

# HOROWHENUA DISTRICT COUNCIL SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## **About This Summary**

The Council adopted the audited annual report for 2012/2013 on 6 November 2013 and authorised it for issue. The Report details Council's achievements against the measures and budgets for the year. The full report received an unqualified audit opinion. Copies are available from the Council on request (refer to page 22 of this report for contact details).

This summary provides the key points extracted from full annual report. As a summary it cannot be expected to provide a complete understanding of the performance of the council for the year. This summary was authorised for release by the Council from 6 November 2013.

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 Tahī - the Lake Horowhenua Accord
- Development of the Waiwarara Stream Walkway
- Signing of a Memorandum of Understanding with Ngāti 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 for the huge contribution that they continue to give for the benefit of the residents and property owners of the Horowhenua District.



**Brendan Duffy**  
**Mayor**

6 November 2013

# Executive Summary

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*In his opening address the Mayor has highlighted a number of the achievements which have contributed to us being able to report another successful year of service delivery, financial performance and project management for the benefit of current and future residents and property owners 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 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 resowing 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**
  - 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 \$40.034m was received against a budget of \$45.073.

- 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 \$7.345m against a budget of \$4.268m. Borrowings have risen from \$36.5m to \$52.75m, this is \$6m higher than the \$41.75m 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 \$485.442m 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.



David Clapperton  
Chief Executive Officer

## SUMMARY OF THE FINANCIAL STATEMENTS

These summary statements cover the Horowhenua District Council (Council) and the Horowhenua District Council Group, comprising the Council and the Te Horowhenua Trust (formerly Horowhenua Library Trust) (Group). The full financial statements have been prepared in accordance with the public benefit entity provisions of NZIFRS and NZGAAP. These financial statements have been prepared on the basis that the council is a going concern.

The reporting presentation is New Zealand dollars, rounded to the nearest \$000.

<b>SUMMARY STATEMENT OF COMPREHENSIVE INCOME</b>						
<b>The Income and Expenses for the Year Ended 30 June 2013</b>						
		<b>Council</b>	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
		<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
		<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
		<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenue</b>						
Rates revenue		25,840	25,714	24,046	25,840	24,046
Other revenue	1	14,360	19,359	12,444	15,295	12,627
<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>						
Finance costs		2,057	2,243	2,620	2,054	2,620
Other expenses	2	41,567	40,348	40,487	41,957	40,693
<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>Total comprehensive income attributable to:</i>						
Horowhenua District Council		(3,424)	2,482	(6,617)	(2,874)	(6,641)
Other Comprehensive Income	3	0	0	115,465	0	115,465
<b>Total Comprehensive Income for the year</b>		<b>(3,424)</b>	<b>2,482</b>	<b>108,848</b>	<b>(2,875)</b>	<b>108,824</b>

## SUMMARY STATEMENT OF CHANGES IN RATEPAYERS' EQUITY

The ratepayers' stake in the council's assets for the Year Ended 30 June 2013					
	Council Actual \$000 30 June 2013	Council Budget \$000 30 June 2013	Council Actual \$000 30 June 2012	Group Actual \$000 30 June 2013	Group Actual \$000 30 June 2012
<b>Equity at 1 July</b>	488,672	375,836	379,824	488,793	379,968
Total Comprehensive Income	(3,424)	2,482	108,848	(2,874)	108,824
<b>Equity at 30 June</b>	<b>485,246</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)	108,824
<b>Equity is represented by:</b>					
Retained Earnings	271,308	279,845	277,241	271,979	277,360
Revaluation reserve	208,956	93,468	208,982	208,959	208,982
Reserves and Special Funds	4,982	5,005	2,450	4,982	2,450
	<b>485,246</b>	<b>378,318</b>	<b>488,673</b>	<b>485,916</b>	<b>488,793</b>

## SUMMARY STATEMENT OF FINANCIAL POSITION

The assets and liabilities as at 30 June 2013					
	Council Actual \$000 30 June 2013	Council Budget \$000 30 June 2013	Council Actual \$000 30 June 2012	Group Actual \$000 30 June 2013	Group Actual \$000 30 June 2012
<b>Assets:</b>					
Current	4 14,394	8,654	13,854	14,500	14,534
Non-current	5 538,465	426,631	524,499	539,038	524,601
<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 and ratepayers' equity:</b>					
Current	6 17,322	12,882	16,454	17,268	17,079
Non-current	7 50,291	44,085	33,226	50,354	33,262
Total liabilities	67,613	56,967	49,680	67,622	50,342
Ratepayers' equity	485,248	378,318	488,672	485,915	488,793
	<b>552,861</b>	<b>435,285</b>	<b>538,354</b>	<b>553,537</b>	<b>539,137</b>

## SUMMARY STATEMENT OF CASH FLOWS

### The inflows and outflows of cash for the Year Ended 30 June 2013

	<b>Council</b>	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net cash flows from:					
- operating activities	8,135	12,181	4,341	8,267	4,612
- investing activities	(21,883)	(23,979)	(9,169)	(22,400)	(9,107)
- financing activities	16,250	12,250	5,500	16,250	5,500
Net increase in cash and bank	2,502	452	672	2,120	1,011
Cash and cash equivalents at the beginning of the year	4,845	3,816	4,173	5,283	4,272
<b>Cash and cash equivalents at the end of the year</b>	<b>7,346</b>	<b>4,268</b>	<b>4,845</b>	<b>7,403</b>	<b>5,283</b>

<b>Funding impact statement for the year ended 30 June (whole of council)</b>					
	<b>Annual Plan</b>	<b>Annual</b>	<b>LTP</b>		
	<b>Forecast</b>	<b>Report</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>
	<b>2012</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>	<b>\$000</b>
<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	



## **Explanations for variances: Statement of Comprehensive Income**

**The variances shown are in \$.**

### **1. Other Revenue**

**For a breakdown of other revenue included under this heading refer to explanations of the variations from budgets detailed in the relevant Funding Impact Statements included in the Full Annual report.**

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

#### **1. Revenue**

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.

#### **2. Other 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.

#### **3. Other Comprehensive Income**

No revaluations took place in the year for Roding 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.

For a breakdown of the expenditure included under this heading refer to Note 5 of the Full Annual Report. Explanations of the variations from the budgets are detailed in the relevant Funding Impact Statements also included in the Full Annual Report.

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

### **4. Current 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.

### **5. Non-Current Assets**

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.

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.

### **6. Current 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.

### **7 Non- Current Liabilities**

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).

## **Key Performance measures**

Full details of all key performance measures are in the 2012/13 Annual Report.

### **Environmental Services**

#### ***District Planning***

- 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.
- 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.
- 94 complaints were received with 93 complaints of non compliance with the District Plan were respondent in two working days, with one complaint responded to within 8 working days.

#### ***Liquor, Food Safety and Health and Safety Licensing***

- Monitoring of all licensed premises to ensure full compliance with the Sale of Liquor Act and License conditions.
- As at 30 June 2013 there were 70 licensed premises, comprising of 80 Operative License (24 Off, 30 On and 26 Clubs). All premises have been inspected.
- 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.
- Compliance with Food Safety legislation is monitored and enforced in all relevant premises
- Monitoring is undertaken by an inspection and/or audit process. 161 inspections have been conducted: being 136 Food premises, 17 VIP premises. 20 complaints were received and investigated.
- All food premises are graded annually – 130 A Grade, 17 B Grade, 1 Ungraded, 6 New, 2 grade not required.
- 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.
- 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.

#### ***Building Control***

- 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 last accreditation being in 2009. Also achieved is full accreditation up to Schedule 18 (training) which all Councils are required to meet by 1 December 2013. TheNext BCA accreditation assessment is due in 2015/16.
- 493 building consents were grants all being within 20 workings days.
- 2,114 inspections were booked with all (100%) conducted at the agreed booked time.
- There were 434 Code of Compliance Certificate Applications received, with 429 issued within 20 working days (98.8%).
- Currently they 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 have been inspected within the last two years.
- 335 Building warrant of Fitness are on the Register. 274 renewed at 30 June 2013.

- 70 Earthquake-Prone Buildings are on the Register. A further 10 currently awaiting assessment.

### ***Animal Control***

- 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 and Menacing by Deed – 521.
- Owners of known errant dogs will be prosecuted where appropriate. Four persecutions have been completed. Two prosecutions have been lodged with the Court. There were 26 stock impoundings and 671 dog impoundings.

### ***Parking Enforcement***

- Parking enforcement was conducted each working day.

### **Parks and Recreation Sports Grounds**

- As at 30 June 2013, all sports fields were available for planned/normal use.

### ***Aquatics***

- Number of participants in learn to swim classes per school term exceeded 400 with 497 participants for Term 2 2013.
- The Annual Customer Satisfaction Survey provided by CERM resulted in a 99.1% customer satisfaction report.
- The Levin and Foxton pool is 100% compliant. Both pools have received Pool Safe Accreditation for May 2013 to April 2014 for the following:
  - Health and Safety
  - Pool Alone policy
  - Water quality/Cryptosporidium
  - Supervision standards and training
  - Emergency Action Plan
- Number of users of the Council pools in the district:
  - Levin            111,000
  - Foxton            7,894
  - Shannon            782

### ***Cemeteries***

- No complaints were received for late or incomplete burial arrangements during the period.

### **Roading and Stormwater Roads**

- 91% of urban roads meet the NAASRA smoothness rating of 100 (target for 2012/13 was 91%).
- 95% of rural roads meet the NAASRA smoothness rating of 100 (target for 2012/13 was 91%).
- Amount of defects in sealed surface with a target of 99% Urban/99% Rural roads. This relates to the networks Surface Condition. In 2012/13 percentages achieved were 99% of urban roads and 98.6% of rural roads. The higher the number the better the condition of the road.
- Integrity of pavement target of 99% Urban/99% Rural roads. This relates to condition of the pavement. In 2012/13 percentages achieved were 96.4% Urban Roads and 93.3% Rural Roads. This target was not achieved. The higher the number, the better the condition.
- 100% of calls relating to weather events were responded to within 30 minutes to the contractor.

- 24.5km of roading resealing was completed in the year. 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

### **Stormwater drainage**

- A Stormwater management System is currently being developed.
- As at 30 June 2013, there is 100% compliance with three consents held, which were received in 2008 and 2009, being:
  - 104442 – Construction and use of stormwater discharge structure
  - 104795 – Disturbance of sand dunes for construction of stormwater discharge structure
  - 104223 – Discharge of stormwater to water (Manawatu River) – not currently used
- In a customer survey 84% were satisfied with the service provided.

### **Water Supply**

- Compliance with appropriate Drink Water Standards for New Zealand 2005 (revised 2008) bacterial compliance criteria. The target 99% was achieved regarding compliance. The five plants in the district received a grading of Ed -Unsatisfactory level of risk for source and treatment, Unacceptable level of risk for distribution zone. A precautionary boil water notice is currently in place for Shannon and Tokomaru. Council is in the process of upgrading Shannon, Foxton and Foxton Beach plants to improve the water grading. Upgrade work for Levin is planned in 2014-2016. Upgrade for Tokomaru is planned in 2025.
- Compliance with appropriate Drink Water Standards for New Zealand 2005 (revised 2008) Protozan compliance criteria. Targets: Shannon 25%. 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. 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.
- There was a total of 33 shutdowns in the period with the maximum shutdown being 3.5 hours. On average 30 homes were affected with the main reason for shutdowns are burst pipes which have been replaced or scheduled for replacement.
  - Levin 28 shutdowns
  - Shannon three shutdowns
  - Foxton one shutdown
  - Ohau one shutdown.
- The actual results for the performance measure of 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. Tests have been carried out on 1,342 fire hydrants, of which 914 (68%) had flows at or above 25 litres per second.
- As at 30 June 2013, 100% of water takes complied with consent limits of Health (DW) Amendment Act 2007.
- As at 30 June 2013, 100% of water takes complied with resource consent limits. There are ten water take consents. This does not include consents for park bores as this is not under Water activity.

### **Wastewater Disposal**

- The performance measure of 99.4% of connected properties being protected from system related overflows during the year was achieved. Of the 11,239 properties connected, 63 had blockages from which 99.43% of properties were unaffected. The types of blockages reported were commonly fat and other materials, roots, sand, collapsed pipe and unknown causes of overflow.
- 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.

The following consents were assessed by Horizons Regional Council and complied.

- PAC 325/51 – Shannon – Discharge to Water
- 102220 – Waitarere – Discharge to Land
- 102249 – Foxton Beach Discharge to Land
- 105844 – Foxton Beach – Desludge Oxidation Ponds
- 103925 & 103926 – Foxton – Discharge to Water and Discharge to Land
- 6920 – Levin – Discharge to Air
- 6624 – Levin – Discharge to Land
- 103285 – Levin – Discharge to Air

The following consents were not assessed by Horizons Regional Council.

- 101227 & 101228 – Tokomaru – Discharge to Land and Water
- 6610 – Levin – Discharge to Land
- 6921 – Levin – Discharge to Air

- Wastewater Asset management Plan provides a 20 year planning horizon and is reviewed on a three yearly basis. This is to be reviewed in July 2013.
- 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.

## **Solid Waste Management**

### ***Landfill***

- Council provides compliance reports to Horizons quarterly as well as an annual comprehensive compliant. The Compliance Report was received on the 6 March 2013. Consent 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 lechate 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.

### ***Recycling***

- The 2305.66 tonnes of recycling material received for the year exceeded the target of 2,000 tonnes.
- Kerbside Recycling service is offered to 95.3% of survivable household ion the district.
- Council has over 13,000 recycling creates in service throughout the district and collects on average 8,400 rubbish bags per month.

### ***All Solid Waste***

- As at 30 June 2013, the average person diverted 6kg of recycling and the average person disposed of 34kg of rubbish.
- Waste Education being successfully carried out in Schools throughout the District.

## **Community Support**

### ***Emergency Management and Rural Fires***

- In excess of five media messages promoting preparedness for an emergency were made to residents and ratepayers during the year. All media messages we viewable on the Horowhenua District Councils website - <http://www.horowhenua.govt.nz/>

### ***Marketing***

- 11 monthly Community Connection newsletters were published during the year.

## Properties

### Halls

- The Levin Memorial Hall was used 418 times during the period, equating to 8 times per week. This exceeds the target of seven times per week. Foxton Memorial Hall was used 137 times during the period, equating to 2.6 times per week, and Shannon Memorial Hall used 261 times, equating to 5 times per week. This exceeded the target of at least twice per week.

### Residential Housing

- There has been 94.7% occupancy during the period of available pensioner accommodation.

### All Property

- All HDC owned buildings with Compliance Schedules have current Building Warrant of Fitness. 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.

### Representation and Governance

- Local body elections will be held in October 2013.
- The Annual Plan adopted by Council on 22nd May 2013.
- An unqualified 2011/12 Annual Report adopted by Council on 24 October 2012.

### Events after Balance Sheet date

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 no longer be 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 4 September 2013 Council meeting Council authorises 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 was 11 October 2013.

	<b>Council Actual 30 June 2013</b>	<b>Council Actual 30 June 2012</b>
The following Grants were received and expensed in the year for Playford Park Development:		
Pub Charity	25	0
Endeavour Foundation	5	0
Eastern and Central Community Trust	75	0
Southern Trust	25	0
New Zealand Community Trust	75	0
<b>Total</b>	<b>205</b>	<b>0</b>

**CAPITAL COMMITMENTS AND OPERATING LEASES**

	<b>Council Actual</b>	<b>Cour Actual</b>	<b>Group Actual</b>	<b>Group Actual 30 June 2012</b>
<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>

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

Refer to Note 14 in the full Annual Report 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>337</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, Foxtton 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>3,759</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.



## 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 in the full Annual Report. 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, 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 2012 there were 24 facilities having an approximate value of \$8,020m (2012: 30 facilities, \$8,020.0m). This estimate has been based on district rating valuations

### Related party Transactions

#### Te Horowhenua Trust (formerly Horowhenua Library Trust)

In 1996 Council set up the Horowhenua Library Trust (HLT).

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

HLT 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, in the full Annual Report.

#### 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, 2011/12 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

**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
Shared Valuation Database Project	11	7
Rating & Valuation Services Levies	0	1
Consultant expenses share	1	0

**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.

### 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	27	0
Other long-term benefits	0	0
Termination benefits	0	0
	<b>1,336</b>	<b>1,239</b>

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

### 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.

## Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

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

The summary annual report was derived from the annual report of the Horowhenua District Council (the District Council) for the year ended 30 June 2013. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 5 to 20:

- the summary statement of financial position as at 30 June 2013;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2013;
- funding impact statement (whole of Council) for the year ended 30 June 2013;
- the notes to the summary financial statements that include other explanatory information; and
- the summary statement of service provision (referred to as Key Performance Measures) of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 6 November 2013.

#### Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with FRS-43 (PBE): *Summary Financial Statements*.

#### Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 6 November 2013 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS-43 (PBE): *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS 43 (PBE): *Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interests in, the District Council.



Phil Kennerley  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand  
15 November 2013

## CONTACT US

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