

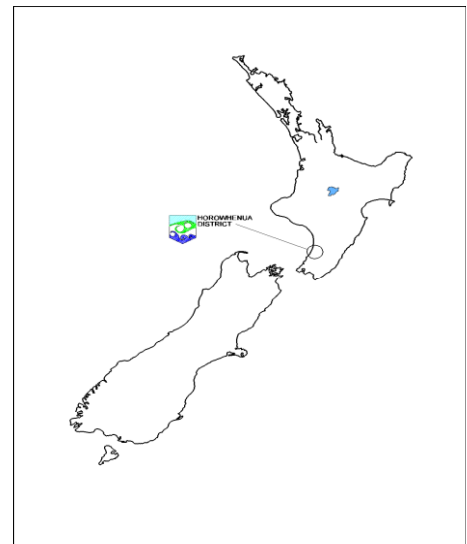
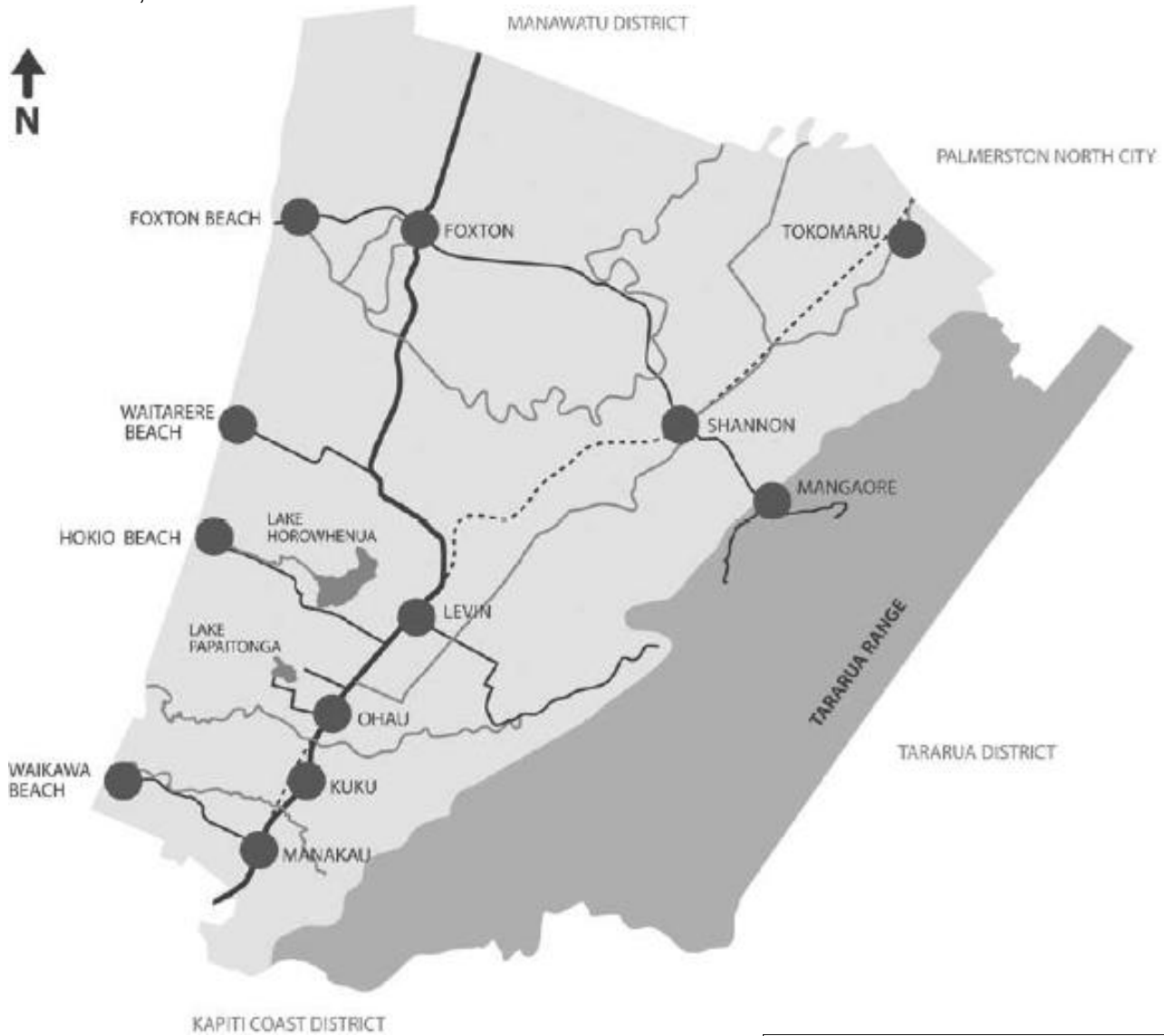
Horowhenua District Council

# Annual Report 2012/2013



## WELCOME TO HOROWHENUA

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



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# SECTION A: SUMMARY

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

## **Introduction from the Mayor**

His Worship the Mayor, Brendan Duffy, highlights some of the big issues from a governance perspective.

## **Executive Summary**

Chief Executive Officer, David Clapperton, reviews the year in more detail, commenting on the finances and achievements of the Council during the year.

## Vision Statement

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



# Introduction from the Mayor

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I have great pleasure in introducing you to Council's 2013 Annual Report. Council has again this year undertaken a wide range of activities and completed a number of capital projects for the benefit of the Horowhenua Community. We have also undertaken a number of feasibility studies into some major infrastructural projects which we will incorporate into our future years' long term plans.

As you read through the following pages you will observe the long list of Council achievements which include:

- The opening of Te Takeretanga o Kura-Hau-Pō
- Playford Park redevelopment
- Purchase of land for Shannon Wastewater scheme
- Reaccreditation of the Building Consents Team
- Establishment of Anti-Graffiti Vandalism schemes
- Started the upgrade of Shannon Water Treatment Plant
- Signing of He Hokioi Rerenga Tahi - the Lake Horowhenua Accord
- Development of the Waiwarara Stream Walkway
- Signing of a Memorandum of Understanding with Ngati Wehi Wehi
- Reviewed our Community Grants and Funding schemes
- Pipeline to the 'Pot' project began
- Continuing review of the District Plan
- Foxton Medical Centre development began

I wish to thank my Councillors and Foxton Community Board members, together with Council staff, for their support during this financial year, and over the entire 2010-2013 electoral term. As we begin a new electoral term, we look forward to building on the successes that have already been achieved in this financial year.



**Brendan Duffy, JP**  
**Mayor**  
**On behalf of the Councillors**

# Executive Summary

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The financial year ended 30 June 2013 has seen a continuation of the Council achievements in providing a range of services within the Horowhenua District.

The Annual report again contains considerable financial and non-financial information that gives a very good understanding of the range of activities that Council undertakes and the positive manner with which these activities have been delivered.

There have been a considerable number of achievements in the year that I am proud to be able to report on.

## **Te Takere**

With the opening of Te Takeretanga o Kura-Hau-Po in September 2012, Te Takere incorporates Levin's library services, a Youth Space, Te Ao Maori, Exhibition Spaces, Meeting Rooms and Conference Facilities, the AA and visitor information into one, multi-functional complex. Te Takere is seeing a large increase in visitor numbers, and is bringing educational, social, health and cultural benefits to visitors and locals alike.

**Community Wellbeing Executive** saw significant improvements in the way Council governed its Community Wellbeing function, alongside the Social Sector Trial. One of the main achievements of the Executive and Council this past year was to draft, consult upon and adopt a new Community Wellbeing Strategy and four new Community Action Plans - Youth, Positive Ageing, Education and Disability. The documents will shape how Council works with each of these sectors of our community over the next three years, and lays out the actions for how it will achieve the community determined goals.

**The Social Sector Trial** has continued to bring further benefits to our young people, by renovating how services are delivered to our 12 - 18 year olds through collaboration and coordination between current community organisations and businesses. Some of the notable achievements have been a reduction in youth crime, an improvement in youth attendance at school and the opening of Ako Pai Tararua - a new facility for youth education programmes to be delivered from.

## **District Plan Review**

During the course of the year the Council continued with its full review of the District Plan with public hearings taking place in May 2013. 119 Submissions were received with 60 submitters making presentations to the Hearing Panel. Decisions have since been issued and publicly notified. In addition the Council completed its Proposed Plan Changes 20 (Rural subdivision) and 21 (Urban Growth and Greenbelt Residential) and made significant progress towards the completion of Plan Change 22 (Outstanding Natural Features and Landscapes).

## **Re-Accreditation of Building Inspection Services**

During the year Council's building inspection section was routinely reassessed by International Accreditation NZ to ensure continued observance of its systems, policies, and procedures, as required by the Building Accreditation Regulations 2006. This reassessment resulted in Council achieving full compliance with Regulations 5 to 17 without having to undertake any corrective actions. Council were also awarded full accreditation to include Regulation 18 (relating to the training of its staff) on 25 June 2013, ahead of the legislated date of 1 December 2013.

## **There has been a renewed focus on infrastructural assets**

Significant projects undertaken include;

- **Pipeline to the Pot**  
Construction of a new 7.1km wastewater pipe line from the Levin Wastewater Treatment Plant to the end of the 'POT'. A pump station at the Treatment Plant has also been constructed. The project is now in the commissioning phase and the system is expected to be fully operational by the end of October 2013.
- **Waikawa Beach Road Surface Rehabilitation**  
The objective of this project was to achieve a safer route for road users. The work included the raising of the carriageway by approximately 400mm, shoulder widening and realignment of approximately 340 metres of Waikawa Beach Road.
- **North Manakau Road Surface Rehabilitation**  
This pavement rehabilitation involved seal widening and pavement reconstruction on a 400m section at North Manakau Road.
- **Springs Road Surface Rehabilitation**  
This pavement rehabilitation involved seal widening and overlay construction on a 500m section of Springs Road.
- **Cambridge Street Road Surface Rehabilitation**  
Removed and recombined the top 200mm of existing road material with cement before paving asphalt to new the road surface.
- **Playford Park**  
This project consisted of building a new amenity block that include four large team changing rooms, three referee changing rooms, public toilets and storage/office space. The existing public toilet block at the southern end of the ground was extended to include two additional changing rooms and storage space. Floodlights were installed to illuminate five senior rugby fields, in ground irrigation, levelling and re-sowing of two fields.
- **Seaview gardens**  
Construction of a new viewing platform and pathway access into the park. Large tree removal and landscaping. New park furniture including pergola, picnic tables, rubbish bins and bollards were installed.
- **Earthquake structural assessments** on all key HDC owned buildings.
- **Ballance Street Toilets in Shannon major upgrade**
- **Foxton Beach Lifesaving Clubrooms** upgrade exterior
- **Shannon water treatment plant upgrade** has commenced and due for completion mid-2014, funded predominantly from government subsidy
- **Foxton Beach water treatment plant upgrades** has commenced and will be completed late 2013, with funding from Government subsidy.
- **Johnston Street, Foxton water pipe renewals.**
- **Hokio beach water pipe renewal**
- **Liverpool street, Levin water pipe renewal**



- **Stormwater**

- Light Detection and Ranging (LIDAR) flights to capture ground contours throughout the district
- Stage 1 of the Stormwater Strategy has been completed

- **Wastewater**

- Purchase of Shannon Farm for Irrigation of Wastewater
- Various Minor sewer renewals throughout the District
- Minor renewals at all treatment plants including a full overhaul of the Levin Wastewater Treatment Plant Electrical Switchboard
- Desludging of Foxton Beach WWTP and installation of new screen.

We continue to maintain and enhance our relationships with our stakeholders. In this year we have signed a MOP with the Ngati Wehi Wehi Tribal Authority, established the Shannon Community Development Trust, and completed a review of the economic development service requirements.

Our focus on communication has seen considerable enhancements to the Council website as well as completing a Community Survey.

## **Financial Performance**

Overall total income of \$40.200m was received against a budget of \$45.073m.

- Rating revenue was just ahead of budget.
- Revenue from grants and Subsidies is below budget through timing of the receipts from various grants;
  - Shannon Water Supply \$1.106m
  - Shannon Wastewater \$0.765m
- Activity revenue from public donations were lower than budgeted;
  - Te Takere \$1.944m
  - Playford Park \$0.095m
- Gains (losses) on disposal of land and buildings were below budget by \$538,000.
- Vested assets were below budget by \$591,000, and
- Development Contributions were below budget by \$582,000 due to lower than anticipated subdivision activity during the year.

Expenditure for the year was ahead of budget predominately due to increased expenditure in Community Support relating to the establishment of Te Takere.

## **Cash Position**

2013 has again seen a focus on Council maintaining its strong cash position. Our closing cash balance was \$7.346m against a budget of \$4.268m. Borrowings have risen from \$36.5m to \$52.75m, this is \$6m higher than the \$46.75m that we budgeted at 30 June 2013 due to the Shannon Wastewater development \$4.1m Levin Wastewater (pipeline to Pot) \$3.9 the building of the Playford Park pavilion \$1.35m.

We took good advantage of the lower interest rates available during the year and, as a result, our weighted average interest rate fell from 5.95% to 5.09%.

Our balance sheet remains strong with overall equity at \$485.248m and a debt to equity ratio of 0.1;1 or (10.9%).

I wish to thank my staff for the major contribution that they have made to Council's operating performance during this financial year and the commitment that they continue to give to the Horowhenua District.

A handwritten signature in black ink, reading "DM Clapperton". The signature is fluid and cursive, with the initials "DM" being prominent.

**David Clapperton**  
**Chief Executive Officer (Acting)**

## SECTION B: FINANCIAL STATEMENTS

Section B provides information on the financial outcomes for the year ended 30 June 2013.

### **Audit Report**

Report from the Council's Auditors outlining the scope of the audit and their Audit Opinion.

### **Statement of Compliance and Responsibility**

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

### **Consolidated Statement of Comprehensive Income**

Effectively a Profit and Loss Statement, this shows the summarised operating revenues and operating costs of the Council in 2012/13, and the operating surplus.

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

This shows the sources of the movement in the net worth of the Council during 2012/13 (primarily the net surplus and changes to asset valuations).

### **Consolidated Statement of Financial Position**

Also known as the Balance Sheet, this shows the financial position of the Council as at 30 June 2013. It summarises what the Council owned (its assets) and what the Council owes (its liabilities). The equity of the Council is the difference between the two, and represents the net community ownership.

### **Consolidated Statement of Cash Flows**

This shows the sources of the movements in and out of Council's cash and bank resources during 2012/13

### **Funding Impact Statement**

This shows the Council's operating and capital funding received and how applied during 2012/13.

### **Accounting Policies**

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

### **Notes to the Accounts**

## Independent Auditor's Report

### To the readers of Horowhenua District Council and group's annual report for the year ended 30 June 2013

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

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2013 on page 21;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 18, 20 and 23;
  - the funding impact statement of the District Council on page 25;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 79 to 145; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 33 to 78;
- the statements of service performance of the District Council and the funding impact statements in relation to each group of activities of the District Council on pages 79 to 145.

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

- information about:
  - internal borrowing on pages 79 to 145;
  - council-controlled organisations on pages 30 to 32;
  - reserve funds on pages 27 to 29;
  - each group of activities carried out by the District Council on pages 79 to 145;
  - remuneration paid to the elected members and certain employees of the District Council on pages 52 to 53;
  - employee staffing levels and remuneration on page 53; and

- severance payments on page 53;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on pages 146 to 147; and
- a statement of compliance signed by the Mayor of the Council, and by the District Council and group's chief executive on page 17.

## **Opinion**

### **Audited information**

In our opinion:

- the financial statements of the District Council and group on pages 18 to 29 and pages 33 to 78:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2013; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 25 fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 79 to 145, fairly reflect by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan.
- the statements of service performance of the District Council on pages 79 to 145:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the District Council's levels of service for the year ended 30 June 2013, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 79 to 145, fairly reflect by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

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

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

Our audit was completed on 6 November 2013. This is the date at which our opinion is expressed.

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

## **Basis of opinion**

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

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

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

An audit also involves evaluating:

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

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

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and

identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

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

## **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and statements of service performance that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
  - a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
  - funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

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

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10,

and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### **Independence**

When carrying out this audit, which includes our report on the Other *Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition to this audit, which includes our report on the Other *Requirements*, we have carried out an assurance engagement with respect to grant monies received from the Eastern and Central Community Trust, which is compatible with those independence requirements. Other than this assignment we have no relationship with, or interests in, the District Council or any of its subsidiaries.

A handwritten signature in blue ink, reading "Phil Kennerley". The signature is fluid and cursive, with a long, sweeping underline.

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



## Statement of Compliance

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Horowhenua District Council hereby confirms that all statutory requirements relating to the Annual Report, as outlined in the Local Government Act 2002, have been complied with, except for section 98 (3). Council has not met the statutory deadline of 31 October for adoption.



**Brendan Duffy JP**  
**Mayor**  
6 November 2013



**David Clapperton**  
**Chief Executive Officer (Acting)**  
6 November 2013

# Consolidated Statement of Comprehensive Income

## FOR THE YEAR ENDED 30 JUNE 2013

		Council	Council	Council	Group	Group
		Actual \$	Budget \$	Actual \$	Actual \$	Actual \$
	Note	30 June 2013	30 June 2013	30 June 2012	30 June 2013	30 June 2012
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates Revenue other than targeted rate for water supply	1	25,840	25,714	24,046	25,840	24,046
Finance Income	2a	89	110	90	109	112
Grants and Subsidies	2b	2,784	4,898	2,305	2,784	2,305
Fees, charges, and targeted rates for water supply by meter	2c	6,028	6,153	6,415	6,467	6,457
Other Income	2d	3,780	4,705	2,258	4,257	2,377
Vested Assets	2e	690	1,281	44	690	44
Development Contributions	2f	784	1,366	966	784	966
Gain (loss) at fair value (Forestry)	3,13	41	87	48	41	48
Gain on Commercial Land and Buildings revaluations	3		185			
Fair Value Revaluation Gain -Financial assets						
Gain on disposal of assets	3	164	574	318	164	318
<b>Total Income</b>		<b>40,200</b>	<b>45,073</b>	<b>36,490</b>	<b>41,136</b>	<b>36,673</b>
<b>Expenditure</b>						
Employee benefit expenses	4	7,482	8,084	7,114	8,926	7,908
Depreciation and amortisation	11,12,34	11,541	11,828	11,401	11,711	11,551
Finance costs	6	2,057	2,243	2,620	2,054	2,620
Loss on disposal of assets	3	135	0	17	135	17
Loss on Commercial Land and Buildings revaluations	3	28	0	419	28	419
Present Value for Community Loans	3		0	(1)		(1)
Increase(decrease) in Landfill Provision	17	64	0	87	64	87
Loss on Buildings revaluations	3	0	0			
Other Expenses	5	22,317	20,436	21,450	21,092	20,712
<b>Total Expenses</b>		<b>43,624</b>	<b>42,591</b>	<b>43,107</b>	<b>44,010</b>	<b>43,313</b>
<b>Surplus / (deficit) before taxation</b>		<b>(3,424)</b>	<b>2,482</b>	<b>(6,617)</b>	<b>(2,874)</b>	<b>(6,641)</b>
Income Tax Expense		-	-	-	-	-
<b>Surplus (deficit) after taxation</b>		<b>(3,424)</b>	<b>2,482</b>	<b>(6,617)</b>	<b>(2,874)</b>	<b>(6,641)</b>
<i>Surplus/(deficit) attributable to:</i>						
Horowhenua District Council		(3,424)	2,482	(6,617)	(2,874)	(6,641)
<b>Other Comprehensive Income</b>						
Gain on Infrastructural Assets Revaluations		0	0	116,080		116,080
Gain/(Loss) on land and buildings revaluations	3	0	0	(615)		(615)
<b>Total Net Other Comprehensive Income for the year</b>				<b>115,465</b>		<b>115,465</b>
<b>Total Comprehensive income(deficit) for the year</b>		<b>(3,424)</b>	<b>2,482</b>	<b>108,848</b>	<b>(2,874)</b>	<b>108,825</b>
<i>Total comprehensive income attributable to:</i>						
Horowhenua District Council		(3,424)	2,482	108,848	(2,874)	108,825
Interest as percentage of Operating Revenue		5%	5%	7%	5%	7%
Interest to rates		8%	9%	11%	8%	11%

*These financial statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Accounts*

## **Explanations of significant variances between the Council's Actual results and the Council's Budget for 2012-2013**

### **Revenue**

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

**Subsidy Income** – This is lower than budget due to the subsidies being budgeted for in 2012/13 for upgrading the Shannon Water supply and Shannon Wastewater, which are currently under construction. The funds are from Ministry for the Environment (MFE) and are expected in 2013/14.

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

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

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

**Gain on disposal of assets** - Less than anticipated due to fewer sales of assets being Forbes Road subdivision properties and the deferred sale of Foxton Beach Holiday Park with the sale set for 2013/14.

### **Expenditure**

**Loss on Sale** – The unbudgeted loss on sale was due to decreased market value of vehicles and general property.

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

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

**Depreciation and Amortisation** – This is less than budgeted, due to fewer new assets than anticipated at 30 June 2013.

**Increase in Landfill Provision** – No budget is set for this, as each year this is revalued by MWH and based on the costs at the time for the closed Levin landfill.

**Finance Costs** – Reduced costs due to lower interest rates and repayment of higher interest rate loads.

**Employee Benefit Expenses** – This is below budget due to some operational staff leaving and not being replaced.

### **Other Comprehensive Income**

No revaluations took place in the year for Rounding assets, last revalued at 30 June 2012.

No revaluations took place in the year for Land and Building assets, last revalued at 30 June 2012.

# Consolidated Statement of Changes in Ratepayers' Equity

FOR THE YEAR ENDED 30 JUNE 2013

	Council Actual \$ 30 June 2013	Council Budget \$ 30 June 2013	Council Actual \$ 30 June 2012	Group Actual \$ 30 June 2013	Group Actual \$ 30 June 2012
	\$000	\$000	\$000	\$000	\$000
Equity at 1 July	488,672	375,836	379,824	488,793	379,968
Total Comprehensive Income/(deficit)	(3,424)	2,482	108,848	(2,874)	108,825
Total Recognised Revenues and Expenses for the period	<b>(3,424)</b>	<b>2,482</b>	<b>108,848</b>	<b>(2,874)</b>	<b>108,825</b>
<b>Equity at 30 June</b>	<b>485,248</b>	<b>378,318</b>	<b>488,672</b>	<b>485,916</b>	<b>488,793</b>
<i>Total comprehensive income attributable to:</i>					
Horowhenua District Council	(3,424)	2,482	108,848	(2,874)	108,825
<b>Equity at 30 June</b>	<b>(3,424)</b>	<b>2,482</b>	<b>108,848</b>	<b>(2,874)</b>	<b>108,825</b>

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

# Consolidated Statement of Financial Position

AS AT 30 JUNE 2013

	Note	Council Actual \$ 30 June 2013	Council Budget \$ 30 June 2013	Council Actual \$ 30 June 2012	Group Actual \$ 30 June 2013	Group Actual \$ 30 June 2012
		\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	7	7,346	4,268	4,845	7,403	5,283
Debtors and other receivables	8	6,427	4,139	6,481	6,476	6,511
Other financial assets	9	10	10	10	10	222
Non-current assets held for sale	10	611	237	2,518	611	2,518
<b>Total current assets</b>		<b>14,394</b>	<b>8,654</b>	<b>13,854</b>	<b>14,500</b>	<b>14,534</b>
<b>Non-current assets</b>						
Operational assets	11	43,958	44,885	42,062	45,272	42,916
Infrastructural Assets	11	445,716	329,731	436,380	445,716	436,380
Restricted assets	11	39,045	39,813	36,699	39,045	36,699
Intangible assets	12	1,929	1,743	2,006	1,971	2,037
Forestry assets	13	561	3,044	563	561	563
Commercial property	14	5,760	6,342	5,755	5,760	5,755
Other financial assets:					-	
- Investments in CCOs and other similar entities	9	1,360	937	888	577	105
- Investment in other entities	9	136	136	145	136	145
<b>Total non-current assets</b>		<b>538,465</b>	<b>426,631</b>	<b>524,499</b>	<b>539,038</b>	<b>524,601</b>
<b>Total assets</b>		<b>552,859</b>	<b>435,285</b>	<b>538,353</b>	<b>553,538</b>	<b>539,135</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Creditors and other payables	16	9,867	5,779	8,439	9,689	8,990
Provisions	17	854	650	680	854	680
Employee benefit liabilities	18	601	453	585	725	660
Borrowings	19	6,000	6,000	6,750	6,000	6,750
<b>Total current liabilities</b>		<b>17,322</b>	<b>12,882</b>	<b>16,454</b>	<b>17,268</b>	<b>17,079</b>
<b>Non-current liabilities</b>						
Provisions	17	1,846	1,899	1,956	1,846	1,956
Employee benefit liabilities	18	177	197	224	240	261
Borrowings	19	46,750	40,750	29,750	46,750	29,750
Other		1,518	1,239	1,296	1,518	1,295
<b>Total non-current liabilities</b>		<b>50,291</b>	<b>44,085</b>	<b>33,226</b>	<b>50,354</b>	<b>33,262</b>
<b>Total liabilities</b>		<b>67,613</b>	<b>56,967</b>	<b>49,680</b>	<b>67,622</b>	<b>50,342</b>
<b>NET ASSETS</b>		<b>485,246</b>	<b>378,318</b>	<b>488,673</b>	<b>485,916</b>	<b>488,793</b>
<b>EQUITY</b>						
Retained earnings	20	271,308	279,845	277,241	271,979	277,360
Revaluation reserves		208,956	93,468	208,982	208,956	208,982
Other reserves		4,982	5,005	2,450	4,982	2,450
<b>Total equity</b>		<b>485,246</b>	<b>378,318</b>	<b>488,673</b>	<b>485,916</b>	<b>488,793</b>
Total equity attributable to:						
Horowhenua District Council		485,246	378,318	488,673	485,916	488,793
<b>Total equity</b>		<b>485,246</b>	<b>378,318</b>	<b>488,673</b>	<b>485,916</b>	<b>488,793</b>

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

## **Explanations of significant variances between the Council's Actual results and the Council's Budget for 2012-2013**

### **Assets**

**Cash and Cash Equivalents** – This was higher than budgeted due to additional borrowing in May 2013 to cover creditor expenditure due in July 2013 and to cover repayment of a loan due in August 2013.

**Debtors and Other Receivables** – The recession has impacted adversely on our debt recovery. Reducing our debt levels is a high priority in 2013/14.

**Non-current Assets Held for Sale** – This reflects the expected sale of the Forbes Road subdivision land Foxton Beach Holiday Park and Land for Medical Centre in Foxton in the next year. See Note 10 for further details for the assets for sale.

**Non-current Assets** – The budget did not incorporate the valuation increase for roads from 30 June 2012, as these were calculated after the budget was adopted.

Forest assets are below budget by \$2,483m due to the sale of Cyrus Hills Forest.

Commercial property is below budget by \$583k due to decreased market values.

The projects for the Foxton Community Centre (\$170k), was not started this year and has been carried forward to 2013/14.

Investments in CCO's and other similar entities are above budget due to holding LGFA borrowers notes (\$372k).

The increases from the previous year relate to the completion of Te Takere, and expenditure on infrastructural projects such as the Pipeline to the Pot and Shannon Wastewater.

### **Liabilities**

**Creditors and Other Payables** – These are above budget due to the timing of expenditure on infrastructural projects such as the Pipeline to the Pot and the Shannon Wastewater upgrade.

**Borrowings** – These are over budget due to the planned capital expenditure such as the Shannon Water and Wastewater projects.

**Non-current Employee Benefit Liability** – This decrease reflects recent retirements and resignations of staff to which the liability pertained to.

**Other Long-term Liabilities** – Reflects the reduction in the reserve for development contributions - refer to the explanation on the comprehensive income statement.

This includes interest in advanced received from the LGFA which was not budgeted for (\$669k).

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2013

	Council Actual \$ 30 June 2013	Council Budget \$ 30 June 2013	Council Actual \$ 30 June 2012	Group Actual \$ 30 June 2013	Group Actual \$ 30 June 2012
Note	\$000	\$000	\$000	\$000	\$000
<b>Cashflow from Operating Activities</b>					
<b>Cash was provided from:</b>					
Revenue from Rates	25,484	25,714	23,475	25,484	23,475
Other Revenue	13,469	17,122	9,844	13,902	10,013
Interest Received	85	110	90	106	109
Net GST movement		0	84	9	77
	39,038	42,946	33,493	39,501	33,674
<b>Cash was disbursed to:</b>					
Suppliers, services and employees	29,315	28,522	27,189	29,646	27,100
Interest Paid	1,391	2,243	1,963	1,391	1,962
Net GST movement	197			197	
	30,903	30,765	29,152	31,234	29,062
<b>Net Cashflow from Operating Activity</b>	<b>31</b>	<b>8,135</b>	<b>4,341</b>	<b>8,267</b>	<b>4,612</b>
<b>Cashflows from Investing Activities</b>					
<b>Cash was provided from:</b>					
Proceeds from asset sales	2,708	1,418	492	2,718	492
Proceeds from investments	10	410		222	512
	2,718	1,828	492	2,940	1,004
<b>Cash was disbursed to:</b>					
Purchases of investments	469	543	49	469	261
Purchase of Assets	24,132	25,264	9,612	24,871	9,850
	24,601	25,807	9,661	25,340	10,111
<b>Net Cashflow from Investing Activity</b>	<b>(21,883)</b>	<b>(23,979)</b>	<b>(9,169)</b>	<b>(22,400)</b>	<b>(9,107)</b>
<b>Cashflows from Financing Activities</b>					
<b>Cash was provided from:</b>					
Loans Raised	31,500	19,000	13,000	31,500	13,000
	31,500	19,000	13,000	31,500	13,000
<b>Cash was disbursed to:</b>					
Repayment of Public Debt	15,250	6,750	7,500	15,250	7,500
	15,250	6,750	7,500	15,250	7,500
<b>Net Cashflow from Financing Activity</b>	<b>16,250</b>	<b>12,250</b>	<b>5,500</b>	<b>16,250</b>	<b>5,500</b>
Net Increase (Decrease) in Cash Held	2,501	452	672	2,120	1,011
Add Opening Cash brought forward	4,845	3,816	4,173	5,283	4,272
<b>Closing Cash Balance</b>	<b>7,346</b>	<b>4,268</b>	<b>4,845</b>	<b>7,403</b>	<b>5,283</b>
Closing Balance made up of;					
Cash and cash equivalents	7,346	4,268	4,845	7,403	5,283

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

## **Explanations of significant variances between the Council's Actual results and the Council's Budget for 2012-2013**

### **Cashflows from Operating Activities**

#### **Cash was provided from:**

**Other Revenues** – This is lower than anticipated with the deferment of the Wastewater Subsidy until 2013/14 (\$0.765m), the timing of the Shannon Water Subsidy (\$1.106m), less revenue received for library funding due to fund raising not reaching anticipated targets, and the leasing of Foxton Beach Holiday Park to an independent operator. The recessionary down turn of the economy also impacted in 2012/13.

**Interest Received** – This is lower due to lower market interest rates.

**Interest Paid** – This is lower due to repayment of higher interest loans in the year and lower interest rates on new loans.

#### **Cash was disbursed to:**

Suppliers, services and employees, which was above budget due to some unexpected costs mainly in the Community Support Activity.

### **Cashflows from Investment Activities**

#### **Cash was provided from:**

**Proceeds from Assets Sales** – This is above budget due to the proceeds of the sale of Cyrus Hills being received in the 2012/13 year.

#### **Cash was disbursed to:**

**Purchase of Assets** – Lower expenditure on infrastructural projects, in particular, Shannon Wastewater which has been deferred to 2013/14 due to consent hearings.

### **Cashflows from Financing Activities**

#### **Cash was provided from:**

**Loans Raised** – Increase in loans to fund major capital projects 2012/13 and 2013/ being Shannon Water Treatment Plant, Shannon Wastewater treatment Plant and other various projects. This includes \$8m of short term borrowing repaid in the year.

#### **Cash was disbursed to:**

**Repayment of Public Debt** – Repayment of higher interest loans. This includes \$8m of short term borrowing repaid in the year.



# Funding Impact Statement for Whole of Council

## FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013 (WHOLE OF COUNCIL)

	Annual Plan Forecast	Annual Report	LTP Forecast	Actual	Variance
	2012	2012	2013	2013	2013
	\$000	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	6,223	6,279	6,582	6,700	118
Targeted rates (other than a targeted rate for water by meter supply)	17,719	17,767	19,132	19,140	8
Subsidies and grants for operating purposes	996	1,215	1,174	1,058	(116)
Fees, charges, and targeted rates for water by meter supply	7,389	6,415	8,464	6,028	(2,436)
Interest and dividends from investments	96	90	110	89	(21)
Local authorities fuel tax, fines, infringement fees, and other receipts	3,419	2,246	2,394	3,780	1,386
<b>Total Operating Funding (A)</b>	<b>35,842</b>	<b>34,012</b>	<b>37,856</b>	<b>36,795</b>	<b>(1,061)</b>
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	26,986	28,564	28,523	29,798	1,275
Finance Costs	2,038	2,620	2,243	2,060	(183)
<b>Total applications of operating funding (B)</b>	<b>29,024</b>	<b>31,184</b>	<b>30,766</b>	<b>31,858</b>	<b>1,092</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,818</b>	<b>2,828</b>	<b>7,090</b>	<b>4,937</b>	<b>(2,153)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	1,498	1,103	3,724	1,726	(1,998)
Development and financial contributions	622	966	1,366	784	(582)
increase (decrease) in debt	13,415	3,254	11,799	11,669	(130)
Gross proceeds from sale of assets	496	492	1,418	584	(834)
<b>Total sources of capital funding (C)</b>	<b>16,031</b>	<b>5,815</b>	<b>18,307</b>	<b>14,763</b>	<b>(3,544)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	1,738	537	1,759	1,745	(14)
- to improve the level of service	11,801	3,080	12,186	11,110	(1,076)
- to replace existing assets	9,310	8,350	11,319	12,369	1,050
Increase (decrease) in reserves	-	(3,373)	-	(5,983)	(5,983)
Increase (decrease) of investments	-	49	133	459	326
<b>Total applications of capital funding (D)</b>	<b>22,849</b>	<b>8,643</b>	<b>25,397</b>	<b>19,700</b>	<b>(5,697)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,818)</b>	<b>(2,828)</b>	<b>(7,090)</b>	<b>(4,937)</b>	<b>2,153</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	10,468	11,401	11,828	11,541	(287)
<b>Loans</b>		<b>External</b>	<b>Internal</b>	<b>Total</b>	
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Loans as at 1/07/2012		36,500	6,376	42,876	
Raised during year		17,400	296	17,696	
Repaid During Year		(1,150)	(4,877)	(6,027)	
<b>Loans as at 30/06/2013</b>		<b>52,750</b>	<b>1,795</b>	<b>54,545</b>	
Interest Expense		2,046	181	2,227	

The financial statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Accounts

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

FOR THE YEAR ENDED 30 JUNE 2013

	Annual	LTP		
	Report	Forecast	Actual	Variance
	2012	2013	2013	2013
	\$000	\$000	\$000	\$000
<b>Income</b>				
<b>Statement of Comprehensive Income</b>				
Total Operating Revenue	36,490	45,073	40,200	(4,873)
<b>Summary Funding Impact Statement</b>				
<b>Sources of Operating Funding</b>				
Total Operating Funding	34,012	37,856	36,795	(1,061)
<b>Add Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure	1,103	3,724	1,726	(1,998)
Development and financial contributions	966	1,366	784	(582)
<b>These balances are not included in the Overall Funding Impact Statement</b>				
Gain on Disposal of Assets	318	574	164	(410)
Gains on investments	48	272	41	(231)
Add Vested Assets	44	1,281	690	(591)
<b>Total Revenue</b>	<b>36,491</b>	<b>45,073</b>	<b>40,200</b>	<b>(4,873)</b>
<b>Expenditure</b>				
<b>Statement of Comprehensive Income</b>				
Operating Expenditure	43,107	42,591	43,624	1,033
<b>Summary Funding Impact Statement</b>				
<b>Total Application of Operating Funding</b>	31,184	30,766	31,858	1,092
<b>These balances are not included in the Overall Funding Impact Statement</b>				
Loss on Disposal of Assets and loss on commercial building revaluation	435	-	163	163
Increase(decrease) in Landfill Provision	87	-	64	64
Add Depreciation and Amortisation Expense	11,401	11,828	11,541	(287)
<b>Total Expenditure</b>	<b>43,107</b>	<b>42,594</b>	<b>43,626</b>	<b>1,032</b>

*The financial statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Accounts*

# Reserve Funds

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest. Council holds 17 reserves, with 5 being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that Council may put the funds towards. The remaining Council created reserves are discretionary reserves which the Council has established for the fair and transparent use of monies. Reserve balances are not separately held in cash and the funds are managed as part of the council's treasury management.

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

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

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

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

### Shannon Community Trust

During the year Council transferred the money from the Shannon Water Improvement Funds to the Trust. The trust has subsequently invested \$350,000 with council, now shown as a liability with accumulated interest of \$3,000. This liability was previously disclosed as a reserve and is now as a liability to the Shannon Community Trust, shown here for transparency.

<b>Shannon Community Trust (Community Support - Shannon)</b>	<b>0</b>	<b>353</b>	<b>0</b>	<b>353</b>
Funds held by way of investment with the council on behalf of the Trust				

# Council's Interest in Other Entities

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

## Te Horowhenua Trust

### Nature and Scope of Activities Provided

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

### Policies and Objectives on Ownership and Control

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

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

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

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

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

### Monitoring of Performance

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

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

Te Horowhenua Trust will meet the key performance indicators (KPIs) as defined in their 2012/13 Statement of Intent approved by Horowhenua District Council on 10 July 2012.

### Usage

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

### Awareness

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

### Strategic Plan

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

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

## MEASURING PERFORMANCE

Service	Performance Measures	Attainment 2013	Attainment 2012
<b>Te Takere</b>  Usage	Visitor Counts	Levin 464,799 Foxton 53,767 Shannon 38,197 Total 556,763 visits were made to the Districts Libraries. This is 66% more than 2011/12.  Visitor counts are determined by adding together all the entries and exits through the two entrances (Bath St and Levin Mall then dividing by 2.	Achieved. Levin 231,744 Foxton 55,046 and Shannon 47,673 Total 334,463 visits were made to the Districts Libraries.
	Programmes Delivered	113 different programmes or events were run during the year. Some were one-offs like Diwali. Samoan language week and Hip Hop workshops, while others were run weekly or quarterly.	N/A
	Booking counts for community facilities	For the nine months that Te Takere was open 292 meeting room bookings were made, 138 of which were business and 154 were community groups.	N/A
	Website Usage	Unique users Library catalogue – 104,202 visits, this was an increase of 30% on average per month on 2011/12. Te Takere Website – this was launched 28/9/2012. 89,712 visits were recorded over nine months, an average of 9,968 unique visitors per month. Kete Horowhenua – 217,992 hits (up 42%) from 2011/12.	Visits to the Library website: Kete Horowhenua: 153,234 (up 24%).
Awareness	Achieve at least 70% A survey of Horowhenua residence testing awareness level of Te Takere and its functions.	At this date the collating of the information for this report the community survey had not been commissioned and therefore are unable to report against this measure.	
Strategic Plan	Report on the progress on the actions identified in the Strategic plan.	A Business Plan was developed which contains objectives for each of the 14 area contained in the Strategic Plan. Progress is monitored monthly by the Te Takere's CEO and Corporate and Strategic Service Manager.	

The Trust's annual accounts are audited by Audit NZ. The Council receives the Trust's audited Annual report. The annual accounts are included in the Group financials for 30 June 2013.

## **Shannon Community Development Trust**

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

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

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

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

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

The Council receives the Trust's audited Annual Report. The annual accounts are included in the Group financials for 30 June 2013.

## **Horowhenua Health Workforce Trust**

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

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

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

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

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

## **Manawatu -Wanganui- LASS Limited (MWLASS)**

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



# **Notes to the Financial Statements**

## **FOR THE YEAR ENDED 30 JUNE 2013**

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## 1. RATES REVENUE

	Council and Group Actual 30 June 2013 \$000	Council and Group Actual \$ 30 June 2012 \$000
<b>General Rates</b>		
Uniform annual general charge	0	0
Differential general rates	6,163	5,808
Penalties inclusive of remissions	538	471
Total general-purpose rates	6,701	6,279
<b>Solid Waste Rates</b>	791	822
<b>Roading Rate</b>	4,914	4,269
<b>Library Rate</b>	1,781	1,570
<b>Representation and Governance Rate</b>	2,642	2,563
<b>Swimming Pool Rate</b>	1,930	1,821
<b>Water Rates:</b>		
District wide	3,068	2,893
Foxton Beach	280	266
Horowhenua race	0	0
Waikawa race	9	10
Total water rates	3,357	3,169
<b>Sewer Rates:</b>		
District wide	3,721	3,550
Levin	3	3
Total Sewer Rates	3,724	3,553
Total Rates Revenue (Net of Remissions)	25,840	24,046
<b>Total Rates Revenue</b>	25,881	24,068
<b>Rates Remissions:</b>		
Land owned by community groups	(0)	(3)
Penalty remissions	(41)	(19)
Total Rates Revenue Net of Remissions	25,840	24,046

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

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

## 2. FINANCE INCOME AND OTHER REVENUE

	Council Actual \$ 30 June 2013 \$000	Council Actual \$ 30 June 2012 \$000	Group Actual \$ 30 June 2013 \$000	Group Actual \$ 30 June 2012 \$000
<b>2a. Finance Income</b>				
Interest income for financial assets not at fair value through profit and loss				
Bank Deposits	89	90	108	112
	<b>89</b>	<b>90</b>	<b>108</b>	<b>112</b>
<b>Other Revenue</b>				
<b>2b. Subsidies</b>				
NZTA government grants	2,114	1,938	2,114	1,938
Water government grant	571	112	571	112
Wastewater government grant	0	0	0	0
Other government grants	99	255	99	255
	<b>2,784</b>	<b>2,305</b>	<b>2,784</b>	<b>2,305</b>
<b>2c. Fees, Charges and Targeted Rates for Water Supply by Meter</b>				
User charges	5,390	5,862	5,829	5,904
Rental income from commercial properties	638	553	638	553
	<b>6,028</b>	<b>6,415</b>	<b>6,467</b>	<b>6,457</b>
<b>2d. Other Income</b>				
Infringements and fines	602	249	602	265
Rendering of services	771	186	771	186
Petrol tax	181	188	181	188
NZ Carbon Credits	33	0	33	0
Regulatory revenue	1,263	1,622	1,263	1,622
Non operating Income	0	0	477	0
Donations and private sector grants	930	13	930	116
	<b>3,780</b>	<b>2,258</b>	<b>4,257</b>	<b>2,377</b>
<b>2e. Vested Assets</b>	690	44	690	44
<b>2f. Development Contributions</b>	784	966	784	966
	<b>1,474</b>	<b>1,010</b>	<b>1,474</b>	<b>1,010</b>
<b>Total Income and Other Revenue</b>	<b>8,127</b>	<b>12,060</b>	<b>8,147</b>	<b>5,804</b>

The following Grants were received and expensed in the year for Playford Park Development:

	Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000	Group Actual 30 June 2013 \$000	Group Actual 30 June 2012 \$000
Pub Charity	25	0	25	0
Endeavour Foundation	5	0	5	0
Eastern and Central Community Trust	75	0	75	0
Southern Trust	25	0	25	0
New Zealand Community Trust	75	0	75	0
Total	205	0	205	0

### 3. OTHER GAINS/(LOSSES)

		Council Actual \$ 30 June 2013 \$000	Council Actual \$ 30 June 2012 \$000	Group Actual \$ 30 June 2013 \$000	Group Actual \$ 30 June 2012 \$000
<b>Non-financial Instruments</b>	<b>Note</b>				
Gain on changes in fair value of forestry assets	13	41	48	41	48
Gain on disposal of property, plant and equipment		164	318	164	318
Loss on disposal of property, plant and equipment		(135)	(17)	(135)	(17)
Loss on changes in fair value of investment property	14	(28)	(419)	(28)	(419)
Gain/(Loss) on land and buildings revaluations		0	(615)	(0)	(615)
		(42)	(685)	(42)	(685)
<b>Financial Instruments</b>					
Gain/(loss) on revaluation of financial liabilities					
Gain/(loss) on revaluation of financial assets		0	(1)	0	1
Total gains/(losses)		(42)	(684)	(42)	(684)

### 4. EMPLOYEE BENEFIT EXPENSES

	Council Actual \$ 30 June 2013 \$000	Council Actual \$ 30 June 2012 \$000	Group Actual \$ 30 June 2013 \$000	Group Actual \$ 30 June 2012 \$000
Salaries and wages	7,002	6,674	8,370	7,452
Increase/(decrease) in employee entitlements	(20)	174	40	190
Employee entitlement transferred to THT	27	0	0	0
Other Employee benefit expenses	372	172	390	172
Employer contributions to Superannuation Schemes	101	94	126	94
<b>Total Employee Benefit Expenses</b>	<b>7,482</b>	<b>7,114</b>	<b>8,926</b>	<b>7,908</b>

### 5. OTHER OPERATING EXPENSES

Audit fees for financial statement audit	130	121	142	133
Audit fees for financial plans/LTP audit	0	82	0	82
Audit Fees for FMIS	0	22	0	22
Total fees to principal auditor	130	225	142	238
Donations	0	0	0	0
Debtors written off	0	0	0	0
Impairment of receivables	63	17	63	17
Impairment of property, plant and equipment	0	0	0	0
Minimum lease payments under operating leases	530	289	530	289
Professional Services	3,111	4,205	3,111	4,230
Asset Maintenance contract expenditure	11,354	8,271	11,354	8,271
General Grants	2,084	1,734	231	662
Expenditure on Utilities	883	1,223	883	1,223
Other	4,162	5,586	4,776	5,782
<b>Total Other Operating Expenses</b>	<b>22,317</b>	<b>21,450</b>	<b>21,091</b>	<b>20,712</b>

### 6 FINANCE COSTS

<b>Interest Expense</b>				
Interest on borrowings	2,211	2,017	2,208	2,017
Valuation of interest rate swap adjustment	(154)	603	(154)	603
<b>Total Interest Expense</b>	<b>2,057</b>	<b>2,620</b>	<b>2,054</b>	<b>2,620</b>

	Council Actual \$ 30 June 2013 \$000	Council Actual \$ 30 June 2012 \$000	Group Actual \$ 30 June 2013 \$000	Group Actual \$ 30 June 2012 \$000
<b>7. CASH AND CASH EQUIVALENTS</b>				
Cash at bank and in hand	6,996	4,845	7,053	4,909
Term deposits with maturities less than three months	350	0	350	374
<b>Total Cash and Cash Equivalents</b>	<b>7,346</b>	<b>4,845</b>	<b>7,403</b>	<b>5,283</b>

Cash at bank and in hand	7,345	4,845	7,053	4,909
Term deposits with maturities less than three months	0	0	350	374
Bank overdrafts	0	0	0	0
<b>Total Cash and Cash Equivalents</b>	<b>7,345</b>	<b>4,845</b>	<b>7,403</b>	<b>5,283</b>

	Council Actual \$ 30 June 2013 \$000	Council Actual \$ 30 June 2012 \$000	Group Actual \$ 30 June 2013 \$000	Group Actual \$ 30 June 2012 \$000
<b>8. DEBTORS AND OTHER RECEIVABLES</b>				
	Note			
Rates receivables	2	2,549	2,139	2,549
Related party receivables	3	0	0	0
Prepayments		0	8	0
Other receivables		5,057	5,273	5,106
		7,606	7,420	7,655
Less provision for impairment of receivables		(1,179)	(939)	(1,179)
		6,427	6,481	6,476
Less non-current portion:		0	0	0
Current portion		6,427	6,481	6,476

#### Fair Value

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

#### Impairment

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

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

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

As of 30 June 2013 and 2012 all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. HDC holds no collateral as security or other enhancements over receivables that are either past due or impaired.

The status of receivables as at 30 June 2013 and 2012 are detailed below:

	<b>2013</b>			<b>2012</b>		
	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>
<b>Council</b>						
Not past due	4,163	0	4,163	4,466	0	4,466
Past due < 1 year	2,245	525	1,720	2,288	273	2,015
Past due > 1 year	1,198	654	544	666	666	0
Total	7,606	1,179	6,427	7,420	939	6,481
<b>Group</b>						
Not past due	4,213	0	4,213	4,495	0	4,495
Past due < 1 year	2,245	525	1,720	2,288	273	2,015
Past due > 1 year	1,198	654	544	666	666	0
Total	7,656	1,179	6,477	7,449	939	6,511

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

	<b>Council Actual \$ 30 June 2013 \$000</b>	<b>Council Actual \$ 30 June 2012 \$000</b>	<b>Group Actual \$ 30 June 2013 \$000</b>	<b>Group Actual \$ 30 June 2012 \$000</b>
Note				
Individual impairment	654	666	654	666
Collective impairment	525	273	525	273
Total provision for impairment	1,179	939	1,179	939

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

Past due < 1 year	61	31	61	31
Past due > 1 year	593	635	593	635
Total	654	666	654	666

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

At 1 July	939	691	939	691
Additional provisions made during the year	63	16	63	16
Debtors written off during period	(75)	0	(75)	0
Increase in infringement provision	252	232	252	232
At 30 June	1,179	939	1,179	939

## 9. OTHER FINANCIAL ASSETS

	Council Actual \$ 30 June 2013 \$000	Council Actual \$ 30 June 2012 \$000	Group Actual \$ 30 June 2013 \$000	Group Actual \$ 30 June 2012 \$000
<b>Current Portion</b>				
Loans and receivables:				
Community loans	10	10	10	10
Term deposits with maturities of 4-12 months	0	0	0	212
Fair value through other comprehensive income:	0	0	0	0
Held-to-maturity:	0	0	0	0
Total current portion	10	10	10	222
<b>Non-current Portion</b>				
Investment in CCO's and Similar Entities:				
Investment in Te Horowhenua Trust	783	783	0	0
Unlisted shares in NZLGIC Limited	104	104	104	104
Unlisted shares in MWLASS	1	1	1	1
Unlisted shares in LGFA	100	0	100	0
LGFA Borrowers Notes	372	0	372	0
Total investment in CCO's and similar entities	1360	888	577	105
Investment in other entities				
Community loans	136	145	136	145
Deposits with maturities of over 12 months	0	0	0	0
Investments carried at cost:	0	0	0	0
Total investment in other entities	136	145	136	145
Total non-current portion	1,496	1,033	713	250

### Fair Value

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

### Term Deposits

The carrying amount of term deposits approximates their fair value.

Maturity analysis and effective interest rates:

Short-term deposits with maturities 3 months or less	0	0	0	212
Average maturity	0	0	0	3.52%
Weighted average effective interest rate	0%	0%	0%	2%
	0	0	0	212

### Community Loans

The fair value of community loans is \$145,630.29 (2012: \$145,192.42). Fair value has been determined using cash flows discounted at 3.1% (2012 3.1%).

The face value of community loans is \$130,000 (2012: \$140,000).

### Impairment

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

## 10. NON-CURRENT ASSETS HELD FOR SALE

	Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000	Group Actual 30 June 2013 \$000	Group Actual 30 June 2012 \$000
Non-current assets held for sale are:				
Forbes Road Sub-division*	274	153	274	153
Cyrus Hills Forestry	0	2,125	0	2,125
Foxton Beach Holiday Park assets (excl. land)	240	240	240	240
Land to be sold to Foxton Medical Centre Trust	97	0	97	0
Total assets held for sale	611	2,518	611	2,518

### Forbes Road Sections

The Forbes Road lands form part of the Endowment Lands endowed to Council in the late 1800's, the revenue from which fund Foxton Beach Freeholding Fund. The whole intent of the subdivision is section sales to generate revenue for the fund. Section sales will continue as they arise. It is expected that six of the 58 sections remaining in the Forbes Road subdivision will be sold in the next 12 months

### Foxton Beach Holiday Park

The camp also forms part of the endowment lands fund. Only the improvements, not the lands are being sold. Council went through a request for proposal process, in 2012 with the sale of the improvements and a long term land lease being the option chosen. Settlement is expected on the completion of an accretion claim that is currently underway and expected to be completed by December 2013.

### Land to be Sold to Foxton Medical Centre Trust

The land that is proposed to be sold for the purposes of constructing a medical centre was identified as one of a number of surplus Council freehold properties for disposal in 2009. The Council at 5 June 2013 meeting resolved to begin processes to dispose of the land, in order for the construction of the medical centre to occur. Settlement is expected in the November 2013.



11. PROPERTY, PLANT AND EQUIPMENT (PPE)												
2013	Cost / revaluation 1-Jul-12	Accumulated depreciation and impairment charges 1-Jul-12	Carrying amount 1-Jul-12	Additions 2012/13	Disposals at Cost 2012/13	Depreciation on Disposals 2012/13	Depreciation 2012/13	Revaluation 2012/13	Transfers 2012/13	Cost / revaluation 30-Jun-13	Accumulated depreciation and impairment charges 30-Jun-13	Carrying amount 30-Jun-13
<b>Council operational assets</b>												
Land	16,946	-	16,946	-	(160)				(600)	16,186	-	16,186
Buildings	24,191	(408)	23,783	3,264	(95)	2	(413)		(5)	27,355	(819)	26,535
Plant and equipment	2,825	(1,492)	1,333	209	(398)	306	(214)	-	-	2,635	(1,399)	1,236
Total operational assets	43,962	(1,900)	42,062	3,473	(653)	308	(627)	-	(605)	46,176	(2,218)	43,958
<b>Council infrastructural assets</b>												
Wastewater disposal	63,866	(1,968)	61,898	13,339	-	-	(2,016)		-	77,205	(3,984)	73,221
Water supply	51,201	(1,715)	49,486	2,667	-	-	(1,740)		-	53,868	(3,455)	50,413
Stormwater drainage	32,504	(510)	31,994	359	-	-	(512)		-	32,863	(1,022)	31,841
Solid Waste	4,336	(268)	4,068	147			(276)			4,483	(544)	3,939
Roading	264,649	-	264,649	2,924	-	-	(5,556)	-	-	267,573	(5,556)	262,017
Land under roads	24,285	-	24,285		-	-	-	-	-	24,285	-	24,285
Total infrastructural assets	440,841	(4,461)	436,380	19,436	-	-	(10,100)	-	-	460,277	(14,561)	445,716
<b>Council restricted assets</b>												
Cemeteries	894	(25)	869	99	-	-	(25)		-	993	(50)	943
Parks and reserves	30,024	(500)	29,524	2,372	(53)	-	(533)		(97)	32,246	(1,033)	31,213
Endowment properties	6,320	(13)	6,307	370	(156)	-	(13)	-	381	6,915	(26)	6,889
Total restricted assets	37,238	(538)	36,700	2,841	(209)	-	(571)	-	284	40,154	(1,109)	39,045
Total council PPE	522,041	(6,899)	515,142	25,750	(863)	308	(11,298)	-	(321)	546,608	(17,888)	528,719
<b>Subsidiary plant, property and equipment</b>												
Kitchen equipment	16	(16)	0	-			(0)	-	-	16	(16)	0
Furniture and fittings	151	(86)	65	519	(93)	69	(40)	-	-	577	(57)	520
IT equipment	162	(142)	20	-	(118)	111	(7)	-	-	44	(38)	6
Books	1,371	(614)	757	175	(215)	144	(87)	-	-	1,331	(557)	774
Other lending stock	131	(120)	11	25	(51)	50	(21)	-	-	105	(91)	14
Total subsidiary PPE	1,831	(977)	854	719	(477)	374	(155)	-	-	2,073	(759)	1,314
Total group PPE	523,873	(7,876)	515,997	26,469	(1,340)	682	(11,453)	-	(321)	548,681	(18,647)	530,033

### Work in Progress

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

2012	Cost / revaluation 1-Jul-11	Accumulated depreciation and impairment charges 1-Jul-11	Carrying amount 1-Jul-11	Additions 2011/12	Disposals 2011/12	Impairment charges 2011/12	Depreciation 2011/12	Revaluation 2011/12	Transfers 2011/12	Cost / revaluation 30-Jun-12	Accumulated depreciation and impairment charges 30-Jun-12	Carrying amount 30-Jun-12
<b>Council operational assets</b>												
Land	17,648	-	17,648	0	(2)			-	(700)	16,946	-	16,946
Buildings	20,907	-	20,907	3,524	-	-	(408)	-	(240)	24,191	(408)	23,783
Plant and equipment	2,715	(1,289)	1,426	168	(58)	-	(203)	-	-	2,825	(1,492)	1,333
Total operational assets	41,270	(1,289)	39,981	3,692	(60)	-	(611)	-	(940)	43,962	(1,900)	42,062
<b>Council infrastructural assets</b>												
Wastewater disposal	61,321	-	61,321	2,545	-	-	(1,968)	-	-	63,866	(1,968)	61,898
Water supply	49,666	-	49,666	1,535	-	-	(1,715)	-	-	51,201	(1,715)	49,486
Stormwater drainage	32,405	-	32,405	99	-	-	(510)	-	-	32,504	(510)	31,994
Solid Waste	4,107	-	4,107	229			(268)	-		4,336	(268)	4,068
Roading	151,291	-	151,291	2,834	-	-	(5,556)	116,080	-	264,649	-	264,649
Land under roads	24,285	-	24,285	-	-	-	-	-	-	24,285	-	24,285
Total infrastructural assets	323,075	-	323,075	7,242	-	-	(10,017)	116,080	-	440,841	(4,461)	436,380
<b>Council restricted assets</b>												
Cemeteries	884		884	10	-	-	(25)	-	-	894	(25)	869
Parks and reserves	29,248	-	29,248	732	-	-	(500)	-	44	30,024	(500)	29,524
Endowment properties	6,910	-	6,910	156	(131)	-	(13)	(615)	-	6,320	(13)	6,307
Total restricted assets	37,041	-	37,041	898	(131)	-	(538)	(615)	44	37,237	(538)	36,700
Total council PPE	401,386	(1,289)	400,097	11,832	(191)	-	(11,166)	115,465	(896)	522,040	(6,899)	515,142
<b>Subsidiary plant, property and equipment</b>												
Kitchen equipment	16	(16)	0	-	-		-	-	-	16	(16)	0
Furniture and fittings	124	(90)	34	42	(5)		(7)	-	-	151	(86)	65
IT equipment	179	(137)	42	3	(3)		(21)	-	-	162	(142)	21
Books	1,401	(619)	782	174	(113)	-	(84)	-	-	1,371	(614)	757
Other lending stock	130	(119)	11	21	(1)		(21)	-	-	131	(120)	11
Total subsidiary PPE	1,850	(981)	869	240	(122)	-	(133)	-	-	1,831	(977)	854
Total group PPE	403,236	(2,270)	400,966	12,072	(313)	-	(11,299)	115,465	(896)	523,872	(7,876)	515,997

### Work in Progress

Work in Progress at 30 June 2012 was \$3,535,000 in Buildings (2011: \$nil), \$62,000 in Wastewater (2011: \$nil) and \$161,000 in Water (2011: \$nil).

### Disposals

Disposals are shown at net book value.

<b>12. INTANGIBLE ASSETS</b>												
		<b>Accumulated amortisation and impairment charges</b>	<b>Carrying amount</b>			<b>Impairment charges</b>					<b>Accumulated amortisation and impairment charges</b>	<b>Carrying amount</b>
<b>2013</b>	<b>Cost / revaluation 1-Jul-12</b>	<b>1-Jul-12</b>	<b>1-Jul-12</b>	<b>Additions 2012/13</b>	<b>Disposals 2012/13</b>	<b>2012/13</b>	<b>Amortisation 2012/13</b>	<b>Revaluation 2012/13</b>	<b>Transfers 2012/13</b>	<b>Cost / revaluation 30-Jun-13</b>	<b>30-Jun-13</b>	<b>30-Jun-13</b>
<b>Council intangible assets</b>												
Easements	235	-	235	-	-	-	-	-	-	235	-	235
Carbon credits								33		33	-	33
Computer softw are	2,993	(1,223)	1,770	135	-	-	(244)	-	-	3,128	(1,467)	1,661
Total council intangibles	3,228	(1,223)	2,005	135	-	-	(244)	33	-	3,396	(1,467)	1,929
<b>Subsidiary intangible assets</b>												
Computer softw are	348	(317)	31	26	-		(15)	-	-	374	(332)	42
Group intangible assets	3,576	(1,540)	2,036	161	-	-	(259)	33	-	3,770	(1,799)	1,971
		<b>Accumulated amortisation and impairment charges</b>	<b>Carrying amount</b>			<b>Impairment charges</b>				<b>Cost / revaluation 30-Jun-12</b>	<b>Accumulated amortisation and impairment charges</b>	<b>Carrying amount</b>
<b>2012</b>	<b>Cost / revaluation 1-Jul-11</b>	<b>1-Jul-11</b>	<b>1-Jul-11</b>	<b>Additions 2011/12</b>	<b>Disposals 2011/12</b>	<b>2011/12</b>	<b>Amortisation 2011/12</b>	<b>Revaluation 2011/12</b>	<b>Transfers 2011/12</b>	<b>30-Jun-12</b>	<b>30-Jun-12</b>	<b>30-Jun-12</b>
<b>Council intangible assets</b>												
Easements	235	-	235	-	-	-	-	-	-	235	-	235
Computer softw are	2,873	(988)	1,886	120	-	-	(235)	-	-	2,993	(1,223)	1,771
Total council intangibles	3,108	(988)	2,121	120	-	-	(235)	-	-	3,228	(1,223)	2,006
<b>Subsidiary intangible assets</b>												
Computer softw are	348	(300)	48		-		(16)	-	-	348	(317)	31
Group intangible assets	3,456	(1,288)	2,169	120	-	-	(251)	-	-	3,576	(1,540)	2,037
<b>Impairment of easements</b>												
Easements are not cash generating in nature, instead they give HDC the right to access private property where infrastructural assets are located. As such impairment of easements is determined by considering the future service potential of the easement and its assessed replacement cost. No impairment losses have been recognised for easements, as the carrying amount of the assets has been assessed at less than their replacement cost.												
<b>Life Of Easements</b>												
Easements have been assessed as having an indefinite useful life because they provide HDC with access to infrastructural assets for an indefinite time period.												
<b>Restrictions on Title</b>												
There are no pledges or restrictions on titles for any properties, plant or equipment.												

### 13. FORESTRY ASSETS

		Council and Group Actual \$ 30 June 2013 \$000	Council and Group Actual \$ 30 June 2012 \$000
Note			
	Balance at 1 July	563	2,913
	Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	3	41
	Decreases due to sales		921
	Decreases due to transfer to current assets		(2,398)
	Decreases due to harvest	(43)	
	Balance 30 June	561	563

Council owns 105.8 hectares of pinus radiata forest and other harvestable trees, which are at varying stages of maturity ranging from three to 30 years. This consists of Ferry Reserve 13.6 ha, Hokio Landfill 39.3 ha, The POT Forest 30.1 ha (commercially viability 25.1 ha) and Target Reserve 22.8 ha.

Independent registered valuers Forme Consulting Ltd have valued forestry assets as at 30 June 2013. Valuation assumptions adopted in determining the fair value of the forestry assets include:

- \* a pre-tax discount rate of 9% (2012: 9%) has been used in discounting the present value of expected cash returns;
- \* the value of the land and the cost of owning the land are not allowed for in the valuation;
- \* the estimated net stocked forest area is based on aerial mapping records;
- \* trend log prices are based on an average of the last six quarters; and
- \* costs are current average costs.

#### Financial risk management strategies

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

There are no restrictions on titles and liabilities for forestry.

### 14. INVESTMENT PROPERTY

		Council and Group Actual \$ 30 June 2013 \$000	Council and Group Actual \$ 30 June 2012 \$000
Note			
	Balance at 1 July	5,755	5,992
	<b>Additions</b>	33	182
	Transfer from/(to) operational assets		
	<b>Disposals</b>		
	Fair value gains/(losses) on valuation	3	(28)
	Balance at 30 June	5,760	5,755

HDC's investment properties are valued annually at fair value effective 30 June 2013. All investment properties were valued based on open market evidence. The valuation was performed by Bruce Lavender ANZIV, an independent valuer from Blackmore Associates, experienced valuers with extensive market knowledge in the types of investment properties owned by HDC.

The market value at 30 June 2013 was \$5,760,280 which has taken into account all the improvements made to that time. Assumptions vary depending on the item being valued. Land is based on current sales; Leasehold Land is based on recent market sales evidence and Commercial properties are determined by rental achieved or achievable with appropriate capitalisation return indicating property worth.

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

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

As at 30 June 2013 there were \$nil contractual obligations for capital or operating expenditure (2012 \$nil)

#### 15. INVESTMENTS IN SUBSIDAIRIES

	<b>Council Actual 30 June 2013 \$000</b>	<b>Council Actual 30 June 2012 \$000</b>
Te Horowhenua Trust (100% owned)	783	783

#### 16. CREDITORS AND OTHER PAYABLES

	<b>Council Actual 30 June 2013 \$000</b>	<b>Council Actual 30 June 2012 \$000</b>	<b>Group Actual 30 June 2013 \$000</b>	<b>Group Actual 30 June 2012 \$000</b>
<b>Note</b>				
Trade payables	6,829	5,645	7,004	5,711
Amounts due to related parties	23 0	0	0	0
Deposits and Bonds	880	896	880	896
Accrued expenses	793	771	793	771
Rates in advance	743	763	743	763
Other	622	364	269	849
<b>Total Trade and Other Payables</b>	<b>9,867</b>	<b>8,439</b>	<b>9,689</b>	<b>8,990</b>

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

#### 17. PROVISIONS

	<b>Council and Group Actual 30 June 2013 \$000</b>	<b>Council and Group Actual 30 June 2012 \$000</b>
<b>Current provisions are represented by:</b>		
Landfill aftercare	854	680
Financial guarantees	0	0
<b>Total Current Provisions</b>	<b>854</b>	<b>680</b>
<b>Non-current provisions are represented by:</b>		
Landfill aftercare	1,846	1,956
Financial guarantees	0	0
<b>Total Non-current Provisions</b>	<b>1,846</b>	<b>1,956</b>
<b>Total Provisions</b>	<b>2,700</b>	<b>2,636</b>

Movements for each class of provision are as follows:

	Landfill Aftercare Actual 30 June 2013 \$000	Landfill Aftercare Actual 30 June 2012 \$000
Opening balance	2,636	2,549
Adjustment to provisions made during the year	64	87
Unwinding of discount	0	
Amounts used during the year	0	0
Closing balance	2,700	2,636

#### Provision for financial guarantees

HDC is listed as sole guarantor to a number of community organisation bank loans. Under each of these HDC is obligated to make loan payments in the event the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent upon the financial stability of the community organisations, which will vary over time; it is not considered to be necessary to make any provision as at 30 June 2013 (30 June 2012: \$nil).

#### Provision for landfill aftercare costs

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

Cash outflows for landfill post-closure costs are already being incurred for closed cells, and will increase as each current and future cell is closed. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 7% (2012: 7%).

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

The provision was estimated by P Landmark of Montgomery Watson as at 30 June 2013 (2012: P Landmark of Montgomery Watson).

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

The remaining capacity of the consented landfill is approximately 791,501 (2012: 829,300) cubic metres (comprising refuse, clean fill and cover).

The estimated remaining life is approximately 24 years (2012: 30 years).

#### 18. EMPLOYMENT BENEFIT LIABILITIES

	Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000	Group Actual 30 June 2013 \$000	Group Actual 30 June 2012 \$000
Accrued pay	145	157	197	193
Annual leave	456	428	528	467
Long service leave	87	77	86	77
Retirement gratuities	90	147	153	184
Sick leave	0	0	0	0
Total employee benefit liabilities	778	809	964	921
Comprising:				
Current	601	585	724	660
Non-current	177	224	240	261
Total employee benefit liabilities	778	809	964	921

## 19. BORROWINGS

	Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000	Group Actual 30 June 2013 \$000	Group Actual 30 June 2012 \$000
<b>Current</b>				
Bank overdraft	0	0	0	0
Secured loans	6,000	6,750	6,000	6,750
Total current borrowings	6,000	6,750	6,000	6,750
<b>Non-current</b>				
Secured loans	46,750	29,750	46,750	29,750
Total non-current borrowings	46,750	29,750	46,750	29,750

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

### Fixed rate debt

HDC's secured debt of \$38,750,000 (2012: \$31,500,000) is issued at rates of interest fixed at time of issue.

### Floating rate debt

HDC has \$14,000,000 on current floating rate (2012 \$5,000,000). The interest rate is reset quarterly based on the 90 day bill rate plus a margin for credit risk.

### Security

The bank overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$500,000 (2012: \$500,000). There are no restrictions on the use of this facility.

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

### Maturity analysis and effective interest rates

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

	Council and Group Secured Loans Actual 30 June 2013 \$000	Council and Group Secured Loans Actual 30 June 2012 \$000	Council and Group Bank Overdraft Actual 30 June 2013 \$000	Council and Group Bank Overdraft Actual 30 June 2012 \$000
Less than one year	6,000	6,750	6,000	6,750
Effective weighted average interest rate	5.96%	7.80%	5.96%	7.8%
Later than one year but not more than five years	23,750	27,750	23,750	27,750
Effective weighted average interest rate	5.21%	5.52%	5.21%	5.52%
Later than five years	23,000	2,000	23,000	2,000
Effective weighted average interest rate	4.32%	5.60%	4.32%	5.6%
	<b>52,750</b>	<b>36,500</b>	<b>52,750</b>	<b>36,500</b>

### Fair value of non-current borrowings

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

	Carrying Amounts		Fair Values	
	Actual 30 June 2013 \$000	Actual 30 June 2012 \$000	Actual 30 June 2013 \$000	Actual 30 June 2012 \$000
Secured Loans	46,750	29,750	46,750	29,750

The carrying amounts of borrowings repayable within one year approximate their fair value. The fair values are based on cash flow using a rate based on the weighted borrowing rates ranging from 4.32% to 5.21% (2012 5.52% to 5.6%).

## Internal Borrowings

Information about internal borrowing per Activity is provided on the Activity Funding Impact Statements on pages 81-145.

### 20. EQUITY

	<b>Council Actual 30 June 2013 \$000</b>	<b>Council Actual 30 June 2012 \$000</b>	<b>Group Actual 30 June 2013 \$000</b>	<b>Group Actual 30 June 2012 \$000</b>
<b>Retained earnings</b>				
As at 1 July	277,242	284,660	277,360	284,802
Transfers to:				
Special Funds	(4,065)	(1,022)	(4,065)	(1,022)
Transfers from:				
Special Funds	1,533	269	1,533	269
Asset revaluation reserve on disposals	24	(49)	24	(49)
Surplus/(deficit) for the year	(3,424)	(6,617)	(2,874)	(6,640)
As at 30 June	271,308	277,241	271,979	277,360
<b>Other Reserve Funds (Refer to separate schedule on page 26)</b>				
As at 1 July	2,450	1,697	2,450	1,697
Transfers to:				
Retained earnings	(1,533)	(269)	(1,533)	(269)
Transfers from:				
Retained earnings	4,065	1,022	4,065	1,022
As at 30 June	4,982	2,450	4,982	2,450
<b>Asset revaluation reserves</b>				
As at 1 July	208,982	93,467	208,982	93,467
Revaluation gains/(losses)	0	115,465	0	115,465
Transfers to:				
Retained earnings on disposal of property, plant and equipment	(24)	49	(24)	49
As at 30 June	208,958	208,982	208,958	208,982
Asset revaluation reserves consist of:				
Operational assets				
Land and Building	0	0	0	0
Infrastructural assets				
Sewerage system	31,265	31,265	31,265	31,265
Water system	19,490	19,490	19,490	19,490
Stormwater drainage system	18,810	18,810	18,810	18,810
Solid Waste	421	421	421	421
Roothing network	130,770	130,770	130,770	130,770
Restricted assets				
Cemeteries	122	122	122	122
Parks and reserves	7,967	7,979	7,967	7,979
Endowment property	113	125	113	125
Total	208,958	208,982	208,958	208,982
Total Equity	485,248	488,673	485,208	488,793

Refer to Reserve Funds Statement, pages 27-29, for details on Restrict Reserves and Council Created Reserve Funds.



## 21. CAPITAL COMMITMENTS AND OPERATING LEASES

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

	Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000	Group Actual 30 June 2013 \$000	Group Actual 30 June 2012 \$000
<b>Capital Commitments</b>				
Shannon Water Treatment Plant parts 1-3	1,997	1,824	1,997	1,824
Levin Rising Main and New Pump House parts 1-2	1,397	0	1,397	0
<b>Total</b>	<b>3,394</b>	<b>1,824</b>	<b>3,394</b>	<b>1,824</b>

Refer to Note 14 for capital commitments for investment properties.

### Operating Leases as Lessee

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

#### Non-cancellable Operating Leases as Lessee

Less than one year	497	256	504	263
Later than one year but not more than five years	424	389	431	404
Later than five years	0	0	0	0
<b>Total Non-cancellable Operating Leases</b>	<b>921</b>	<b>645</b>	<b>935</b>	<b>667</b>

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

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

### Operating leases as lessor

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

Less than one year	865	837	865	837
Later than one year but not more than five years	1,625	1,801	1,625	1,801
Later than five years	1,613	1,185	1,613	1,185
<b>Total Non-cancellable Operating Leases</b>	<b>4,103</b>	<b>3,823</b>	<b>4,103</b>	<b>3,823</b>

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

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

## 22. CONTINGENCIES

Guarantees	42	46	42	46
Government Grant	5,219	5,219	5,219	5,219

### Guarantees

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

## **Government Grant**

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

## **Contingent Liability**

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

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

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

Horowhenua District Council is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$0.100m. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Horowhenua District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2013, NZLGFA had borrowings totalling \$2,475m (2012: \$835m).

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

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

Horowhenua District Council obtains insurance cover to enable replacement of infrastructural assets following catastrophic damage by natural disaster from the Local Authority Protection Programme Disaster Fund (LAPP). This operates as a mutual fund where each member makes an annual contribution to obtain cover, however should claims exceed contributions then calls can be made on the members of that fund year, for the shortfall amount. At 30 June 2013 HDC is not aware of any possible shortfall and has made no provision for any future calls.

Following the Canterbury earthquake the trustees of LAPP have instituted a self-funded component in lieu of reinsurance. Each member of LAPP is therefore liable for 4 times their annual contribution to the fund for any event in New Zealand covered by the fund over a \$15m threshold to a maximum of 2 events a year. For HDC this means \$574,800 maximum per event.

## **Building Act Claims**

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

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

## **Contingent Assets**

Third parties including sports clubs and community groups are able to construct facilities (e.g. club rooms) on HDC-owned land. The third parties control the use of these facilities and HDC will only gain control of the asset if the third party vacates the facility. Unless, and until, such event occurs these assets are not recognised as assets in the Statement of Financial Position. As at 30 June 2013 there were 24 facilities having an approximate value of \$8,020m (2012:30 facilities, \$8,020m). This estimate has been based on district rating valuations

## 23. RELATED PARTY TRANSACTIONS

### Te Horowhenua Trust

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

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

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

A description of the library activities and comparisons between the actual performance and the Key Performance measures set out in the LTP 2012-2022 is contained in Section 01 under the Community Support Group of Services.

### Manawatu/Wanganui Local Authorities Shared Services Ltd

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

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

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

The following transactions were carried out with related parties:

	<b>Council Actual 30 June 2013 \$000</b>	<b>Council Actual 30 June 2012 \$000</b>
<b>Te Horowhenua Trust</b>		
Grant received from Council	1,350	1,107
Contract income provided by HDC to Te Horowhenua Trust	90	0
Services provided by Te Horowhenua Trust to HDC	26	35
Other Services to Te Horowhenua Trust from HDC	32	42

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

### Te Horowhenua Trust

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

### Manawatu/Wanganui Local Authorities Shared Services Ltd

Purchase of Shares	0	0
Insurance Levies	0	8
Regional Archives Project	60	61
Aerial Photography Project	0	13
Valuation services and share of fixed charges	11	7
Rating & Valuation Services Levies	0	1
Consultant expenses share	1	0

### Shannon Community Development Trust

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

## Key Management Personnel

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

	<b>Council Actual 30 June 2013 \$000</b>	<b>Council Actual 30 June 2012 \$000</b>
Canvasland Holdings Ltd (in which Mayor B Duffy is a shareholder) Expenditure incurred in the year ended 30 June 2013	13	4
Canvasland Sunshades Ltd (in which Mayor B Duffy is a shareholder) Expenditure incurred in the year ended 30 June 2013	1	10

No provision has been required, nor any expense recognised, for impairment of receivables for any related party (2012: nil).

## Key Management Personnel Compensation

Salaries and other short-term employment benefits	1,325	1,239
Post-employment benefits	11	0
Other long-term benefits	0	0
Termination benefits	0	0
	<u>1,336</u>	<u>1,239</u>

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

## 24. REMUNERATION

### Chief Executive Officer

The Chief Executive of HDC appointed under section 42 of the Local Government Act 2002 received the following remuneration:

	<b>Council Actual \$ 2013</b>	<b>Council Actual \$ 2012</b>
Chief Executive Officer until date of leaving 21 June 2013		
Salary	219,865	212,877
Final holiday pay	7,561	0
Vehicle (market value plus FBT -sold 21/6/2013)	11,955	12,291
	<u>239,381</u>	<u>225,168</u>

For the period 1 July 2012 to 21 June 2013 the total annual cost of the remuneration package received by the Chief Executive is calculated as \$239,382 (2012: \$225,168) including FBT and final holiday pay.

Chief Executive Officer (Acting) from 22 June 2013 – 30 June 2013	3,523	0
Salary	<u>3,523</u>	<u>0</u>

For the period 24 June 2013 to 30 June 2013 the total cost of the remuneration package received by the Acting Chief Executive Officer is calculated as \$3,523 (2012 \$0).

<b>Elected Representatives</b>	<b>Council Actual \$ 2013</b>	<b>Council Actual \$ 2012</b>
Mayor B J Duffy	86,340	82,840
<b>Councillors:</b>		
D A Allan (Chair of the Hearings Committee)	28,662	27,879
G G Good	21,365	19,430
A M Hunt	19,375	19,090
B F Judd (Deputy Mayor from Nov 09)	28,062	27,729
V M Kaye-Simmons	19,814	19,330
L E McMeeken	20,664	19,330
N D H Murray	19,375	19,090
A D Rush	22,364	19,330
R N Shaw	19,814	19,430
W Bishop	19,814	15,444
	<b>305,649</b>	<b>288,922</b>

### **Council Employees**

Total annual remuneration by band for employees as at 30 June

	<b>Council Actual \$ 2013</b>	<b>Council Actual \$ 2012</b>
<60,000	68	75
\$60,000 - \$79,999	22	21
\$80,000 - \$99,999	14	14
\$100,000- \$220,000	7	8
<b>Total Employees</b>	<b>111</b>	<b>118</b>

At balance date, the Council employed 90 (2012 90) full-time employees, with the balance of staff representing 14 (2012 17) full-time equivalent employees. A full-time employee is determined on the bases of a 40-hour working week.

## **25. SEVERANCE PAYMENTS**

For the year ended 30 June 2013 HDC made a three severance payments to employees totalling \$13,031 (2012: \$1,000). The three payments made were \$8,606, \$3,200 and \$1,241 (2012 one \$1,000).

## **26. EVENTS AFTER THE BALANCE SHEET DATE**

### **Council responds to its earthquake-prone buildings**

The Horowhenua District Council at its 7 August 2013 meeting decided to close a number of Council buildings and install signage on Councils other earthquake prone buildings, until such a time as a decision is made on the long term future of the buildings.

This included the permanent closure of Foxton Service Centre and the Foxton Courthouse Museum and to notify the public of Councils other earthquake-prone buildings identified.

Other Council buildings that have been identified as Earthquake Prone (i.e. categorised D or E – rated less than 33% of the New Building Standard) to date are the Levin Domain Grandstand, the Levin Memorial Hall, Foxton Memorial Hall and the Shannon Domain Grandstand.

The Foxton Service Centre and the Foxton Courthouse Museum were indefinitely closed, due to their likely catastrophic failure in the event of a moderate earthquake.

All other Council buildings identified as earthquake prone, will be open to the public however signage will be installed notifying the community of the risks associated with the building.

Councils earthquake prone buildings can are longer covered by a full replacement policy, with insurance cover only being for the buildings indemnity value.

## Purchase of 22 Harbour Street Foxton for Te Awahou Project

At the 4th September 2013 Council meeting, the Council authorised the Chief Executive to commence negotiations to purchase the Mitre 10 building in Foxton from Foxton Hardware Supplies (1984) Limited, for Te Awahou Project. The settlement date is 11 October 2013.

## 27. FINANCIAL INSTRUMENTS

### 27A. FINANCIAL INSTRUMENT CATEGORIES

		Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000	Group Actual 30 June 2013 \$000	Group Actual 30 June 2012 \$000
	Note				
<b>FINANCIAL ASSETS</b>					
<b>Loans and Receivables</b>					
Cash and cash equivalents	7	7,346	4,845	7,403	5,283
Debtors and other receivables	8	6,427	6,481	6,476	6,511
Other financial assets:					
- term deposits		0	0	0	212
- community loans	9	146	155	146	155
- derivatives interest rate swap		0	0	0	0
<b>Total Loans and Receivables</b>		<b>13,919</b>	<b>11,481</b>	<b>14,025</b>	<b>12,161</b>
<b>Fair Value Through Other Comprehensive Income</b>					
Unlisted Shares in NZLGIC Limited	9	104	104	104	104
Unlisted Shares In MWLASS	9	1	1	1	1
Unlisted Shares in LGFA	9	100	0	100	0
LGFA Borrowers Notes		372	0	372	0
<b>Total financial assets</b>		<b>14,496</b>	<b>11,586</b>	<b>14,512</b>	<b>12,265</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Fair Value Through Surplus or Deficit – Held for Trading</b>					
Derivative financial instrument liabilities	33	376	530	376	530
<b>Financial liabilities at amortised cost</b>					
Creditors and other payables	16	10,190	8,439	9,689	8,990
Borrowings:					
- secured loans	19	52,750	36,500	52,750	36,500
<b>Total financial liabilities at amortised cost</b>		<b>63,316</b>	<b>45,469</b>	<b>62,815</b>	<b>46,020</b>

### 27B. FINANCIAL INSTRUMENT RISK

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

### 27C. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

## Market Risk

### Price Risk

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

HDC holds unlisted equity instruments in New Zealand Local Government Insurance Limited, which are not publicly traded. If the fair value of the shares had moved plus or minus 5%, the effect would have been to increase/decrease the fair value through equity reserve by \$5,200 (2012:\$5,200).

### Currency Risk

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

### Interest Rate Risk

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

### Fair Value Interest Rate Risk

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

### Cash Flow Interest Rate Risk

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

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

### Credit Risk

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

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

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

### Maximum Exposure to Credit Risk

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

		Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000	Group Actual 30 June 2013 \$000	Group Actual 30 June 2012 \$000
	Note				
Cash at bank and term deposits	7	7,346	4,845	403	5,283
Debtors and other receivables	8	6,427	6,481	6,476	6,511
Community loans	9	146	155	155	155
	2				
Financial guarantees	2	42	46	42	46
Total credit risk		13,961	11,527	14,076	12,207

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

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

#### **COUNTERPARTIES WITH CREDIT RATINGS**

Cash at bank and term deposits:

AA	7	0	4,845	7,403	5,283
AA-	7	7,346	0	0	0
Total cash at bank and term deposits		7,346	4,845	7,403	5,283

#### **COUNTERPARTIES WITHOUT CREDIT RATINGS**

Community loans:

Existing counterparties with no defaults in the past	9	146	155	146	155
Existing counterparties with defaults in the past		0	0	0	0
Total community loans		146	155	146	155

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

### **Liquidity Risk**

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

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

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

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

HDC has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2012: \$500,000). There are no restrictions on the use of this facility.

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

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



### Contractual Maturity Analysis of Financial Liabilities

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

	Note	Carrying Amount \$000	Contractual Cash Flow \$000	<1 Year \$000	1-2 Years \$000	2-5 Years \$000	>5 Years \$000
<b>Council 2013</b>							
Creditors and other payables	16	9,867	9,867	9,867	0	0	0
Secured loans	19	52,750	59,201	6,376	11,404	16,958	24,463
Total		62,617	69,069	16,243	11,404	16,958	24,463
<b>Group 2013</b>							
Creditors and other payables	16	9,689	9,689	10,713	0	0	0
Secured loans	19	54,959	59,201	6,376	11,404	16,958	24,463
Total		64,648	68,890	17,089	11,404	16,958	24,463
<b>Council 2012</b>							
Creditors and other payables	16	8,439	8,439	8,439	0	0	0
Secured loans	19	36,500	38,516	7,278	6,358	22,343	2,070
Total		44,939	46,955	15,717	6,358	22,343	2,070
<b>Group 2012</b>							
Creditors and other payables	16	8,990	8,990	8,900	0	0	0
Secured loans	19	36,500	38,516	7,278	6,358	22,343	2,070
Total		45,490	47,506	16,178	6,358	22,343	2,070

### Contractual maturity analysis of financial assets

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

	Note	Carrying Amount \$000	Contractual Cash Flow \$000	<1 Year \$000	1-2 Years \$000	2-5 Years \$000	>5 Years \$000
<b>Council 2013</b>							
Cash and cash equivalents	7	7,346	7,346	7,346	0	0	0
Debtors and other receivables	8	6,427	6,427	6,427	0	0	0
Other financial assets:							
* term deposits							
* community loans	9	146	154	10	20	30	94
Total		13,919	13,927	13,783	20	30	94
<b>Group 2013</b>							
Cash and cash equivalents	7	7,403	7,403	7,403	0	0	0
Debtors and other receivables	8	6,476	6,476	6,476	0	0	0
Other financial assets:							
* term deposits							
* community loans	9	155	164	10	20	30	104
Total		14,033	14,043	13,889	20	30	104
<b>Council 2012</b>							
Cash and cash equivalents	7	4,845	4,845	4,845	0	0	0
Debtors and other receivables	8	6,481	6,481	6,481	0	0	0
Other financial assets:							
* term deposits							
* community loans	9	155	164	10	20	30	104
Total		11,481	11,490	11,336	20	30	104
<b>Group 2012</b>							
Cash and cash equivalents	7	5,283	5,283	5,283	0	0	0
Debtors and other receivables	8	6,511	6,511	6,511	0	0	0
Other financial assets:							
* term deposits							
* community loans	9	155	164	10	20	30	104
Total		11,948	11,958	11,804	20	30	104

### Sensitivity Analysis

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

	30 June 2013 Parent & Group -100bps	30 June 2013 Parent & Group +100bps	30 June 2012 Parent & Group -100bps	30 June 2012 Parent & Group +100bps
<b>INTEREST RATE RISK</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	(64)	64	(64)	64
<b>Financial Liabilities</b>				
Borrowings	50	(50)	50	(50)

Cash and cash equivalents include deposits at call totalling \$6,360,000 (2012: \$6,360,000) which are at floating rates. A movement of interest rates of plus or minus 1% has an effect on interest income of \$63,600 (2012: 63,600).

Borrowings include total debt of \$14,000,000 (2012: \$500,000) on current floating rates.

### 28. BUDGETS FOR YEAR ENDED 30 JUNE 2013

Budgets are as per the LTP Year 1, 2012/2013.

### 29. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

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

### 30. FINANCE LEASES

Council does not have any finance leases (30 June 2012: nil).

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

	Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000	Group Actual 30 June 2013 \$000	Group Actual 30 June 2012 \$000
<b>SURPLUS (DEFICIT)</b>	(3,424)	(6,617)	(2,874)	(6,640)
Add/(less) non-cash items:				
Depreciation and amortisation	11,541	11,401	11,711	11,550
Bad and doubtful debts expense				
Other including vested and donated assets	(690)	40	(695)	30
Net gains and losses and other non-current movements	(10)	1,172	(279)	1,295
Impairment of non-current assets	0	0	0	0
Add/(less) movements in working capital:				
Increase/(decrease) in accounts receivable	50	(2,342)	37	(2,354)
Increase/(decrease) in current liabilities	668	687	367	730
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	8,135	4,341	8,267	4,611

### 32. CAPITAL MANAGEMENT

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

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

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

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

HDC has the following Council-created reserves:

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

### 33. DERIVATIVE FINANCIAL INSTRUMENTS

	Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000	Group Actual 30 June 2013 \$000	Group Actual 30 June 2012 \$000
<b>Current portion</b>				
Interest rate swaps – fair value hedges	(53)	0	(53)	0
<b>Non-current liability</b>				
Interest rate swaps – fair value hedges	(323)	(530)	(323)	(530)
<b>Total derivative financial instrument assets</b>	<b>(376)</b>	<b>(530)</b>	<b>(376)</b>	<b>(530)</b>

#### Non-current liability

This is included under other non-current liability in the Financial Position on page 21.

#### Fair value

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

#### Interest Rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for HDC were \$7,000,000 and \$4,000,000 (2012 \$7,000,000 and \$4,000,000) and for the HDC Group were \$11,000,000 (2012 \$11,000,000). At 30 June 2013, the fixed interest rate of the cash flow hedge interest rate swap was 5.37% and 4.96% respectively (2012:5.37% and 4.96%).

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

	Council Actual 30 June 2013 \$000	Council Actual 30 June 2012 \$000
Community Support	36	24
Environmental Services	27	26
Parks and Recreation	582	549
Property	419	569
Roading	5,556	5,554
Solid Waste	305	297
Stormwater	512	512
Waste water	2,016	1,969
Water Supply	1,740	1,709
Treasury	348	192
<b>Total</b>	<b>11,541</b>	<b>11,401</b>

# Accounting Policies

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## 1. REPORTING ENTITY

The Horowhenua District Council is a territorial Local Authority constituted under and governed by the Local Government Act 2002 and is domiciled in New Zealand.

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

The primary objective of HDC is to provide goods and services for the community for social benefit rather than making a financial return. Accordingly, HDC has designated itself and the group as Public Benefit Entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Financial Statements of HDC are for the year ended 30 June 2013. The Financial Statements were authorised for issue by Council on 30 October 2013.

## 2. BASIS OF PREPARATION

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

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

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

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

The Financial Statements are presented in New Zealand Dollars. The functional currency of HDC is New Zealand Dollars. All values are rounded to the nearest \$1,000.00.

## CHANGES IN ACCOUNTING POLICIES

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

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

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

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

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

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

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

### **3. SUBSIDIARIES**

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

#### **Basis of Consolidation**

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

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

## 4. REVENUE

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

### *Rates Revenue*

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

### *Development Contributions*

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

Development contributions are disclosed separately.

### *Other Revenue*

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

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

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

Revenue from government grants is recognised as revenue on entitlement.

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

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

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

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

Revenue from interest is recognised using the effective interest method.

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

## 5. BORROWING COSTS

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

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



## **6. INCOME TAX**

Income tax expense includes current tax and deferred tax.

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

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

## **7. GRANT EXPENDITURE**

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

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

## **8. LEASES**

### *Finance Leases*

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

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

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

### *Operating Leases*

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

## **9. CASH AND CASH EQUIVALENTS**

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

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

## 10. TRADE AND OTHER RECEIVABLES

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

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

## 11. FINANCIAL ASSETS

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

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

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

The categories of financial assets are:

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

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

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

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

### *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that HDC has the positive intention and ability to hold to maturity.

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

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

### *Loans and Receivables*

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

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

### *Financial assets at fair value through other comprehensive income*

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

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

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

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

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

### **Impairment of financial assets**

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

### *Loans and Other Receivables and Held-to-maturity Investments*

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

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

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

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

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

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

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

## **12. NON-CURRENT ASSETS HELD FOR SALE**

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

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

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

### 13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

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

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

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

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

#### *Additions*

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

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

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

#### *Disposals*

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

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

#### *Subsequent Costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to HDC and the cost of the item can be measured reliably.

#### *Depreciation*

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

	Useful Life	Depreciation Rate
<b>OPERATIONAL ASSETS</b>		
<b>Land</b>	N/A	N/A
<b>Buildings:</b>		
Structure	50 to 100 years	2% - 1%
Roofing	40 years	2.5%
Electricals	40 years	2.5%
<b>Plant, equipment and vehicles</b>	4 to 25 years	25% - 4%
<b>Library assets</b>	10 years	10%
<b>Solid waste management:</b>		
Building structure	50-100 years	2% - 1%
Building roofing	40 years	2.5%
Roading	50 years	2%
Cell site works and earthworks	33 years	3%
Cell lining, drainage and irrigation	33 years	3%
Cell electricals	10 years	10%
<b>RESTRICTED ASSETS</b>		
<b>Land</b>	N/A	N/A
<b>Buildings:</b>		
Structure	50 to 100 years	2% - 1%
Roofing	40 years	2.5%
Electricals	40 years	2.5%
<b>INFRASTRUCTURAL ASSETS</b>		
<b>Roading:</b> (average lives and depreciation rates of major components)		
Land	N/A	N/A
Formation	N/A	N/A
Berms	110 years	0.91%
Surface water channels	90 years	1.1%
Bridges and culverts	89 years	1.12%
Drainage	88 years	1.13%
Sealed pavement	78 years	1.29%
Basecourse	60 years	1.66%
Footpaths	57 years	1.76%
Crossings	41 years	2.43%
Streetlights	12 years	8.57%
Surfacing	1-25 years	4 - 100%
<b>Stormwater:</b>		
Pump stations	60 years	1.67%
Manholes	60 years	1.67%
Sumps	60 years	1.67%
Pipes	30 to 80 years	3.33% - 1.25%
Pumps	10 years	10%
<b>Water:</b>		
Land	N/A	N/A
<b>Buildings</b>		
Structure	50 to 100 years	2% to 1%
Roofing	40 years	2.5%
Electricals	40 years	2.5%
Treatment facilities	8 to 100 years	12.5% - 1%
Pipes	20 to 80 years	5% - 1.25%
Laterals	80 years	1.25%
Tobies	60 years	1.67%
Valves	60 years	1.67%
Hydrants	60 years	1.67%
Meters	20 years	5%

INFRASTRUCTURAL ASSETS		
<b>Sewer:</b>		
Land	N/A	N/A
Buildings		
Structure	25 to 70 years	4% - 1.43%
Roofing	40 years	2.5%
Electricals	40 years	2.5%
Treatment and disposal facilities	10 to 100 years	10% - 1%
Pipes	60 to 80 years	1.67% - 1.25%
Laterals	60 years	1.67%
Pump stations	60 years	1.67%
Manholes	60 years	1.67%
Pumps	10 years	10%

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

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

#### *Revaluation*

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

#### *Operational Land and Buildings:*

At "fair value" was determined from market-based evidence by an independent valuer. The most recent valuation was performed by B D Lavender (ANZIV, SNZPI) of Blackmore Associates and the valuation is effective as at 30 June 2011.

#### *Restricted Land and Buildings: Parks, Cemeteries and Endowment Land:*

At "fair value" was determined from market-based evidence by an independent valuer. The most recent valuation was performed by B D Lavender (ANZIV, SNZPI) of Blackmore Associates and the valuation is effective as at 30 June 2011.

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

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

#### *Valuations completed by:*

The roading infrastructure was valued as at 30 June 2012 by Robert Berghuis (NZCE, REA) and reviewed by Marvin Clough (Registered Plant & Machinery Valuer) of Beca Infrastructure Limited.

Land under the roads is valued at deemed cost.

The stormwater infrastructure was valued as at 30 June 2011 by Wayne Hodson (BE Civil (Hons), CPEng) of MWH New Zealand Ltd, and reviewed by Brian Smith (BCom (Acc & Eco.), CA) of MWH New Zealand Limited.

The wastewater infrastructure was valued in three parts, all as at 30 June 2011. The reticulation was valued by Wayne Hodson (BE Civil (Hons), CPEng) of MWH New Zealand Ltd, and reviewed by Brian Smith (BCom (Acc & Eco.), CA) of MWH New Zealand Limited. The treatment and disposal facilities were valued by D Lazelle (NZCE (Civil), REA) of Downers EDI. The land and buildings were valued by B D Lavender (ANZIV, SNZPI) of Blackmore Associates.

The water infrastructure was valued in three parts, all as at 30 June 2011. The reticulation was valued by Wayne Hodson (BE Civil (Hons), CPEng) of MWH New Zealand Ltd, and reviewed by Brian Smith (BCom (Acc & Eco.), CA) of MWH New Zealand Limited. The source, treatment and storage facilities were valued by D. Lazelle (NZCE (Civil), REA) of Downers EDI. The land and buildings were valued by B D Lavender (ANZIV, SNZPI) of Blackmore Associates.

The Landfill infrastructure was valued in two parts, both as at 30 June 2011. The land and buildings were valued by B D Lavender (ANZIV, SNZPI) of Blackmore Associates. The remainder of the Asset was valued by Phil Landmark (BScEng (Civil) CP Eng) of MWH New Zealand Ltd, and reviewed by Brian Smith (BCom (Acc & Eco.), CA) of MWH New Zealand Limited.

#### *Library Collections:*

Library collection valuations are performed by the Head Librarian and are not subject to an independent review because there are no readily available market prices to determine fair value. Last valuations were at 30 June 2012.

#### *Accounting for Revaluations:*

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

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

## **14. INTANGIBLE ASSETS**

### *Software Acquisition and Development*

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

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

### *Easements*

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

### *Amortisation*

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



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

Computer software: 10 years, 10%.

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

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

Kete Software – 4 years, 60%

Koha Software – 8 years, 30%

## **15. FORESTRY ASSETS**

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

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

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

### **Emission Trading Scheme New Zealand Units (NZU's)**

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

## **16. INVESTMENT PROPERTY**

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

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

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

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

## **17. IMPAIRMENT OF NON-FINANCIAL ASSETS**

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised through the surplus or deficit.

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

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

## **18. EMPLOYEE BENEFITS**

### *Short-term Benefits*

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

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

### *Long-term Benefits*

#### *Long Service Leave and Retirement Leave*

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

### *Superannuation Schemes*

### *Defined Contribution Schemes*

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

### *Defined Benefit Schemes*

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

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

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

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

## **20. PROVISIONS**

HDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. It is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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

### *Financial Guarantee Contracts*

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a provision is recognised based on the probability that HDC will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if HDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

## **21. BORROWINGS**

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

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

## **22. EQUITY**

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

The components of equity are:

- Retained earnings
- Restricted reserves
- Asset revaluation reserves

### *Restricted reserves*

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by HDC. The details of the Reserve Funds are on page 27.

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

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

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

### *Asset Revaluation Reserves*

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

## **23. GOODS AND SERVICES TAX**

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

## **24. BUDGET FIGURES**

The budget figures are those approved by the Council at the beginning of the financial year in the LTP Year 1 2013/14, with the addition of budgets for uncompleted works carried over from the previous year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by HDC for the preparation of the financial statements.

## **25. COST ALLOCATION**

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

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

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

## **26. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

### **Landfill Aftercare Provision**

Note 17, discloses an analysis of the exposure of HDC in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

### **Infrastructural Assets**

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then HDC could be over or under estimating the annual depreciation charge recognised as an expense through surplus or deficit. To minimise this risk HDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the HDC's asset management planning activities, which gives HDC further assurance over its useful life estimates.

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

**Re-Classification on Report in Current Year**

Where reclassifications have been required for current reporting standards, the 2011/12 comparatives have also been adjusted.

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

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

**Derivative Financial Instruments**

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

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

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

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

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

### **THE VISION FOR THE ECONOMY**

**In 2013 the Horowhenua District will have:**

- A greater range of employment opportunities and increased level of employment than exists at present.
- Increased economic activities as measured by a variety of local economic indicators.
- Increased average household income to at least the national average.
- Increased visitor numbers and visitor spending.

### **THE VISION FOR THE COMMUNITY**

**In 2013 the Horowhenua District will have:**

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

### **THE VISION FOR THE INFRASTRUCTURE**

**In 2013 the Horowhenua District will have:**

- Services and products which are capable of meeting the changing needs of, and are accessible to, communities, industry, and visitors. They must also meet environmental standards, and be affordable to the community.

### **THE VISION FOR THE ENVIRONMENT**

**In 2013 the Horowhenua District will have:**

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

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

This part is prepared according to the requirements of the Local Government Act 2002 and the Financial Reporting Standards issued by the New Zealand Institute of Chartered Accountants. It reports on the Council's policies, objectives, activities, performance targets, indicative costs and sources of funds as outlined in the LTP Year 1 2012/13. These are reported in the Statements of Service Performance for each significant activity contained on the following pages.

In doing so, the report is a reflection of the Council's accountability to the Horowhenua community and indicates the success (or otherwise) of the Council in fulfilling its intended achievements as it had outlined in the LTP Year 1 2012/13.

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

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

The significant activities reported on are:

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

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

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

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

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

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

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

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

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

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

For each group of activities it shows the levels of service provided, asset renewals and acquisitions, impacts on community outcomes and Funding Impact Statements for 2012/13.



# Environmental Services

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

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

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

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

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

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

Activity	Community Outcome	Council Role
District planning	Environment	Regulator
Health and safety licensing	Health, safety	Regulator
Building control	Safety	Regulator
Animal control	Safety	Regulator
Parking enforcement	Economic, safety	Regulator

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 District Planning

Horowhenua has a rich, diverse natural environment:

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

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

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

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

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

#### 2.2 Health and Safety Licensing

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

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

The activities necessary for this include:

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

### **2.3 Building Control**

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

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

This includes:

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

### **2.4 Animal Control**

There are 6,159 dogs in Horowhenua. Some are kept for companionship, some for security and some for business. The public has concerns about the risks associated with animals and with dogs, in particular:

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

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

The Council is therefore involved in:

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

### **2.5 Parking Enforcement**

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

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

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

### 3. MEASURING PERFORMANCE

Service	Performance Measures	Attainment 2013	Attainment 2012
<b>District Planning - Resource Consenting:</b>  Applications under the Resource Management Act are processed efficiently, in time and in accordance with best practice.	1. All accepted applications under the Resource Management Act will be processed within statutory timeframes and within budget.	Achieved. 32 subdivision consents, 59 land use consents and 18 other RMA applications have been approved and processed within the statutory time frames. A total of 109 applications have been accepted and all (100%) have been processed within statutory timeframes and budget.	34 subdivision consents, 86 land use consents and 12 other RMA applications have been approved and processed within the statutory time frames. A total of 132 applications have been accepted and all (100%) have been processed within statutory timeframes
	2. Resource Consents will be monitored for compliance with conditions imposed and action will be taken as appropriate to ensure compliance. Target 100%	Achieved. 176 monitored consents, in which 83 complied, and there are 93 enforcements including 1 Abatement notice and 1 Infringement notice issued, with 91 warnings given.	77 monitored consents, in which 45 complied, and there are 32 enforcements.
<b>District Planning - Policy:</b>  A District Plan that responds to the needs of a modern community and its environment.	1. To present the proposed District Plan, following hearings, to Council for adoption prior to the 2013 Local Government elections within the available budget.	Achieved. Hearings for submissions on the District Plan commenced 4 April 2013, with the last hearing held on 28 May 2013. The appointed District Plan Review Hearings Panel is currently preparing the decisions on submissions. The project will remain within budget and on track to have decisions adopted by Council prior to the 2013 Local Government elections.	District Plan Discussion documents (Full and Summary) were distributed to ratepayers in October 2011. Over 200 detailed responses to the Discussion Documents were received. An analysis of the responses (by topic), have been reported in the topic based reports to the District Plan Review Advisory Group.  A review of existing District Plan provisions has commenced. The project is currently in the Plan Preparation phase and remains on track to be publicly notified in September 2012.
	2. Ensure that the Council's webpage relating to the District Plan review is current at all times.	Achieved. The District Plan review webpage has been updated to reflect the current status of the project.	Web pages updated to reflect current project phase and timelines.
	3. To monitor and respond to all known and reported instances of non compliance with the District Plan or any resource consent.	Achieved. 94 complaints were received with 93 complaints responded in two working days, with one complaint responded to within 8 working days.	

Service	Performance Measures	Attainment 2013	Attainment 2012
<b>Liquor Licensing:</b> Sale of Liquor is controlled to ensure compliance with legislation.  <u>Note:</u> Alcohol legislation is in the process of significant amendments which may affect performance measures	1. Monitoring of all licensed premises to ensure full compliance with the Sale of Liquor Act and License conditions.	<p>Achieved. As at 30 June 2013 there were 70 licensed premises comprising of 80 Operative Licenses (24 Off, 30 On and 26 Clubs). All have been inspected (100%).</p> <p>Controlled purchase operations (CPO) in conjunction with Police and Public health partner agencies-31 August 2012 a CPO was conducted in Foxton, Shannon and Levin involving 13 Off License premises. No underage sales were made. A second CPO conducted on 3 May 2013 where two premises sold to underage purchases. Formal enforcement actions have commenced.</p>	As at 30 June 2012, there are 69 premises requiring inspection and all have been inspected (100%).
<b>Food safety:</b> Food services used by the community are healthy and safe.	1. Compliance with Food Safety legislation is monitored and enforced in all relevant premises.	<p>Achieved. Monitoring is undertaken by an inspection and/or audit process. 161 inspections have been conducted, being 136 Food premises, 17 VIP premises.</p> <p>20 complaints were received and investigated during the year.</p> <p>All food premises are graded annually – 130 A Grade, 17 B Grade 1, Ungraded, 6 New, 2 grade not required.</p>	N/A
<b>Health and Safety Licensing:</b>  Bylaw and other legislative requirement are complied with.	1. A noise complaints response service will be provided at all times.	<p>Achieved. A noise complaint service has been provided. There have been 2,177 complaints, resulting in 373 verbal directions being given and 192 Noise Abatement Notices being issued. There were 16 equipment seizures. Police assistance has been required on 27 occasions. There have been four Infringements issued.</p>	<p>A noise complaint service has been provided. There have been 2,019 complaints, resulting in 377 verbal directions being given and 157 Noise Abatement Notices being issued. There were 13 equipment seizures. Police assistance has been required on 22 occasions.</p>
	2. Public Safety bylaws and other legislation will be enforced as appropriate.	<p>Achieved. Public Safety bylaws will be monitored and enforced as appropriate. These have been enforced. One hearing under the Litter Act was heard by the Hearing Committee on 27 June 2013.</p>	Bylaw compliance needs have been responded to as appropriate.

Service	Performance Measures	Attainment 2013	Attainment 2012
<b>Building Control:</b>  Building consent applications are processed within statutory timeframes in accordance with statutory accredited requirements.	1. Council will maintain its accredited status as a Building Consent Authority (BCA) and act in accordance with accredited policies and procedures.	Achieved. Council is an accredited BCA. The last assessment was held 16-18 April 2013 and the BCA received reassessment without receiving any Corrective Action Requirements. This is the second time assessed with no corrective actions required since the last accreditation in 2009. Also achieved is full accreditation up to Schedule 18 (training) which all Councils are required to meet by 1 December 2013.  Next BCA accreditation assessment is due in 2015/16.	Achieved and confirmed by International Accreditation New Zealand on 20 July 2011. The BCA was last audited by IANZ in April 2011. Internal audits are conducted monthly against the requirements of the Accreditation Regulations to ensure that the BCA continues to perform the building control functions as stated by its procedures. These internal audits also provide the opportunity for improvements to be made. There have been no significant correction actions required as a result of these internal audits. The internal audits also assist the BCA in ensuring its accredited status is maintained.
	100% of Building Consents and Project Information Memoranda (PIM) will be granted within statutory time frames.	Achieved. With a statutory timeframe of 20 working days, 493 consents were grants all being within 20 workings days.	Whilst the measure was not achieved, 492 of the 496 applications processed were granted within the statutory timeframe of 20 working days (99.19%).
	Building inspections will be conducted at the agreed booked time.	Achieved. 2,114 inspections were booked, being 1,613 relating to consents and 501 relating to historic files, with all (100%) conducted at the agreed booked time.	There have been 2,239 inspection requests, of which all (100%) have been completed as requested.
	2. The Council will meet all requirements of the Building Act in relation to the performance of Territorial Authorities:  Applications for Code of Compliance Certificates will be assessed on whether to issue or not within statutory timeframes, being 20 working days.	Achieved.  There were 434 CCC Applications received, with 429 issued within 20 working days (98.8%).	There were 438 CCC's assessed, of which 435 (99.31%) were assessed within 20 working days of being received
	1/3 of Pools on the Council Register will be inspected annually for compliance.	Currently there are 224 Pools on the Register with 41 (18%) inspections carried out in the year. This with last year's inspections gives a total of 218 (97%) of Pools on the Council Register having been inspected within the last two years.	One third of swimming pools = 73. The number inspected as at 30 June 2012 is 177 (81%). Result achieved. Additional work was done this year to get these inspections up-to-date.

Service	Performance Measures	Attainment 2013	Attainment 2012
	Building Warrant of Fitness	Building warrant of Fitness on Register = 355. Renewed at 30 June 2013 = 274.	
	Earthquake-Prone Buildings	Earthquake-Prone Buildings on Register = 70. A further 10 currently awaiting assessment.	
<b>Animal Control:</b>  Animal nuisances will be responded to.	1. The Registration and classification of all known dogs within the District in accordance with the requirements of the Dog Control Act.	Achieved. As at 1 July 2012 there were 6,143 known dogs on Council's database. There are now 6,159 registered dogs. 230 infringement notices have been issued to owners of unregistered dogs, 139 dogs remain unregistered. All known dogs have been accounted for.  Dog classifications: Dangerous = 20 Menacing by Breed = 179 Menacing by Deed = 521	As at 30 June 2012, 146 known dogs remain unregistered. All owners of dogs found not to be registered and where the dog has not been registered within seven days have been issued with an Infringement Notice. 328 infringements have been issued during the year.
	2. The application and enforcement of Dog Control Bylaw and Stock Control Bylaw.	Achieved. Owners of known errant dogs will be prosecuted where appropriate – Four persecutions completed. Two prosecutions have been lodged with the Court.  Stock Impoundings = 26 Dog Impoundings = 671	Two prosecutions successfully completed (17 August 2011 and 17 December 2011). Four prosecutions are pending.
<b>Parking Enforcement:</b>  People can access car parks in Levin	1. All restricted parking spaces in the Levin CBD will be fully enforced under the provisions of the Council's Bylaw and the Transport Regulations.	Achieved. Enforcement was conducted each working day.	Enforcement was conducted each working day.

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of Environmental Services are mainly vehicles, pounds and parking meters. Renewal expenditure relating to these assets during the year ended 30 June 2013 was:

	Actual 2012/13 \$000	LTP Year 1 2012/13 \$000	Variations \$000	Notes
<b>CAPITAL EXPENDITURE</b>				
New Parking Meters - Renewal	0	120	120	1
Building Control Vehicle renewal	62	28	(34)	2
Animal Control Vehicle renewal	77	94	17	
Overhead	0	7	7	
<b>Total Capital</b>	<b>139</b>	<b>249</b>	<b>110</b>	
<b>Make up of the above projects by Type</b>				
Replace existing assets	139	279	(110)	
Improve the level of performance	0	0	0	
Meet additional demand for a group of activities	0	0	0	
<b>Total</b>	<b>139</b>	<b>279</b>	<b>(110)</b>	

#### Notes on variations for the LTP Year 1 2012/13

1. Parking Meters not spent due to a complete replacement programme carried forward to 2013/14.
2. Building replaced three vehicles and Animal Control replaced two vehicles as part of the renewal programme.

#### Significant acquisitions of assets

There were no significant acquisitions in the year

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

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

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2013 included:

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

# Environmental Services

## FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan 2012 \$000	LTP Forecast 2013 \$000	Actual 2013 \$000	Variance 2013 \$000	Notes
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	1,848	1,510	1,510	-	
Targeted rates (other than a targeted rate for water by meter supply)	-	-	-	-	
Subsidies and grants for operating purposes	-	-	-	-	
Fees, charges, and targeted rates for water by meter supply	2	2	-	(2)	
Local authorities fuel tax, fines, infringement fees, and other receipts	1,866	2,128	2,143	15	
<b>Total Operating Funding (A)</b>	<b>3,716</b>	<b>3,640</b>	<b>3,653</b>	<b>13</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	1,325	1,105	1,272	167	1
Finance Costs	36	45	87	42	
Internal charges and overheads applied	3,200	3,215	3,285	70	
<b>Total applications of operating funding (B)</b>	<b>4,561</b>	<b>4,365</b>	<b>4,644</b>	<b>279</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(845)</b>	<b>(725)</b>	<b>(991)</b>	<b>(266)</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	
Development and financial contributions	-	-	-	-	
increase (decrease) in debt	673	974	884	(90)	
<b>Total sources of capital funding (C)</b>	<b>673</b>	<b>974</b>	<b>884</b>	<b>(90)</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	-	-	-	-	
- to improve the level of service	12	-	-	-	
- to replace existing assets	-	249	139	(110)	
Increase (decrease) in reserves	(184)	-	(246)	(246)	
Increase (decrease) of investments	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>(172)</b>	<b>249</b>	<b>(107)</b>	<b>(356)</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>845</b>	<b>725</b>	<b>991</b>	<b>266</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	27	46	27	(19)	
<b>Loans attributable to this group of activities</b>					
		<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>	
Loans as at 1/07/2012		1,600	16	1,616	
Raised during year		1,050	-	1,050	
Repaid During Year		(150)	(16)	(166)	
Loans as at 30/06/2013		<b>2,500</b>	<b>-</b>	<b>2,500</b>	
Interest attributable to Loans		87	-	87	
<b>ACTIVITY EXPENDITURE</b>					
	<b>Annual Plan 2012 \$000</b>	<b>LTP Forecast 2013 \$000</b>	<b>Actual 2013 \$000</b>	<b>Variance 2013 \$000</b>	
Resource Management	753	607	676	69	2
Animal Control	176	160	140	(20)	
Dog Control	277	341	373	32	3
Building Control	701	773	895	122	4
Building Policy	400	336	285	(51)	
Environmental Health	192	184	185	1	
Health Policy	89	73	53	(20)	
Liquor Licensing	126	99	106	7	
Liquor Policy	-	6	-	(6)	5
Parking	390	575	416	(159)	6
Planning Policy	1,371	1,130	1,433	303	7
Safety Licensing	111	116	113	(3)	
<b>Total Expenditure</b>	<b>4,586</b>	<b>4,400</b>	<b>4,675</b>	<b>275</b>	



**NOTES:**

1. Unbudgeted expenses for the DHB Levies and the Nation Dog Database. Legal expenses increased with legal costs associated over disputes and infringements and the District Plan Review. Other expenses were under budget for the year.
2. Overspend due to increased costs and staffing for Resource Management.
3. Internal charges were higher than budgeted following a higher overhead allocation for IT costs, associated with additional work completed to update the National Dog Database.
4. BRANZ and DHB levies were under-budgeted; internal charges were over budget due to more staff time being charged, associated with work completed to achieve reaccreditation as a Building Consent Authority.
5. Fewer refunds received than expected and other expenses were managed within budget.
6. Refunds, legal fees and doubtful debts were well below budget as were internal staff costs due to increased collection from Department of Justice for outstanding infringements.
7. Overspend due the District Plan Review costs.

# Parks and Recreation

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

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

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

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

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

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

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

	Community Outcome	Council Role
Reserves	Environment	Provider
Sports grounds	Social, Health	Provider
Pools	Health, Social, Safety	Provider
Cemeteries	Culture, Health	Provider
Street Trees and Gardens	Environment, Social, Health	Provider
Forestry	Economic	Provider

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Reserves

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

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

Reserves include:

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

#### 2.2 Sports Grounds

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

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

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

## 2.3 Pools

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

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

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

The Foxton Pools Te Puna wai Te Awahou comprises of a covered play and 25 metre indoor pool and 33 1/3 outdoor pool and is open over summer months.

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

## 2.4 Cemeteries

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

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

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

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

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

Cemetery	First Burial	1 July 2012– 30 June 2013	
		Burials	Ashes
Tiro Tiro	1894	5	5
The Avenue	1972	59	48
Foxton	1867	28	17
Shannon	1893	7	2
Manakau	1892	5	1
Koputaroa	1910	0	0

## 2.5 Parks and Community Facilities

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

### 3. MEASURING PERFORMANCE

#### **PARKS AND RECREATION - Performance Measures**

Service	Performance Measures	Attainment 2013	Attainment 2012
<b>Sports Fields:</b>  Council provides adequate play surfaces and facilities for sporting requirements.  Sports grounds are maintained to a good quality and are tidy.	1. Availability of Sports Fields for use a minimum of 95%.	Achieved. As at 30 June 2013, all sports fields were available for planned/normal use.	Sports fields were available at least 95% of the time during the period. Levin Domain was closed once in July 2011.
<b>Aquatics:</b>  Council Aquatic facilities are safe and operate in accordance with nationally accepted guidelines and standards  Council swimming pools are well maintained and meet the growing demand of the District in a cost effective way.	1a. Number of participants in learn to swim classes per school term will exceed 400.	Achieved. As at 30 June 2013, there are 497 participants for Term 2 2013.	
	1b. Annual Customer Satisfaction Survey provided by CERM for Aquatic Centres with a minimum target of 80 satisfied – very satisfied.	Achieved. The Annual Customer Satisfaction Survey provided by CERM resulted in a 99.1% customer satisfaction report.	
	1c. Water quality in indoor and outdoor pools meets Pool Safe Accreditation – target 100%.	Achieved.  The Levin and Foxton pool is 100% compliant. Both pools have received Pool Safe Accreditation for May 2013 to April 2014 for the following: <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Pool Alone policy</li> <li>• Water quality/Cryptosporidium</li> <li>• Supervision standards and training</li> <li>• Emergency Action Plan</li> </ul>	100% compliance was achieved, fully complying with NZS5826:2000.  This means the pools water bodies were safe and clean to swim in.
	1d.Pool users per pools in the district to 30 June.	Levin            111,000 Foxton           7,894 Shannon        782	
<b>Cemeteries:</b>  To provide sensitively managed cemetery facilities.	All arrangements and internments at Council cemeteries carried out in a timely manner.	Achieved. All arrangements and interments were carried out in a timely manner. There have been no complaints in the year.	All arrangements and interments were carried out in a timely manner. There have been no complaints in the year.

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of parks and recreation services and facilities are mainly reserves, sports grounds, grandstands, pools and cemeteries. Capital and renewal expenditures adding to these assets during the year ended 30 June 2013 were:

	Actual 2012/13 \$000	LTP Year 1 2012/13 \$000	Variations \$000	Notes
<b>LEVEL OF SERVICE</b>				
Foxton Beach Coastal Reserve	15	15	0	
Foxton Pool Floor coating	39	15	24	2
District Fencing Contingency	10	30	(20)	1
Wairarawa Stream Walkway Development	40	30	10	3
Wairarawa Stream Walkway land purchase	29	45	(16)	3
Waitarere Walkway	9	0	9	3
Levin Barbeques	9	5	4	
Foxton townscape Seaview gardens	158	117	41	4
Foxton Pool heating	92	67	25	6
Cemetery – Foxton land Development	99	115	(16)	7
Levin disable facilities upgrade – Pool	0	13	(13)	7
Playford Park Multisport development	1,507	1,500	7	5
Cousins Avenue Develop and maintain fire break	18	15	3	
Levin Public gardens landscaping	9	7	2	
Levin Domain Grandstand Earthquake assessment & feasibility study	8	14	(6)	
Jubilee Park padding pool repairs	13	20	(7)	
Levin UV disinfection investigation and installation	0	5	(5)	10
Foxton – Teppett Rose garden	1	0	1	
Levin spa pool	11	0	11	
Medilab change & wash station	5	0	5	9
Swim pacer clock	1	0	1	
Victoria Park – install bollards	1	0	1	
Cemetery – Manakau land dev. c/fwd from 11/12	0	155	(155)	7
Overheads	54	71	(17)	
<b>Total Level of Service</b>	<b>2,128</b>	<b>2,239</b>	<b>(111)</b>	
<b>RENEWALS</b>				
Levin Adventure Park Oak tree maintenance & renewal	5	5	0	
Waitarere Foreshore Reserve signage & plants	1	5	(4)	
Shannon Grandstand condition assessment & remedial work	11	10	1	
Shannon grandstand Fire exit door compliance work	8	7	1	
District play equipment bark mulch	41	40	1	
Waiopēhu bush renew footbridge for safety & general access	15	15	0	
Levin Tennis Courts resurfacing	59	0	59	10
Parks play equipment renewal	26	25	1	
Target reserve – road	1	0	1	11
Overheads	11	19	(8)	
<b>Total Renewals</b>	<b>178</b>	<b>126</b>	<b>52</b>	
<b>GROWTH</b>				
Overheads	1	4	(3)	
<b>Total Growth</b>	<b>1</b>	<b>4</b>	<b>(3)</b>	

**Make up of the Above Projects by Type**

Replace existing assets	184	130	54
Improve the level of performance	1,951	2,051	(100)
Meet additional demand for a group of activities	172	188	(16)
<b>Total</b>	<b>2,307</b>	<b>2,369</b>	<b>(62)</b>

**Notes on Variations from the LTP Year 1 2012/13**

1. Contingency fund used as required.
2. Health and safety to reduce slips and accidents at Foxton Pool.
3. Transpower funding this project over the next 3 years up to \$100,000 to 2014/15.
4. Additional lighting as requested by Foxton Community Board of \$17,000. Higher cost than budgeted for plants.
5. Council minuted budget \$1,525,000, however due to extra maintenance costs this exceeded the LTP budget.
6. LTP year 1 budget was understated for the actual cost.
7. Deferred to 2013/14 as the purchase could not be completed.
8. Completed in house by HDC staff member.
9. Health and Safety for disabled personal changing rooms.
10. Brought forward from LTP Year 2.
11. Pre investigation work for 2013/14 project.

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

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

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2013 included:

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

# Parks and Recreation

## FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan	LTP			
	2012	Forecast	Actual	Variance	Notes
	\$000	2013	2013	2013	
	\$000	\$000	\$000	\$000	
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	2,480	3,014	3,014	-	
Targeted rates (other than a targeted rate for water by meter supply)	1,817	1,935	1,931	(4)	
Subsidies and grants for operating purposes	4	4	49	45	1
Fees, charges, and targeted rates for water by meter supply	653	704	690	(14)	
Local authorities fuel tax, fines, infringement fees, and other receipts	47	93	99	6	
<b>Total Operating Funding (A)</b>	<b>5,001</b>	<b>5,750</b>	<b>5,783</b>	<b>33</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	4,205	4,524	4,391	(133)	6
Finance Costs	245	268	211	(57)	
Internal charges and overheads applied	411	526	853	327	7
<b>Total applications of operating funding (B)</b>	<b>4,861</b>	<b>5,318</b>	<b>5,455</b>	<b>137</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>140</b>	<b>432</b>	<b>328</b>	<b>(104)</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	300	205	(95)	1
Development and financial contributions	185	102	147	45	
increase (decrease) in debt	401	1,609	1,606	(3)	
Gross proceeds from sale of assets			83	83	
<b>Total sources of capital funding (C)</b>	<b>586</b>	<b>2,011</b>	<b>2,041</b>	<b>30</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	47	188	172	(16)	
- to improve the level of service	900	2,050	1,951	(99)	
- to replace existing assets	45	130	184	54	
Increase (decrease) in reserves	(266)	75	62	(13)	
Increase (decrease) of investments	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>726</b>	<b>2,443</b>	<b>2,369</b>	<b>(74)</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(140)</b>	<b>(432)</b>	<b>(328)</b>	<b>104</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	241	544	582	38	
<b>Loans attributable to this group of activities</b>		<b>External</b>	<b>Internal</b>	<b>Total</b>	
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Loans as at 1/07/2012		3,700	236	3,936	
Raised during year		1,900	19	1,919	
Repaid During Year		(210)	(102)	(312)	
Loans as at 30/06/2013		<b>5,390</b>	<b>153</b>	<b>5,543</b>	
Interest attributable to Loans		204	7	211	
<b>ACTIVITY EXPENDITURE</b>		<b>LTP</b>			
	<b>Annual Plan</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Cemeteries	410	416	351	(65)	2
Swimming Pools	2,177	2,406	2,338	(68)	3
Beautification	431	450	396	(54)	3
Reserves	1,392	1,593	1,891	298	4
Sportsgrounds	689	996	1,060	64	5
<b>Total Expenditure</b>	<b>5,099</b>	<b>5,861</b>	<b>6,036</b>	<b>175</b>	

**Notes:**

1. Government subsidies received for payment assistance for Task Force Green work party working on the districts reserves. Also grants were received for Playford Park upgrade totalling \$225,000. The grant received for Playford Park was below budget; however, a further \$75,000 will be received in 2013/14.
2. Though burials in the District increased on 2011/12, costs were managed within budget.
3. Costs were managed within budget.
4. Unplanned maintenance due to maintaining levels of service. This includes \$133, Task Force Green costs including wages and materials. These costs were not budgeted for. A subsidy of \$41,000 was received from WINZ. A further \$30,000 was spent on the Wairarawa Stream project. This is recoverable from Transpower and invoiced in 2013/14.
5. Unplanned maintenance due to maintain level of service and vandalism expend budget where as other costs were all within budget.
6. Pool staff salaries were \$180,000 below budget due to the winter closure of Foxton Pool and staff budget for at this stage were still to be employed. Other maintenance costs were slightly above budget.
7. Internal costs were higher than budget due to more charges from other departments.



# Roading

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

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

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

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

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

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

	Community Outcome	Council Role
Roads	Safety, Economic.	Provider
Footpaths	Safety	Provider

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Roads

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

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

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

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

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

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

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

#### 2.2 Footpaths

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

### 3. MEASURING PERFORMANCE

Service	Performance Measures	Attainment 2013	Attainment 2012
<b>Roads:</b>  To maintain roads to a safe standard.	<p>1. 91% of Urban and 91% of Rural roads will be smooth to travel on smoothness rating of 100.</p> <p>Smooth Travel Exposure measures the proportion (%) of vehicle kilometres travelled in a year (VKT) that occurs on 'smooth' sealed roads and indicates the ride quality experienced by motorists. A 'smooth' road is one smoother than a predetermined NAASRA roughness threshold. The thresholds used vary with traffic density and road location i.e. not all roads are calculated the same. Heavily trafficked roads have a lower (smoother) threshold. High volume urban roads have lower roughness thresholds than low volume rural roads. Our STE percentages are generated by running a report in RAMM.</p>	<p>Achieved.</p> <p>The Annual Roughness Survey has been completed. The data will be used to help with decision making when producing the 10yr Forward Works Plan. This year a different method of calculated the measure was used from 2011/12, therefore cannot report against the measure as in 2011/12.</p> <p>Using the Smooth Travel Exposure measures the percentage figures for 2012/13 were:</p> <p>Urban Roads - 91% Rural Roads - 95%</p> <p>The latest Roughness Survey Contract carried out by Bri-Ken &amp; Associates of Palmerston North.</p> <p>The survey was performed in January 2013 and covered the whole district.</p>	<p>NAASRA standard measures the smooth travel exposure on a road.</p> <p>78% of arterial road meet the smoothness rating of 100.</p> <p>64% of other roads meet the smoothness rating of 100.</p> <p>The latest Roughness Survey Contract carried out by Bri-Ken &amp; Associates of Palmerston North. Only selected roads are tested due to decreased funding from NZTA and cost constraints.</p>
	<p>2. Amount of defects in sealed surface 99%Urban/99% Rural.</p> <p>This relates to the networks Surface Condition. To get it you use the Condition Index (CI). The CI is a combined index, a 'weighted sum', of the surface faults in sealed road surfaces. CI combines alligator cracking, scabbing, potholes, pothole patches and flushing. The CI figures are generated by running a report in RAMM. Using the formula "Surface Condition = 100 – CI".</p>	<p>Not Achieved.</p> <p>Percentage figures for 2012/13 were:</p> <p>Urban Roads - 99% Rural Roads – 98.6% The higher the number, the better the condition.</p> <p>The survey was performed in January 2013 and covered the whole district.</p>	N/A
	<p>3. Integrity of pavement 99%Urban/99% Rural</p> <p>To get it you use the Pavement Integrity Index (PII). Pavement Integrity Index is a combined index of the pavement faults in sealed road surfaces. It is a 'weighted sum' of the pavement defects divided by total lane length. PII combines surface faults (CI) with rutting and shoving. The PII figures are generated by running a report in RAMM. Using the formula "Pavement Condition = 100 – PII".</p>	<p>Not Achieved.</p> <p>Percentage figures for 2012/13 were:</p> <p>Urban Roads – 96.4% Rural Roads – 93.3% The higher the number, the better the condition.</p> <p>The latest Roughness Survey Contract carried out by Bri-Ken &amp; Associates of Palmerston North.</p> <p>The survey was performed in January 2013 and covered the whole district.</p>	N/A

Service	Performance Measures	Attainment 2013	Attainment 2012
Adequate parking provided, parking controls appropriately implemented and enforced.	4. 95% satisfied with parking provision.	Not Achieved. Question was not in the last survey. This will be included in the next survey.	N/A
All weather access available throughout the formed road network (urban and rural)	5. 95% of weather events (floods and slips or emergency incidents) responded to within 30 minutes of initial call to Council.	Achieved. 100% of calls were responded to within 30 minutes with referral to the contractor. Response time of the contractor cannot be reported due to the lack of a monitoring system in place.	N/A
The services are managed at the lowest possible cost for the required level of service	6. The roading network is managed within budget (to within plus or minus 5%). Target 100%	Achieved. The roading budget is on track.	N/A
Customer requests for service is prompt	7. Customer requests for service are attended to within agreed timeframes. Target 100%.	Achieved. All customer requests for service were attended to within the agreed timeframes.	N/A
<b>Footpaths:</b>  To maintain and extend safe footpaths.	1. Length of reseals per year. Target 21km.	24.5km of resealing of roading was completed.  Work was carried out in the district to maintain footpath safety during the year such as renewals due to injury or safety concerns, misalignment of footpath concrete sections, pedestrian ramps from footpath to the road, holes and other damage across the district.	The 2011/12 renewal programme is continuing in 2012/13. The exact length of footpath renewals has yet to be calculated, however 17 streets are remain to be renewed.

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of roading facilities are mainly roads, bridges and culverts, footpaths and stormwater drainage. Level of service and renewal expenditures adding to these assets during the year ended 30 June 2013 were:

LEVEL OF SERVICE	Actual 2012/13 \$000	LTP Year1 2012/13 \$000	Variations \$000	Notes
<b>Roads:</b>				
Seal widening/Improvements	60	42	18	1
Minor improvements	209	40	169	1
Overheads		18	(18)	
<b>Total level of Service</b>	<b>269</b>	<b>100</b>	<b>169</b>	

#### RENEWALS

##### Roads

Unsealed Road Metalling	58	66	(8)	
Seal Roads	890	880	10	
Drainage renewals	121	72	49	
Pavement Rehabilitation	616	717	(101)	1
Structure component replacements	22	19	3	
Traffic services renewal	359	151	208	1
Footpaths:	56	200	(144)	2
Overheads	25	114	(89)	
<b>Total Renewals</b>	<b>2,147</b>	<b>2,219</b>	<b>(72)</b>	

##### Make up of Above Projects by Type

Replace existing assets	2,206	2,219	(13)	
Improve the level of performance	210	96	114	
Meet additional demand for a group of activities	0	0	0	
<b>Total</b>	<b>2,416</b>	<b>2,315</b>	<b>101</b>	

#### Notes on Variations From the LTP Year 1 2012/13

1. The LTP budget was finalised before NZTA funding was decided, so some adjustments were made to the work programme to reflect the funding available.
2. Work has been deferred to next year due to staff resources being used in other areas.

#### Significant Acquisitions of Assets

There were no significant acquisitions in the year.

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

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

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2013 included:

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

# Roading

## COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan	LTP	Actual	Variance	Notes
	2012	Forecast	2013	2013	
	\$000	\$000	\$000	\$000	
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	
Targeted rates (other than a targeted rate for water by meter supply)	3,462	3,922	3,936	14	
Subsidies and grants for operating purposes	957	1,098	959	(139)	1
Fees, charges, and targeted rates for water by meter supply	-	-	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	231	260	254	(6)	
<b>Total Operating Funding (A)</b>	<b>4,650</b>	<b>5,280</b>	<b>5,149</b>	<b>(131)</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	2,364	2,641	2,765	124	4
Finance Costs	38	2	-	(2)	
Internal charges and overheads applied	409	442	465	23	
<b>Total applications of operating funding (B)</b>	<b>2,811</b>	<b>3,085</b>	<b>3,230</b>	<b>145</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,839</b>	<b>2,195</b>	<b>1,919</b>	<b>(276)</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	876	982	1,217	235	5
Development and financial contributions	89	496	221	(275)	6
increase (decrease) in debt	(99)	(597)	-	597	
<b>Total sources of capital funding (C)</b>	<b>866</b>	<b>881</b>	<b>1,438</b>	<b>557</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	3	7	-	(7)	
- to improve the level of service	25	96	210	114	
- to replace existing assets	2,900	2,219	2,206	(13)	
Increase (decrease) in reserves	(223)	754	941	187	
Increase (decrease) of investments	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>2,705</b>	<b>3,076</b>	<b>3,357</b>	<b>281</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,839)</b>	<b>(2,195)</b>	<b>(1,919)</b>	<b>276</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	4,408	5,986	5,556	(430)	
<b>Loans attributable to this group of activities</b>		<b>External</b>	<b>Internal</b>	<b>Total</b>	
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Loans as at 1/07/2012				-	
Raised during year		210	-	210	
Repaid During Year		(210)	-	(210)	
Loans as at 30/06/2013		-	-	-	
Interest attributable to Loans		-			
<b>ACTIVITY EXPENDITURE</b>		<b>LTP</b>			
	<b>Annual Plan</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Subsidised Roothing	6,367	7,945	7,010	(935)	2
Footpaths	621	640	876	236	3
Unsubsidised Roothing	232	484	900	416	3
<b>Total Expenditure</b>	<b>7,220</b>	<b>9,069</b>	<b>8,786</b>	<b>(283)</b>	

**Notes:**

1. Subsidies from NZTA reflected the work undertaken.
2. Due to funding limits allocated by NZTA, close control over roading expenditure was maintained throughout the year.
3. Programmed maintenance was undertaken to meet the requirements of the district and meet the required levels of service.
4. Costs of contractors increased with the increased cost of roading materials.
5. The budgets were set before NZTA funding was decided upon, so some adjustments were made in the work done to maximise the funding available.
6. Growth was not as high as expected which decreased income.

# Stormwater

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

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

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

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

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

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

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

	Community Outcome	Council Role
Stormwater drainage	Environment, Safety	Provider

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Stormwater Drainage

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

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

### 3. MEASURING PERFORMANCE

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

### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of stormwater facilities are mainly stormwater drainage. Capital and renewal expenditures adding to these assets during the year ended 30 June 2013 were:

LEVEL OF SERVICE	Actual 2012/13 \$000	LTP Year1 2012/13 \$000	Variations \$000	Notes
District General	15	37	(22)	1
North Eastern Levin infrastructure improvements	7	150	(143)	3
Levin Queen Street Drain	0	150	(150)	1
Digital Mapping	199	0	199	2
Overheads	0	8	(8)	
<b>Total Level of Service</b>	<b>221</b>	<b>345</b>	<b>(124)</b>	
<b>RENEWALS</b>				
District General Renewals	111	185	(74)	1
Foxton Beach pump station	6	12	(6)	
Levin pump station	0	30	(30)	
Waitarere Beach pump station	13	7	6	
Overheads	1	11	(10)	
<b>Total Renewals</b>	<b>131</b>	<b>245</b>	<b>(114)</b>	



**Make up of Above Projects by Type**

Replace existing assets	125	236	(111)
Improve the level of performance	219	326	(107)
Meet additional demand for a group of activities	8	34	(26)
<b>Total</b>	<b>352</b>	<b>596</b>	<b>(244)</b>

**Notes on Variations from the LTP Year 1 2012/13**

1. Carried over to 13/14 as Queen Street drain was delayed due to the signing of the Lake accord.
2. Money spent on Digital Mapping was not budgeted for in the LTP. This was urgently needed as the current aerial photographs were out of date.
3. Work was not able to be carried out during the year and was carried forward to 2013/14 as this was delayed to the signing of the Lake accord.

**Significant Acquisitions of Assets**

There were no significant acquisitions in the year.

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

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

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2013 included:

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

# Stormwater

## COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan	LTP Forecast	Actual	Variance	Notes
	2012	2013	2013	2013	
	\$000	\$000	\$000	\$000	
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	
Targeted rates (other than a targeted rate for water by meter supply)	795	975	979	4	
Subsidies and grants for operating purposes	-	-	-	-	
Fees, charges, and targeted rates for water by meter supply	-	-	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	113	84	66	(18)	
<b>Total Operating Funding (A)</b>	<b>908</b>	<b>1,059</b>	<b>1,045</b>	<b>(14)</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	253	444	359	(85)	1
Finance Costs	175	165	125	(40)	
Internal charges and overheads applied	53	108	82	(26)	
<b>Total applications of operating funding (B)</b>	<b>481</b>	<b>717</b>	<b>566</b>	<b>(151)</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>427</b>	<b>342</b>	<b>479</b>	<b>137</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	
Development and financial contributions	11	-	13	13	
Increase (decrease) in debt	88	419	(87)	(506)	
<b>Total sources of capital funding (C)</b>	<b>99</b>	<b>419</b>	<b>(74)</b>	<b>(493)</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	30	34	8	(26)	
- to improve the level of service	215	326	219	(107)	
- to replace existing assets	104	236	125	(111)	
Increase (decrease) in reserves	177	165	53	(112)	
Increase (decrease) of investments	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>526</b>	<b>761</b>	<b>405</b>	<b>(356)</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(427)</b>	<b>(342)</b>	<b>(479)</b>	<b>(137)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	472	510	512	2	
<b>Loans attributable to this group of activities</b>		<b>External</b>	<b>Internal</b>	<b>Total</b>	
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Loans as at 1/07/2012		2,050	289	2,339	
Raised during year		200	-	200	
Repaid During Year		-	(287)	(287)	
Loans as at 30/06/2013		<b>2,250</b>	<b>2</b>	<b>2,252</b>	
Interest attributable to Loans		117	8	125	
<b>ACTIVITY EXPENDITURE</b>		<b>LTP</b>			
	<b>Annual Plan</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Stormwater Drainage	953	1,228	1,079	(149)	1
<b>Total Expenditure</b>	<b>953</b>	<b>1,228</b>	<b>1,079</b>	<b>(149)</b>	

**Notes:**

1. Costs were carefully managed within budget, with reduced maintenance cost due to deferment of some projects and less staffing cost as the Manager role was vacant.

# Water Supply

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

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

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

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

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

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

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

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

	Outcome	Role
Water supply	Health, Economic, Safety	Provider

### 2. DESCRIPTION OF ACTIVITIES

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

The water is also used for:

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

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

The Council owns and operates several schemes:

	Source	Average & Peak Consumptions (m <sup>3</sup> per day)
Levin	Ohau River	8,381;12,358
Shannon	Mangaore Stream	647;1,000
Foxton	Bore	1,323;2,197
Foxton Beach	Bore	505;909
Tokomaru	Tokomaru River	114;201

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

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

### 3. MEASURING PERFORMANCE

Service	Performance Measures	Attainment 2013	Attainment 2012
To provide a reliable supply of safe water	<p>1. Compliance with appropriate Drink Water Standards for New Zealand 2005 (revised 2008) bacterial compliance criteria. Target 99%.</p>	<p>Achieved.</p> <p>The target of 99% has been met regarding compliance with the 2005 Drinking Water Standards for New Zealand (revised 2008).</p> <p><b>Plant Grading</b></p> <p>Levin Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>Foxton Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>The positive E-coli test in Foxton in March 2013 had no impact on the residents other than the fact that a boil water notice was in place for a couple of days.</p> <p>Foxton Beach Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>Shannon Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>Tokomaru Ed - Unsatisfactory level of risk for source and treatment. Unacceptable level of risk for distribution zone.</p> <p>A precautionary boil water notice is currently in place for Shannon and Tokomaru</p> <p>Council is in the process of upgrading Shannon, Foxton and Foxton Beach plants to improve the water grading.</p> <p>Upgrade work for Levin is planned in 2014-2016. Upgrade for Tokomaru is planned in 2025.</p>	<p>Each HDC water source and treatment plan represents 'an unacceptable level of risk to the community' as defined by the NZDWS (2005) Revised 2008. This is due to the lack of treatment processes at each water treatment plant. The Long Term Plan defines the issues and the capital expenditure programmes. To date full compliance is expected for E coli and P2 determinants in November 2012.</p>
	<p>2. Compliance with appropriate Drink Water Standards for New Zealand 2005 (revised 2008) Protozan compliance criteria. Targets: 0%. The Levin, Foxton, Foxton Beach, Shannon and Tokomaru Schemes.</p>	<p>Achieved. Work is being undertaken to ensure compliance for Shannon, Foxton and Foxton Beach water supplies. All practical steps have been undertaken to ensure compliance for Levin and Tokomaru water supplies.</p>	

Service	Performance Measures	Attainment 2013	Attainment 2012
To provide a reliable supply of safe water	<p>3. All urban fire district fire hydrants tested will provide flows in accordance with the NZ Fire Service Fire Fighting Water Supplies Code of Practice SNZ 4509:2003. Target 0% (flow should be 25.5 litres per second or more).</p> <p>Where hydrants are on the edge or cusp of the urban supply it is expected that a lower flow will be tested. In these cases the cost to increase the flow significantly outweighs the benefit.</p>	<p>Achieved.</p> <p>As at 30 June 2013, we have carried out flow tests on 1,342 fire hydrants, of which 914 (68%) had flows at or above 25 litres per second. (2012 12.5 litres per second).</p>	<p>The code of practise sets out what constitutes a sufficient minimum supply of water pressure and volume for fire fighting in structure in urban fire districts.</p> <p>Levin: 99.22% 896 urban hydrants tested. Seven were non-compliant and 889 compliant.</p> <p>The seven hydrants not meeting the standard are all on the cusp of the network, the test results are between 9.3 and 11.2 LPS. No action will be taken by Council as this is an inevitable occurrence.</p>
	<p>4. No more than two shutdowns each year causing disruption to two or more properties for six or more hours. Target 2.</p>	<p>Not Achieved.</p> <p>As at 30 June 2013 the Total shutdowns were 33. The maximum shut time was 3.5 hours with the average shutdown length being 2.6 hours. Most reason for shutdowns – burst pipes.</p> <p>Shutdown by area: Levin – 28 shutdowns Foxton – one shutdown Shannon – three shutdowns Ohau – one shutdown.</p>	<p>26 shutdowns for the year ended 30 June 2012. Maximum shutdown was 5.5 hours. On average 29 homes were affected. Levin – 14 shutdowns Shannon – five shutdowns Foxton – one shutdown. The main reason for the shutdowns was split pipes. The pipes have been wither replaced or will be scheduled for replacement accordingly.</p>
	<p>5. Supply pressure at the property boundary is not less than 250kPa for on demand connections and 150kPa for restricted flow connections. Target 100%.</p>	<p>Achieved.</p> <p>As at 30 June 2013, 100% of all properties assessed exceeded 250kPa.</p>	
	<p>6. Compliance with the Health (DW) Amendment Act 2007. Number of water supplies with approved Public Health Risk management Plans. Target 5.</p>	<p>Achieved.</p> <p>As at 30 June 2013, all five (5) water supplies have approved Public Health Risk Management Plans.</p>	
	<p>7. Compliance with water take limits of resources consents. Target 100%.</p>	<p>Achieved.</p> <p>As at 30 June 2013, 100% of water takes complied with consent limits. There are ten water take consents. This does not include consents for park bores as this is not under Water activity.</p>	

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of water supply are mainly water treatment plants, storage reservoirs, pipelines and service connections. Capital and renewal expenditures adding to these assets during the year ended 30 June 2013 were:

	Actual 2012/13 \$000	LTP Year 1 2012/13 \$000	Variations \$000	Notes
<b>LEVEL OF SERVICE</b>				
Levin Bore exploration, new reservoir, treatment plant upgrade	70	400	(330)	1
Foxtton Beach bore and treatment plant upgrade	32	350	(318)	1
Shannon (incl subsidy) upgraded treatment plant	777	1,987	(1,210)	1
Shannon treatment plant carried forward from 2011/12	194	194	0	
Levin Telemetry (combined with Waste Water)	0	40	(40)	1
Foxtton Telemetry (combined with Waste Water)	2	15	(13)	1
Foxtton Beach Telemetry (combined with Waste Water)	2	15	(13)	1
Tokomaru Telemetry (combined with Waste water)	2	15	(13)	1
Shannon Telemetry (combined with Waste Water)	1	10	(9)	1
Levin new connections (recoverable income offset)	24	9	15	
Foxtton new connections (recoverable income offset)	4	3	1	
Foxtton Beach new connections (recoverable income offset)	5	6	(1)	
Shannon new connections (recoverable income offset)	6	3	3	
Tokomaru c/fwd from 11/12 Treatment plant	1	115	(114)	2
Levin Telemetry c/fwd from 2011/2012	1	0	1	
Overheads	51	96	(45)	
<b>Total Level of Service</b>	<b>1,172</b>	<b>3,258</b>	<b>(2,086)</b>	
<b>RENEWALS</b>				
Levin Reticulation	489	523	(34)	3
Foxtton Reticulation	455	54	401	3
Foxtton Beach Reticulation	10	53	(42)	3
Tokomaru Reticulation	1	53	(52)	3
Shannon - Mangaore Reticulation	10	54	(43)	3
Tokomaru treatment Plant	3	61	(58)	3
Foxtton Beach Treatment plant	77	96	(19)	3
Foxtton Water Treatment Plant	55	175	(120)	3
Levin Treatment Plant	264	411	(147)	4
Levin Consent	39	80	(41)	5
Foxtton Bore Equipment Renewals	45	0	45	5
Overheads	24	68	(44)	
<b>Total Renewals</b>	<b>1,472</b>	<b>1,628</b>	<b>(156)</b>	
<b>Make up of Above Projects by Type</b>				
Replace existing assets	1465	1,703	(238)	
Improve the level of performance	938	2,591	(1,653)	
Meet additional demand for a group of activities	241	623	(382)	
<b>Total</b>	<b>2644</b>	<b>4,917</b>	<b>(2,273)</b>	

#### **Notes on Variations from the LTP Year 1 2012/13**

1. These projects were planned for completion in the latter part of 2012/13 but the programmed work was delayed and the work has been carried over to 2013/14.
2. Budget not needed for this as this is on charged to new users connected to the water network.
3. Urgent repair work was needed on Foxton reticulation and so work on other non-urgent renewals was cut back. These renewals have been deferred to future years with the work to be completed as required.
4. Deferred to 2013/14 as the work was not able to be completed in the year due to resourcing of staff and impact of urgent works.
5. Urgent work was needed for renewals which were not planned.

#### **Significant Acquisitions of Assets**

Significant acquisitions were:

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

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

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

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2013 included:

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



# Water Supply

## FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan	LTP	Actual	Variance	Notes
	2012	Forecast	2013	2013	
	\$000	\$000	\$000	\$000	
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	-	-		-	
Targeted rates (other than a targeted rate for water by meter supply)	3,195	3,343	3,359	16	
Subsidies and grants for operating purposes	-	-		-	
Fees, charges, and targeted rates for water by meter supply	808	804	901	97	1
Local authorities fuel tax, fines, infringement fees, and other receipts	46	118	106	(12)	
<b>Total Operating Funding (A)</b>	<b>4,049</b>	<b>4,265</b>	<b>4,366</b>	<b>101</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	1,857	1,838	1,669	(169)	2
Finance Costs	283	282	198	(84)	3
Internal charges and overheads applied	400	701	701	-	
<b>Total applications of operating funding (B)</b>	<b>2,540</b>	<b>2,821</b>	<b>2,568</b>	<b>(253)</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,509</b>	<b>1,444</b>	<b>1,798</b>	<b>354</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	621	1,677	571	(1,106)	4
Development and financial contributions	234	318	110	(208)	5
Increase (decrease) in debt	(38)	1,281	692	(589)	
<b>Total sources of capital funding (C)</b>	<b>817</b>	<b>3,276</b>	<b>1,373</b>	<b>(1,903)</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	155	623	241	(382)	
- to improve the level of service	380	2,591	938	(1,653)	
- to replace existing assets	1,675	1,704	1,465	(239)	
Increase (decrease) in reserves	116	(198)	527	725	
Increase (decrease) of investments	-	-		-	
<b>Total applications of capital funding (D)</b>	<b>2,326</b>	<b>4,720</b>	<b>3,171</b>	<b>(1,549)</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,509)</b>	<b>(1,444)</b>	<b>(1,798)</b>	<b>(354)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	1,576	1,700	1,740	40	
<b>Loans attributable to this group of activities</b>		<b>External</b>	<b>Internal</b>	<b>Total</b>	
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Loans as at 1/07/2012		3,450	235	3,685	
Raised during year		980	1	981	
Repaid During Year		(190)	(99)	(289)	
Loans as at 30/06/2013		<b>4,240</b>	<b>137</b>	<b>4,377</b>	
Interest attributable to Loans		191	7	198	
<b>ACTIVITY EXPENDITURE</b>		<b>LTP</b>			
	<b>Annual Plan</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Foxton Water	626	630	637	7	7
Foxton Beach Water	590	672	647	(25)	6
Levin Water	2,282	2,429	2,299	(130)	6
Moutoa Water	11	-	3	3	6
Shannon Water	389	502	468	(34)	6
Tokomaru Water	187	258	197	(61)	6
Water Races	32	30	50	20	6
<b>Total Expenditure</b>	<b>4,117</b>	<b>4,521</b>	<b>4,301</b>	<b>(220)</b>	

**Notes:**

1. Income increased due to higher usage during summer 2012/13.
2. Costs managed within budget. Insurance and Contractors were below budget due to the deferment of projects to 2013/14 being Shannon and Levin Water treatment Plants.
3. Due to deferment of projects being the Shannon Water Treatment Plant.
4. Delay in receiving Grant for Shannon water – now expected in late 2013.
5. Due to too little subdivision activity in the district.
6. All the activities expenses managed within budget.
7. Spending on chemicals was over budget.

# Wastewater Disposal

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

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

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

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

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

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

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

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

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

	Outcomes	Role
Wastewater disposal	Health, Environment, Safety, Economic	Provider

### 2. DESCRIPTION OF ACTIVITIES

Systems that collect, treat and dispose of wastewater

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

The Council owns and operates several schemes:

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

The wastewater systems are operated and maintained under contract.

### 3. MEASURING PERFORMANCE

Service	Performance Measures	Attainment 2013	Attainment 2012
To provide a reliable system of wastewater disposal with minimal disruption to the environment.	<b>Wastewater</b> 1. Treated effluent will be in compliance quality standards as defined in relevant Resource Consents.	<p>Council through the resource consent conditions provides compliance data to Horizons on a frequent basis. The Levin, Shannon and Waitarere wastewater consents require preparation and presentation of Annual Compliance Reports.</p> <p>The following consent were assessed by Horizons Regional Council and complied.</p> <p>PAC 325/51 – Shannon – Discharge to Water</p> <p>102220 – Waitarere – Discharge to Land</p> <p>102249 – Foxton Beach Discharge to Land</p> <p>105844 – Foxton Beach – Desludge Oxidation Ponds</p> <p>103925 &amp; 103926 – Foxton – Discharge to Water and Discharge to Land</p> <p>6920 – Levin – Discharge to Air</p> <p>6624 – Levin – Discharge to Land</p> <p>103285 – Levin – Discharge to Air</p> <p>The following consents were not assessed by Horizons Regional Council.</p> <p>101227 &amp; 101228 – Tokomaru – Discharge to Land and Water</p> <p>6610 – Levin – Discharge to Land</p> <p>6921 – Levin – Discharge to Air</p>	<p>Council through the resource consent conditions provides compliance data to Horizons on a frequent basis. The Levin and Waitarere wastewater consents require preparation and presentation of Annual Compliance Reports:</p> <p>Shannon - Johnston Street Consent: PAC 325/51 – Compliance Report received 7 February 2012. Comply.</p> <p>Waitarere - Forest Road Consent: 102220 Discharge to land – Power failure causing faults on the system have influenced the effective operation of the disposal. General compliance except where affected by above.</p> <p>Tokomaru - 30 Nikau Street Consents: 101227 &amp; 101228 Discharge to water and land – Compliance Report received 28 May 2012. Comply.</p> <p>Foxton Beach - 248 Palmer Road Consent: 102249 Discharge to land - Compliance Report received 24 July 2012. Comply.</p> <p>Foxton - Matakara Island Consents: 103925 &amp; 103926 Discharge to water and discharge to land - Compliance Report received 15 December 2011 and 24 July 2012. Comply.</p> <p>Levin - Mako Mako Rd STP Consent: 6920 Discharge to Air – Compliance Report received 29 November 2011 and 24 July 2012. Comply.</p> <p>Consent: 6624 Discharge to Land – Compliance Report received 29 November 2011 and 24 July 2012. Comply.</p> <p>Consent: 103285 Discharge to Air – Compliance Report received 29 November 2011 and 24 July 2012. Comply. Operational challenges with the bio filter, actively working to remediate. This has not caused any adverse effects with no odour complaints received.</p>

Service	Performance Measures	Attainment 2013	Attainment 2012
To provide a reliable system of wastewater disposal with minimal disruption to the environment.	<b>Wastewater</b> 1. Treated effluent will be in compliance quality standards as defined in relevant Resource Consents.		Levin - The 'Pot' Hokio Sands Rd Consent: 6610 Discharge to Land – Compliance report received 29 November 2011. Comply.  Consent : 6921 Discharge to Air – A minor consent with the last inspection taking place March 2011. HDC assess and keep records of any odour complaints. Horizons assess on an ad hoc basis. No Compliance Report received in the year.
	2. 99.5% of connected properties will be protected from system related overflows during the year.	63 properties were affected by overflow. The total number of connected properties is 11,239 as per the rating data base at 30 June 2013. This gives a percentage of 99.4% connected properties protected from system-related overflows.  The types of blockages reported were commonly fat and other materials, roots, sand, collapsed pipe and unknown causes of overflow.	36 properties were affected by overflow. The total number of connected properties is 11,118. This gives a percentage of 99.68% connected properties protected from system-related overflows.  The types of blockages reported were commonly fat and other materials, roots, sand, collapsed pipe and unknown causes of overflow.  The maintenance contract stipulates that breakages or blockages affecting the operating system or safety must be responded to within one hour. Time to repair/remedy the damage/blockage is not recorded.
Council maintains and develops the wastewater system to meet the current and future needs in a cost-effective way.	Wastewater Asset management Plan provides a 20 year planning horizon and is reviewed on a three yearly basis. The target was 20% completion.	The Asset Management Plan is to be reviewed in July 2013.	
Wastewater services meets users' needs	Over 95% of customers satisfied with their wastewater services (customer survey).	91% customer satisfaction with Wastewater service from the 2012 Customer Satisfaction Surveys. A total of 269 rate payers were surveyed, of these 24 stated "needs improvement" or did not know. The remaining 245 gave scores of excellent, good or meets expectations.	

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of wastewater disposal are mainly connections, pipelines, wastewater treatment plants and effluent disposal facilities. Capital and renewal expenditures adding to these assets during the year ended 30 June 2013 were:

	Actual 2012/13 \$000	LTP Year1 2012/13 \$000	Variations \$000	Notes
<b>LEVEL OF SERVICE</b>				
Foxton Telemetry (combined with water supply)	1	12	(11)	1
Foxton new connections (recoverable income offset)	2	4	(2)	2
Foxton Beach Telemetry (combined with water supply)	1	14	(13)	1
Foxton Beach new connections (recoverable income offset)	8	6	2	2
Levin strategic upgrade Pipeline to POT & Pump station, improvements to irrigation area	6,284	5,000	1,284	3
Levin Telemetry (combined with water supply)	14	17	(3)	1
Levin new connections (recoverable income offset)	11	8	4	2
Shannon-Mangaore Telemetry (combined with water supply)	1	12	(11)	1
Shannon-Mangaore new connections (recoverable income offset)	0	3	(3)	2
Shannon Disposal System	4,840	625	4,215	4
Shannon Disposal System c/fwd from 11/12	0	341	(341)	7
Shannon Disposal Resource Consents	30	0	30	
Tokomaru Telemetry (combined with water supply)	1	11	(10)	1
Waitarere Beach Telemetry (combined with water supply)	1	13	(12)	2
Waitarere Beach new connections (recoverable income offset)	1	6	(5)	2
Waitarere Beach Treatment Plant	1	189	(189)	5
Overheads	116	150	(34)	
<b>Total Level of Service</b>	<b>11,312</b>	<b>6,411</b>	<b>4,901</b>	
<b>RENEWALS</b>				
Foxton Reticulation Renewal	242	125	117	6
Foxton Treatment Plant	109	20	89	
Foxton Beach Reticulation Renewal	8	35	(27)	5
Foxton Beach Pump Station	35	104	(69)	
Foxton Beach Treatment Plant	76	51	25	
Foxton Beach Desludging	177	475	(298)	5
Levin Reticulation Renewal	458	808	(350)	5
Levin Pump Station	37	65	(28)	5
Levin Treatment Plant	562	334	228	
Shannon-Mangaore Reticulation Renewal	169	343	(174)	5
Shannon Treatment Plant	13	12	1	
Waitarere Reticulation Renewal	1	35	(34)	
Waitarere Beach Pump Station	0	62	(62)	
Waitarere Beach Treatment Plant	55	56	(1)	
Overheads	54	164	(110)	8
<b>Total Renewals</b>	<b>1,996</b>	<b>2,689</b>	<b>(694)</b>	
<b>Make up of Above Projects by Type</b>				
Replace existing assets	4,766	4,777	(11)	
Improve the level of performance	7,369	3,660	3,709	
Meet additional demand for a group of activities	1,172	700	472	
<b>Total</b>	<b>13,307</b>	<b>9,137</b>	<b>4,170</b>	

### Notes on Variations from the LTP Year 1 2012/13

1. Expenditure incurring over the 2013/14 year
2. More or less connections required than budgeted.
3. Brought forward from LTP year 2.
4. Shannon Farm purchase for waste disposal.
5. These projects were planned for completion but the programmed work was not able to be completed in the year due a delay in starting of the project. The projects were carried forward to 2013/14.
6. Due to extra urgent repair work required over budget.
7. Work carried forward as it required the purchase of land and resource consents to carry it out.
8. Not as much staff time was spent on this activity, as several projects were deferred thus the overheads are less.

### Significant Acquisitions of Assets

- Farm purchased in Shannon for irrigation of wastewater, this is to obtain new Resource consent.
- Pipeline to Pot (Levin) is to increase capacity of Wastewater Treatment Plant.

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

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

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2013 included:

Community Outcomes	Effects Of Programmes in Activity Area
Health and Safety	Greater public awareness of the wastewater activity through public consultation. Investigations for disposal options and upgrades include consultation and consideration of cultural issues
Environmental	Maintenance and Operational improvements to treatment facilities resulting in improvements to effluent quality. Ongoing monitoring of the receiving environment results to better understanding and proactive intervention where required to protect the environment. Improvements to discharges through capital upgrade projects.
Safety	Waste water treated in an effective way to minimise harm to the community.
Economic	Levels of service were maintained during 2012/2013 to the community.

# Wastewater Disposal

## FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan	LTP	Actual	Variance	Notes
	2012	Forecast	2013	2013	
	\$000	\$000	\$000	\$000	
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	
Targeted rates (other than a targeted rate for water by meter supply)	3,534	3,732	3,721	(11)	
Subsidies and grants for operating purposes	-	-	-	-	
Fees, charges, and targeted rates for water by meter supply	615	648	725	77	1
Local authorities fuel tax, fines, infringement fees, and other receipts	153	152	143	(9)	
<b>Total Operating Funding (A)</b>	<b>4,302</b>	<b>4,532</b>	<b>4,589</b>	<b>57</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	2,049	2,339	2,249	(90)	4
Finance Costs	330	288	240	(48)	
Internal charges and overheads applied	547	601	482	(119)	6
<b>Total applications of operating funding (B)</b>	<b>2,926</b>	<b>3,228</b>	<b>2,971</b>	<b>(257)</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,376</b>	<b>1,304</b>	<b>1,618</b>	<b>314</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	765	-	(765)	2
Development and financial contributions	103	312	155	(157)	3
Increase (decrease) in debt	7,740	6,355	8,873	2,518	
<b>Total sources of capital funding (C)</b>	<b>7,843</b>	<b>7,432</b>	<b>9,028</b>	<b>1,596</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	1,281	700	1,165	465	
- to improve the level of service	6,454	3,660	7,305	3,645	
- to replace existing assets	2,108	4,777	4,838	61	
Increase (decrease) in reserves	(624)	(401)	(2,662)	(2,261)	
Increase (decrease) of investments	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>9,219</b>	<b>8,736</b>	<b>10,646</b>	<b>1,910</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,376)</b>	<b>(1,304)</b>	<b>(1,618)</b>	<b>(314)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	2,156	1,951	2,016	65	
<b>Loans attributable to this group of activities</b>		<b>External</b>	<b>Internal</b>	<b>Total</b>	
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Loans as at 1/07/2012		4,150	331	4,481	
Raised during year		9,280	-	9,280	
Repaid During Year		(280)	(127)	(407)	
Loans as at 30/06/2013		<b>13,150</b>	<b>204</b>	<b>13,354</b>	
Interest attributable to Loans		231	9	240	
<b>ACTIVITY EXPENDITURE</b>		<b>LTP</b>			
	<b>Annual Plan</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Foxton Wastewater	492	491	382	(109)	4
Foxton Beach Wastewater	575	592	541	(51)	4
Levin Wastewater	2,915	2,981	3,015	34	5
Shannon Wastewater	457	508	613	105	5
Tokomaru Wastewater	162	168	134	(34)	4
Waitarere Beach Wastewater	482	439	303	(136)	4
<b>Total Expenditure</b>	<b>5,083</b>	<b>5,179</b>	<b>4,988</b>	<b>(191)</b>	



**Notes:**

1. Increased usage above budgeted
2. Grants for Shannon Wastewater are expected in 2013/14. There were delays in the project, hence delays in the grant funding.
3. Due to minimal subdivision activity in the district in the year.
4. Costs managed within budget with maintenance cost under budget and other expenses including staff cost under budget.
5. Due to unplanned maintenance of urgent repairs in Shannon and Levin the budget was exceeded.
6. Overheads were lower due to lower costs in operational areas.

# Solid Waste Management

## STATEMENT OF SERVICE PERFORMANCE

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### 1. RATIONALE

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

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

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

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

	Outcome	Role
Landfill	Environment	Provider
Waste transfer stations	Environment	Provider
Recycling	Environment	Provider
Roadside collection	Environment	Provider

Sound procedures for the management and disposal of solid waste:

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

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Landfill

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

#### 2.2 Waste Transfer Stations

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

#### 2.3 Recycling

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

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

#### 2.4 Roadside Collection

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

### 3. MEASURING PERFORMANCE

Service	Performance Measures	Attainment 2013	Attainment 2012
<b>Landfill:</b> Landfill operated in an environmentally friendly way.	The Levin Landfill will be fully compliant with the annual consent inspection report.	Achieved. Council provides compliance reports to Horizons quarterly as well as an annual comprehensive compliant. The Compliance Report was received on the 6 March 2013. Consents fully complied for the following: Consent 7289 discharge to liquate waste to land. Currently there is no liquid waste being discharged to land. Consent 6009 discharge solid waste to land. Consent 6010 discharge leachate to land. Consent 6011 discharge gas, odour and dust to air. Consent 6012 divert stormwater. Consent 102259 discharge to land. Consent 106129 discharge to air. Consent 109129/1 discharge air from Levin Landfill Gas Flare.	Compliance inspection undertaken by Horizons Regional Council on 25 October 2011. Fully complied with all resource consent conditions measured
<b>Recycling:</b> Refuse and recycling collection services are provided and recycling is actively promoted.	Council will collect at least 2000 tonnes of recycling material received from kerbside and static recycling schemes.	Achieved. As at 30 June 2013, there has been 2305.66 tonnes of recycling collected.	2,317 tonnes of recycling has been collected in the July 2011 - June 2012. Meeting the target to collect above 2,000 tonnes for the year ended 30 June 2012.
	Kerbside recycling shall be offered to 91% of all serviceable households.	Achieved. Kerbside Recycling service is offered to 95.3% of serviceable households in the district.	
<b>Roadside Collection:</b> To provide a reliable system of roadside collection of refuse bags and recycling collection.	Level of satisfaction with kerbside collection of recycling and refuse measured by number of service calls being no more than 15 a month.	Council has over 13,000 recycling creates in service throughout the district and collects on average 8,400 rubbish bags per month. Achieved. 42 justified complaints have been received between July 2012 - June 2013, being a monthly average of 3.5 complaints per month.	17 Justified complaints have been received between July 2011 - June 2012.
<b>All Solid Waste:</b> To measure all solid waste and undertake community education.	Council will measure the amount of Recycling and Rubbish per resident.	Achieved. As at 30 June 2013, the average person diverted 6kg of recycling. As at 30 June 2013, the average person disposed of 34kg of rubbish.	.N/A
	The Council will carry out waste education within the community.	Achieved. Waste Education being successfully carried out in Schools throughout the District.	.N/A

### 3. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of solid waste management are mainly the landfill, waste transfer stations and recycling centres. Capital and renewal expenditures adding to these assets during the year ended 30 June 2012 were not completed as noted below.

	Actual 2012/13 \$000	LTP year 1 2012/13 \$000	Variations \$000	Notes
<b>LEVEL OF SERVICES</b>				
Levin Landfill – cell	38	804	(766)	1
Levin Landfill – cell carried forward from 2011/12	70	70	0	
Levin Landfill Leachate pre – treatment	0	15	(15)	2
Overheads	19	35	(16)	
	126	924	(778)	
<b>Total Level of Service</b>				
<b>RENEWALS</b>				
Levin Landfill Programmed renewals	21	20	1	
Tokomaru Recycling Station repair & repaint container	6	5	1	
Overheads	0	1	(1)	
<b>Total Renewals</b>	<b>27</b>	<b>26</b>	<b>1</b>	
<b>Make up of Projects by Type</b>				
Replace existing assets	27	26	1	
Improve the level of performance	126	924	(798)	
Meet additional demand for a group of activities	0	0	0	
<b>Total</b>	<b>153</b>	<b>950</b>	<b>(797)</b>	

#### Notes on Variations From the LTP Year 1 2012/13

1. Stage 3 construction to begin in 2013/14. This expenditure was the pre-construction costs.
2. Deferred to 2013/14 due to the deferment of Levin Landfill cell.

#### Significant Acquisitions of Assets

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

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

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

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2013 included:

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

# Solid Waste Management

## FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan	LTP Forecast	Actual	Variance	Notes
	2012	2013	2013	2013	
	\$000	\$000	\$000	\$000	
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	
Targeted rates (other than a targeted rate for water by meter supply)	805	790	791	1	
Subsidies and grants for operating purposes	-	-	-	-	
Fees, charges, and targeted rates for water by meter supply	1,736	1,788	1,841	53	1
Local authorities fuel tax, fines, infringement fees, and other receipts	-	36	34	(2)	
<b>Total Operating Funding (A)</b>	<b>2,541</b>	<b>2,614</b>	<b>2,666</b>	<b>52</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	1,728	1,874	1,609	(265)	2
Finance Costs	291	304	226	(78)	3
Internal charges and overheads applied	418	345	296	(49)	
<b>Total applications of operating funding (B)</b>	<b>2,437</b>	<b>2,523</b>	<b>2,131</b>	<b>(392)</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>104</b>	<b>91</b>	<b>535</b>	<b>444</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	
Development and financial contributions	-	-	-	-	
increase (decrease) in debt	1,144	741	(61)	(802)	
<b>Total sources of capital funding (C)</b>	<b>1,144</b>	<b>741</b>	<b>(61)</b>	<b>(802)</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	7	-	-	-	
- to improve the level of service	1,454	924	126	(798)	
- to replace existing assets	83	26	27	1	
Increase (decrease) in reserves	(296)	(118)	321	439	
Increase (decrease) of investments	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>1,248</b>	<b>832</b>	<b>474</b>	<b>(358)</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(104)</b>	<b>(91)</b>	<b>(535)</b>	<b>(444)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	594	306	305	(1)	
<b>Loans attributable to this group of activities</b>		<b>External</b>	<b>Internal</b>	<b>Total</b>	
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Loans as at 1/07/2012		4,000	223	4,223	
Raised during year		210	-	210	
Repaid During Year		(10)	(261)	(271)	
Loans as at 30/06/2013		<b>4,200</b>	<b>(38)</b>	<b>4,162</b>	
Interest attributable to Loans		220	6	226	
<b>ACTIVITY EXPENDITURE</b>		<b>LTP</b>			
	<b>Annual Plan</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Roadside Collection Bags	265	310	196	(114)	4
Landfill	1,469	1,347	1,095	(252)	4
Recycling Centres	829	832	682	(150)	4
Waste Transfer Stations	474	341	463	122	5
<b>Total Expenditure</b>	<b>3,037</b>	<b>2,830</b>	<b>2,436</b>	<b>(394)</b>	

**Notes:**

1. Increased revenue on Landfills, bag sales and waste transfer stations.
2. Expenses managed prudently.
3. Reduced finance costs as projects deferred to 2013/14.
4. Costs managed within budget.
5. There were some additional costs incurred due to the re-tender of the contracts. In addition the costs of rubbish disposal (\$64,000) were reflected in the activity. These costs were not budgeted for.

# Community Support

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

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

**EDUCATION:** A community where all people have the knowledge and skills they need to participate fully in a knowledge society.

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

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

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

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

	Outcomes	Role
Libraries	Education, Culture, Social	Provider
Emergency Management and Rural Fire	Safety	Provider
Marketing	Economic	Facilitator
Community Development	Culture, social	Facilitator
Safer community Councils	Safety	Provider
Grants	Culture, social	Facilitator
Arts and Culture	Culture, social	Facilitator
Tourism and Economic Development	Economic	Facilitator

### 2. DESCRIPTION OF ACTIVITIES

#### Libraries

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

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

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

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

The libraries:

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

## **Emergency Management**

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

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

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

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

Emergency management also involves:

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

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

## **Marketing**

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

## **Community Development**

The Council:

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

## **Safer Communities**

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

## **Grants**

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

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

The Council operates several small grant schemes including:

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

## **Arts and Culture**

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



### **Tourism and Economic Development**

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

The Council's main activity is to provide:

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

Other activities include:

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

### **Customer Services**

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

### 3. MEASURING PERFORMANCE

Service	Performance Measures	Attainment 2013	Attainment 2012
<b>Libraries</b> There is a range of library stock including up-to-date material.	Community Centre and Libraries: Te Horowhenua Trust will meet Performance Indicators defined in a Management Agreement with Council. Target for 2012/13 is 80%.	For details of this please see Pages 30 and 31.	16 different activities were delivered. \$37,000 was spent on Audio and Large Print books.
<b>Emergency Management</b> To reduce the potential impact of civil defence emergencies on communities.	Emergency Management and Rural Fires: Five media messages promoting preparedness for an emergency will be made to residents and ratepayers annually.	Achieved. The following items were uploaded onto our Council website in the 2012/2013 year, regarding Emergency Preparedness: Friday, 07 September 2012, "Get ready to drop, cover and hold" Tuesday, 25 June 2013, "Tuning in before, during, and after an emergency – let's be prepared!" There were other media releases in regards to specific emergency events (Gladstone Slip, Tongariro eruption etc). Target of five media messages has been met.	Emergency response plans are in place. Achieved
<b>Marketing</b> To keep residents informed about the Council.	Eleven monthly Council newsletters will be published each year.	Achieved. Eleven issues of Community Connection have been printed and distributed with the 9 <sup>th</sup> issue being the draft Annual Plan Summary. Full year target has been met.	15 issues of Community Connection have been published.
<b>Community Development</b> To keep residents and ratepayer informed about Council.	1. Community contact details will be included in the Community Directory.	Achieved. Community Directory has been updated for 2012/13.	Community Directory has been updated for 2011/12.
	2. Requests for information and advice will be responded to within 48 hours. Target 97%	Achieved. All requests for information and advice were responded to within 48 hours.	Achieved. All requests for information and advice were responded to within 48 hours.
<b>Grants</b> To promote participation in and display of arts and cultural activities.	The various grant schemes will be implemented effectively based on feedback from Creative NZ and grant applicants as to the timeliness of decisions and processing of grants.	Achieved. As at 30 June 2013 this was completed. Grants that have been allocated to 30 June 2013 have been done in accordance to guidelines and policy with no negative feedback from recipients or Creative NZ.	The General Grants, Rural Halls and Local Marketing Grants for 2011/12 have been allocated in accordance with Council policy and within budget.
<b>Tourism and Economic Development</b> Increase in number of visitors to the District. Resources allocated to gain greatest economic benefit.	Council's Economic development Business Unit will meet Performance Indicators defined in the Horowhenua Economic Development Strategy.	Achieved. Council updated on activity in the Horowhenua economy at the April 2013 Council meeting. A Council briefing took place late June with a focus on Marketing and Branding of the district. Further to that the first meeting of an Economic Development Advisory Group has taken place.	Monthly business breakfasts have been successfully organised. A new Economic Development Business Unit is to be established following a decision to finish the contract with Nature Coast Inc. on 30 June 2012. KPI's for Marketing of Horowhenua ongoing.

#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of community support services are mainly vehicles and service centre buildings. Capital and renewal expenditures adding to these assets during the year ended 30 June 2013 were:

	Actual 2012/13 \$000	LTP Year 1 2012/13 \$000	Variations \$000	Notes
<b>LEVEL OF SERVICE</b>				
Levin Library Extension	2,875	2,064	811	1
Foxton Community Centre c/fwd from 11/12	0	1,700	(1,700)	2
Overheads	0	68	(68)	
<b>Total Level of Service</b>	<b>2,875</b>	<b>3,832</b>	<b>(957)</b>	
<b>Make up of the Above Projects by Type</b>				
Replace existing assets	1,222	1,614	(392)	
Improve the level of performance	1,526	2,013	(487)	
Meet additional demand for a group of activities	126	205	(79)	
<b>Total</b>	<b>2,875</b>	<b>3,832</b>	<b>(957)</b>	

**Note 1:** Building costs were more than budgeted due to addition of the Chinese Garden, additional IT hardware costs and cost variations.

**Note 2:** Council resolved to purchase the Mitre 10 building in June 2013. Council will now lead project to develop design brief during the 2013/14 year.

#### Significant Acquisitions of Assets

Significant acquisitions were:

- The Te Takere Culture and Community Centre, which was opened 29 September 2012.

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

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

Programmes that had identifiable impacts on the community's community outcomes during the year ended 30 June 2013 included:

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

# Community Support

## FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan 2012 \$000	LTP Forecast 2013 \$000	Actual 2013 \$000	Variance 2013 \$000	Notes
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	1,579	1,488	1,488	-	
Targeted rates (other than a targeted rate for water by meter supply)	1,560	1,785	1,781	(4)	
Subsidies and grants for operating purposes	35	65	42	(23)	1
Fees, charges, and targeted rates for water by meter supply	2,986	2,600	656	(1,944)	2
Local authorities fuel tax, fines, infringement fees, and other receipts	34	53	136	83	3
<b>Total Operating Funding (A)</b>	<b>6,194</b>	<b>5,991</b>	<b>4,103</b>	<b>(1,888)</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	2,335	2,558	3,266	708	4
Finance Costs	147	315	254	(61)	
Internal charges and overheads applied	476	531	816	285	11
<b>Total applications of operating funding (B)</b>	<b>2,958</b>	<b>3,404</b>	<b>4,336</b>	<b>932</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,236</b>	<b>2,587</b>	<b>(233)</b>	<b>(2,820)</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	
Development and financial contributions	-	14	-	(14)	
increase (decrease) in debt	(58)	1,193	1,854	661	
<b>Total sources of capital funding (C)</b>	<b>(58)</b>	<b>1,207</b>	<b>1,854</b>	<b>647</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	198	205	-	(205)	
- to improve the level of service	1,584	2,013	-	(2,013)	
- to replace existing assets	1,268	1,614	2,879	1,265	
Increase (decrease) in reserves	128	(38)	(1,258)	(1,220)	
Increase (decrease) of investments	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>3,178</b>	<b>3,794</b>	<b>1,621</b>	<b>(2,173)</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,236)</b>	<b>(2,587)</b>	<b>233</b>	<b>2,820</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	70	36	36	-	
<b>Loans attributable to this group of activities</b>		<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>	
Loans as at 1/07/2012		4,000	739	4,739	
Raised during year		2,100	-	2,100	
Repaid During Year		-	(246)	(246)	
Loans as at 30/06/2013		<b>6,100</b>	<b>493</b>	<b>6,593</b>	
Interest attributable to Loans		233	21	254	
<b>ACTIVITY EXPENDITURE</b>		<b>LTP Forecast 2013 \$000</b>	<b>Actual 2013 \$000</b>	<b>Variance 2013 \$000</b>	
Community Development	81	114	485	371	5
Economic Development	535	465	549	84	6
Arts, Culture & Heritage	7	7	3	(4)	
Community Grants	269	370	314	(56)	7
District Marketing	319	261	360	99	8
Libraries	1,429	1,785	2,310	525	9
Road Safety	12	12	-	(12)	
Safer Communities	-	-	-	-	
Emergency Management	377	435	355	(80)	10
<b>Total Expenditure</b>	<b>3,029</b>	<b>3,449</b>	<b>4,376</b>	<b>927</b>	

**Notes:**

1. Further grants funding expected in 2013/14.
2. Decreased revenue as donations and other funding avenues fell short of expectation.
3. Increased grants and donations.
4. Increased additional set-up costs on the opening of Te Takere.
5. Increased advertising and activity costs promoting Te Takere and consultation costs for various infrastructural projects.
6. Increased costs researching economic opportunities within the district.
7. Less spending than anticipated. Grants paid out in the year decreased with the review of the grant process.
8. Increased costs promoting the district Youth programmes and other community events within the District which were not budgeted for.
9. Increased expenditure especially with Te Takere and the increased usage from the Community.
10. Costs were maintained within budget.
11. Internal charges on Economic Development and Community Development were over budget due to increased Staff time spent in this area with these activities being brought in house.

# Properties

## STATEMENT OF SERVICE PERFORMANCE

### 1. RATIONALE

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

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

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

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

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

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

Activity	Outcome	Role
Motor camps	Economic	Provider
Halls	Social	Provider
Residential housing	Economic	Provider
Endowment property	Economic	Provider
Commercial property	Economic	Provider
Forestry	Economic	Provider
Public toilets	Health	Provider
General	Culture, social	Provider
Water, Waste water	Health, safety	Provider

### 2. DESCRIPTION OF ACTIVITIES

#### 2.1 Motor Camps

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

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

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

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

#### 2.2 Halls

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

The public halls provided by Council are:

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

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

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

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

### **2.3 Residential Housing**

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

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

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

### **2.4 Endowment Property**

The Council owns land in Foxton Beach that was formerly owned by the Foxton Harbour Board. Much of this land is leased for residential purposes with rights of purchase and some vacant land is developed for residential subdivision.

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

### **2.5 Commercial Property**

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

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

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

### **2.6 Forestry**

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

### 3. MEASURING PERFORMANCE

Service	Performance Measures	Attainment 2013	Attainment 2012
<b>Halls:</b> To maintain low-cost public halls.	1. Levin Memorial Hall will be used at least seven times a week.	As at 30 June 2013, the Levin Memorial hall was used 418 times. This equate to being used 8 times a week.	Levin Memorial Hall was used 410 times. This equates to being used 7.9 times a week.
	2. Foxton Memorial Hall and Shannon Memorial Hall at least twice per fortnight.	As at 30 June 2013, the Foxton Memorial Hall was used 137 times, equating to 2.6 times per week. Shannon Memorial Hall was used 261 times, equating to 5 times per week.	Foxton Memorial Hall was used 148 times, equating to 2.8 times per week. Shannon Memorial Hall was used 320 times, equating to 6.2 times per week.
<b>Residential Housing:</b> To provide low-cost housing to people over 60 years of age.	The pensioner accommodation will achieve at least 93% occupancy.	As at 30 June 2013 there has been 94.70% occupancy.  We are currently working through applications.	There has been 95.53% occupancy.  We are currently working through applications.
<b>Endowment Property:</b> To optimise returns from endowment property.	The rate of endowment property released by Council for purchase over the next ten years. Target 40 sections available.	At as 30 June 2013, there are currently 57 sections available for sale as part of the Forbes Road Subdivision.	There are currently 60 sections available for sale as part of the Forbes Road Subdivision.
<b>All Property:</b> All Council owned property will comply with appropriate standards.	All HDC owned buildings with Compliance Schedules will have current Building Warrants of Fitness.	All buildings with Compliance Schedules have current BWOFS. This means all specified systems including fire alarms have been maintained and inspected in accordance with the compliance schedule. This meets the requirement of the Building Act 2004.	All buildings with compliance schedules have current BWOFS. This means all specified systems including fire alarms have been maintained and inspected in accordance with the compliance schedule. This meets the requirement of the Building Act 2004.



#### 4. ACQUISITION AND RENEWAL OF ASSETS

The assets used in the provision of property services are mainly motor camps, public halls, residential flats, Foxton Beach endowment properties, leasehold commercial property in Levin, forestry blocks, public toilets and other property holdings. Capital and renewal expenditures adding to these assets during the year ended 30 June 2013 were:

	Actual 2012/13 \$000	LTP Year 1 2012/13 \$000	Variations \$000	Notes
<b>LEVEL OF SERVICE</b>				
Civic Building HVAC Relocation and replacement of failed pre-heater	101	204	(103)	2
Civic Building Foyer ventilation and cooling	45	70	(25)	2
Foxton Memorial Hall Earthquake assessment and design	14	25	(11)	1
Foxton Museum(Old Courthouse)Earthquake Design	6	25	(19)	1
Levin Hall Earthquake assessment, design & pricing	19	25	(6)	1
Civic Building Replace 2 X Security Cameras	20	20	0	
Development Contributions Forbes Road – growth	39	0	39	3
Seismic strengthening of WINZ building	12	0	12	3
Shannon Mem.Hall Earthquake Design	17	25	(8)	1
Show homes Forbes Road subdivision	120	0	120	3
Overheads	0	14	(14)	
<b>Total Level of Service</b>	<b>393</b>	<b>408</b>	<b>(15)</b>	
<b>RENEWALS</b>				
Community Buildings Programmed renewals	39	40	(1)	
District Halls (& Pavilions) reactive works (including vandalism	25	30	(5)	
Foxton Beach Community Centre Egress & alarms fire compliance	18	14	4	
Foxton Surf Club Renovations – cladding etc	187	57	130	4
Levin Depot Pole Shed reroof	4	5	(1)	
Pension Flats Programmed renewals	81	52	29	5
Foxton Beach Holiday Park urgent reactive works only	0	15	(15)	6
Public Toilets Programmed renewals	31	38	(7)	
Repaint Southern & eastern exterior Council Building	2	0	2	
Levin Mall Bus Stop	2	0	2	
Thompson House Roof Repairs	11	9	2	
WINZ building investigate & repair membrane/deck leak	6	30	(24)	7
Focal Point Cinema Toilets upgrade	15	5	10	
Overheads	7	14	(7)	
<b>Total Renewals</b>	<b>428</b>	<b>309</b>	<b>119</b>	
<b>Make up of Above Projects by Type</b>				
Replace existing assets	436	306	130	
Improve the level of performance	226	411	(185)	
Meet additional demand for a group of activities	159	0	159	
<b>Total</b>	<b>821</b>	<b>717</b>	<b>104</b>	

#### Notes on Variations From the LTP Year 1 2012/13

1. All work has been suspended awaiting the completion of Council's assessment of potentially earthquake prone buildings which the expected report to be completed in September 2013.
2. The scope of work needed to be changed. Also some work was carried forward to 2013/14.
3. Additional work was undertaken to promote the Forbes Road subdivision.
4. Increased expenditure requested by Foxton Community Board.
5. Renewals as required.
6. Work was undertaken earlier in preparation for the sale of the camp.
7. The extent of roof replacement required was not as significant as expected, allowing for only a portion of roof to be replaced. Savings were also made on the exterior repaint by utilising maintenance

contractors.

### Significant Acquisitions of Assets

TeTakere Culture and Community Centre building was completed and opened on 29 September 2012.

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

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

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2013 included:

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

# Property

## FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan 2012 \$000	LTP Forecast 2013 \$000	Actual 2013 \$000	Variance 2013 \$000	Note
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	1,535	1,230	1,230	-	
Targeted rates (other than a targeted rate for water by meter supply)	-	-	-	-	
Subsidies and grants for operating purposes	-	-	-	-	
Fees, charges, and targeted rates for water by meter supply	1,824	1,918	1,733	(185)	1
Local authorities fuel tax, fines, infringement fees, and other receipts	12	61	112	51	2
Internal charges and overheads recovered	528	570	719	149	5
<b>Total Operating Funding (A)</b>	<b>3,899</b>	<b>3,779</b>	<b>3,794</b>	<b>15</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	2,152	2,334	2,460	126	4
Finance Costs	1,146	1,094	792	(302)	3
Internal charges and overheads applied	690	695	617	(78)	5
<b>Total applications of operating funding (B)</b>	<b>3,988</b>	<b>4,123</b>	<b>3,869</b>	<b>(254)</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(89)</b>	<b>(344)</b>	<b>(75)</b>	<b>269</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	
Development and financial contributions	-	124	138	14	
Increase (decrease) in debt	(451)	(44)	(2,019)	(1,975)	
Gross proceeds from sale of assets	578	1,418	421	(997)	6
<b>Total sources of capital funding (C)</b>	<b>127</b>	<b>1,498</b>	<b>(1,460)</b>	<b>(2,958)</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	17	-	159	159	
- to improve the level of service	673	411	226	(185)	
- to replace existing assets	647	306	436	130	
Increase (decrease) in reserves	(1,788)	394	(2,356)	(2,750)	
Increase (decrease) of investments	489	43	-	(43)	
<b>Total applications of capital funding (D)</b>	<b>38</b>	<b>1,154</b>	<b>(1,535)</b>	<b>(2,689)</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>89</b>	<b>344</b>	<b>75</b>	<b>(269)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	594	410	419	9	
<b>Loans attributable to this group of activities</b>		<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>	
Loans as at 1/07/2012		12,050	4,057	16,107	
Raised during year		1,470	276	1,746	
Repaid During Year		(100)	(3,665)	(3,765)	
Loans as at 30/06/2013		<b>13,420</b>	<b>668</b>	<b>14,088</b>	
Interest attributable to Loans		676	116	792	
<b>ACTIVITY EXPENDITURE</b>		<b>LTP Forecast 2013 \$000</b>	<b>Actual 2013 \$000</b>	<b>Variance 2013 \$000</b>	
Public Toilets	279	316	266	(50)	7
Council Building	686	652	1,151	499	3
Camping Grounds	277	259	240	(19)	2
Commercial Properties	312	336	275	(61)	8
Endowment Property	213	246	217	(29)	9
Forestry	77	52	103	51	10
General Property	704	653	756	103	4
Halls	269	334	332	(2)	
Residential Housing	1,236	1,132	948	(184)	11
<b>Total Expenditure</b>	<b>4,053</b>	<b>3,980</b>	<b>4,288</b>	<b>308</b>	

**Notes:**

1. Rental agreements were recalculated to reflect current market condition, which reduced income. Also the gain on sale of endowment property was below budget.
2. Lease income for camping grounds was over budget, as an earlier sale of the Pinewood Camp was anticipated. This also resulted in expenditure being different from budget.
3. Part of the loan on the Council Building was repaid with proceeds from forestry sales. Also interest rates were lower than budgeted.
4. Loss on sale of properties was not budgeted.
5. More work was done for other departments and activities within the Council by staff.
6. Anticipated sale prices were not realised and fewer properties were sold than budgeted.
7. Staff time was lower than budgeted due to improved time allocation and efficiencies in report preparation.
8. Internal staff charges were lower than budget and some maintenance work was not needed.
9. Maintenance costs were lower and internal staff costs were below budget as less staff time was spent in this area.
10. Preparation work for the proposed Cyrus Hills Forest increased the expenditure.
11. Internal staff costs were lower than budget as less staff time was spent on this activity. Also internal interest costs were lower than budget.

# Representation and Governance

## STATEMENT OF SERVICE PERFORMANCE

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### 1. RATIONALE

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

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

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

	Outcome	Role
Representation and governance	Democracy	Provider

### 2. DESCRIPTION OF ACTIVITIES

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

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

#### Governance Role

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

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

#### The Council fulfils its role by:

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

#### Governance Structure

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

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

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

#### **Governance Values**

The Council comprises:

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

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

### **3. MEASURING PERFORMANCE**

<b>Service</b>	<b>Performance Measures</b>	<b>Attainment 2013</b>	<b>Attainment 2012</b>
To provide open, accessible local government	1. Local body elections will be held in compliance with relevant legislation.	Local body elections will be held in October 2013.	Successfully completed the Waiopahu By-election.
	2. The Annual Plan will be adopted before 30 June annually.	The Annual Plan adopted by Council on 22 <sup>nd</sup> May 2013.	Council adopted the 2012-2022 Long Term Plan on 27 June 2012.
	3. The Annual Report will include an unqualified audit opinion.	Achieved. An unqualified 2011/12 Annual Report adopted by Council on 24 October 2012.	Achieved. An unqualified Annual Report was adopted by Council at its meeting on 24 October 2011.
	4. The Representation Review is to be completed within statutory timeframes and requirements.	Local government Commission determination released with Council recommendations accepted by the commission. The Representation Review has been completed within statutory timeframes and requirements.	

### **4. ACQUISITION AND RENEWAL OF ASSETS**

No assets are used exclusively for the purposes of representation and governance, and there were therefore no significant asset acquisitions or replacements during the year ended 30 June 2013 nor were any shown in the LTP for the year.

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

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

Programmes that had identifiable impacts on the community's outcomes during the year ended 30 June 2013 are those mentioned in other activities, it having been the governance arm of the Council that set the priorities, made the key decisions and arranged the provision of funding (mainly through rates) that they may proceed in a democratic manner.

# Representation and Governance

## FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Annual Plan	LTP			
	2012	Forecast	Actual	Variance	
	2012	2013	2013	2013	
	\$000	\$000	\$000	\$000	Notes
<b>Sources of Operating Funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	
Targeted rates (other than a targeted rate for water by meter supply)	2,549	2,650	2,642	(8)	
Subsidies and grants for operating purposes	-	-	-	-	
Fees, charges, and targeted rates for water by meter supply	-	-	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	2	3	1	
Internal charges and overheads recovered	-	-	-	-	
<b>Total Operating Funding (A)</b>	<b>2,549</b>	<b>2,652</b>	<b>2,645</b>	<b>(7)</b>	
<b>Applications of Operating Funding</b>					
Payments to staff and suppliers	918	698	696	(2)	
Finance Costs	-	-	-	-	
Internal charges and overheads applied	1,803	1,937	2,019	82	
<b>Total applications of operating funding (B)</b>	<b>2,721</b>	<b>2,635</b>	<b>2,715</b>	<b>80</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(172)</b>	<b>17</b>	<b>(70)</b>	<b>(87)</b>	
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	
Development and financial contributions	-	-	-	-	
increase (decrease) in debt	-	-	-	-	
Gross proceeds from sale of assets	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	-	-	-	-	
- to improve the level of service	-	-	-	-	
- to replace existing assets	-	-	-	-	
Increase (decrease) in reserves	(172)	17	(70)	(87)	
Increase (decrease) of investments	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>(172)</b>	<b>17</b>	<b>(70)</b>	<b>(87)</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>172</b>	<b>(17)</b>	<b>70</b>	<b>87</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	-	-	-	-	
<b>Loans attributable to this group of activities</b>		<b>External</b>	<b>Internal</b>	<b>Total</b>	
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Loans as at 1/07/2012				-	
Raised during year				-	
Repaid During Year				-	
Loans as at 30/06/2013		-	-	-	
Interest attributable to Loans		-			
<b>ACTIVITY EXPENDITURE</b>		<b>LTP</b>			
	<b>Annual Plan</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Community Board	113	128	151	23	1
Elections	25	-	17	17	2
Governance	2,046	2,010	2,008	(2)	3
External Reporting	537	497	540	43	4
<b>Total Expenditure</b>	<b>2,721</b>	<b>2,635</b>	<b>2,716</b>	<b>81</b>	



**Notes:**

1. Remuneration and other costs associated with Councillors and the Mayor.
2. No elections held in 2012/13. Pre election October 2013 expenses.
3. Expenses incurred for the Governance Activity.
4. Increased Audit Fees and Printing costs for Annual Plan and Annual Report 2011/12, and interim Audit for the year ended 30 June 2013.

# Report On Contribution of Maori to Decision Making

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## 1. BACKGROUND AND POLICY

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

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

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

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

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

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

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

## 2. YEAR ENDED 30 JUNE 2013

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

During the year ended 30 June 2013 Council continued to make good progress in its pursuit of enhanced relationships with a view to establishing Memorandums of Understanding/Partnership with Iwi representation throughout our District. A Memorandum of Partnership was signed with Ngati Wehi Wehi on 12 November 2012. Regular meetings at both formal and informal level were held throughout the year.

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

The following is a précis of the significant iwi consultation matters during 2012/13:

1. Levin Community Centre
  2. Te Awahou project - Foxton
  3. Strategic Review of water and waste Water Services
  4. Shannon WWTP
  5. District Plan Review
  6. Levin Water Supply
- 
- 1) Levin Culture and Community Centre: Council and the Te Horowhenua Trust have continued to work with Muaupoko Tribal Authority (MTA) regarding Iwi involved in the Levin Culture and Community Centre. MTA will tell their stories to their members and to the wider public in the new facility which was opened 29 September 2012. The facility is called Te Takeretanga o Kura hau Po (Te Takere), a name developed by MTA.
  - 2) Te Awahou project - Foxton: During the year Council and the Te Awahou Nieuwe Stroom Trust have continued discussions with the nine local hapu of Ngati Raukawa (collectively known as Te Taitoa Maori O Te Awahou) regarding the Te Awahou Nieuwe Stroom project - a world class, multi-purpose cultural heritage centre in Foxton. The nine local hapu include Ngati Takihiku, Ngati Ngaronga, Ngati Hinemata, Nhati Wakatere, Ngati Raukaau, Ngati Turanga, Ngati Te Au, Ngati Pareraukawa and Ngati Kikopiri. The hapu are seeking a place from which to tell their stories and express their identity through art and crafts, exhibitions, Korero (Conversation), learning and a strong "home base" that provides a symbol of regional and national identity.
  - 3) Strategic Review of Water and Wastewater Services: Council has engaged with Iwi in the District on the matter of the strategic direction of water and wastewater services in the Horowhenua. Consultation enabled the Project team to understand the focus of these groups relating to social and cultural impacts of these services.
  - 4) Shannon WWTP: There were multiple rounds of discussion on the Shannon WWTP consent. Significant progress was made with TMI in understanding the positive aspects of the project and the staged removal of effluent from the river for all but 36 days of the year. The rest of the flow will be applied to land.
  - 5) Horowhenua District Plan Review: Council undertook presentations to the elected boards of Muaupoko Tribal Authority (MTA), Rangitane and Ngati Raukawa promoting the opportunity for representatives from their Iwi to be involved in the review of the District Plan. These presentations lead to each Iwi appointing representatives to work together as part of an Iwi Advisory Group participating in drafting the Matters of Importance to Tangata Whenua chapter of the Proposed District Plan. Ngati Apa were also invited to participate in this process and chose to contribute to this group electronically rather than attending the Iwi Advisory Group meetings. The notification of the Proposed District Plan in September 2012 provided the opportunity for formal submissions to be made in relation to the Proposed District Plan content. Some of the Iwi who participated in the Iwi Advisory Group, together with other local Māori, made formal submissions and were subsequently heard at the Proposed District Plan hearings held in April and May 2013.
  - 6) Levin Water Supply: Ongoing discussions were held with Tukorehe Marae regarding continuing the water take from the Ohau River.

## **SECTION D: APPENDICES**

Section D provides additional useful information about the Council.

### **Governance Structure and Personnel**

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

### **Management Structure and Personnel**

Lists the senior staff and their responsibilities.

### **Directory and Contacts**

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

### **Glossary**

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

# Governance Personnel

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Committee membership and representation responsibilities are:

## **Mayor Brendan Duffy**

Phone: 0274 433 516

Email: mayor.brendan.duffy@gmail.com

Council Committees: ex officio on all committees, Chair of Iwi Consultation, Civic Honours Special Judging Panel, Audit Subcommittee, Chief Executive Officer's Performance Agreement Review Special Committee

Represents Council on: Zone 3 of Local Government New Zealand Association, Horowhenua Lake Domain Board, Regional Land Transport Committee-Horizons Regional Council, Manawatu-Wanganui Region Civil Defence Emergency Management Group Governance Body, Passenger Transport Subcommittee - Horizons Regional Council, Mayors' Task Force for Jobs, Kapiti Horowhenua Joint Regional Economic Development Forum, Horowhenua Lake Domain Board, Nature Coast Enterprise

## **Deputy Mayor Barry Judd**

Ward: Levin

Phone: 027 367 2030

Council Committees: Strategic Grants Special Committee, Chief Executive's Performance Agreement Review Special Committee, Audit Subcommittee, Iwi Consultation Special Committee, Community Wellbeing Subcommittee

Represents Council on: Foxton Area Community Medical Trust

## **Cr David Allan**

Ward: Kere Kere

Phone: 021 031 1812

Email: davidallan1@gmail.com

Council Committees: Hearings Committee, Strategic Grants Special Committee, Chief Executive Officer's Performance Agreement Review Special Committee.

Represents Council on: Foxton Area Community Medical Trust and Foxton Community Board

## **Cr Garry Good**

Ward: Levin

Phone: 027 235 9195

Email: garry.good@gmail.com Council Committees: Strategic Grants Special Committee, Chief Executive Officer's Performance Agreement Review Special Committee, Hearings Committee, Kapiti Horowhenua Joint Regional Economic Development Forum (alternate).

Represents Council on: Horowhenua Learning Centre Trust, Thompson House Executive, Te Horowhenua Trust, Crime Prevention Camera Trust, Jack Allen Community House

## **Cr Anne-Marie Hunt**

Ward: Kere Kere

Phone: 06 363 7750

Email: anne.hunt@gmail.com

Council Committees: Strategic Grants Special Committee, Major Events and Local Events Marketing Grants Subcommittee, Civic Honours Special Judging Panel.

Represents Council on: Foxton Community Board

## **Cr Victoria Kaye-Simmons**

Ward: Levin

Phone: 027 601 1014

Email: victoria.kaye@gmail.com

Council Committees: Strategic Grants Special Committee, Chief Executive Officer's Performance Agreement Review Special Committee, Iwi Consultation Special Committee, Hearings Committee, General Grants and Rural Halls Subcommittee, Creative New Zealand Funding Allocation Special Committee, Civic Honours Special Judging Panel

Represents Council on: Crime Prevention Camera Trust

### **Cr Leigh McMeeken**

Ward: Levin

Phone: 06 210 2274

Email: leigh.mcmeeken@gmail.com

Council Committees: Strategic Grants Special Committee, Chief Executive Officer's Performance Agreement Review Special Committee, Hearings Committee, Major Events and Local Events Marketing Grants Subcommittee, Creative New Zealand Funding Allocation Special Committee, Kapiti Horowhenua Joint Regional Economic Development Forum

Represents Council on: Horowhenua Neighbourhood Support Management Committee

### **Cr Nathan Murray**

Ward: Waiopahu

Phone: 06 368 6108

Email: Papaitonga8@gmail.com

Council Committees: Strategic Grants Special Committee, Chief Executive Officer's Performance Agreement Review Special Committee, Iwi Consultation Special Committee, Community Wellbeing Subcommittee

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

### **Cr Tony Rush**

Ward: Levin

Phone: 027 241 6262

Email: tony.rush@gmail.com

Council Committees: Strategic Grants Special Committee, Chief Executive Officer's Performance Agreement Review Special Committee, Major Events and Local Events Marketing Grants Subcommittee, General Grants and Rural Halls Subcommittee, Kapiti Horowhenua Joint Regional Economic Development Forum, Audit Subcommittee, Civic Honours Special Judging Panel

Represents Council on: Horowhenua Lake Domain Board, Coast Access Radio-Horowhenua District Trustee, Manawatu/Wanganui Regional Disaster Relief Fund Trust, Te Horowhenua Trust

### **Cr Robbie Shaw**

Ward: Miranui

Phone: 0274 426 891

Email: robbie.shaw@gmail.com

Council Committees: Hearings Committee, Strategic Grants Special Committee, Chief Executive Officer's Performance Agreement Review Special Committee, Iwi Consultation Special Committee, General Grants and Rural Halls Subcommittee, Civic Honours Special Judging Panel

Represents Council on: Manawatu River Users Advisory Group, Shannon Progressive Association Inc, Shannon Community Action Committee Inc, Shannon Sewerage Working Party

**Cr Wayne Bishop**

Ward: Waiopahu

Email: wbbishop@xtra.co.nz

Phone: 0274 474611

Council Committees: Chief Executive Officer's Performance Agreement Review Special Committee

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

**FOXTON COMMUNITY BOARD**

<b>Neville Gimblett</b> (Chair)	Ph: 06 363 7182
<b>Ngaire Ellwood</b>	Ph: 027 231 7214
<b>Tricia Metcalf</b>	Ph: 021 447 711
<b>David Roache</b>	Ph: 06 363 7484
<b>Basil Vertongen</b>	Ph: 06 363 7365
<b>David Allan</b>	Ph: 06 363 7674
<b>Anne Hunt</b>	Ph: 06 363 7750

# Management Structure and Personnel

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Chief Executive Officer  
David Clapperton

Governance relationships  
Employer of Council staff  
Organisational effectiveness and efficiency

Community Assets Manager  
Wally Potts

Water supply  
Wastewater disposal  
Solid waste management  
Parks and recreation  
Roeading and stormwater  
Property

Environmental Services Manager  
Tony Thomas

Resource management planning  
Building control  
Environmental health  
Animal control  
Parking enforcement  
Emergency management

Finance Manager  
Doug Law

Financial policy and financial services  
Accounting services  
Financial planning and reporting  
Rates

Strategic and Corporate Services Manager  
David Clapperton

Administration  
Strategic planning  
Computer systems  
Committees' administration  
Secretarial services  
Civic and ceremonial functions  
Libraries  
Community development  
Arts and culture  
Economic development  
Council communications  
Service centres

Human Resources Manager  
Meredith Blackler

HR policies  
HR administration



# Directory and Contacts

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## AUDITORS

Audit New Zealand (on behalf of the Auditor General)  
49 Victoria Avenue, Palmerton North

## BANKERS

Westpac Banking Corporation

## SOLICITORS

Todd Whitehouse  
27 Queen Street, Levin 5510

## COUNCIL OFFICES

Main Office	Phone	(06) 366 0999 (all hours)
126-148 Oxford St, Levin 5510	Fax	(06) 366 0977
(or Private Bag 4002, Levin 5540)	Email	enquiries@horowhenua.govt.nz

Foxton Service Centre	Phone	(06) 363 5018
Foxton Library, Clyde Street, Foxton		

Shannon Service Centre	Phone	(06) 362 7030
Plimmer Terrace, Shannon	Fax	(06) 362 7030

## VISITOR INFORMATION CENTRE

Te Takere Culture and Community Centre,	Phone	(06) 368 1953
10 Bath Street, Levin	Fax	(06) 367 9218

## EMERGENCY MANAGEMENT AND RURAL FIRES

126-148 Oxford Street, Levin	Phone	(06) 366 0999
	Fax	(06) 368 7110

## SWIMMING POOLS

Queen Street, Levin	Phone	(06) 368 0070
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Main Street, Foxton	Phone	(06) 363-6123
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## TE HOROWHENUA TRUST INC

10 Bath Street, Levin	Phone	(06) 368 1953
	Fax	(06) 367 9218

Clyde Street, Foxton	Phone	(06) 363 5571
	Fax	(06) 363 5571

Plimmer Terrace, Shannon	Phone	(06) 362 7030
	Fax	(06) 362 7030

# Glossary

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## **ADVOCATE**

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

## **ASSET**

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

## **ASSET MANAGEMENT PLAN (AMP)**

This is a long-term plan for managing an asset to ensure that capacity to provide a service is kept up, and that costs over the life of the asset are kept to a minimum. The council has such plans for all of its major assets including roading, water supply, wastewater disposal, parks and solid waste assets. The plans cover things like service standards, maintenance regimes and future developments.

## **CAPITAL EXPENDITURE**

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

## **COMMUNITY OUTCOMES**

Statements of the community's vision and goals for the future of the District. It is intended that these outcomes inform and co-ordinate the activities and planning of all sectors of the community (including the Council).

## **COUNCIL-CONTROLLED ORGANISATION (CCO)**

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

## **DEPRECIATION**

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

## **DISTRICT PLAN**

The Plan prepared by Council under the Resource Management Act that manages, through rules, potential adverse impacts of subdivisions and land use on the environment.

## **FINANCIAL YEAR**

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

## **PROJECTED FINANCIAL STATEMENT**

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

## **FUNDING IMPACT STATEMENT**

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

## **GOVERNANCE**

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

## **INFRASTRUCTURE**

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

## **LAND VALUE**

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

**LIABILITY**

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

**LONG TERM PLAN (LTP)**

A long-term (10-year) plan that describes community outcomes and the activities of the Council, and provides a long-term focus for the decisions and activities of the Council.

**OPERATING COSTS**

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

**PERFORMANCE TARGET**

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

**RATES**

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

**RENEWAL EXPENDITURE**

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

**REVENUE**

Income: Examples are rates, dog registration fees, building permit fees, subsidies, rental income and interest on investments.

**SIGNIFICANCE**

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

**STORMWATER**

Rain that runs off properties and roads.

**SUSTAINABILITY**

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

**TARGETED RATES**

Any rate other than a general rate, targeted at users or beneficiaries of a particular service. Examples are rates for solid waste, water supply and wastewater.

**UNIFORM ANNUAL GENERAL CHARGE (UAGC)**

A fixed-sum rate payable by all properties as part of their contribution to general rates. There are statutory rules whereby the UAGC is not payable on contiguous properties – where two or more properties are next to each other, owned by the same ratepayer, used for a common purpose.

**WASTEWATER**

The liquid waste from a property. Examples are sewage, grey water and trade waste.

# Statistics

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## Rating And Valuation 1 July 2013

Area, sq.km<sup>2</sup> 1,063.60

Capital value \$5,762,080,950

Land value \$3,058,230,700

Rateable land value \$3,010,226,000

Number of rateable properties 17,658

## Census 2006

### Demographics

Population 29,868

Population aged 65 years and over (national average 12.4%) 20.0%

### Ethnicity

European 74.4%

Maori 20.4%

Pacific peoples 3.1%

Asian 2.2%

### Households

Number of Dwellings 14,319

Average household size (national average 2.7)) 2.4

Households with access to the internet (national average 60.5%) 47.7%



# Horowhenua District Council

Ph. 06 366 0999 | Fax. 06 366 0983 | Private Bag 4002, Levin 5540 | 126 Oxford St, Levin 5510  
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