The time taken to obtain a resource consent could be longer than anticipated and delay the implementation or construction of the project associated with the consent. There could also be a change in consenting processes/requirements that we can’t account for at this time.
<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	Levels of rating, debt, and capital maintenance expenditures would be higher than expected and/or a reorganisation of other expenditure would need to be undertaken. If the consent process takes longer than anticipated then the costs for the project may need to be extended beyond the anticipated timeframe for the project. If the consent conditions imposed are more onerous on Council (particularly conditions with ongoing costs such as monitoring) than anticipated, or the legal processes involved with the consent are more protracted, these factors could result in the overall cost of the project being higher. This would require additional funding from borrowing, rates, user fees and charges, or other sources.
<b>Data Source</b>	Horowhenua District Council

## Earthquake-Prone Buildings

<b>Assumption</b>	Council will meet its obligations as a property owner and Territorial Authority under the Building (Earthquake-prone Buildings) Amendment Act 2016.
<b>Detailed Forecasts</b>	<p>Under the Building (Earthquake-prone Buildings) Amendment Act 2016 territorial authorities must undertake the following for managing earthquake-prone buildings:</p> <ul style="list-style-type: none"> <li>• identify potentially earthquake-prone buildings and notify the building owners;</li> <li>• consider engineering assessments provided by building owners;</li> <li>• determine if a building is earthquake prone, and if it is, assign an earthquake rating;</li> <li>• issue Earthquake-Prone Building notices to owners of earthquake-prone buildings; and</li> <li>• publish information about earthquake-prone buildings on the Earthquake-Prone Building register.</li> </ul> <p>Council is also an owner of earthquake-prone buildings so must meet its obligations under the Act as a building owner. If Council is issued with an Earthquake-Prone Building notice, Council must take action within the set time frames.</p> <p>Horowhenua has been identified as a High Risk Seismic Area, which imposes more onerous timeframes on Council for the identification and remediation of earthquake-prone buildings in the District. In high-risk seismic areas, Councils must identify potentially earthquake-prone buildings by 1 January 2020 for priority buildings and by 1 July 2022 for other buildings. Also in high-risk seismic areas owners of earthquake-prone buildings must carry out seismic work within (time from issue of Earthquake-Prone Building notice) 7.5 years for priority buildings and 15 years for other buildings.</p>
<b>Risk</b>	<ol style="list-style-type: none"> <li>1. Insufficient funding to meet the obligations as an:             <ol style="list-style-type: none"> <li>a. Owner</li> <li>b. Regulator (unknown costs of potential legal action)</li> </ol> </li> <li>2. Shortage of professional expertise to carry out assessments</li> </ol>
<b>Level of Uncertainty</b>	<ol style="list-style-type: none"> <li>1.             <ol style="list-style-type: none"> <li>a. Moderate</li> <li>b. High</li> </ol> </li> <li>2. Moderate</li> </ol>
<b>Financial impact</b>	The cost of strengthening earthquake-prone buildings has an impact on capital expenditure. Council has decided to consult on the potential disposal of Community Halls in the upcoming LTP. Should the Community indicate a desire to retain the Community Halls following that consultation, Council will consider the cost/benefit of completing seismic strengthening of the buildings within the first five years of the LTP.
<b>Data Source</b>	Horowhenua District Council Ministry of Business, Innovation and Employment

## Otaki to north of Levin Expressway

<b>Assumption</b>	Council is assuming the development of the Ōtaki to North Levin Expressway will occur.
<b>Detailed Forecasts</b>	<p>The New Zealand Transport Agency (NZTA) is investigating options for improving the section of State Highway 1 (approx. 30km in length) from Ōtaki to north of Levin. This is part of the Wellington Northern Corridor project in which has already seen the construction of the Mackays to Peka Peka Expressway. Work on the Wellington Northern Corridor is continuing and by 2021 an expressway will extend from Wellington to north of Ōtaki. To the north of Levin the replacement of the Whirokino Trestle and Manawatu River Bridge is expected to be completed by 2019.</p> <p>No decision has been made by NZTA on the long-term form of the section between the general vicinity of Koputaroa Road and the Manawatū River. Options include upgrading the existing State Highway 1 or constructing a separate expressing, potentially bypassing the town centre of Levin.</p> <p>A change of government following the 2017 General Election has meant the timeframes and scope for the Ōtaki to north of Levin Expressway may be changed.</p>
<b>Risk</b>	<p>The Ōtaki to north of Levin Expressway may not proceed within the timeframe of this LTP but may instead be delayed due to other Central Government priorities.</p> <p>Another risk is that it may cost more or less than anticipated to maintain the existing state highway if it is revoked and vested in Council.</p>
<b>Level of Uncertainty</b>	Moderate to High
<b>Financial impact</b>	The Expressway will have a financial impact on Council if the new road bypasses the existing state highway, and the existing highway is revoked and vested in Council.
<b>Data Source</b>	<p>Horowhenua District Council</p> <p>New Zealand Transport Agency</p>

\*Risks of key assumptions (population growth and property) have been assessed for likelihood using the following scale. The financial implications of these risks have been assessed (the assessment for property has been provided in the Financial Strategy).

Likelihood	Descriptor
Almost certain	Is expected to occur
Very Likely	Will probably occur
Likely	Might occur
Unlikely	Will probably not occur
Extremely unlikely	Not expected to occur

## Development of Māori Capacity to Contribute to Decision Making

As a Council, we recognise the special position of Tangata Whenua within this District and the important role Māori have to play in Council's decision-making processes. Schedule 10 of the Local Government Act (LGA) 2002 requires Council to include in its Long Term Plan (LTP) any steps that it 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 Council over the next 20 years.

The LGA (Parts 2 and 6) provides principles and requirements for local authorities that are intended to facilitate participation by Māori in their decision making processes. In accordance with section 81 of the LGA the Council must:

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; and
3. Provide relevant information to Māori for the purposes of (1) and (2) above.

Through its decision making processes Council recognises the principles of the Treaty of Waitangi and kaitiakitanga. Council's Significance and Engagement Policy sets out what the Community including Māori can expect from Horowhenua District Council regarding consultation and ways they can influence and participate in Council's decision making processes. The Council endeavours to provide for the relationship of Māori and their traditions with their ancestral lands, water sites, waahi tapu and other taonga, when it is considering a significant decision (as per Council's Significance and Engagement Policy, July 2017) in relation to land or a body of water and this is consistent with the requirements of section 77 of the LGA.

Council acknowledge the value of positive and enduring relationships that exemplify Iwi led engagement. With significant growth and development set-out in the 20 year Long Term Plan Council will be seeking to find ways to collaborate on matters of mutual interest in the region and develop more effective engagement with Iwi to manage the volume of activity by investing and lifting the collective capacity and capability.

Currently Council is working to transform its relationship with Muaūpoko Tribal Authority, Ngāti Raukawa kit e Tonga, and Rangitaane O Manawatu by developing agreements to set the vision and direction for future initiatives that advance strategic outcomes of each organisation. These agreements also seek to ensure each party collaborates in the scoping, planning, and investment to coproduce social, economic, and environmental outcomes.

Council acknowledges that effective partnership models with Muaūpoko Tribal Authority, Ngāti Raukawa kit e Tonga, and Rangitaane O Manawatu must be designed and implemented in a way that each partner has the resources to be involved at a governance, design, implantation and operational level for Council led activities.

Council is also developing and entering into Memorandums of Partnership to help facilitate Māori involvement in local decision making processes. Memorandums of Partnership 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. These documents are becoming increasingly important as Council seeks closer and meaningful working relationships with the Māori community, to achieve effective consultation and engagement on a wide range of issues affecting the Horowhenua District.

Council currently has formalised memorandums of partnership with the following Iwi:

- Muaūpoko Tribal Authority
- Ngāti Tukorehe
- Ngāti Raukawa ki te Tonga
- Rangitāne O Manawatū
- Te Kotahitanga o Te Iwi o Ngāti Wehi Wehi

Through the Horowhenua District Plan, Council identifies the following initiatives to develop the Māori capacity to contribute to decision making:

- Council will support representatives from local Iwi becoming accredited Commissioners.
- Council will consider using independent accredited Māori Commissioners to sit on the Council Hearings Committee for notified consent applications or plan change hearings.

Māori see people and the environment as closely interrelated and share with Council a strong interest in maintaining and protecting the environment as well as developing the economic future of the area. The Council is committed over the period covered by this LTP and beyond to continuing the process of consultation and engagement with local Māori.



# Council Controlled Organisations

## Legislative context

The Local Government Act (LGA) 2002 defines Council Controlled Organisations (CCOs) as (section 6 (1)(b)):

*An organisation in respect of which one or more local authorities have, whether or not jointly with other local authorities or persons-*

- 1. control, directly or indirectly, of 50% or more of the votes at any meetings of the members or controlling body of the organisation; or*
- 2. the right, directly, or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the organisation.*

Horowhenua District Council does not have any organisations which fit within the definition of a Council Controlled Organisations.

## Council Controlled Organisations (Exempt)

In accordance with section 7(3) of the LGA the Council can, by resolution, exempt small CCOs that are not Council Controlled Trading Organisations from the requirements of CCOs.

The Council has two CCOs that have been exempt; these are the Manawatu-Wanganui Local Authority Shared Services Limited and the Shannon Community Development Trust.

As these CCO's have the status of being exempt there is no requirement for Council to disclose the performance targets and measures.

## Manawatu-Wanganui Local Authority Shared Service Limited (MW LASS Ltd)

### Nature and scope of activities

MW LASS Ltd brings together Horizons Regional Council and Horowhenua, Manawatu, Rangitikei, Ruapehu, Tararua and Wanganui District Councils. MW LASS Ltd was established in 2008 to investigate, develop, and deliver shared services.

MW LASS Ltd provides for the Councils in this Region (excluding Palmerston North City Council) to work together on mutually beneficial joint projects to ensure consistent levels of service throughout the Region and to reduce the individual costs of delivering these services incurred by each Council.

The projects that have been developed through MW LASS Ltd to date include (but are not limited to):

- The Regional Archives Project (which included the construction and operation of a regional archives facility);
- Joint debt collection service; and
- Shared valuation database system.

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

MW LASS Ltd is managed by its own Chief Executive and member Councils are all represented by their Chief Executives on the Board of Directors.

## **Shannon Community Development Trust**

### **Nature and scope of activities**

The Shannon Community Development Trust was established in July 2012. The Shannon Community Development Trust distributes funds for the benefit of the residents of Shannon for:

- 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 Council is responsible for the appointment of all Trustees, but does not control, either directly or indirectly, any votes at any Shannon Community Development Trust meeting. Horowhenua District Council provides administrative support to the Shannon Community Development Trust for operational purposes.

# Summary of Council's Policy on Determining Significance

## Legislative requirements:

In accordance with section 76AA of the Local Government Act (LGA) 2002 the Council is required to have a Significance and Engagement Policy (Policy). This Policy is required to set out the following:

- (a) Council's general approach to determining the significance of proposals and decisions in relation to issues, assets, and other matters;*
- (b) any criteria or procedures that are to be used by Council in assessing the extent to which issues, proposals, assets, decisions, or activities are significant or may have significant consequences;*
- (c) how Council will respond to community preferences about engagement on decisions relating to specific issues, assets, or other matters, including the form of consultation that may be desirable; and*
- (d) how Council will engage with communities on other matters.*

## Determining whether a decision is significant:

The Policy outlines the criteria and procedures for Council when determining whether or not a decision is significant. In accordance with its general approach, Council will determine all decisions to be significant unless the impact on the:

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

## Engagement with the Community

Community involvement in Council's decision making process for significant decisions is important. The Policy outlines how Council intends to engage with the Community during its decision making process for significant decisions.

The Policy describes different levels of community engagement and these are; inform, consult, involve, collaborate and empower. At a high level the extent to which Council will engage with the Community on a decision aligns with the significance of the decision that is to be made.

## Decision making

When making decisions, Council will:

- Identify and assess as many options as are practicable;
- Quantify the costs and benefits resulting from the decision to be made;
- Provide detailed information accessible to the public; and
- Maintain clear and complete records showing how compliance with the Significance and Engagement Policy was achieved.

If the issue, proposal, decision, or other matters concerned involved a significant decision in relation to land or a body of water, Council will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.

## Review of the Significance and Engagement Policy

As part of the engagement process for the adoption of this Policy and subsequent reviews, the Council will work with people in the Horowhenua District on their engagement preferences and will review these preferences each LTP process as part of a review of the Community Engagement Strategy.

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

**Note:** *This is just a summary of the Significance and Engagement Policy. The full version of this Policy is available online on Horowhenua District Council's website (<http://www.horowhenua.govt.nz/Council/Council-Documents/Policies/>) or it is available upon request from the Council's civic building in Levin.*

---

# Foxton Pool – Extended Season Trial

File No.: 17/37

---

## 1. Purpose

To present to the Foxton Community Board a report on the Foxton Pool extended season trial.

### Executive Summary

The current Foxton Pool was constructed in 2007 and includes a light weight building with no thermal insulation or vapour barriers and without spare structural capacity to support significant additional loads. This building accommodates a 25m pool and a learners/toddlers pool. Issues associated with condensation have existed from the time of the original build.

In 2009 Council responded to public feedback for pool heating, and gas heating was installed providing pool temperatures of 28 degrees to the main pool and 32 degrees to the toddler's pool.

Over the last 10 years the Foxton Pool has been open across the period 1 December - 1 May each summer season.

In November, 2015 Foxton Community Board (Council) received a petition with over 1,000 signatures, requesting Foxton Pool be operated twelve months (12) of each year.

In 2016 an extended operational season occurred commencing 1 December 2015 until 24 September 2016. This ensured a public swimming pool was available for residents of Horowhenua district over the period of the Levin Aquatic Centre redevelopment.

During the extended season, environmental conditions and impacts associated impacts were identified by staff and some customers primarily related to condensation.

In this report, Foxton Pool usage data has been analysed for its "normal" 2015/16 season (December – May) season as well as the extended 2016 season (May – September).

During the 2015 /16 season two Customer Surveys were undertaken and an analysis is included.

A report was commissioned from Calibre Consulting on options for year round usage. A summary is included. The Calibre Consulting report recommended three options for proving a year round Aquatic operation at Foxton Pool. Option One (1) recommends leaving the building uninsulated and adding heating and ventilation to the main pool hall. Option Two (2) Proposes re-cladding, re-roofing and adding ventilation and heating to the main pool halls and changing rooms. Option Three (3) recommends replacing the existing building. Capital costs for year round use have been provided by Calibre in relation to each option, and Operational costs have been calculated against these options.

Remedial actions by Council were undertaken as a result of issues identified during the extended season. These actions were undertaken prior to commencement of the 2016/2017 season and further remedial actions are planned within the existing capital works budget for Foxton.

Foxton Pool usage data for the current season, November 2016 – February 2017, has been analysed. This usage data is compared to LAC data for the same period and a Unit Cost has been calculated for both Levin Aquatic and Foxton Pool, dividing the total amount of operational costs by the total number of casual swimmers, to provide a comparison.

At this time, Council Officers plan to continue to operate Foxton Pool as a five (5) month operation.

## **2. Recommendation**

- 2.1 That Report 17/37 Foxton Pool - Extended Season Trial be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

## **3. Background/Previous Council Decisions**

In 2007, after community consultation, Council constructed a 25m pool, and learners/toddlers pool began to the west of the original outdoor Foxton pool at a cost of \$1.5m. The complex includes a 25 metre indoor pool and an indoor play and toddlers' pool.

A Horowhenua District Council (Council) requirement of the building design was that future development was accommodated, so that insulation and ventilation could be added at a later date. Issues in construction and engineering led to Council officers questioning the structural integrity of the building and legal action followed. It has since been found that the structure cannot support additional weight without significant expenditure.

The Pool building's original design intent was to accommodate an unheated pool and shelter swimmers and spectators from outdoor conditions and was not mechanically heated or ventilated. Condensation issues were documented from the first season of operation. At that time the pools were heated through solar gain only.

In 2009, submissions were received by Council for the Foxton Pools to be fitted with boost heating. Subsequently gas heating was installed providing pool temperatures of 28 degrees to the main pool and 32 degrees to the toddler's pool. This added significantly to the condensation issues inside the building.

Over the last 10 years the Foxton Pool has been open across the period 1 December - 1 May each summer season.

In November, 2015, Council received a petition to increase the season / hours of the Foxton Pool. The petition had over 1,000 signatures, requesting the Pool be operated twelve months (12) of each year.

Within the petition, specific commitments were made by a number of organisations and clubs regarding utilisation of the Pool if hours were to be extended.

In particular:

- 1. Foxton Volunteer Fire Brigade emphasised its intention to utilise the pool as a training facility for its Brigade.
- 2. Coastguard Manawatu emphasised its intention to utilise the pool as a training facility for its Brigade.

3. Te Waiora Community Health Centre emphasised how it would promote the pool for use by its patients who were older, being treated for chronic low back pain, experiencing hip and/or knee osteoporosis or for weight loss.
4. Coley Street School, Foxton Primary School and Foxton Beach School emphasised their separate intentions to utilise the pool for Learn to Swim Classes for school students.
5. Foxton Beach School additionally emphasised its intention to utilise the pool for Water Polo for school students.

At the Foxton Community Board meeting in February 2016, the Board supported the opportunity to trial an extension to the Foxton Pool season over the period of the Levin Aquatic Centre redevelopment over the proposed timeline from early May – end of August, 2016.

At the meeting, the Board requested a further future report on Foxton Pool extended season; including usage patterns and a summary of Foxton Pool customer feedback. A further update to the Foxton Community Board was subsequently provided in January 2016 prior to the proposed date for the extended period commencing. This Report presented to the Board's February 2017 meeting is the final report on the extended season as requested by the Board in February, 2016.

Foxton Community Board, in its meeting in February 2016, agreed to progress the Levin Aquatic Centre redevelopment within the timeline proposed and acknowledged that the redevelopment presented an opportunity to trial an extension to the Foxton Pool operating season / hours.

The Foxton Pool was scheduled to remain open from 1 December 2015 until 1 September, 2016. Foxton Pool was previously closed by 1 May, so the period 1 May through to 1 September 2016 was the trial period for the Foxton Pool extended opening hours / season. In effect, The Foxton Pool remained open until 24 September 2016.

During the period 1 May through to 24 September 2016, the Foxton Pool operated during the following hours:

**Monday to Friday**                      **6.00am – 6.00pm**  
(Clubs had exclusive use 6.00pm – 8.00pm)

**Saturday and Sunday**                **10.00am – 6.00pm**

Council officers, including Aquatics Manager and the Community Services Manager, met with a number of Foxton community members, primarily pool users, on two (2) separate occasions and, as a result, prepared and delivered a promotion and marketing plan regarding the trial period for the extended opening of Foxton Pool. Promotions related to the extended season included significant newspaper advertising in the Horowhenua Chronicle, posters on public display in and around Foxton as well as a pamphlet drop through local shops and 2,400 households in Foxton. A total of \$10,096 was spent on advertising Foxton pool, compared with \$8,295 for Levin Aquatic Centre in the 2015/2016 financial year.

During the extended season environmental conditions within Foxton Pool were identified by staff and some customers. On cooler days there were increasing levels of condensation in the Pool hall. As the season progressed and the external weather conditions cooled the condensation issues worsened. The condensation affected staff and spectator comfort issues, as well as resulted in a number of operational issues including poor visibility for staff and spectators, necessitating practice adjustment to adequately patrol / supervise swimmers. A fire alarm malfunction was caused as a result of increased moisture levels and tanalising agent staining dripped from timbers. Also, the moisture content on structural timber reached undesirable levels.

Council officers have continued to meet regularly with Foxton community members as a Pool User Group and two (2) meetings have been conducted since the promotion and marketing planning exercise with Foxton Pool Users. These meetings are publicly advertised and open. Both meetings have been well attended and regular updates on Foxton Pool and Levin Aquatic Centre upgrade have been provided. Feedback from attendees on the meetings has been positive and it continues to provide a forum for Foxton Pool issues to be raised and solutions sought and reported on.

#### 4. Issues for Consideration and Findings

##### Foxton Pool Usage by Clubs / Organisations over the 2015/16 season:

The table below shows the number of users associated with club or organisation use in booked sessions. Analysis of the booking records shows the following:

Normal Season - November to April 2016		Extended Season – May to September 2016	
December	568	May	1028
January	168	June	953
February	1869	July	895
March	1622	August	895
April	368	September*	549
<b>Total</b>	<b>4595</b>	<b>Total</b>	<b>4320</b>

The table below shows the number of sessions each organisation booked:

Booking Name	Normal - November to April 2016	Extended – May to September 2016
Foxton Swim Club	17	22
Levin Swim Club	9	133
Surf Club	33	50
Sports Manawatu – Green Prescription	3	7
Horowhenua Sports Academy	1	19
Special Olympics	1	16
Foxton Primary School	15	1
Foxton Beach School	1	1
Sports Manawatu – Sealord Swim for Life	14	10
Taitoko Tri Whanau	1	6



Coley Street School	9	0
Saint Mary Catholic School	11	0
Koputaroa School	1	0
Terrace End School	1	0
Levin Masters Swim Club	0	9
Manawatu College	0	7
Levin Sub Area – Underwater Hockey	0	7
Levin Intermediate	0	1
Scout Group	0	1
Miscellaneous (unnamed group bookings)	4	20
<b>Number of Bookings</b>	<b>121</b>	<b>310 – 133 (Levin Swim) – 16 (Special Olympics) – 9 (Levin Masters) = 152</b>
<b>Number of Clubs / Groups</b>	<b>14</b>	<b>15</b>

Club use shows a clear peak in February and March and then a more consistent pattern of use during the period of the extended season. The February and March peak is consistent with previous seasons.

The usage pattern, May to September, was significantly impacted by the closure of Levin Aquatic Centre (LAC) with regular LAC user groups shifting to Foxton Pool because of the redevelopment. For example Levin Swim Club, made over 130 bookings at Foxton Pool during this time compared to 9 in the normal season. Special Olympics made 16 bookings compared with one (1) in the normal season. Levin Masters made nine (9) bookings compared to zero (0) bookings in normal season. If we excluded the booking numbers resulting from usage redirected due to the Levin Aquatic Centre redevelopment there is consistent but moderate bookings across the normal and the extended season. This suggests that the level of usage (in terms of both number of clubs using the Pool as well as the number of bookings per club) in a normal season might reasonably be expected to be maintained for the extended season, but unlikely to significantly increase, at least in short to medium term.

The 2015 petition included commitments from a number of local and community organisation to make use of the Pool during the extended season to conduct extra training, rehabilitation and general usage. There is no evidence that Foxton Volunteer Fire Brigade, Coastguard Manawatu or Te Waiora Community Health Centre used the facility over the extended season; however twenty (20) individual one off group bookings did not name a specific local organisation. In contrast, Manawatu College, Foxton Primary and Foxton Beach School did utilize the pool when the season / hours were extended as they had indicated in the petition.

**Foxton Pool Classes over the 2015/16 season:**

Learn to swim - Streamline swim school operated out of Foxtan Heated Pool for term 3 of 2016, with 118 students enrolled during the LAC shutdown. The holiday learn to swim programme in the term 2 / 3 holidays saw 45 enrolments. It could be reasonably anticipated, that learn to swim classes for a year round operation, under ideal internal conditions, could be 100 pupils per term – 400 enrolments per annum. This number is anticipated to be significantly reduced if the environmental conditions were to be less than optimal.

Aqua Fitness Classes - Aqua classes at Foxtan Pools over both the normal and extended seasons have been particularly well attended and provide some of the busiest sessions of use for the Pool over all. Classes had up to 30 regular participants per class. Many regular members of the Aqua classes attend the Foxtan Pool User group meetings and their passion and commitment to the facility is clear. It could be anticipated that Aqua Fitness classes for a year round operation would be consistent with numbers across the extended season in the short to medium term.

**Foxtan Pool Usage by Individuals / Casual visit over the 2015/16 season:**

Below is the number of individual casual visits to the pool.

Normal Season- November to April 2016		Extended Season - May to September 2016	
December	1318	May	975
January	2017	June	696
February	1187	July	1437
March	988	August	805
April	1091	September*	633
Total	6601		4546

\* 1 Sep – 24 Sep 2016

Analysis of the above numbers shows peaks in December, January and February when school holidays and the summer season had influence. This is consistent with previous seasonal use of Foxtan Pool. There was an approximate drop off of 30% between the normal season and the extended season times, with the exception of a peak in July. April saw a small peak due to school holidays but LAC was still partially open over this period and will have reduced the casual usage numbers at Foxtan. The July peak is related to a combination of increased demand in the school holidays as well as LAC being closed for redevelopment.

Based on the number of casual visits, as recorded above, calculations can be made into the number of casual visits per hour. The hours of operation from December to April were 10am – 6pm, Monday – Sunday, totalling 1216 hours for the season. The extended season opening hours were 6am - 6pm Monday to Friday and 10am - 6pm Saturday and Sunday, totalling 1588 hours. The average number of casual swimmers per hour is 5.4 during the normal season and 2.9 during the extended season. This equates to an approximate reduction in casual usage of 45% per hour of operation in the extended season when compared to the normal season.

2.9 individual casual visits per hour of operation for the Pool can be expected for half the year while 5.4 visits per hour can reasonably be expected for the other half of the season at the Foxton Pool if the season and hours were to be extended long term.

Foxton Pool usage data for the current season, November 2016 – February 2017, has been analysed. This data is compared to LAC data for the same period and a Unit Cost per Swimmer has been calculated for both Levin Aquatic and Foxton Pool, dividing the total cost by the total number of casual, swim school and membership swimmers, to provide a comparison, as below:.

	Levin Aquatic Centre		Foxton Heated Pool		Total	
	15/16	16/17 (YTD Jan)	15/16	16/17 (YTD Jan)	15/16	16/17 (YTD Jan)
Revenue	\$363,954	\$171,458	\$47,944	\$40,024	\$423,638	\$229,227
Expenses (Incl Depn)	\$1,330,698	\$701,618	\$465,942	\$307,289	\$1,819,372	\$1,044,762
Interest	\$95,315	\$49,407	\$38,570	\$19,993	\$133,885	\$69,400
Overheads	\$389,564	\$179,907	\$196,257	\$90,635	\$585,821	\$270,542
Rates Income Allocated	\$1,487,468	\$681,025	\$668,947	\$338,859	\$2,167,681	\$1,036,125
Usage/year	79,663	50,380	13,185	10,102	92,848	60,482
Cost per swimmer	\$10.87	\$9.78	\$19.15	\$22.97		
Public/private ratio	80/20	80/20	93/7	89/11	84/16	82/18

It should be noted that both years were impacted by the Levin redevelopment. Levin Aquatic Centre figures exclude a term of swim school in 15/16 and 16/17 which equates to roughly a \$50,000 reduction in revenue each year. Term 1, 2017 payments are also due to be processed which have not been included in 16/17 figures, again accounting for a \$50,000 reduction. Foxton Pool was also open for extended hours which inflated expenditure for both years.

**The Customer Experience of Foxton Pool over the 2015/16 season:**

During the Foxton Pool extended season, two (2) Pool User surveys were conducted, the first in January, the second in July. These provide a snapshot of the customer experience of the extended season.

The first survey was conducted between 23 December 2015 – 20 January 2016 (normal season), with 72 respondents. The second was conducted between 25 July –and 26 July 2016 (extended season) with 43 respondents.

	Normal Season 2015		Extended Season 2016
Were the staff friendly and welcoming?	4.6		4.7
Were the staff helpful and courteous?	4.5		4.7
How safe and secure did you feel at the pool?	4.7		4.4
General swimming	4.6		4.4
Events	3.9		4.1
Fitness / Learn to Swim	4.6		4.5
How do you rate your visit to Foxton Pools?	4.6		4.4

**General Comments:**

**Positive**

- Loved layout of pool complex
- Loved all the inflatables for older kids
- Surf lifesaving was really well run
- Great pool for toddlers
- Aquacise is great it is only exercise I can do at this stage in my life
- Free Open Day was well run
- I had a good work out

## Negative

- Hard to find same day Learn to Swim lessons for 2 children
- Water pressure in shower wasn't adequate

## Suggestions for improvements:

- Would be good to see clock while swimming in pool (*a clock was placed in a more visible place as a result of the feedback*)
  - Would like a slide like in Levin
  - Could you bring blow up toys out more
  - Would like softer chairs
  - More Learn to Swim Programme options
  - A Mobility Park would be useful
  - Gym sticks would be great (*Gym sticks have been provided as a result of feedback*)
  - More safety matting (*Safety matting has been assessed and some changes made as a result of feedback*)
  - Need to have something to dry your hands on in the bathrooms a blower or paper towels (*hand dryers have now been installed*)
  - Would like a spa, sauna and steam room as well as adult only hotter pool, better showers and more swimming equipment, such as flutter boards
  - Would like longer hours so dads can bring their kids down after 6pm.

The results of these surveys indicates that customer service and facilities / programs at Foxton are generally satisfactory but there is some room for improvement in the customer experience and Council management is continuing to work on these areas.

Comments from survey participants also show some interest in extending the season / hours. These comments totaled **8 out of the 43** respondents in the July survey.

Over the extended season, there was verbal customer and staff feedback, reiterated in the Pool User Group meetings, expressing concerns with levels of condensation and air quality in the extended season. **3 out of 43** respondents also commented on this in the July survey responses.

## Remedial Actions by Council

Remedial actions by Council were undertaken as a result of issues identified during the extended season. These actions took place prior to commencement of the 2016/2017

season and further remedial actions are planned within the existing capital works budget for Foxton. These remedial actions took place to reduce condensation, improve air quality as well as improve management of hot and cold temperatures. Actions included the following:

A period of Pool closure without Pool heating to allow for the structure to dry so that long term damage is inhibited.

Retreating and painting the timber uprights.

Six (6) air circulating fans have been installed.

The extract fan on the roof has been replaced by a passive ventilator which reduces noise pollution for swimmers and nearby residents.

Additional remediation actions planned within the existing Capital budget for Foxton Pool include the erection of self - supporting shade cloths to improve swimmer and spectator comfort as well as better manage temperature.

### **External Report by Calibre Consulting**

An external report was commissioned by Council, from Calibre Consulting, for building solutions for a year round operation. Calibre was asked to address environmental issues (including condensation, air quality, hot and cold temperatures) as well as any risks to building and structural integrity in both the short and long term. Calibre was also asked to estimate capital and operational expenditure to provide Council a better understanding of which option would provide the most cost effective option.

The report by Calibre Consulting noted the following:

- The building was not built to accommodate a heated pool, but was built for limited seasonal use of a cold water pool only.
- The building was not designed or built for winter use.
- The building use proposed was well outside the scope of its original design.
- The moisture content of the timbers in the building was at undesirable levels and had potential to lead to long term structural issues.
- Due to the lack of insulation in the structure, the pool hall is particularly susceptible to extreme condensation events.
- Due to the light weight nature of the structure, the building cannot be easily insulated due to currently being at seismic and wind loading capacity.
- Ventilation and heating can be added but must be self-supporting due to the building structure currently being at capacity.
- Self – supporting ventilation and heating solutions are unlikely to provide suitable outcomes without insulation.
- The most effective long term solution would be a full redevelopment of the building structure to allow for a year round operation.

### **Discussion on Year Round Options**

The Calibre Report proposed the following options for year round aquatics operations at Foxton Pool:

#### **1. Leave the Foxton Pool building uninsulated and add heating and ventilation to the main pool hall.**

This is a short term option and is likely to have the poorest outcome in terms of extending the life of the building and providing suitable internal environmental conditions during cooler periods of weather. Condensation would remain an issue, thus continuing to provide an uncomfortable and potentially unsafe environment for pool patrons and staff, continuing to saturate timbers and reducing the building life expectancy, which could be expected to be no more than 5 years if a 12 month operation was implemented with no further building works. This option is also likely to have the least benefit from an operational efficiency point of view as the air flow of the heating system would need to be increased to allow for the lack of sufficient insulation. The capital outlay for the ventilation and heating system would also be

greater due to need to increase the size of the units to allow for greater air flow. If the building was to be insulated further down the track this system would be larger than otherwise required.

Capital Cost - The capital cost of this option is estimated at **\$504,000**. This cost is approximate only and has a margin of error of plus/minus 30%.

Operational Costs - The anticipated annual operational expenditure for year round operation:

Expenditure \$610,250.00

Revenue \$90,400.00

Difference \$519,850.00

Targeted Aquatics Rate estimate: **\$24.00** (what each rateable property across the district would need to contribute to allow for the option to be financially viable. This calculation takes into account that Council could expect to pay 10% of the loan required for the capital investment per year. Interest on the loan has not been taken into account).

Note - Learn to Swim - learn to swim programmes could anticipate 100 enrolments per term; 400 per year.

## 2. Re-clad, re-roof and add ventilation and heating to the main pool halls and changing rooms.

This is a short to medium-term solution and may give the building a life span, under a year round operation, until 2027. It would allow some operational efficiency, and less powerful heating options would be able to be operated. The main limitation on this option is the current structural strength of the building and the additional weight insulation and ventilation would add. Additional bracing would be required to enable the weight to be supported to allow for suitable structure strength. This option has a lower capital cost however the outcomes are not certain and may not be to the desired level. If this option is to be considered, further investigation would be required as to the exact extent of the structural support needed. In addition the structure would still need to be replaced in a relatively short time frame.

Capital Cost - The capital cost of this option is estimated **\$1,400,000**. This cost is approximate only and has a margin of error of plus/minus 30%.

Operational Costs - The anticipated annual operational expenditure for year round operation:

Expenditure \$573,500.00

Revenue \$93,500.00

Difference \$480,000.00

Targeted Aquatics Rate estimate: **\$26.50** (what each rateable property across the district would need to contribute to allow for the option to be financially viable. This calculation takes into account that Council could expect to pay 10% of the loan required for the capital investment per year. Interest on the loan has not been taken into account).

Note - Learn to Swim - learn to swim programmes could anticipate 45 enrolments per term; 180 per year. This number is reduced from a full upgrade due to poorer air quality and compromised internal environmental conditions making Learn to Swim a preference for learn to swim participants.

### 3. Replace the existing Foxton Pool building

This is a long-term solution and would give a long term, high quality solution. It provides all new construction therefore negates the current structural and durability issues. It provides the best opportunity to make the building as efficient as possible and allows an opportunity to address any issues with the pools design or operation. It does also pose significant disadvantages including high capital cost, longest construction time and potential waste of the current materials.

Capital Cost - The capital cost of this option is estimated at \$3,600,000. This cost is approximate only and has a margin of error of plus/minus 30%.

Operational Costs - The anticipated annual operational expenditure for year round operation:

Expenditure \$569,000.00

Revenue \$102,000.00

Difference \$467,000.00

Targeted Aquatics Rate estimate: **\$39.50** (what each rateable property across the district would need to contribute to allow for the option to be financially viable. This calculation takes into account that Council could expect to pay 10% of the loan required for the capital investment per year. Interest on the loan has not been taken into account).

Note - Learn to Swim - learn to swim programmes could anticipate 100 enrolments per term; 400 per year.

For year round operations the difference in expenditure between the current summer operation and a 12 month operation with extended hours is \$291,000 per year, as the majority of the annual operational expenditure is in staffing related costs. Some options presented some savings in utilities but this is a small portion of the overall operational costs.

In conclusion, at this time, Council Officers plan to continue to operate Foxton Pool as a five (5) month operation. Currently a Regional Sports Strategy is being prepared between and across six (6) local authorities including Horowhenua District Council. This Strategy should guide the partner Councils on what sports facilities might be provided in the future across the region. Council is considering its own 10 year plan for Council Built Sport and Recreation Facilities that is informed by the Strategy. Such a Plan could consider future Foxton Pool options alongside other facilities across the district. This Plan would also consider aquatics alongside other sports and recreation demands and opportunities across the district. The Plan would likely consider population growth, demographic characteristics, demand and opportunities for access, participation rates, club membership as well as current sport and recreation facility and program provision. It is anticipated that priority for Council will be on the provision of multi-use, adaptable facilities that are capable of being used for a variety of sports and recreation activities.



## Attachments

No.	Title	Page
A	Calibre Consulting Executive Summary - Foxton Pool Extended Season Trial	

### Confirmation of statutory compliance

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

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

### Signatories


Author(s)	Denise Kidd <b>Community Services Manager</b>	
Approved by	Monique Davidson <b>Group Manager - Customer and Community Services</b>	

**Disclaimer:** This report has been resized horizontally to accommodate the 2018-2038 LTP Other Supporting Information document. The information within this report has not been altered in anyway. A copy of the report in the original format is available on request.

**Horowhenua**   
DISTRICT COUNCIL

 06 366 0999

 Private Bag 4002, Levin 5540

 126 Oxford St, Levin 5510

 [www.horowhenua.govt.nz](http://www.horowhenua.govt.nz)

 [enquiries@horowhenua.govt.nz](mailto:enquiries@horowhenua.govt.nz)

 HorowhenuaDC