

# Horowhenua

**2015-2025 LONG TERM PLAN**

## Overview

In 2016 Council consulted with its community on a Community Housing Proposal. After a comprehensive review process which included community consultation Council resolved on the 13<sup>th</sup> April 2016 that:

- Horowhenua District Council no longer provides Pensioner Housing as a core Council service;
- Horowhenua District Council seeks expression of interests from Community Housing Providers for the stock transfer of Council's Pensioner Housing Portfolio;
- Horowhenua District Council continues to take a leadership role in advocating and facilitating for wider community issues with regards to accessibility and affordability of quality housing.

The Long Term Plan Amendment 2015-2025 has been amended to reflect these changes.

The review identified that the most sustainable way forward for delivering pensioner housing in Horowhenua is to transfer the stock and the responsibility to a Community Housing Provider that has the focus and resources to respond to the various social housing needs that our District may have over time.

During the course of the 2016/2017 financial year Council will be leading a robust procurement and evaluation process to find the best provider to deliver Community Housing in Horowhenua.

# Community Outcomes

- Community Outcomes



## Community Outcomes

Community Outcomes help the Council to set its direction and enable it to make decisions based on what is best for the community. Council reviewed and revised its Community Outcomes in October 2014. The revised Community Outcomes were consulted on as part of the consultation for the Long Term Plan 2015-2025; with feedback on the outcomes being largely positive.

Community Outcomes are a positive way to stimulate thinking about local needs and Council's priorities for today and the future. Below are Council's five Community Outcomes (and supporting statements), these outcomes reflect the Council's goals and aspirations for its community.



### **A healthy local economy and a District that is growing**

- We are a welcoming, enabling and business friendly district that encourages economic development.
- We have a shared respect for both economic development and environmental protection.
- We provide opportunities for people of all ages and at all phases of life to enjoy a standard of living within our District that is economically sustainable and affordable.
- We recognise the importance of population growth and actively promote the District as a destination.
- Our facilities and infrastructure services are planned and developed to meet future demand.



### **A sustainable environment**

- We are proud of our natural environment.
- We sustainably manage our environment so it can be enjoyed by future generations.
- Waste reduction, recycling, energy conservation and efficiency are promoted as part of how we all live.
- We recognise the importance and value of our district's natural resources.
- We actively support improving the health of our District's rivers, lakes and waterways.



## **A community of knowledge, culture and diversity where people are proud to live**

- We are proud of the heritage and diversity of our district and our people.
- We respect each other and what we each contribute to the District through our traditions and culture.
- We acknowledge the special role that Tangata Whenua have in our district.
- We invest in the knowledge and skills of our people so they can fully participate in society.
- We are advocates for the provision of quality social, education, health and training services.
- Our communities have a 'sense of place' that make people proud to live here.



## **Safe, resilient and healthy communities**

- We have reliable, efficient and well planned infrastructure and services.
- We advocate for personal safety and security within our District.
- We are organised and prepared to deal with natural hazards.
- Our young people live in a safe and supportive environment and are empowered to make positive and healthy lifestyle choices.
- Our community has access to health, social and recreation facilities to enjoy long and healthy lives.
- Our older people have access to opportunities that enable them to live a satisfying and healthy lifestyle.



## **Positive leadership and effective partnerships**

- Our leaders consult with, and understand their communities and work for the good of all.
- We provide strong leadership in planning for the District's future.
- All our people and communities have the opportunity to participate in local decision making.
- We keep our District well-informed and ensure information is easily accessible for all.
- We work together with Iwi and Hapū in mutually beneficial partnerships.
- All sectors of the community are encouraged to work effectively together to achieve the best for the District.

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

# Council Activities

- Land Transport Group Activity Statement
- Stormwater Group Activity Statement
- Water Supply Group Activity Statement
- Wastewater Group Activity Statement
- Solid Waste Group Activity Statement
- Regulatory Services Group Activity Statement
- Community Facilities and Services Group Activity Statement
- Property Activity Statement
- Representation and Community Leadership Activity Statement
- Community Support Activity Statement



## Council Activity Statements

This document outlines the Groups of Activities (Land Transport (Roads and Footpaths), Stormwater, Water Supply, Wastewater Disposal, Solid Waste, Regulatory Services, Community Facilities and Services, Representation and Community Leadership, and Community Support) and sub-activities that are undertaken by the Council for the Community.

For each Group of Activities and the Activities that sit under them Council has outlined; what is involved in the Group of Activities or sub-activity; the rationale for the Group of Activities or Activity; intended levels of service, performance measures and targets; major projects that are planned; changes since the 2012-22 Long Term Plan (LTP); key challenges that Council faces; significant negative effects associated with the Group of Activities or Activity; risks and assumptions; associated costs; and how the costs will be funded.

### Land Transport (Roads and Footpaths)

The Land Transport (Roads and footpaths) Group of Activities provides for pedestrians and vehicles to safely and efficiently move from place to place within the District or to pass through the District. The land transport network of assets allow residents to move from work, school, social and recreation destinations by foot or by vehicle, and enables businesses to run by allowing the exchange of goods and services from location to location.

This network also provides links from local transport routes to national transport routes (i.e. State Highways). This enables the transport of goods and people not just within the District but also in and out of the District, thereby providing critical connections with both wider regional and national destinations.

#### ***What does this Group of Activities involve?***

- This Group of Activities provides the ability for pedestrians and vehicles to efficiently move within and outside of the District. This is achieved by providing a network of roads, footpaths, bridges, car parks, signs and markers, street lights and associated drainage systems in what is known as the 'Transport Corridor'. Most aspects the Land Transport Activities are managed internally by Horowhenua District Council's Roding Team. However, the maintenance of the land transport assets is externally contracted.
- This Group of Activities is heavily influenced by the New Zealand Transport Agency (NZTA), which is Council's co-investment partner for roading and the optimised programme which is approved on a three yearly cycle in the Regional Land Transport Plan. The Council operates, maintains and improves its land transport assets, utilising the budgets set within this programme.
- Central Government provides a high level of direction and regulation for the transportation sector through legislation, strategies, plans, and policy statements. A large proportion of these documents are delivered through the NZTA. Relevant national strategies, legislation and plans are outlined in Council's Transportation Activity Management Plan.

**Rationale for this Activity (why we do it):**

Activity	Community Outcome	Council Role
Maintain a safe and reliable road and footpath system to support private and business transport needs.	<ul style="list-style-type: none"> <li>- A healthy local economy and a District that is growing</li> <li>- Safe, resilient and healthy communities</li> </ul>	Funder/Provider

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
A safe road network.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.*	0 change or less over a 5 year average.	0 change or less over a 5 year average.	0 change or less over a 5 year average.	0 change or less over a 5 year average.	New Measure (11 Fatalities and serious crash injuries)
Roads in good condition.	The average quality of ride on a sealed local road network measured by smooth travel exposure.*	Minimum 85%	Minimum 85%	Minimum 85%	Minimum 85%	New Measure (93%)^
Roads that are maintained well.	The percentage of the sealed local road network that is resurfaced annually.*	Minimum of 5% of total area	Minimum of 5% of total area	Minimum of 5% of total area	Minimum of 5% of total area	New Measure (6%)
Footpaths are in an acceptable condition.	Target footpath condition rating (% compliant with Councils standards).*	Minimum 30% in excellent condition Maximum 10% in poor condition	Minimum 30% in excellent condition Maximum 10% in poor condition	Minimum 30% in excellent condition Maximum 10% in poor condition	Minimum 30% in excellent condition Maximum 10% in poor condition	New Measure (Excellent Condition – 28% Poor Condition – 12%)
Good response to service requests.	The percentage of customer service requests relating to roads and footpaths to which Council responds within 15 working days.*	>95%	>95%	>95%	>95%	New Measure (99%)

\* These performance measurements are provided by the Department of Internal Affairs and they are mandatory.

^ The minimum measure of 85% for 2015-2025 reflects that the work programme does not specifically target smooth travel exposure.



## Major Projects

The following table shows the major projects scheduled for the Land Transport (Roads and Footpaths) Group of Activities for the next 10 years.

**Note:** These projects are generally only those with cost estimates \$400,000 and over.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Subsidised Road Improvements	\$691,000	\$661,000	\$613,000	\$651,000	\$556,000	\$571,000	\$587,000	\$604,000	\$623,000	\$644,000
Subsidised Renewals	\$2,705,000	\$2,715,000	\$2,714,000	\$3,497,000	\$2,986,000	\$2,988,000	\$3,704,000	\$3,164,000	\$3,262,000	\$4,693,000
Foxton Townscape Main Street Upgrade	\$750,000	\$750,000								
Footpath renewals and improvements	\$400,000	\$400,000	\$400,000	\$424,000	\$435,000	\$447,000	\$459,000	\$473,000	\$488,000	\$504,000

### ***What has changed since the 2012-22 LTP?***

The key change for this Group of Activities is an increase in the funding rate Council's receives from NZTA for subsidised improvements and renewals from 47% in 2014/15 to 50% in 2015/16. The funding rate is expected to further increase over the next 9 years to 59%. This has a major impact on Council's ability to fund 'catch up' work, especially on road surface renewals and because of this Council has been able to increase the rate of asset renewals.

### ***Challenges Council faces for this Group of Activities:***

The main challenge facing Council for this Group of Activities is service failure through ageing assets. However, this challenge is being mitigated by an increase in renewal expenditure.

Another challenge is associated with the Roads of National Significance (RoNs) projects which are expected to change the volume and nature of vehicle movements within the District, however until the final plans are confirmed, and perhaps even until the new roads themselves are open, the impact of RoNs on this District's transport network is not known.

### ***Significant negative effects associated with this Group of Activities:***

There are adverse environmental effects associated with the construction of roads and the use of these roads by vehicles. Roads generate significant amounts of stormwater run-off which is collected from the road network and inevitably carries wastes and chemical contaminants into urban and rural drains and subsequently into streams and rivers.

Severe traffic congestion, while generally caused by state highway use, can cause disruption for local road users. This notably occurs during public holiday periods and also during severe rain events. As congestion like this is normally related to state highway use, Council has limited ability to resolve this issue.

### ***Key Risks and Assumptions associated with this Group of Activities:***

The greatest risk associated with this Group of Activities is the potential business and personal consequences of road accidents. This risk is mitigated by maintaining the assets including the surface and safety features in good condition, good road design, and application of the mandatory safety standards.

## How much will it cost?

### Capital Expenditure Land Transport (Roads and Footpaths) Projects

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Land Transport (Roothing) Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to replace existing assets	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Subsidised - Renewals	2,705	2,715	2,714	3,497	2,986	2,988	3,704	3,164	3,262	4,693
Footpath Renewal	400	400	400	424	435	447	459	473	488	504
Overheads	210	217	228	233	238	246	249	255	266	275
<b>Total</b>	<b>3,315</b>	<b>3,332</b>	<b>3,342</b>	<b>4,154</b>	<b>3,659</b>	<b>3,681</b>	<b>4,412</b>	<b>3,893</b>	<b>4,016</b>	<b>5,471</b>

#### Roothing Projects

##### Primary Type - to improve the level of service

Subsidised - Road Improvements	691	661	613	651	556	571	587	604	623	644
New Footpath	100	100	100	106	109	112	115	118	122	126
Foxton Townscape Main Street Upgrade	750	750	0	0	0	0	0	0	0	0
Foxton Township Northern Gateway	0	0	0	106	0	0	0	0	0	0
Waitarere Beach Kent Gloucester Upgrade	260	0	0	0	0	0	0	0	0	0
Overheads	90	94	98	100	103	106	108	110	115	118
<b>Total</b>	<b>1,891</b>	<b>1,605</b>	<b>811</b>	<b>963</b>	<b>767</b>	<b>788</b>	<b>809</b>	<b>833</b>	<b>860</b>	<b>888</b>

#### Roothing Projects

##### Primary Type - to meet additional demand

Detritus & Litter, General Contract Work	150	150	150	159	163	168	172	177	183	189
Overheads	10	10	11	11	11	12	12	12	13	13
<b>Total</b>	<b>160</b>	<b>160</b>	<b>161</b>	<b>170</b>	<b>175</b>	<b>179</b>	<b>184</b>	<b>190</b>	<b>196</b>	<b>202</b>

#### Total Roothing Projects by Type

to replace existing assets	3,315	3,332	3,342	4,154	3,659	3,681	4,412	3,893	4,016	5,471
to improve the level of service	1,891	1,605	811	963	767	788	809	833	860	888
to meet additional demand	160	160	161	170	175	179	184	190	196	202
<b>Total Roothing Projects</b>	<b>5,366</b>	<b>5,097</b>	<b>4,314</b>	<b>5,287</b>	<b>4,601</b>	<b>4,649</b>	<b>5,406</b>	<b>4,915</b>	<b>5,072</b>	<b>6,562</b>

## Forecast Funding Impact Statement for Land Transport (Roads and Footpaths)

Activity FIS -Land Transport (Roads and Footpaths)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Horowhenua District Council: Funding impact statement for the years 2014/15 to 2024/25 for Land Transport (Roads and Footpaths) group of activities</b>											
	Annual Plan 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	3,404	3,529	4,467	4,754	4,814	5,111	5,150	5,492	5,549	6,074	6,014
Subsidies & Grants for Operating purposes	907	1,477	1,236	1,260	1,367	1,397	1,427	1,577	1,609	1,641	1,796
Fees & Charges	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	365	316	310	325	359	370	400	428	460	501	558
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>4,676</b>	<b>5,322</b>	<b>6,013</b>	<b>6,339</b>	<b>6,540</b>	<b>6,878</b>	<b>6,977</b>	<b>7,497</b>	<b>7,618</b>	<b>8,216</b>	<b>8,368</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	2,589	2,636	2,637	2,635	2,796	2,866	2,943	3,025	3,120	3,205	3,311
Finance Costs	-	-	102	185	218	258	288	317	346	374	401
Internal charges and overheads applied	582	875	895	935	955	974	1,002	1,015	1,039	1,072	1,108
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,171</b>	<b>3,511</b>	<b>3,634</b>	<b>3,755</b>	<b>3,969</b>	<b>4,098</b>	<b>4,233</b>	<b>4,357</b>	<b>4,505</b>	<b>4,651</b>	<b>4,820</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,505</b>	<b>1,811</b>	<b>2,379</b>	<b>2,584</b>	<b>2,571</b>	<b>2,780</b>	<b>2,744</b>	<b>3,140</b>	<b>3,113</b>	<b>3,565</b>	<b>3,548</b>

## Forecast Funding Impact Statement (continued)

<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	1,088	1,698	1,722	1,730	2,205	1,924	1,976	2,432	2,179	2,293	3,149
Development and financial contributions	250	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	839	1,706	1,374	558	669	496	484	474	466	456	458
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,177</b>	<b>3,404</b>	<b>3,096</b>	<b>2,288</b>	<b>2,874</b>	<b>2,420</b>	<b>2,460</b>	<b>2,906</b>	<b>2,645</b>	<b>2,749</b>	<b>3,607</b>
<b>Applications of capital funding</b>											
<b>Capital Expenditure</b>											
- to meet additional demand	263	160	160	161	170	175	179	184	190	196	202
- to improve the level of service	970	1,891	1,605	811	963	767	788	809	833	860	888
- to replace existing assets	2,432	3,315	3,332	3,342	4,154	3,659	3,681	4,412	3,893	4,016	5,471
Increase (decrease) in reserves	17	(151)	378	558	158	599	556	641	842	1,242	594
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,682</b>	<b>5,215</b>	<b>5,475</b>	<b>4,872</b>	<b>5,445</b>	<b>5,200</b>	<b>5,204</b>	<b>6,046</b>	<b>5,758</b>	<b>6,314</b>	<b>7,155</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,505)</b>	<b>(1,811)</b>	<b>(2,379)</b>	<b>(2,584)</b>	<b>(2,571)</b>	<b>(2,780)</b>	<b>(2,744)</b>	<b>(3,140)</b>	<b>(3,113)</b>	<b>(3,565)</b>	<b>(3,548)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	5,754	4,657	4,697	4,801	4,820	4,840	5,271	5,289	5,308	5,807	5,829
<b>Activity Expenditure</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Footpaths	7396	975	985	1,004	1,017	1,028	1,093	1,104	1,116	1,190	1,203
Subsidised Roothing	875	6,925	6,973	7,097	7,289	7,400	7,871	7,980	8,115	8,657	8,807
Unsubsidised Roothing	652	267	373	456	482	512	538	560	583	612	638
<b>Total Expenditure including Depreciation</b>	<b>8,923</b>	<b>8,167</b>	<b>8,331</b>	<b>8,557</b>	<b>8,788</b>	<b>8,939</b>	<b>9,502</b>	<b>9,644</b>	<b>9,814</b>	<b>10,458</b>	<b>10,648</b>

**Note:** There are no internal loans associated with this Group of Activities.

***How will it be funded?***

<b>Activity</b>	<b>Land Transport (Roads and Footpaths)</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and NZTA subsidies.
<b>Rationale</b>	Land Transport is Council's single largest cost. For this reason Council has a targeted rate for land transport to enhance transparency and accountability. Rating for such a large expenditure item is practicable. The availability of funding from NZTA assists with the cost of the activity

## Stormwater

The Stormwater Group of Activities involves Council collecting stormwater from roads and diverting it away from the road surface into natural water courses or piped drain systems.

The provision of stormwater disposal helps to prevent the occurrence of flooding in urban areas during rainfall events by draining water from roads and private property and conveying it to larger natural water courses.

### ***What does this Group of Activities involve?***

- This Group of Activities provides a system of piped and open drains sufficient to allow the diversion of stormwater away from road surfaces. This is to keep roads in a safe and trafficable condition during rainfall events and to also help reduce the risk of flooding for private properties.
- To provide this Group of Activities the Council owns piped collection networks, pumping stations, and stormwater detention areas. Stormwater is closely aligned in both location and function with the Land Transport Group of Activities (more specifically the roading network). This Group of Activities are managed internally, with the operation and maintenance being contracted out externally.
- Prepare, apply for, and obtain any relevant resource consents Council requires to continue to discharge stormwater or to upgrade assets associated with the Council's stormwater activities.
- Respond to and resolve (if possible) any complaints that Council receives regarding stormwater.
- Council provides this Group of Activities in accordance with the requirements set out by the following pieces of legislation:
  - The Local Government Act 2002 which requires Council to provide water (including stormwater) services and to maintain its capacity to do so; and
  - The Health Act 1956 which requires Council to provide sanitary works including works for stormwater disposal.

### ***Rationale for this Group of Activities (why we do it):***

<b>Activity</b>	<b>Community Outcome</b>	<b>Council Role</b>
Maintain a system to divert stormwater away from the road and to protect residential and business properties.	<i>A healthy local economy and a District that is growing</i>	Funder/Provider
Provide a means of ensuring minimal contamination of the receiving water course.	<i>A sustainable environment</i>	Funder/Provider
Ensure that the collection network is reliable and has minimal blockages or overflows.	<i>Safe, resilient and healthy communities</i>	Funder/Provider

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline
An adequate stormwater system.	Number of flooding events each that occur in the District.*	<5 per year	<5 per year	<5 per year	<5 per year	New measure <sup>^</sup>
	For each flooding event the number of habitable floors affected per 1000 connections to Council's stormwater networks.*	2 or less	2 or less	2 or less	2 or less	New measure (1.6 per 1000 in 2012/13)
Response to faults.	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.*	1 hour	1 hour	1 hour	1 hour	New measure (2014/15 year to date - 1 hour)
Customer satisfaction.	The number of complaints received by Council about the performance of its stormwater system expressed per 1000 properties connected to the system.*	<10 per year	<10 per year	<10 per year	<10 per year	New measure (6 complaints per 1000 in 2012/13)
	Percentage of customers satisfied with the stormwater service. As per the Annual Customer Satisfaction Survey.	70%	80%	80%	80%	New measure (56% in 2013/14)
A sustainable stormwater service.	The number of Abatement Notices, Infringement Notices, Enforcement Orders, and convictions received by the Council in relation to Horizons Regional Council resource consents.*	0	0	0	0	New Measure (0 in 2013/14)

\* These performance measurements are provided by the Department of Internal Affairs and they are mandatory.

<sup>^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome but may be revised in the future as results of measurements become known.



### Major Projects

The following table shows the major projects scheduled for the Stormwater Group of Activities for the next 10 years.

**Note:** These projects are generally only those with cost estimates over \$100,000.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
District wide improvement works.			\$508,000	\$839,000	\$595,000	\$560,000	\$552,000	\$844,000	\$477,000	\$458,000
Improvements North-East Levin.		\$789,000								
Development Planning North East Levin	\$143,000									
Development Planning at Foxton Beach.		\$148,000								
Development Planning at Waitarere.					\$162,000					
Development Planning at Ohau.				\$157,000						
Levin Queen Street Drain Treatment.	\$250,000									

### ***What has changed since 2012-22 LTP?***

Aside from the new mandatory performance measurements required by the Department of Internal Affairs there have been no major changes to the Stormwater Group of Activities since the 2012-22 LTP was produced.

### ***Challenges Council faces for this Group of Activities:***

Climate change is a challenge facing Council for its Stormwater Activities as it is expected that over time there will be gradual change in the weather patterns including more frequent heavy rainfall events and an increase in the average annual rainfall. However these changes are likely to take place gradually over the next 25 years and beyond and as such there is no action proposed within the next 10 years to specifically deal with this challenge.

Customer expectations are continually increasing and this presents a challenge for the future provision of Stormwater Activities as people's expectations are higher but Council can only do so much.

Another challenge faced by Council is that the quality of freshwater in streams, river systems and water catchments in general is effected by water runoff, erosion and contaminants (whether chemical or solid waste) which can be present in stormwater. These contaminants largely originate from sources outside of Council's control and yet they are still ultimately transported to natural systems by Council's stormwater network. The National Policy Statement (NPS) for Freshwater Management 2014 is the key instrument for controlling this contamination and will impact on the Council's stormwater services in the future. Horizons Regional Council must consider and give effect to the NPS first and this may result in some additional requirements or changes in how Council undertakes its Stormwater Group of Activities. This challenge will be addressed at the time.

### ***Significant negative effects associated with this Group of Activities:***

The stormwater system is essentially a means of transporting surface water across urban landscapes to protect private and public property from flooding. A negative effect associated with this Group of Activities is that stormwater runoff can pick up contaminants (including rubbish and chemicals) and then discharge these contaminants into receiving natural systems such as rivers, lakes and the sea.

### ***Key Risks and Assumptions associated with this Group of Activities:***

The significant risk associated with this Group of Activities is lack of knowledge around both the built system and the complexities of the total catchments covering each urban area. This risk has the potential consequences of new development being vulnerable to heavy rainfall that additions to the system are not adequately designed to cope with. Proposed stormwater catchment management planning will help mitigate this risk.

Assumptions which may have a significant effect on this Group of Activities are the quality of asset data and information, the rate and nature of population and business growth, and the rate and nature of changes of weather patterns from climate change.

## How much will it cost?

### Capital Expenditure Stormwater Projects

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Stormwater Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to replace existing assets	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
District Wide Reticulation - Unplanned Renewals	50	52	53	55	57	35	37	38	40	41
District Wide Pump Station - Planned Renwals	79	19	0	0	8	8	9	9	10	10
Districtwide Reticulation Renewals	20	0	0	0	0	0	0	0	0	0
Overheads	6	6	7	7	7	7	7	7	8	8
<b>Total</b>	<b>155</b>	<b>77</b>	<b>60</b>	<b>62</b>	<b>72</b>	<b>51</b>	<b>53</b>	<b>55</b>	<b>57</b>	<b>59</b>

Stormwater Projects										
Primary Type - to improve the level of service										
Telemetry	81	21	0	0	0	0	0	0	0	0
Levin Queen Street	250	0	0	0	0	0	0	0	0	0
Stormwater Statergy	80	0	0	0	0	0	0	0	0	0
Levin Catchment Management Plan	48	79	0	0	0	0	0	0	0	0
Foxtan Catchment Management Plan	0	79	0	0	0	0	0	0	0	0
Foxtan Beach Catchment Management Plan	83	79	0	0	0	0	0	0	0	0
Shannon Catchment Management Plan	0	79	0	0	0	0	0	0	0	0
Tokomaru Catchment Management Plan	0	0	56	0	0	0	0	0	0	0
Ohau Catchment Management Plan	0	0	56	0	0	0	0	0	0	0
Hokio Beach Catchment Management Plan	0	0	56	0	0	0	0	0	0	0
Waikawa Beach Catchment Management Plan	0	0	56	0	0	0	0	0	0	0
District Wide Improvement Works	0	0	508	839	595	560	552	844	477	458
Development Planning Foxtan Beach	0	8	0	0	0	0	0	0	0	0
Development Planning North East Levin	8	0	0	0	0	0	0	0	0	0
Improvements NE Levin	3	42	0	0	0	0	0	0	0	0
Development Planning Waitarere Beach	0	0	0	0	9	0	0	0	0	0
Overheads	36	37	39	40	41	42	43	44	46	47
<b>Total</b>	<b>588</b>	<b>423</b>	<b>770</b>	<b>879</b>	<b>645</b>	<b>603</b>	<b>595</b>	<b>888</b>	<b>522</b>	<b>505</b>

## Capital Expenditure (continued)

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Stormwater Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to meet additional demand	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Levin Catchment Management Plan	3	4	0	0	0	0	0	0	0	0
Foxton Catchment Management Plan	0	4	0	0	0	0	0	0	0	0
Foxton Beach Catchment Management Plan	0	4	0	0	0	0	0	0	0	0
Shannon Catchment Management Plan	0	4	0	0	0	0	0	0	0	0
Tokomaru Catchment Management Plan	0	0	3	0	0	0	0	0	0	0
Ohau Catchment Management Plan	0	0	3	0	0	0	0	0	0	0
Hokio Beach Catchment Management Plan	0	0	3	0	0	0	0	0	0	0
Waikawa Beach Catchment Management Plan	0	0	3	0	0	0	0	0	0	0
District Wide Improvement Works	0	0	27	44	31	29	29	44	25	24
Development Planning Foxton Beach	0	148	0	0	0	0	0	0	0	0
Development Planning North East Levin	143	0	0	0	0	0	0	0	0	0
Improvements NE Levin	48	789	0	0	0	0	0	0	0	0
Development Planning Waitarere Beach	0	0	0	0	162	0	0	0	0	0
Development Planning Ohau	0	0	0	157	0	0	0	0	0	0
Development Planning Ohau	0	0	0	8	0	0	0	0	0	0
Levin Tararua Industrial Development	30	0	0	0	0	0	0	0	0	0
Overheads	26	27	29	29	30	31	31	32	34	35
<b>Total</b>	<b>249</b>	<b>981</b>	<b>67</b>	<b>239</b>	<b>224</b>	<b>60</b>	<b>61</b>	<b>77</b>	<b>59</b>	<b>59</b>
<b>Total Stormwater Projects by Type</b>										
to replace existing assets	155	77	60	62	72	51	53	55	57	59
to improve the level of service	588	423	770	879	645	603	595	888	522	505
to meet additional demand	249	981	67	239	224	60	61	77	59	59
<b>Total Stormwater Projects</b>	<b>992</b>	<b>1,481</b>	<b>898</b>	<b>1,179</b>	<b>941</b>	<b>714</b>	<b>708</b>	<b>1,020</b>	<b>638</b>	<b>623</b>

**Forecast Funding Impact Statement for Stormwater**

<b>Activity FIS - Stormwater</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	
<b>Horowhenua District Council: Funding impact statement for the years 2014/15 to 2024/25 for Stormwater group of activities</b>											
	Annual Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	1,064	919	970	1,470	1,492	1,593	1,730	1,783	1,838	1,988	2,041
Subsidies & Grants for Operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees & Charges	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	95	98	99	104	123	145	168	194	222	251	283
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>1,159</b>	<b>1,017</b>	<b>1,069</b>	<b>1,574</b>	<b>1,615</b>	<b>1,738</b>	<b>1,898</b>	<b>1,977</b>	<b>2,060</b>	<b>2,239</b>	<b>2,324</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	396	399	394	408	311	320	332	344	357	372	387
Finance Costs	137	163	207	283	322	376	413	436	458	498	513
Internal charges and overheads applied	193	143	145	152	151	156	161	162	166	170	175
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>726</b>	<b>705</b>	<b>746</b>	<b>843</b>	<b>784</b>	<b>852</b>	<b>906</b>	<b>942</b>	<b>981</b>	<b>1,040</b>	<b>1,075</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>433</b>	<b>312</b>	<b>323</b>	<b>731</b>	<b>831</b>	<b>886</b>	<b>992</b>	<b>1035</b>	<b>1079</b>	<b>1199</b>	<b>1249</b>

## Forecast Funding Impact Statement (Continued)

<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	431	728	1,266	649	903	618	388	365	659	249	222	
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>431</b>	<b>728</b>	<b>1,266</b>	<b>649</b>	<b>903</b>	<b>618</b>	<b>388</b>	<b>365</b>	<b>659</b>	<b>249</b>	<b>222</b>	
<b>Applications of capital funding</b>												
<b>Capital Expenditure</b>												
- to meet additional demand	293	249	981	67	239	224	60	61	77	59	59	
- to improve the level of service	230	588	423	770	879	645	603	595	888	522	505	
- to replace existing assets	232	155	77	60	62	72	51	53	55	57	59	
Increase (decrease) in reserves	109	48	108	483	554	563	666	691	718	810	848	
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>864</b>	<b>1,040</b>	<b>1,589</b>	<b>1,380</b>	<b>1,734</b>	<b>1,504</b>	<b>1,380</b>	<b>1,400</b>	<b>1,738</b>	<b>1,448</b>	<b>1,471</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(433)</b>	<b>(312)</b>	<b>(323)</b>	<b>(731)</b>	<b>(831)</b>	<b>(886)</b>	<b>(992)</b>	<b>(1,035)</b>	<b>(1,079)</b>	<b>(1,199)</b>	<b>(1,249)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	562	498	545	673	707	741	825	840	856	948	965	
<b>Activity Expenditure</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Stormwater Drainage	1,289	1,203	1,292	1,515	1,492	1,593	1,730	1,783	1,838	1,988	2,041	
<b>Total Expenditure including Depreciation</b>	<b>1,289</b>	<b>1,203</b>	<b>1,292</b>	<b>1,515</b>	<b>1,492</b>	<b>1,593</b>	<b>1,730</b>	<b>1,783</b>	<b>1,838</b>	<b>1,988</b>	<b>2,041</b>	
<b>Internal Loans attributable to this group of activities</b>												
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Loan balance 1st July	76	22	30	65	99	133	152	214	222	324	446	
Raised during the year	222	9	36	37	38	24	68	16	111	135	131	
Repaid during the year	(91)	(1)	(1)	(3)	(4)	(5)	(6)	(9)	(9)	(13)	(18)	
<b>Forecast loan balance 30th June</b>	<b>207</b>	<b>30</b>	<b>65</b>	<b>99</b>	<b>133</b>	<b>152</b>	<b>214</b>	<b>222</b>	<b>324</b>	<b>446</b>	<b>559</b>	
Budgeted interest expense	5	1	2	4	6	9	10	14	14	21	29	

**How will it be funded?**

<b>Activity</b>	<b>Stormwater</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	As the stormwater system and network is primarily an urban service to protect urban rating units Council decided to set a Targeted rate for stormwater to enhance transparency and accountability. Rating for such a large expenditure item is practicable.

## Water Supply

As part of the Water Supply Group of Activities the Council provides a safe and reliable supply of water to residential, industrial and commercial properties (primarily in urban areas). This supply also provides fire fighting capability.

An uninterrupted water supply ensures that residential areas have access to clean domestic water essential for basic health and hygiene. For most commercial and industrial business owners a reliable water supply is an essential component that enables their business to run.

### **What does this Group of Activities involve?**

- Providing water to defined urban and rural areas in (and land immediately adjoining) Levin, Foxton Beach, Foxton, Shannon and Tokomaru. These urban and rural areas and the controls and standards within them are defined in the Horowhenua District Council Water Supply Bylaw 2014.
- Council owns river intakes, groundwater bores, water treatment plants and storage facilities, pump stations, and underground pipe networks. Council's water supply is managed internally with operation and maintenance work being contracted externally.
- Prepare, apply for and obtain any relevant resource consents that are required to continue to take water from various water sources or to upgrade assets associated with the Water Supply Group of Activities.
- Respond to and resolve (if possible) any complaints that Council receives regarding its water supply.
- Council provides this Group of Activities in accordance with the requirements set out by the following pieces of legislation:
  - The Local Government Act 2002 (section 130) which requires Council to continue to provide water services and maintain its capacity to do so;
  - The Health (Drinking Water) Amendment Act 2007 which sets out the legal requirements for water supplies;
  - The Fire Service Act 1975 which sets out conditions of legal access to the public supply for firefighting purposes, and
  - The New Zealand Fire Service Firefighting Water Supplies Code of Practice SNZ PAS 4509:2008 which sets out minimum standards to which the fire fighting supply is to be provided.

### **Rationale for this Activity (why we do it):**

Activity	Community Outcome	Council Role
Maintain a safe and reliable water supply for domestic and business activity use.	<i>A healthy local economy and a District that is growing</i>	Funder/Provider
Ensure that resource consents restricting how much water is used are adhered to through demand management.	<i>A sustainable environment</i>	Funder/Provider
Deliver education to the Community to encourage sustainable use of the natural water resource.	<i>A sustainable environment</i>	Provider/Advocate
Ensure that the water supply is safe to drink.	<i>Safe, resilient and healthy communities</i>	Funder/Provider
Ensure that there is adequate supply of water for firefighting.	<i>Safe, resilient and healthy communities</i>	Funder/Provider



Activity	Community Outcome	Council Role
Ensure that the water supply can be quickly restored following a natural disaster event.	<i>Safe, resilient and healthy communities</i>	Funder/Provider

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline
Safe water supply.	Percentage in which the local authority's drinking water supply complies with: (a) part 4 of the Drinking Water Standards (bacteria compliance criteria) in Levin, Shannon, Foxton, Foxton Beach, Tokomaru.	100%	100%	100%	100%	99% (2013/14)
	(b) part 5 of the Drinking Water Standards (protozoa compliance criteria) in: Levin	0%^	100%	100%	100%	0% (2013/14)
	Shannon	100%	100%	100%	100%	0% (2013/14)
	Foxton	100%	100%	100%	100%	0% (2013/14)
	Foxton Beach	100%	100%	100%	100%	0% (2013/14)
	Tokomaru	100%	100%	100%	100%	0% (2013/14)
Drinking water that tastes and looks satisfactory.	The total number of complaints received about any of the following (expressed per 1000 connections): drinking water clarity, drinking water taste, drinking water pressure or flow, continuity of supply, and Council's response to any of these issues.*	5**	5**	4**	3**	<i>New measure (2014/15 year to date - 4.07)</i>
Response to faults.	The median time from the time that Council received notification to the time that service personnel: • reach the site for urgent call –outs* • confirm resolution of the fault or interruption of urgent call-outs* • reach the site for non-urgent call-outs* • confirm resolution of the fault or	1 hour	1 hour	1 hour	1 hour	<i>New measure (2014/15 year to date - 1 hour</i>
		8 hours	8 hours	8 hours	8 hours	<i>8 hours</i>
		3 days	3 days	3 days	3 days	<i>3 days</i>

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline
	interruption of no-urgent call-outs*	3 days	3 days	3 days	3 days	3 days)
Water supply is continual.	Total number of unplanned water shut downs.*	35 per year	30 per year	30 per year	25 per year	20 per year (2013/14)
Firefighting needs are met.	Percentage of the network where firefighting flows in urban residential areas meet the NZ Fire Service firefighting water supplies Code of Practice SZ 4509:2008.	74%	76%	80%	85%	72% (2013/14)
Water supply has adequate flow and pressure.	Percentage of the network where supply pressure at the property boundary is not less than 250kPa for on demand connections and 150kPa for restricted flow connections.	100%	100%	100%	100%	100% (2013/14)
Consent conditions are met.	Compliance with all water take limits of resource consents.	100%	100%	100%	100%	100% (2013/14)
Water supply is sustainable.	Average consumption of drinking water per day per resident within the water supply areas (target based on One Plan Section 6.4.3.1).	300lt per day	300lt per day	300lt per day	250lt per day	New measure (baseline to be established 14/15)^
Minimal water losses.	Percentage of real water loss from the network as measured by the standard Infrastructure Leakage Index method.*	20%	15%	15%	15%	New measure (baseline to be established 14/15)^
Provide water conservation education to the public.	As provided in the Water Demand Management Plan 2014.	Achieved	Achieved	Achieved	Achieved	New measure (Achieved in 2013/14)

\* These performance measurements are provided by the Department of Internal Affairs and they are mandatory.

\*\* Proposed target – to be confirmed from 2014/15 result.

^ Upgrade works are necessary for the Levin Water Treatment Plant to enable the water supply to meet the protozoa compliance criteria.

^^ Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome but may be revised in the future as results of measurements become known.

## Major Projects

The following table shows the major projects scheduled for the Water Supply Group of Activities for the next 10 years.

**Note:** These projects are generally only those with cost estimates \$500,000 and over.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Levin Reticulation Renewal	\$1,061,000	\$830,000	\$855,000	\$1,324,000	\$1,368,000	\$1,416,000	\$716,000	\$731,000	\$760,000	\$1,451,000
Foxton Beach Reticulation Renewal							\$1,911,000	\$1,983,000	\$2,063,000	
Shannon - Mangaore Reticulation Renewal										\$1,170,000
Levin Clarifier Installation	\$2,000,000									
Levin Treatment Plant Upgrade		\$3,737,000								
Levin Bore exploration, new reservoir, treatment plant upgrade (LOS)	\$2,107,000									
Levin Bore exploration, new reservoir, treatment plant upgrade (Growth)	\$903,000									
Foxton Beach Development Plan					\$588,000					
Foxton Concrete Reservoir And Raw Water Tanks										\$688,000

### ***What has changed since 2012-22 LTP?***

The Tokomaru Water Supply Treatment Plant is currently being upgraded ahead of the 2025 scheduled upgrade proposed in the 2012-22 LTP.

Renewal programmes have been amended since the adoption of the 2012-22 LTP. The amendments accelerate the replacement of ageing water supply network assets in areas considered to be most at risk of failure.

Another change is that from 2015 Council must set targets for a new set of performance measures required by the Department of Internal Affairs and these have been included in the levels of service table above. These have been measured during the 2014/15 year and the results will be used to set the baseline for future targets.

### ***Challenges Council faces for this Group of Activities:***

A major challenge facing Council for its Water Supply Group of Activities is the increasing age of its water supply assets. Asset ageing affects reliability, maintenance costs, and overall performance. The response to asset ageing planned for this LTP is an increase in carefully targeted renewal programmes for the water supply networks and treatment plants.

Achieving compliance with New Zealand Drinking Water Standards and the Horizons Regional Council's One Plan is also a challenge and is a major driver in capital expenditure as Council is required to increase some levels of service and to obtain resource consents.

### ***Significant negative effects associated with this Group of Activities:***

A significant negative effect associated with this Group of Activities is the impact of water abstraction from rivers and the ground water supply. This is mitigated by continuing to monitor and comply with Council's various resource consents and their conditions which is reinforced through the Council's Water Demand Management Plan.

### ***Key Risks and Assumptions associated with this Group of Activities:***

Risks associated with the Water Supply Group of Activities include service failures, inconsistent strategic planning, poor contract management, and poor business/continuity planning. These are currently mitigated by ongoing renewals programming and by maintaining good asset management practices. Assumptions which may effect this Group of Activities are the rate and nature of population and business growth, the quality of asset data and information, and influential economic factors, particularly the future inflation rate and long term economic health.

### ***Variations between the Council's 2015-2025 LTP and its Assessment of Water and Sanitary Services***

Council's most recent assessment of the District's water and sanitary services was undertaken in 2006 and the treatment processes are being upgraded based on this assessment. The significant variance between that Assessment of Water and Sanitary Services and this LTP are:

- Council's five urban Water Treatment Plants will comply with the New Zealand Drinking Water Standard, with the exception of the Levin Water Treatment Plant, which is planned for compliance by 2017. Shannon, Foxton and Foxton Beach water supplies have been upgraded and now comply with the Standard. The construction of a new Water Treatment Plant for the Tokomaru water supply is currently underway and this will make this plant compliant by July 2015.

The ongoing conformance will be tested annually through inspections (and gradings) made by the Ministry of Health's appointed Drinking Water Assessor.

## How much will it cost?

### Capital Expenditure Water Supply Projects

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Water Projects	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Primary Type - to replace existing assets</b>										
Levin Reticulation- RENEWAL	1,061	830	855	1,324	1,368	1,416	716	731	760	1,451
Foxton Reticulation- RENEWAL	29	30	30	136	140	145	226	235	244	43
Foxton Beach Reticulation- RENEWAL	0	0	0	0	0	0	1,911	1,983	2,063	156
Tokomaru Reticulation- RENEWAL	0	0	0	0	0	0	0	0	0	526
Shannon - Mangaore Reticulation- RENEWAL	158	6	6	411	424	439	29	30	31	1,170
Foxton Beach Edingburg Terrace Bore- RENEWAL	150	0	0	0	0	0	0	0	0	138
Foxton Beach Flagstaff Bore- RENEWAL	0	0	0	0	114	0	0	0	0	0
Foxton Consents- RENEWAL	0	52	0	0	0	0	0	0	0	0
Foxton Beach consents- RENEWAL	0	0	53	0	0	0	0	0	0	0
Tokomaru Consents- RENEWAL	0	0	107	0	0	0	0	0	0	0
Shannon - Mangaore Consents- RENEWAL	20	0	107	0	0	0	0	0	0	0
Tokomaru Treatment Plant - Renewal	8	8	8	9	9	9	9	10	10	11
Foxton Beach Treatment Plant -Renewal	26	27	28	29	30	31	32	34	35	36
Foxton Water Treatment Plant - Renewal	29	30	31	31	33	34	35	36	38	39
Levin Treatment Plant - Renewals	50	52	53	55	57	59	61	63	66	69
Shannon Treatment Plant - Renewals	35	37	38	39	40	42	43	45	47	49
Reactive renewals - District Wide	150	156	160	165	154	143	134	125	117	110
Shannon reservoir structural work	100	0	0	0	0	0	0	0	0	0
Overheads	98	102	107	109	112	115	117	120	125	129
<b>Total</b>	<b>1,914</b>	<b>1,329</b>	<b>1,584</b>	<b>2,309</b>	<b>2,480</b>	<b>2,433</b>	<b>3,314</b>	<b>3,412</b>	<b>3,536</b>	<b>3,925</b>

**Capital Expenditure (continued)**

<b>Water Projects</b>										
<b>Primary Type - to improve the level of service</b>										
Levin Clarifier Installation	2,000	0	0	0	0	0	0	0	0	0
Levin treatment plant upgrade	0	3,737	0	0	0	0	0	0	0	0
Telemetry - District Wide	95	25	0	0	0	0	0	0	0	0
Levin Tararua Industrial Development	44	0	0	0	0	0	0	0	0	0
Levin reservoir upgrade	0	0	0	331	0	0	0	0	0	0
Foxtan concrete reservoir and raw water tanks	0	0	0	0	0	0	0	0	0	688
Levin Bore exploration, new reservoir, treatment plant upgrade	2,107	0	0	0	0	0	0	0	0	0
Overheads	177	183	192	196	201	207	210	215	224	232
<b>Total</b>	<b>4,423</b>	<b>3,945</b>	<b>192</b>	<b>527</b>	<b>201</b>	<b>207</b>	<b>210</b>	<b>215</b>	<b>224</b>	<b>920</b>

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Water Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to meet additional demand	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Foxtan Beach Development plan	0	100	0	440	588	0	0	0	0	0
Levin, North East Development plan	0	0	0	234	251	134	0	310	337	0
Levin Bore exploration, new reservoir, treatment plant upgrade	903	0	0	0	0	0	0	0	0	0
Overheads	22	23	24	25	25	26	27	27	28	29
	<b>926</b>	<b>123</b>	<b>24</b>	<b>699</b>	<b>864</b>	<b>161</b>	<b>27</b>	<b>337</b>	<b>365</b>	<b>29</b>

<b>Total Water Projects by Type</b>										
to replace existing assets	1,914	1,329	1,584	2,309	2,480	2,433	3,314	3,412	3,536	3,925
to improve the level of service	4,423	3,945	192	527	201	207	210	215	224	920
to meet additional demand	926	123	24	699	864	161	27	337	365	29
<b>Total Water Projects</b>	<b>7,263</b>	<b>5,397</b>	<b>1,801</b>	<b>3,535</b>	<b>3,546</b>	<b>2,801</b>	<b>3,551</b>	<b>3,965</b>	<b>4,125</b>	<b>4,874</b>

**Forecast Funding Impact Statement for Water Supply**

Activity FIS - Water Supply	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Horowhenua District Council: Funding impact statement for the years 2014/15 to 2024/25 for Water Supply group of activities											
	Annual Plan 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	47	-	-	-	-	-	-	-	-	-	-
Targeted Rates	4,488	5,360	5,682	6,230	6,561	6,603	6,723	7,037	7,352	8,160	8,804
Subsidies & Grants for Operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees & Charges	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	130	145	151	170	180	177	165	160	109	105	145
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>4,665</b>	<b>5,505</b>	<b>5,833</b>	<b>6,400</b>	<b>6,741</b>	<b>6,780</b>	<b>6,888</b>	<b>7,197</b>	<b>7,461</b>	<b>8,265</b>	<b>8,949</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	1,800	1,950	1,991	2,120	2,115	2,185	2,253	2,275	2,361	2,455	2,559
Finance Costs	353	333	640	859	838	878	920	959	925	1,019	1,107
Internal charges and overheads applied	706	938	963	1,002	1,010	1,034	1,060	1,072	1,100	1,129	1,164
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,859</b>	<b>3,221</b>	<b>3,594</b>	<b>3,981</b>	<b>3,963</b>	<b>4,097</b>	<b>4,233</b>	<b>4,306</b>	<b>4,386</b>	<b>4,603</b>	<b>4,830</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,806</b>	<b>2,284</b>	<b>2,239</b>	<b>2,419</b>	<b>2,778</b>	<b>2,683</b>	<b>2,655</b>	<b>2,891</b>	<b>3,075</b>	<b>3,662</b>	<b>4,119</b>

## Forecast Funding Impact Statement (continued)

<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	169	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	3,343	5,127	3,641	(356)	668	703	649	(566)	1,570	1,465	1,079	
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,512</b>	<b>5,127</b>	<b>3,641</b>	<b>(356)</b>	<b>668</b>	<b>703</b>	<b>649</b>	<b>(566)</b>	<b>1,570</b>	<b>1,465</b>	<b>1,079</b>	
<b>Applications of capital funding</b>												
<b>Capital Expenditure</b>												
- to meet additional demand	1,104	926	123	24	699	864	161	27	337	365	29	
- to improve the level of service	2,633	4,423	3,945	192	527	201	207	210	215	224	920	
- to replace existing assets	1,544	1,914	1,329	1,584	2,309	2,480	2,433	3,314	3,412	3,536	3,925	
Increase (decrease) in reserves	37	148	483	263	(89)	(159)	503	(1,226)	681	1,002	324	
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,318</b>	<b>7,411</b>	<b>5,880</b>	<b>2,063</b>	<b>3,446</b>	<b>3,386</b>	<b>3,304</b>	<b>2,325</b>	<b>4,645</b>	<b>5,127</b>	<b>5,198</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,806)</b>	<b>(2,284)</b>	<b>(2,239)</b>	<b>(2,419)</b>	<b>(2,778)</b>	<b>(2,683)</b>	<b>(2,655)</b>	<b>(2,891)</b>	<b>(3,075)</b>	<b>(3,662)</b>	<b>(4,119)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	1,931	1,926	2,037	2,250	2,256	2,272	2,400	2,410	2,419	2,592	2,608	
<b>Activity Expenditure</b>	Annual Plan 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	
Foxton Water	739	691	703	727	735	746	769	781	795	825	844	
Foxton Beach Water	718	683	695	731	740	783	850	858	871	1,005	1,111	
Levin Water	2349	2,815	3,255	3,748	3,719	3,797	3,925	3,959	4,011	4,193	4,287	
Moutoa Water	5	-	-	-	-	-	-	-	-	-	-	
Shannon Water	690	703	717	744	751	760	797	819	821	853	868	
Tokomaru Water	219	255	262	280	276	283	292	299	307	319	329	
Water Races Water	70	-	-	0	0	0	0	0	0	0	0	
<b>Total Expenditure including Depreciation</b>	<b>4,790</b>	<b>5,148</b>	<b>5,631</b>	<b>6,230</b>	<b>6,220</b>	<b>6,368</b>	<b>6,632</b>	<b>6,716</b>	<b>6,805</b>	<b>7,195</b>	<b>7,438</b>	



<b>Internal Loans attributable to this group of activities</b>												
	Annual Plan 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Loan balance 1st July	291	160	216	471	723	973	1,110	1,564	1,616	2,363	3,253	
Raised during the year	129	63	264	270	279	176	499	114	812	984	952	
Repaid during the year	(236)	(6)	(9)	(19)	(29)	(39)	(44)	(63)	(65)	(95)	(130)	
Forecast loan balance 30th June	184	216	471	723	973	1,110	1,564	1,616	2,363	3,253	4,075	
Budgeted interest expense	17	10	14	31	47	63	72	102	105	154	211	

### How will it be funded?

<b>Activity</b>	<b>Water Supply</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees and Charges.
<b>Rationale</b>	Extraordinary users (and Foxton Beach universal meters) are charged by volume. All rates are by fixed charge to all properties connected whereby all properties connected pay the same fixed charge.

### Statement of Inconsistency

Council has decided to increase rate funding for water supplies above the Revenue and Financing Policy limit for rate funding in years 9 and 10 (2023/24 and 2024/25) of the LTP. This increase in funding is necessary to cover the increased requirement in those years to fund replacement of the assets. Council has decided to increase rates where there is some capacity to do so in those years rather than increase debt to pay for these renewals. Council does not intend to change the policy at this stage to enable this breach to be rectified, as the Revenue and Financing Policy will be reviewed at least twice before year 9 and 10 and any change will be addressed as part of these reviews.

## Wastewater Disposal

As part of its Wastewater Group of Activities the Council collects wastewater from residential, industrial and commercial properties (primarily in urban areas), Council then treats the wastewater, and discharges the treated (i.e. clean) wastewater onto land or into waterways.

The collection, transportation, treatment, and safe discharge of wastewater from urban properties ensures a basic level of health; by continually removing potentially hazardous waste from populated urban environments and cleaning this waste before discharging it into a receiving environment.

### **What does this Group of Activities involve?**

- This Group of Activities provides for the collection, transportation, treatment, and disposal of residential, commercial, and industrial wastewater through urban schemes in Levin, Foxton, Foxton Beach, Shannon, Tokomaru and Waitarere Beach.
- Council owns piped collection networks, pumping stations throughout each network, treatment plants, and discharge facilities which includes land. The Council's wastewater network is managed internally with the operation and maintenance of each scheme being externally contracted.
- Prepare, apply for and obtain any relevant resource consents that are required to continue to discharge treated waste to land and water or to upgrade assets associated with the Wastewater Group of Activities.
- Respond to and resolve (if possible) any complaints that Council receives regarding its wastewater network.
- This Group of Activities is provided in accordance with the requirements set out by the following pieces of legislation:
  - The Local Government Act 2002 which requires Council to provide water (including wastewater) services and maintaining its capacity to do so;
  - The Health Act 1956 which requires Council to provide sanitary works including works for sewage (i.e. wastewater) disposal; and
  - The Resource Management Act 1991 which places the specific requirement on Council to incorporate Tangata Whenua interests into its decision making processes.

### **Rationale for this Activity (why we do it):**

Activity	Community Outcome	Council Role
Maintain the safe collection, treatment, and disposal of wastewater produced by residential and business activities.	<i>A healthy local economy and a District that is growing</i>	Funder/Provider
Ensure that resource consent conditions on the quality of discharges are met.	<i>A sustainable environment</i>	Funder/Provider
Ensure that the collection network is reliable and has minimal blockages or overflows.	<i>Safe, resilient and healthy communities</i>	Funder/Provider

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline
Reliable Wastewater collection and disposal.	The number of dry weather overflows from the wastewater system per 1000 connections.*	<2	<2	<2	<2	New measure (2.7 in 2012/13)
Council provides a good response to faults reported.	The median time (hrs) from the time that Council receives a notification, to the time that services personnel reach the site in responding to an overflow or wastewater blockage.*	<1 hour	<1 hour	<1 hour	<1 hour	New measure (2024/15 year to date - 1 hour)
	The median time (hrs) from the time that Council receives a notification, to the time that services personnel confirm a resolution of a blockage or other fault within the wastewater system.*	12 hours	12 hours	12 hours	12 hours	New measure^
The service is satisfactory.	The total number of complaints received (expressed per 1000 connections to the wastewater system) regarding: <ul style="list-style-type: none"> <li>Wastewater odour;</li> <li>Wastewater systems faults;</li> <li>Wastewater system blockages; and</li> <li>The Council's response to issues with its wastewater system.</li> <li>Total number of complaints received about any of the above.*</li> </ul>	<10 <8 10 10 <38	<8 <8 <8 8 <32	<5 <8 <8 8 <29	<5 <8 <8 8 <29	New measure^
	Percentage of customers satisfied with the service, based on the Annual Customer Satisfaction Survey.	80	82	84	84	76 in 2013/14
Safe disposal of wastewater.	The number of Abatement Notices, Infringement Notices, Enforcement Orders, and convictions received by the Council in relation to Horizons Regional Council resource consents.*	0	0	0	0	New measure (0 in 2013/14)

\* These performance measurements are provided by the Department of Internal Affairs and they are mandatory.

^ Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome but may be revised in the future as results of measurements become known.

## Major Projects

The following table shows the major projects scheduled for the Wastewater Group of Activities for the next 10 years.

**Note:** These projects are generally only those with cost estimates \$500,000 and over.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Foxton Wastewater Treatment Plant Strategic Upgrade	\$2,326,000	\$2,414,000	\$3,075,000	\$3,261,000	\$2,279,000					
Foxton Wastewater Treatment Plant - Pond Desludge			\$770,000							
Levin Reticulation Renewals	\$1,759,000	\$536,000			\$921,000	\$1,151,000	\$682,000	\$613,000	\$1,113,000	\$1,266,000
Levin Treatment Plant - Planned Renewals	\$1,044,000	\$1,084,000	\$1,177,000		\$662,000					
Levin Wastewater Treatment Plant Strategic Upgrade	\$610,000		\$545,000	\$728,000	\$752,000					
Development Work Foxton Beach					\$528,000	\$708,000				
Shannon Disposal System	\$3,066,000									
Tokomaru Wastewater Treatment Plant Upgrade				\$552,000	\$570,000					

### ***What has changed since 2012-22 LTP?***

The renewal programmes for the Wastewater Group of Activities have been amended since the 2012-22 LTP was produced. These have been amended to accelerate the replacement of an ageing network in areas most vulnerable to high levels of groundwater infiltration this has been based on results of a comprehensive flow monitoring and video inspection regime.

Since the adoption of the 2012-22 LTP major capital expenditure for renewals and levels of service increases has been planned at both the Foxton and Shannon Wastewater Treatment Plants.

### ***Challenges Council faces for this Group of Activities:***

A major challenge facing the Council regarding its Wastewater Group of Activities is the increasing age of Council's wastewater assets. Asset ageing affects reliability, maintenance costs and overall performance. Poor pipe condition is a major cause of groundwater infiltration which adds unnecessary volume to the amount of wastewater collected during wet weather events. The response to asset ageing planned for this LTP is an increase in carefully targeted renewal programmes for the wastewater collection networks and treatment plants.

Applying for and obtaining resource consents and then complying with consent conditions is another challenge faced by Council for this Group of Activities. This can be quite expensive particularly with increased expectations from the public and stakeholder groups for land based effluent disposal instead of water course disposal of wastewater.

### ***Significant negative effects associated with this Group of Activities:***

A significant negative effect associated with this Group of Activities is the long term effect of discharge of treated wastewater to the receiving environments which including land and water courses throughout the District. This effect is mitigated by ensuring the standards of treatment required by Horizons Regional Council are adhered to. Furthermore ensuring that these standards of treatment (which may increase over time) can be met in the future is a major driver of significant capital expenditure in this LTP.

Another significant negative effect of the Wastewater Group of Activities is unintentional overflows of untreated wastewater from the collection system to private property, public land, or water courses. This is mitigated by a regime of pipe and pump inspection and maintenance.

### ***Key Risks and Assumptions associated with this Group of Activities:***

Risks associated with the Wastewater Group of Activities include service failures, inconsistent strategic planning, poor contract management, loss of the telemetry system, and poor business/continuity planning. The process of securing resource consents also carries various risks for this Group of Activities including the requirement to increase some levels of service. These risks are currently mitigated by ongoing renewals programming and by maintaining good asset management practices. Council is also currently undertaking a major upgrade of the telemetry system.

Assumptions which may affect this Group of Activities include the rate and nature of population and business growth, the quality of asset data and information, and influential economic factors, particularly the future inflation rate and long term economic health.

## How much will it cost?

### Capital Expenditure Wastewater Projects

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Wastewater Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to replace existing assets	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Foxton Wastewater Treatment Plant - Pond Desludge	0	0	770	0	0	0	0	0	0	0
Foxton Wastewater Treatment Plant - Planned Renewals	15	21	0	0	6	0	0	0	0	0
Foxton Wastewater Treatment Plant - Unplanned Renewals	11	18	19	20	20	21	22	22	23	24
Foxton Beach Wastewater Treatment Plant - Strategic Upgrade	21	0	13	177	0	0	0	0	0	0
Foxton Beach Wastewater Treatment Plant - Planned Renewals	21	0	142	11	77	0	81	0	0	0
Foxton Beach Wastewater Treatment Plant - Unplanned Renewals	17	18	18	19	19	20	21	21	22	23
Shannon Wastewater Treatment Plant Pond - Desludge	0	0	0	0	456	0	0	0	0	0
Shannon Wastewater Treatment Plant - Planned Renewals	20	5	0	0	0	118	0	0	0	0
Shannon Wastewater Treatment Plant - Unplanned Renewals	24	25	25	26	27	28	29	30	31	33
Tokomaru Wastewater Treatment Plant - Consent Renewal	100	52	0	0	0	0	0	0	0	0
Tokomaru Wastewater Treatment Plant - Planned Renewals	25	0	0	0	0	0	0	0	0	0
Tokomaru Wastewater Treatment Plant - Unplanned Renewals	6	6	6	6	7	7	7	7	8	8
Waitarere Wastewater Treatment Plant - Strategic Upgrade	0	5	27	28	0	0	0	0	0	0
Waitarere Wastewater Treatment Plant - Planned Renewals	10	78	24	0	0	0	17	0	0	0
Waitarere Wastewater Treatment Plant - Unplanned Renewals	9	9	9	9	10	10	10	11	11	12
Foxton Reticulation - Renewals	418	131	167	291	190	114	146	157	136	138
Levin Reticulation - Renewals	1,759	536	434	389	921	1,151	682	613	1,113	1,266
Districtwide - Reticulation Unplanned Renewals	443	197	193	189	186	183	180	177	175	173
Levin Treatment Plant - Planned Renewals	1,044	1,084	1,177	226	662	49	497	190	98	268
Levin Treatment Plant - Unplanned Renewals	88	92	95	98	101	104	108	112	117	122
Tokomaru WWTP Desludging	100	0	0	0	0	0	0	0	0	0
Tokomaru WWTP Oxidation Pond Relining	62	0	0	0	0	0	0	0	0	0
Overheads	209	216	227	232	237	245	249	255	265	274
<b>Total</b>	<b>4,402</b>	<b>2,493</b>	<b>3,345</b>	<b>1,720</b>	<b>2,919</b>	<b>2,049</b>	<b>2,048</b>	<b>1,598</b>	<b>2,000</b>	<b>2,342</b>

## Capital Expenditure (continued)

Wastewater Projects										
Primary Type - to improve the level of service										
Foxton Wastewater Treatment Plant - Strategic Upgrade	2,326	2,414	3,075	3,261	2,279	0	0	0	0	0
Foxton Wastewater Treatment Plant - Pond Desludge	0	0	192	0	0	0	0	0	0	0
Foxton Beach Wastewater Treatment Plant - Strategic Upgrade	0	0	254	44	0	0	0	0	0	0
Shannon Wastewater Treatment Plant Pond - Desludge	0	0	0	0	114	0	0	0	0	0
Waitarere Wastewater Treatment Plant - Strategic Upgrade	0	47	241	248	0	0	0	0	0	0
Telemetry System	95	24	0	0	0	0	0	0	0	0
District Reticulation - Planned Pump Renewals	33	35	29	28	33	37	51	63	79	52
Levin Wastewater Treatment Plant - Strategic Upgrade	610	446	545	728	752	0	0	0	0	0
Shannon Disposal System	3,066	0	0	0	0	0	0	0	0	0
Tokomaru Waster Treatment Plant Upgrade	0	0	0	552	570	0	0	0	0	0
Overheads	293	303	318	325	333	343	349	357	372	384
<b>Total</b>	<b>6,423</b>	<b>3,270</b>	<b>4,654</b>	<b>5,186</b>	<b>4,081</b>	<b>380</b>	<b>400</b>	<b>420</b>	<b>451</b>	<b>435</b>
Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Wastewater Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to meet additional demand	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Development Planning Foxton Beach	0	156	0	0	0	0	0	0	0	0
Development Work - Foxton Beach	0	0	0	124	528	708	0	0	0	0
Development Planning - North East Levin	261	0	0	0	0	0	0	0	0	0
Development Work - North East Levin	0	0	246	264	141	0	325	352	0	0
Development Planning Waitarere Beach	0	0	160	0	0	0	0	0	0	0
Levin Tararua Industrial Development	125	0	0	0	0	0	0	0	0	0
Overheads	21	21	22	23	23	24	24	25	26	27
<b>Total</b>	<b>407</b>	<b>177</b>	<b>429</b>	<b>410</b>	<b>692</b>	<b>732</b>	<b>350</b>	<b>377</b>	<b>26</b>	<b>27</b>
Total Wastewater Projects by Type										
to replace existing assets	4,402	2,493	3,345	1,720	2,919	2,049	2,048	1,598	2,000	2,342
to improve the level of service	6,423	3,270	4,654	5,186	4,081	380	400	420	451	435
to meet additional demand	407	177	429	410	692	732	350	377	26	27
<b>Total Wastewater Projects</b>	<b>11,232</b>	<b>5,940</b>	<b>8,428</b>	<b>7,316</b>	<b>7,692</b>	<b>3,161</b>	<b>2,798</b>	<b>2,395</b>	<b>2,477</b>	<b>2,804</b>

**Forecast Funding Impact Statement for Wastewater**

Activity FIS - Wastewater	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Horowhenua District Council: Funding impact statement for the years 2014/15 to 2024/25 for Wastewater group of activities											
	Annual Plan 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	5,846	6,124	6,421	6,721	7,625	8,524	9,097	9,469	10,190	10,965	11,847
Subsidies & Grants for Operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees & Charges	850	793	1,030	1,275	1,316	1,359	1,407	1,459	1,514	1,575	1,641
Local authorities fuel tax, fines, infringement fees and other receipts	39	38	43	56	67	78	98	123	147	177	268
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>6,735</b>	<b>6,955</b>	<b>7,494</b>	<b>8,052</b>	<b>9,008</b>	<b>9,961</b>	<b>10,602</b>	<b>11,051</b>	<b>11,851</b>	<b>12,717</b>	<b>13,756</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	2,354	2,389	2,380	2,495	2,592	2,677	2,771	2,874	2,983	3,102	3,227
Finance Costs	883	935	1,452	1,649	1,980	2,212	2,444	2,393	2,297	2,138	2,064
Internal charges and overheads applied	821	670	685	711	722	739	757	769	787	813	841
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,058</b>	<b>3,994</b>	<b>4,517</b>	<b>4,855</b>	<b>5,294</b>	<b>5,628</b>	<b>5,972</b>	<b>6,036</b>	<b>6,067</b>	<b>6,053</b>	<b>6,132</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,677</b>	<b>2,961</b>	<b>2,977</b>	<b>3,197</b>	<b>3,714</b>	<b>4,333</b>	<b>4,630</b>	<b>5,015</b>	<b>5,784</b>	<b>6,664</b>	<b>7,624</b>



## Forecast Funding Impact Statement (continued)

<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	118	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	11,937	8,619	3,285	5,506	3,881	3,855	(843)	(1,610)	(2,647)	(1,225)	(1,529)	
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>12,055</b>	<b>8,619</b>	<b>3,285</b>	<b>5,506</b>	<b>3,881</b>	<b>3,855</b>	<b>(843)</b>	<b>(1,610)</b>	<b>(2,647)</b>	<b>(1,225)</b>	<b>(1,529)</b>	
<b>Applications of capital funding</b>												
<b>Capital Expenditure</b>												
- to meet additional demand	1,847	407	177	429	410	692	732	350	377	26	27	
- to improve the level of service	9,401	6,423	3,270	4,654	5,186	4,081	380	400	420	451	435	
- to replace existing assets	3,549	4,402	2,493	3,345	1,720	2,919	2,049	2,048	1,598	2,000	2,342	
Increase (decrease) in reserves	(65)	348	322	275	279	496	626	607	742	2,962	3,291	
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>14,732</b>	<b>11,580</b>	<b>6,262</b>	<b>8,703</b>	<b>7,595</b>	<b>8,188</b>	<b>3,787</b>	<b>3,405</b>	<b>3,137</b>	<b>5,439</b>	<b>6,095</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,677)</b>	<b>(2,961)</b>	<b>(2,977)</b>	<b>(3,197)</b>	<b>(3,714)</b>	<b>(4,333)</b>	<b>(4,630)</b>	<b>(5,015)</b>	<b>(5,784)</b>	<b>(6,664)</b>	<b>(7,624)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	2,211	2,434	2,623	2,956	3,134	3,316	3,717	3,823	3,896	4,277	4,327	
<b>Activity Expenditure</b>	<b>Annual Plan</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Foxton Wastewater	559	510	754	1,045	1,427	1,726	1,967	1,971	1,978	2,038	2,033	
Foxton Beach Wastewater	602	561	578	638	667	700	818	944	958	1,005	1,023	
Levin Wastewater	3,518	3,745	3,908	4,158	4,314	4,427	4,684	4,714	4,792	4,991	5,087	
Shannon Wastewater	1,012	1,036	1,299	1,329	1,326	1,320	1,370	1,369	1,363	1,384	1,392	
Tokomaru Wastewater	191	165	183	191	192	240	296	298	300	310	308	
Waitarere Beach Wastewater	388	411	419	450	501	529	554	562	571	603	614	
<b>Total Expenditure including Depreciation</b>	<b>6,270</b>	<b>6,428</b>	<b>7,140</b>	<b>7,811</b>	<b>8,427</b>	<b>8,944</b>	<b>9,689</b>	<b>9,858</b>	<b>9,962</b>	<b>10,329</b>	<b>10,458</b>	

<b>Internal Loans attributable to this group of activities</b>												
	Annual Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loan balance 1st July	666	153	207	451	691	930	1,061	1,496	1,545	2,260	3,110	
Raised during the year	526	60	252	258	267	168	477	109	776	941	910	
Repaid during the year	(589)	(6)	(8)	(18)	(28)	(37)	(42)	(60)	(62)	(90)	(124)	
Forecast loan balance 30th June	603	207	451	691	930	1,061	1,496	1,545	2,260	3,110	3,896	
Budgeted interest expense	40	9	13	29	45	60	69	97	100	147	202	

### How will it be funded?

<b>Activity</b>	<b>Wastewater Systems</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees and Charges.
<b>Rationale</b>	Trade waste producers are charged by load and volume. All rates are by fixed charge to all properties connected whereby all properties connected pay the same fixed charge.

## Solid Waste

The Solid Waste Group of Activities consists of Council providing services to collect and safely dispose of residential and commercial solid waste. Council also provides education to the Community on how to reduce total solid waste output.

### ***What does this Activity involve?***

- Council provides for the collection and disposal of solid waste produced in the Horowhenua and Kapiti Coast Districts. To provide for the disposal of solid waste Council manages kerbside recycling and refuse bag collection at specified times each week for urban areas in the District, it also operates waste transfer stations (for disposal of general and green waste as well as recycling), and it operates numerous static and temporary recycling stations (for recycling only).
- Council owns a landfill and associated assets, waste transfer stations, and recycling stations. Council also undertakes public education (on an ad hoc basis) in waste minimisation at local primary and intermediate schools in the District. The operation and maintenance of this Group of Activities is externally contracted.
- Council also ensures that the Levin Landfill is managed in a way that it complies with resource consents and so that it has sufficient air and land space available for the future requirements.
- Legislative requirements that this Group of Activities operates within include, but are not limited to:
  - The Health Act 1956, which requires Council to provide for sanitary works including the collection and disposal of refuse;
  - The Waste Minimization Act 2008;
  - The Hazardous Substances and Noxious Organisms (HSNO) 2004; and
  - The Climate Change (Emissions Trading) Amendment Act 2008.

It is important to note that much of the Solid Waste Group of Activities is permissive rather than mandatory. This means that Council has the ability to opt out of many of the provisions of its solid waste services if it wishes.

### ***Rationale for this Group of Activities (why we do it):***

<b>Activity</b>	<b>Community Outcome</b>	<b>Council Role</b>
Provision of landfill and static recycling stations. These help reduce waste and minimise its negative environmental effects.	- <i>A sustainable environment</i> - <i>Safe, resilient and healthy communities</i>	Provider
Provision of waste transfer stations, recycling, and refuse collection. These help reduce waste and minimise its negative environmental effects.	- <i>A sustainable environment</i> - <i>Safe, resilient and healthy communities</i>	Provider
Provision of waste minimisation education to the Community.	<i>A sustainable environment</i>	Provider/Advocate

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline
Waste Transfer Stations are available at convenient times.	Transfer Stations are available on agreed days at agreed times.	Achieved	Achieved	Achieved	Achieved	<i>New measure (Achieved in 2013/14)</i>
Solid Waste Activities are undertaken in a healthy and safe manner.	No reported incidences of injury or illness attributable to use of the Council's Waste Transfer or Recycling Station facilities.	Achieved	Achieved	Achieved	Achieved	<i>New measure (2014/15 yet to date - Achieved)</i>
Waste Transfer and Recycling Stations have a minimal impact on the immediate and surrounding environment.	No. odour complaints and minimal reports of solid waste in or around: <ul style="list-style-type: none"> <li>Waste Transfer Stations; and</li> <li>Recycling Stations</li> </ul>	3 per month 3 per month	3 per month 3 per month	3 per month 3 per month	3 per month 3 per month	<i>New measure<sup>^</sup></i>
Response to service requests regarding Council's Solid Waste Activities is timely.	Time that all requests are responded to within.	3 days	3 days	3 days	3 days	<i>New measure<sup>^</sup></i>
Levin landfill.	Conditions of resource consents are met.	100%	100%	100%	100%	<i>Achieved in 2013/14</i>
Kerbside recycling and refuse collection service is available.	Percentage of serviceable households that kerbside recycling shall be offered to.	91%	91%	91%	91%	<i>95% in 2013/14</i>
Recycling and refuse is collected on time and in a sanitary manner.	Number of complaints about non collection of: <ul style="list-style-type: none"> <li>Kerbside recycling</li> <li>Kerbside refuse</li> </ul>	5 per month 5 per month	5 per month 5 per month	5 per month 5 per month	5 per month 5 per month	<i>New measure (2013/14 - 2 per month 5 per month)</i>
Recycling stations are available and accessible in urban centres in Summer.	Recycling stations are available at the agreed locations on the agreed days and times.	Achieved	Achieved	Achieved	Achieved	<i>New measure (Achieved in 2013/14)</i>
Information on Council's recycling and refuse services is available from service centres and on the website.	Narrative.	Achieved	Achieved	Achieved	Achieved	<i>Achieved in 2013/14</i>
Affordable recycling service	No user charge set.	Achieved	Achieved	Achieved	Achieved	<i>New measure</i>

<b>Service</b>	<b>How will we measure our performance</b>	<b>Target (15/16)</b>	<b>Target (16/17)</b>	<b>Target (17/18)</b>	<b>Target (18-25)</b>	<b>Baseline</b>
is available.						<i>(Achieved in 2013/14)</i>
Customers are content with Council's transfer stations, recycling collection, and refuse collection services offered.	Measured via the Annual Customer Satisfaction Survey.	75%	75%	75%	75%	<i>New measure (Recycling - 65% and refuse - 54%. Transfer stations was not measured in 2013/14)</i>
Customers are educated on waste minimization practices.	Education services provided in local schools.	Achieved	Achieved	Achieved	Achieved	<i>Achieved in 2013/14</i>

^ Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome but may be revised in the future as results of measurements become known.

**Major Projects**

The following table shows the major projects scheduled for the Solid Waste Group of Activities for the next 10 years.

**Note:** These projects are generally only those with cost estimates \$100,000 and over.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Landfill Consent	\$107,000				\$278,000					
Leachate pre treatment	\$129,000									
Levin Landfill energy recovery/ flare	\$200,000									
Landfill Development	\$385,000		\$132,000			\$1,153,000	\$515,000		\$2,675,000	\$241,000

### ***What has changed since 2012-22 LTP?***

There have been no major changes for the Solid Waste Group of Activities since the 2012-22 LTP was adopted with the exception of the timing of some of the major projects.

### ***Challenges Council faces for this Group of Activities:***

A key challenge for the future of the Solid Waste Group of Activities is the decision making required regarding the levels of service provision. Council will need to balance the solid waste disposal needs of the District with the ability to generate income by accepting waste from outside the District and also the extent to which it remains in the 'solid waste business'. All of these considerations have an effect on long term capital expenditure, income and the estimated longevity of Council's most significant solid waste asset which is the Levin Landfill.

### ***Significant negative effects associated with this Group of Activities:***

A key negative effect associated with this Group of Activities is the presence of both ground and airborne contaminants produced by the landfill and their potential harm to the immediate environment. This effect is mitigated by strict adherence to Horizons Regional Council resource consent conditions. Council also facilitates a neighbourhood group and monitors the airborne effects associated with the landfill.

### ***Key Risks and Assumptions associated with this Group of Activities:***

A key risk associated with this Group of Activities is the long term presence and longevity of hazardous contaminants in the environment. This risk is mitigated by legislative controls and constant monitoring of leachates and ground conditions.

A key assumption in the LTP is that Council's current ownership of the Levin Landfill and being a provider of solid waste services will continue. As mentioned above, much of this Group of Activities is permissive rather than mandatory. Future changes in the service provision model, especially the level of Council's participation in it, could change the overall funding requirements. For example, the sale of the Levin Landfill to an external solid waste service provider would reduce both the capital expenditure requirements over the next 10 years and the income received from the landfill.

### ***Variations between the Council's 2015-2025 LTP and Waste Management and Minimisation Plan***

Council's current Waste Management and Minimisation Plan (WMMP) was produced in 2012. There are no significant variations between the WMMP and what is proposed as part of this LTP.

## How much will it cost?

### Capital Expenditure Solid Waste Projects

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Solid Waste Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to replace existing as	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opiki renewal	0	0	0	6	0	0	0	0	8	0
Shannon renewal	0	0	0	0	6	0	0	0	0	0
Tokomaru Renewal	20	0	0	0	0	0	6	0	0	0
Cap Shape Correction	69	0	62	0	70	0	79	0	89	0
Overhead Renewal	3	3	4	4	4	4	4	4	4	4
<b>Total</b>	<b>92</b>	<b>3</b>	<b>66</b>	<b>10</b>	<b>79</b>	<b>4</b>	<b>89</b>	<b>4</b>	<b>101</b>	<b>4</b>

Solid Waste Projects										
Primary Type - to improve the level of service										
Landfill Consent	107	0	0	0	278	0	0	0	0	0
Leachate pre treatment	129	0	0	0	0	0	0	0	0	0
Levin Landfill Energy Recovery / Flare	200	0	0	0	0	0	0	0	0	0
Overhead Level of Service	10	10	11	11	11	11	12	12	12	13
<b>Total</b>	<b>446</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>289</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>

Solid Waste Projects										
Primary Type - to meet additional demand										
Foxton Beach	22	0	0	0	0	0	0	0	0	0
Landfill Development	385	57	132	0	70	1,153	515	21	2,675	241
Overhead Growth	13	14	14	15	15	15	16	16	17	17
<b>Total</b>	<b>420</b>	<b>71</b>	<b>146</b>	<b>15</b>	<b>85</b>	<b>1,168</b>	<b>531</b>	<b>37</b>	<b>2,692</b>	<b>258</b>

Total Solid Waste Projects by Type										
to replace existing assets	92	3	66	10	79	4	89	4	101	4
to improve the level of service	446	10	11	11	289	11	12	12	12	13
to meet additional demand	420	71	146	15	85	1,168	531	37	2,692	258
<b>Total Solid Waste Projects</b>	<b>958</b>	<b>85</b>	<b>222</b>	<b>36</b>	<b>453</b>	<b>1,184</b>	<b>632</b>	<b>53</b>	<b>2,805</b>	<b>275</b>



## Forecast Funding Impact Statement for Solid Waste

<b>Activity FIS - Solid Waste</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	
<b>Horowhenua District Council: Funding impact statement for the years 2014/15 to 2024/25 for Solid Waste group of activities</b>											
	Annual Plan 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	288	321	356	342	330	343	381	408	443	427	576
Subsidies & Grants for Operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees & Charges	1,753	1,741	1,785	1,832	1,881	1,936	1,994	2,055	2,123	2,195	2,274
Local authorities fuel tax, fines, infringement fees and other receipts	26	22	18	17	14	13	10	11	10	12	14
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>2,067</b>	<b>2,084</b>	<b>2,159</b>	<b>2,191</b>	<b>2,225</b>	<b>2,292</b>	<b>2,385</b>	<b>2,474</b>	<b>2,576</b>	<b>2,634</b>	<b>2,864</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	1,441	1,371	1,415	1,454	1,493	1,538	1,585	1,635	1,707	1,767	1,831
Finance Costs	275	285	324	316	313	302	312	370	397	389	547
Internal charges and overheads applied	211	216	220	227	232	238	245	247	253	261	270
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,927</b>	<b>1,872</b>	<b>1,959</b>	<b>1,997</b>	<b>2,038</b>	<b>2,078</b>	<b>2,142</b>	<b>2,252</b>	<b>2,357</b>	<b>2,417</b>	<b>2,648</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>140</b>	<b>212</b>	<b>200</b>	<b>194</b>	<b>187</b>	<b>214</b>	<b>243</b>	<b>222</b>	<b>219</b>	<b>217</b>	<b>216</b>

## Forecast Funding Impact Statement (Continued)

<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	610	654	(143)	(58)	(181)	174	967	451	(123)	2,632	105	
Gross proceeds from sale of assets		-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>610</b>	<b>654</b>	<b>(143)</b>	<b>(58)</b>	<b>(181)</b>	<b>174</b>	<b>967</b>	<b>451</b>	<b>(123)</b>	<b>2,632</b>	<b>105</b>	
<b>Applications of capital funding</b>												
<b>Capital Expenditure</b>												
- to meet additional demand	2	420	71	146	15	85	1,168	531	37	2,692	258	
- to improve the level of service	813	446	10	11	11	289	11	12	12	12	13	
- to replace existing assets	26	92	3	66	10	79	4	89	4	101	4	
Increase (decrease) in reserves	(91)	(92)	(27)	(87)	(30)	(65)	27	41	43	44	46	
Increase (decrease) of investments		-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>750</b>	<b>866</b>	<b>57</b>	<b>136</b>	<b>6</b>	<b>388</b>	<b>1,210</b>	<b>673</b>	<b>96</b>	<b>2,849</b>	<b>321</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(140)</b>	<b>(212)</b>	<b>(200)</b>	<b>(194)</b>	<b>(187)</b>	<b>(214)</b>	<b>(243)</b>	<b>(222)</b>	<b>(219)</b>	<b>(217)</b>	<b>(216)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	412	289	327	328	329	330	388	361	363	366	369	
<b>Activity Expenditure</b>	Annual Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Landfill	1,284	1,014	1,107	1,115	1,125	1,129	1,213	1,263	1,327	1,341	1,522	
Recycling	676	667	689	707	728	750	773	793	820	849	881	
Roadside Collection	186	196	200	206	211	217	223	230	237	245	253	
Waste Transfer Stations	295	284	290	297	304	312	320	329	338	348	360	
<b>Total Expenditure including Depreciation</b>	<b>2,441</b>	<b>2,161</b>	<b>2,285</b>	<b>2,325</b>	<b>2,367</b>	<b>2,407</b>	<b>2,529</b>	<b>2,614</b>	<b>2,721</b>	<b>2,783</b>	<b>3,016</b>	

Internal Loans attributable to this group of activities												
	Annual Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Loan balance 1st July	84	26	36	78	120	161	184	259	267	391	538	
Raised during the year	194	10	44	45	46	29	83	19	134	163	157	
Repaid during the year	(183)	(1)	(1)	(3)	(5)	(6)	(7)	(10)	(11)	(16)	(22)	
Forecast loan balance 30th June	95	36	78	120	161	184	259	267	391	538	674	
Budgeted interest expense	5	2	2	5	8	10	12	17	17	25	35	

### How will it be funded?

<b>Activity</b>	<b>Landfill and Waste Transfer Stations</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees and Charges.
<b>Rationale</b>	User fees are those charged to dispose of District refuse into the transfer station and from there, through to the landfill. Any recovered cost to be included in the Solid Waste Rate.

<b>Activity</b>	<b>Roadside Refuse Collection</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees and Charges.
<b>Rationale</b>	Those who create the need for the service are the users and beneficiaries. Any unrecovered cost to be included in the Solid Waste Rate.

<b>Activity</b>	<b>Waste Minimisation and Recycling</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	Primarily for waste education and minimisation, with costs funded by the Solid Waste Rate.

### Statement of Inconsistency

Council has decided to maintain the private good fees and charges funding for Landfill and Waste Transfer Stations Activity above the Revenue and Financing Policy limit for fees and charges funding in years 1 to 10 of the LTP. This increase in the fees and charges reflects the current arrangement of Council receiving waste from outside the district. The current funding policy reflects the uncertainty over whether those outside the district will continue to choose to use Horowhenua's facilities. A requirement of the conditions of the resource consent will see a review of the consent undertaken in 2015. An outcome of that consent review could lead to a review of the public/private funding split for this activity.

## Regulatory Services

Regulatory Services is a delivery arm of Council that provides advice, consenting services, assessment, education, compliance, and enforcement. The Activities that are undertaken within the Regulatory Services Group of Activities provide for the development and review as well as the implementation and enforcement of plans, bylaws, and policies needed to protect the health and safety of the community and the environment it lives in.

### District Planning

This Activity principally involves various Council functions and obligations under the Resource Management Act 1991 designed to ensure the natural and physical resources of the District are sustainably managed.

Generally this Activity can be broken down into two core areas being the preparation, review and monitoring of the District Plan and the processing and monitoring of resource consent and other applications made under the Resource Management Act (RMA) 1991.

#### ***What does this Activity involve?***

- Reviewing the District Plan.
- Preparing or processing Plan Changes/Variations and Notices of Requirements.
- Monitoring the District’s State of the Environment.
- Monitoring the efficiency and effectiveness of the policies and rules in the District Plan and reporting the results of this monitoring at 5 yearly intervals.
- Processing resource consents and other applications made under the RMA.
- Monitoring and enforcing compliance with resource consent conditions.
- Responding to complaints relating to non-compliances with the District Plan or conditions of resource consents and taking appropriate action when a non-compliance is observed.
- Providing advice to the public on the District Plan and RMA.

#### ***Rationale for this Activity (why we do it):***

Activity	Community Outcome	Council Role
Reviewing the District Plan, monitoring the effectiveness of the District Plan, and preparing or processing Plan Changes/Variations.	<ul style="list-style-type: none"> <li>- A healthy local economy and a District that is growing</li> <li>- A Sustainable Environment</li> <li>- Safe, resilient and healthy communities</li> </ul>	Provider
Processing and monitoring of resource consents.	<ul style="list-style-type: none"> <li>- A healthy local economy and a District that is growing</li> <li>- A Sustainable environment</li> </ul>	Regulator/Provider

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Processing of applications under the Resource Management Act (RMA).	Applications under the RMA will be processed within statutory timeframes.	100% compliance with relevant statutory timeframes.	100% compliance with relevant statutory timeframes.	100% compliance with relevant statutory timeframes.	100% compliance with relevant statutory timeframes.	<i>Achieved</i>
Monitoring of District Plan requirements, resource consent compliance and complaints.	Known and reported instances of non compliance with the District Plan and any resource consents will be responded to and appropriate action will be taken.	100% responded to within 2 working days	100% responded to within 2 working days	100% responded to within 2 working days	100% responded to within 2 working days	<i>Achieved (32 complaints were received &amp; responded to within 2 working days).</i>
	Resource consents are monitored for compliance with conditions.	100%	100%	100%	100%	<i>Achieved</i>
The District Plan provides for a balanced regulatory framework that protects important community and environmental values.	Percent of non-complying resource consents approved as a proportion of all approved consents.	<10%	<10%	<10%	<10%	<i>New Measure<sup>^</sup></i>

<sup>^</sup> This measure is based on the desired performance level following the new District Plan being made operative in July 2015.

**Major Projects**

The following table shows the major projects scheduled for the District Planning Activity for the next 10 years.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
District Plan Review (third generation).							\$505,000	\$750,000	\$250,000	
Plan Changes (including Cultural Sites of Significance & Financial Contributions).	\$200,000	\$80,000								

### ***What has changed since the 2012-22 LTP?***

In the 2012-22 LTP the preparation of a 'third' generation District Plan had not been factored in. While the legislation has changed to now make it possible to undertake a sectional review of the District Plan, a full review of the District Plan has been identified for the three year period starting year 7 (2021/22) of this LTP.

Significant changes to the District Plan (including sites of cultural significance and a historic heritage assessment) had originally been anticipated to have been included as part of the District Plan Review. However during the review District Plan these were deferred and are now scheduled to commence in year 1 (2015/16) of this LTP. A plan change to implement Financial Contributions will also be prepared reflecting Council's decision to cancel development contributions and introduce financial contributions.

### ***Challenges Council faces for this Activity:***

A key challenge facing Council for this Activity is that there is a level of uncertainty about the implications that current and future reforms to the RMA, as well as the development or amendment of National Environmental Standards or National Policy Statements, may have for the Council. For example implications could result in changes to how resource consent applications are processed or could require the District Plan to be updated or amended.

Another challenge is balancing the need to provide for and encourage economic development with the desire to ensure that any adverse effects that businesses and their associated activities may have on the natural environment are acceptable and will not compromise future generations use and enjoyment of natural resources.

Review of the District Plan, resource consents, and enforcement of District Plan rules or resource consent conditions can be perceived by some people as encroaching on private property rights and frustrate property owners who perceive 'over-regulation', however, requirements relating to the District Plan and resource consents are deemed necessary to protect and sustainably manage the District's natural and physical resources. Reviewing the District Plan ensures that any rules are reflective of the current environment and the aspirations of our Community.

### ***Significant negative effects associated with this Activity:***

There are no known significant negative effects surrounding Council's planned District Planning Activity.

### ***Key Risks and Assumptions associated with this Activity:***

Changes in legislation could result in requiring subsequent changes to the District Plan or changes to how resource consents are processed or monitored which have not been anticipated or appropriately budgeted for.

However, it is assumed that Central Government will give Local Government adequate notice/warning of any potential changes and that where major changes are required there will be an appropriate transition period provided to allow for Council to plan and budget for any required changes.

### **Building Control**

This Activity is undertaken by the Council to ensure that buildings are safely constructed and so that people have confidence that they are safe to use. The Council has legislative responsibilities for implementing these requirements under the Building Act 2004.

### What does this Activity involve?

- Processing building consent applications by assessing their compliance with the building code.
- Undertaking inspections of the consented building work to ensure compliance with the approved building consent.
- Respond to complaints relating to non compliances with the Building Act 2004 and take appropriate action when a non compliance is observed.
- Providing advice to the public on building consent applications and the Building Act 2004.
- Enforcing the Fencing of Swimming Pools Act 1987.

### Rationale for this Activity (why we do it):

Activity	Community Outcome	Council Role
Processing building consent applications and undertaking inspections of the building work to ensure compliance with the consent.	<i>A healthy local economy and a District that is growing</i>	Provider
Respond to complaints relating to non compliances with the Building Act 2004 and take appropriate action when a non compliance is observed.	<i>A healthy local economy and a District that is growing</i>	Regulator

### Levels of Service and how we will measure our performance:

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Carry out Building Consent Authority accreditation functions including enforcement of legislation relating to construction of buildings and structures.	Percent of building consent applications granted within 20 working days or less.	100% of applications	100% of applications	100% of applications	100% of applications	100% of applications
	Consent applications for new residential dwellings are processed in 18 days or less.	90% of applications	95% of applications	100% of applications	100% of applications	New Measure <sup>^</sup>
	Reported cases of illegal building work will be responded to within 3 working days.	100% of cases	100% of cases	100% of cases	100% of cases	New Measure <sup>^^</sup>
	Percent of private swimming pools on register inspected annually for compliance.	33% of private swimming pools are inspected.	33% of private swimming pools are inspected.	33% of private swimming pools are inspected.	33% of private swimming pools are inspected.	33% of private swimming pools were inspected
	Council will maintain its	Accreditation maintained	Accreditation maintained	Accreditation maintained	Accreditation maintained	Achieved

	accredited status as a Building Consent Authority.								
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^ For the year 2013/14 100% of building consent applications for new residential dwellings were processed in 20 working days.

^^ Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

### **Major Projects**

The following table shows the major projects scheduled for the Building Control Activity for the next 10 years. Note: These projects are generally only those with cost estimates over \$10,000.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Earthquake prone building surveys.	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Accreditation		\$20,000		\$20,000		\$20,000		\$20,000		\$20,000

### **What has changed since the 2012-22 LTP?**

Since the 2012-22 LTP was produced Council has entered into an arrangement with Rangitikei District Council which means that our Building Officers now process any overflow building consent applications for Rangitikei District Council at their request.

### **Challenges Council faces for this Activity:**

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation and the implications that this would have on the levels of service for this Activity.

Another challenge for this Activity is the requirements around earthquake prone buildings which are likely to come into place with the Building (Earthquake-prone Buildings) Amendment Bill which would mean that Council will have to update its policy on earthquake prone buildings and complete the seismic assessment of all non-residential buildings and all multi-unit, multi-storey residential buildings within this District within five years of amendment to the Building Act taking effect.

### **Significant negative effects associated with this Activity:**

There are no known significant negative effects surrounding Council's planned Building Control Activity.

### **Key Risks and Assumptions associated with this Activity:**

The major risk for this Activity is that Council may not maintain its Building Consent Authority Accreditation and this would mean that Council would no longer be able to process building consent applications in-house. However, Council assumes that it has the appropriate systems in place to ensure that it will get its accreditation each time that it comes up for review as per historical results.

Changes in legislation could result in an increase to the levels of service or require changes to be made to how the Council currently undertakes this Activity. However, it is assumed that Central Government will give Local Government adequate notice/warning of any potential changes and that



where major changes are required there will be an appropriate transition period provided to allow for Council to plan and budget for any required changes.

## **Environmental Health**

The Environmental Health Activity has two distinct areas being; Food Safety, which ensures that food services used by the Community are healthy and safe; and General Compliance, which ensures that other health legislative requirements are complied with.

### ***What does this Activity involve?***

- Investigating health complaints and carry out associated enforcement action when necessary/appropriate.
- Inspecting and auditing food premises and premises licensed under the Health Act 1956 to ensure compliance with relevant legislation.
- Providing advice to people wanting to open businesses in this District that require licensing under the Health Act 1956.

### ***Rationale for this Activity (why we do it):***

<b>Activity</b>	<b>Community Outcome</b>	<b>Council Role</b>
Processing applications for food premises and other premises and undertaking inspections/audits of these premises.	<i>Safe, resilient and healthy communities</i>	Regulator/Provider
Respond to health related complaints and take appropriate action when a non-compliance is observed.	<i>A healthy local economy and a District that is growing</i>	Regulator

### ***Levels of Service and how we will measure our performance:***

<b>Service</b>	<b>How will we measure our performance</b>	<b>Target (15/16)</b>	<b>Target (16/17)</b>	<b>Target (17/18)</b>	<b>Target (18-25)</b>	<b>Baseline (13/14)</b>
Monitoring of food services used by the Community to ensure that they are healthy and safe.	Percent of food premises fitting the scope of templated Food Control Plans apply for exemption from the Food Hygiene Regulations 1974.	10%	10%	10%	10%	<i>New Measure<sup>^</sup></i>
	Percent of registered premises that are inspected/audited and graded.	100%	100%	100%	100%	<i>Achieved</i>

<sup>^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

### ***Major Projects***

No major projects are planned for the Environmental Health Activity in the next 10 years.

### **What has changed since the 2012-22 LTP?**

Since the 2012-22 LTP was produced the Food Act 2014 was passed and food premises are now being transitioned from an inspection regime to that of an audit process by March 2016.

Also since the development of the last LTP the Council has been working together with other Territorial Authorities in the Manawatu-Wanganui Region to develop a generic Food Hygiene Bylaw and grading system for food premises. This is reflective of how local Territorial Authorities are looking to make efficiencies and to be more consistent with their processes.

### **Challenges Council faces for this Activity:**

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation and the implications that this would have on the levels of service for this Activity.

### **Significant negative effects associated with this Activity:**

The cost of this Activity for ratepayers is a significant negative effect associated with this Activity as currently fees and charges for this Activity only cover 25-35% of the cost of this Activity with the rest being ratepayer funded. Council can explore increasing the fees and charges so that the 'user payers' percentage of funding is higher. However, it is noted that in most cases there is a public good associated with this Activity as it helps to ensure that food premises, and other premises frequented by the public, are hygienic.

### **Key Risks and Assumptions associated with this Activity:**

Full implementation of the Food Act 2014 in March 2016 this will mean that businesses on National Food Programmes, such as dairies, can choose their verification agency and therefore there is a risk of a reduction in our food premises client base. It is assumed that most businesses will continue to rely on Council for their licensing.

### **Liquor Licensing**

This Activity involves the monitoring of all licensed premises to ensure that the sale and supply of alcohol is conducted in accordance with the Sale and Supply of Alcohol Act 2012 as well as monitoring licence conditions to ensure that the sale and supply of alcohol is conducted responsibly.

### **What does this Activity involve?**

- Processing applications for liquor licences and manager's certificates.
- Monitoring and inspection of all licensed premises to ensure compliance with both legislation and licence conditions.
- Joint undertakings such as "Controlled Purchase Operations" are carried out in conjunction with partner agencies MidCentral Public Health and New Zealand Police.
- Providing information and advice to customers on licensing requirements.

### **Rationale for this Activity (why we do it):**

<b>Activity</b>	<b>Community Outcome</b>	<b>Council Role</b>
Processing application for premises and undertaking inspections.	<i>Safe, resilient and healthy communities.</i>	Regulator/Provider
Respond to complaints	<i>A healthy local economy and a</i>	Regulator

relating to non-compliance with liquor licensing requirements and take appropriate action when a non-compliance is observed.	<i>District that is growing.</i>	
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**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Monitoring of licensed premises to ensure compliance with relevant legislation.	Percent of premises that are inspected annually to check for compliance with their licence conditions.	100% of premises are inspected.	100% of premises are inspected.	100% of premises are inspected.	100% of premises are inspected.	100% of premises were inspected.
	Percent of applications for a licence that will be forwarded to Public Health and the Police for comment.	100% of applications	100% of applications	100% of applications	100% of applications	New Measure <sup>^</sup>

<sup>^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

**Major Projects**

The following table shows all major projects scheduled for the Liquor Licensing Activity for the next 10 years.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Development of Local Alcohol Policy.	\$3,000									

**What has changed since the 2012-22 LTP?**

The Horowhenua District Licensing Committee has been established as required by the Sale and Supply of Alcohol Act 2012. This Committee is responsible for considering and determining all applications relating to licences and certificates.

**Challenges Council faces for this Activity:**

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation and the implications that this would have on the levels of service for this Activity.

### **Significant negative effects associated with this Activity:**

The cost of this Activity for ratepayers is a significant negative effect associated with this Activity as currently fees and charges for this Activity only cover 40-50% of the cost of this Activity with the rest being ratepayer funded. However, these fees are set by Central Government and as such Council is unable to change them.

### **Key Risks and Assumptions associated with this Activity:**

Changes in legislation could result in unanticipated changes in levels of service for this Activity. However, it is assumed that Central Government will give Local Government adequate notice/warning of any potential changes and that where major changes are required there will be an appropriate transition period provided to allow for Council to plan and budget for any required changes.

### **Animal Control**

This Activity principally involves Council administering, implementing, and enforcing the Dog Control Act 1996 and implement or enforcing other relevant legislation from time to time as such the Impounding Act 1955. The Dog Control Act 1996 seeks to improve public safety by mitigating the risk of harm, injury, or nuisance from dogs in our Community.

### **What does this Activity involve?**

- Registering dogs.
- Patrolling the District on the outlook for animal nuisances.
- Responding to complaints about dogs and livestock.
- Providing impounding facilities for dogs and livestock.
- Educating the public on the responsibilities of dog ownership.
- Protecting against damage to fragile areas.
- Re-homing or euthanizing unclaimed animals.

### **Rationale for this Activity (why we do it):**

<b>Activity</b>	<b>Community Outcome</b>	<b>Council Role</b>
Provision of Animal Control services.	<i>Safe, resilient and healthy communities</i>	Regulator/Provider

### **Levels of Service and how we will measure our performance:**

<b>Service</b>	<b>How will we measure our performance</b>	<b>Target (15/16)</b>	<b>Target (16/17)</b>	<b>Target (17/18)</b>	<b>Target (18-25)</b>	<b>Baseline (13/14)</b>
Reported instances of non-compliance and dog nuisance will be responded to.	Percent of reported instances of non-compliance and dog nuisance will be responded to.	100%	100%	100%	100%	<i>New Measure (100% of non-compliance &amp; dog nuisance was responded to.)</i>
	An after-hours emergency response will be continuously provided.	Achieved	Achieved	Achieved	Achieved	<i>New Measure (After-hours emergency response was provided.)</i>
Registration and	Percent of known dogs that will be	100%	100%	100%	100%	<i>100% of known dogs</i>

classification of all known dogs within the District.	registered or accounted for annually by 31 October.					
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### **Major Projects**

The following table shows the major projects scheduled for the Animal Control Activity for the next 10 years.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Dog Pound Extensions.	\$15,000				\$6,000				\$6,000	
Body worn GPS/Video.	\$3,000			\$4,000			\$4,000			\$4,000

### **What has changed since the 2012-22 LTP?**

No key changes have occurred for the Animal Control Activity since the 2012-22 LTP was produced.

### **Challenges Council faces for this Activity:**

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation and the implications that this would have on the levels of service for this Activity.

### **Significant negative effects associated with this Activity:**

There are no known significant negative effects surrounding Council's planned Animal Control Activity.

### **Key Risks and Assumptions associated with this Activity:**

A key risk is that changes in legislation could result in unanticipated changes in levels of service for this Activity. However, it is assumed that Central Government will give Local Government adequate notice/warning of any potential changes and that where major changes are required there will be an appropriate transition period provided to allow for Council to plan/budget for any required changes.

### **Parking Enforcement**

Council provides on and off-street parking in Levin, including metered and time restricted areas with a goal that people can access car parks. This Activity involves the implementation and enforcement of the parking control measures specified in the Council's Traffic and Parking Bylaw 2007.

### **What does this Activity involve?**

- Enforcing the parking control measures of the Council's Traffic and Parking Bylaw 2007 including issuing tickets for non compliances.
- Policing expired vehicle registrations and warrants of fitness.

### **Rationale for this Activity (why we do it):**

Activity	Community Outcome	Council Role
Operation of a parking enforcement scheme.	<i>Safe, resilient and healthy communities</i>	Regulator

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
All parking restricted areas in Levin will be enforced under the provisions of Council's Bylaw and the Transport Regulations.	Enforcement conducted each working day.	Achieved	Achieved	Achieved	Achieved	<i>Achieved</i>

**Major Projects**

The following table shows the major projects scheduled for the Parking Enforcement Activity for the next 10 years.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Mobile Ticket Devices.	\$22,000				\$24,000				\$28,000	
Body worn GPS/Video.	\$3,000			\$4,000			\$4,000			\$4,000

**What has changed since the 2012-22 LTP?**

No key changes have occurred for the Parking Enforcement Activity since the 2012-22 LTP was produced.

**Challenges Council faces for this Activity:**

No challenges have been identified as facing Council for the Parking Enforcement Activity.

**Significant negative effects associated with this Activity:**

There are no known significant negative effects surrounding Council's planned Parking Enforcement Activity.

**Key Risks and Assumptions associated with this Activity:**

No key risks or assumptions have been identified for the Park Enforcement Activity.

**General Regulatory Services**

The General Regulatory Services Activity consists of a number sub-activities undertaken as part of Council's general regulatory functions including bylaw and policy reviews, inspection of non-food premises (such as hairdressers), dealing with abandoned vehicles, following up on noise and litter complaints, and gaming machine venue consents.

**What does this Activity involve?**

- Review or develop relevant bylaws e.g. Council's Public Places Bylaw.
- Inspection of non-food premises for compliance with relevant legislation.
- Respond to general noise complaints Council receives and take appropriate action if noise is considered to be excessive. Note: Council's noise control functions are largely contracted externally.

- Respond to complaints regarding vehicles that have been abandoned in public spaces and take appropriate action.
- Respond to complaints about the dumping of litter on private and public land and take action under the Litter Act 1979 as appropriate.

**Rationale for this Activity (why we do it):**

Activity	Community Outcome	Council Role
Provide General Regulatory Services.	<i>Safe, resilient and healthy communities</i>	Regulator/Provider

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Noise complaints response service will be provided.	Noise complaints services are provided all year round and 90% of complaints will be responded to within 60 minutes.	Achieved	Achieved	Achieved	Achieved	<i>New measure<sup>^</sup></i>
Public safety bylaws and other legislation will be enforced.	Percent of reported non compliances and complaints that are responded to within 5 working days.	100%	100%	100%	100%	<i>New measure<sup>^</sup></i>

<sup>^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

**Major Projects**

No major projects are planned for this Activity over the next 10 years, however it should be noted that in 2014 Council commenced a review process of current bylaw's and policies. This review will continue for the next 18 months to ensure compliance with statutory review requirements.

**What has changed since the 2012-22 LTP?**

With the exception of this being identified in this LTP as an Activity, no key changes have occurred for the General Regulatory Services Activity since the 2012-22 LTP was produced.

**Challenges Council faces for this Activity:**

A key challenge facing Council for this Activity is that there is uncertainty around future amendments to current legislation or the introduction of new legislation and the implications that this would have on the levels of service for this Activity.

**Significant negative effects associated with this Activity:**

There are no known significant negative effects surrounding Council's planned General Regulatory Services Activity.

**Key Risks and Assumptions associated with this Activity:**

No key risks or assumptions have been identified for this Activity.

## How much will it cost?

### Capital Expenditure Regulatory Services Projects

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Regulatory Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to replace existing assets	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Vehicles	64	0	34	69	0	37	76	0	40	84
Overheads	2	2	2	2	2	3	3	3	3	3
<b>Total</b>	<b>66</b>	<b>2</b>	<b>36</b>	<b>72</b>	<b>2</b>	<b>39</b>	<b>78</b>	<b>3</b>	<b>43</b>	<b>86</b>

Regulatory Projects										
Primary Type - to improve the level of service										
Parking Mobile Ticket Device	22	0	0	0	24	0	0	0	28	0
Dog Pound Pup Kennels. Concreting extension	15	0	0	0	6	0	0	0	6	0
Body Worn video equipment	3	0	0	4	0	0	4	0	0	4
Body Worn video equipment	3	0	0	4	0	0	4	0	0	4
Overheads	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>44</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>31</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>35</b>	<b>10</b>

Total Regulatory Projects by Type										
to replace existing assets	66	2	36	72	2	39	78	3	43	86
to improve the level of service	44	1	1	8	31	1	9	1	35	10
<b>Total Regulatory Projects</b>	<b>111</b>	<b>3</b>	<b>37</b>	<b>80</b>	<b>34</b>	<b>40</b>	<b>87</b>	<b>4</b>	<b>78</b>	<b>96</b>



## Forecast Funding Impact Statement for Planning and Regulatory Services

<b>Activity FIS - Planning and Regulatory</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	
<b>Horowhenua District Council: Funding impact statement for the years 2014/15 to 2024/25 for Planning and Regulatory group of activities</b>											
	Annual Plan 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	1,662	1,969	2,008	1,974	1,987	2,004	2,057	2,608	2,981	2,376	2,118
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies & Grants for Operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees & Charges	3	3	3	3	3	3	3	3	4	4	4
Local authorities fuel tax, fines, infringement fees and other receipts	2,175	2,259	2,313	2,395	2,482	2,551	2,638	2,720	2,808	2,915	3,025
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>3,840</b>	<b>4,231</b>	<b>4,324</b>	<b>4,372</b>	<b>4,472</b>	<b>4,558</b>	<b>4,698</b>	<b>5,331</b>	<b>5,793</b>	<b>5,295</b>	<b>5,147</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	603	652	471	403	416	427	440	1,050	1,381	799	502
Finance Costs	155	150	155	149	145	144	140	136	135	130	129
Internal charges and overheads applied	3,228	3,324	3,513	3,632	3,721	3,795	3,920	3,943	4,071	4,162	4,305
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,986</b>	<b>4,126</b>	<b>4,139</b>	<b>4,184</b>	<b>4,282</b>	<b>4,366</b>	<b>4,500</b>	<b>5,129</b>	<b>5,587</b>	<b>5,091</b>	<b>4,936</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(146)</b>	<b>105</b>	<b>185</b>	<b>188</b>	<b>190</b>	<b>192</b>	<b>198</b>	<b>202</b>	<b>206</b>	<b>204</b>	<b>211</b>

## Forecast Funding Impact Statement (continued)

<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	162	83	(100)	(65)	(21)	(66)	(60)	(12)	(95)	(20)	(3)	
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>162</b>	<b>83</b>	<b>(100)</b>	<b>(65)</b>	<b>(21)</b>	<b>(66)</b>	<b>(60)</b>	<b>(12)</b>	<b>(95)</b>	<b>(20)</b>	<b>(3)</b>	
<b>Applications of capital funding</b>												
<b>Capital Expenditure</b>												
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	44	1	1	8	31	1	9	1	35	10	
- to replace existing assets	16	66	2	36	72	2	39	78	3	43	86	
Increase (decrease) in reserves	-	78	82	86	89	93	98	103	107	106	112	
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>16</b>	<b>188</b>	<b>85</b>	<b>123</b>	<b>169</b>	<b>126</b>	<b>138</b>	<b>190</b>	<b>111</b>	<b>184</b>	<b>208</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>146</b>	<b>(105)</b>	<b>(185)</b>	<b>(188)</b>	<b>(190)</b>	<b>(192)</b>	<b>(198)</b>	<b>(202)</b>	<b>(206)</b>	<b>(204)</b>	<b>(211)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	17	78	81	81	81	82	85	85	86	81	84	

<b>Activity Expenditure</b>	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Animal Control	215	223	229	239	246	257	264	269	281	289	300
Building Consents	729	730	803	812	845	852	890	886	931	931	978
Building Policy	167	180	200	202	210	212	222	220	232	234	245
Dog Control	560	578	576	600	614	629	645	654	670	690	711
Environmental Health	188	188	232	239	244	250	256	260	267	274	282
Environmental Health Policy	31	41	50	51	52	54	55	56	58	59	61
Liquor Licensing	193	197	203	214	218	222	230	232	235	245	252
Liquor Policy	14	15	20	20	20	22	22	22	23	24	24
Parking	390	483	492	508	518	531	548	556	570	586	608
Planning Policy	709	840	649	581	579	584	596	1,191	1,515	923	614
Resource Planning	588	513	547	570	583	597	612	620	634	653	672
Safety Licensing	219	215	220	229	232	239	245	250	257	265	274
<b>Total Expenditure including Depreciation</b>	<b>4,003</b>	<b>4,202</b>	<b>4,220</b>	<b>4,267</b>	<b>4,364</b>	<b>4,448</b>	<b>4,585</b>	<b>5,215</b>	<b>5,674</b>	<b>5,172</b>	<b>5,020</b>

<b>Internal Loans attributable to this group of activities</b>											
	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Loan balance 1st July	80	47	64	139	214	288	328	463	478	699	962
Raised during the year	66	19	78	80	83	52	148	34	240	291	282
Repaid during the year	(104)	(2)	(3)	(6)	(9)	(12)	(13)	(19)	(19)	(28)	(39)
<b>Forecast loan balance 30th June</b>	<b>42</b>	<b>64</b>	<b>139</b>	<b>214</b>	<b>288</b>	<b>328</b>	<b>463</b>	<b>478</b>	<b>699</b>	<b>962</b>	<b>1,206</b>
Budgeted interest expense	5	3	4	9	14	19	21	30	31	45	63

### ***How will each activity be funded?***

<b>Activity</b>	<b>District Planning Consenting</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees.
<b>Rationale</b>	Although primarily a private benefit, the Resource Management Act exists to protect the wider environment for the benefit of all residents.

<b>Activity</b>	<b>District Plan Policy</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	This activity is strategic in nature and is primarily involved in protection of the environment for the benefit of the wider community. The activity also aids in public understanding and compliance with the Resource Management Act.

<b>Activity</b>	<b>Building Consents</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees.
<b>Rationale</b>	Although primarily a private benefit, the Building Act exists to protect the wider community from poor building practices.

<b>Activity</b>	<b>Building Policy</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	Although the building consenting activity is a private benefit, the Building Act and the accreditation process exists to ensure standards set by regulatory agencies are met to protect the wider community from poor building practices.

<b>Activity</b>	<b>Environmental Health</b>
<b>Funding Source</b>	This activity will be funded by Private Good Fees and Charges and Public Good Rates.
<b>Rationale</b>	This activity is serviced by specifically qualified staff with direct responsibility for licensing, inspections and work associated with enquiries and complaints in relation to public health matters for which the Council is responsible. The general ratepayer is the widest beneficiary of the service, which is a statutory requirement.

<b>Activity</b>	<b>Liquor Licensing</b>
<b>Funding Source</b>	This activity will be funded by Private Good Fees and Charges and Public Good Rates.
<b>Rationale</b>	Licence fees are set by regulation and cannot be altered by Council.

<b>Activity</b>	<b>Dog Control</b>
<b>Funding Source</b>	This activity will be funded by Private Good Fees and Charges and Public Good Rates.
<b>Rationale</b>	Although primarily a private benefit, the Dog Control Act exists to protect the wider community from errant dogs.

<b>Activity</b>	<b>Parking Enforcement</b>
<b>Funding Source</b>	This activity will be funded by Private Good Fees and Charges and Public Good Rates.
<b>Rationale</b>	It is predominantly funded from those who use the car parks.

<b>Activity</b>	<b>General Regulatory Services</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	It is not practicable to charge the beneficiaries of the service as they are not the cause of the need for the service.

## Community Facilities and Services

This Group of Activities provides assets and support for locals and visitors to the District to enjoy our open spaces. These assets support activities that are largely passive or active leisure based pursuits which involve the community from casual participation through to clubs and associations organised on a national level. The ability to take part in social and sporting activities at these levels is important for the quality of life at a community level and for basic health at an individual level. Along with these benefits, the green and open nature of assets in this Activity also provides great enhancement to the environment within the District.

### **Reserves, Public Halls, Sports Grounds, Cemeteries and Beautification**

This Activity involves the management of reserves, sports grounds and cemeteries as well as for the provision of street beautification within the District.

#### ***What does this Activity involve?***

##### Reserves and Beautification:

Key to the provision of this Activity is ownership of a large number of reserves and parks including (but not limited to) neighbourhood reserves, riverside and lakeside picnic areas, and public gardens. These have management and/or development plans, which have been developed with substantial community involvement. They also allow a diversity of pursuits important to the enjoyment of healthy lifestyles, and are an attraction to visitors. The Council owns 27 sets of public toilets throughout the District which are largely located on reserves.

##### Public Halls:

The Council owns halls in Levin, Foxton and Shannon. The halls are provided and maintained for the use and enjoyment of these communities and the surrounding areas.

##### Sports Grounds:

Some reserves function as sports grounds, with added facilities for both casual and structured sporting activities as well as other events.

##### Cemeteries:

Cemeteries are subject to the Burial and Cremation Act 1964 which states that a local authority shall, where sufficient provision is not otherwise made, establish and maintain a suitable cemetery for the burial of those who die in its District. It is estimated that between 50% and 60% of the deaths registered in the Horowhenua result in interments in Council's cemeteries.

In recent years, there has been a trend towards lawn cemeteries, memorial parks, and cremation.

#### ***Rationale for this Activity (why we do it):***

Activity	Community Outcome	Council Role
Maintain public Reserves.	<ul style="list-style-type: none"> <li>- A sustainable environment</li> <li>- A community of knowledge, culture and diversity where people are proud to live</li> <li>- Safe, resilient and healthy communities</li> </ul>	Funder/Provider/Advocate
Manage a Beautification programme across the District.	<ul style="list-style-type: none"> <li>- A sustainable environment</li> <li>- A community of knowledge, culture and diversity where people are proud to live</li> <li>- Safe, resilient and healthy communities</li> </ul>	Funder/Provider

Maintain Sports Grounds for public use.	<ul style="list-style-type: none"> <li>- A healthy local economy and a District that is growing</li> <li>- A sustainable environment</li> <li>- A community of knowledge, culture and diversity where people are proud to live.</li> <li>- Safe, resilient and healthy communities</li> <li>- Positive leadership and effective partnerships</li> </ul>	Funder/Provider
Operate Cemeteries	<ul style="list-style-type: none"> <li>- A community of knowledge, culture and diversity where people are proud to live</li> <li>- Safe, resilient and healthy communities</li> <li>- Positive leadership and effective partnerships</li> </ul>	Funder/Provider

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Reserves are available for community use.	Sufficient space is available (ha/1000 pop).	1	1	1	1	New Measure <sup>^^</sup>
Community Halls are available for public use.	Number of uses per fortnight for the Levin, Foxton and Shannon Halls.	10 <sup>^</sup>	10	10	10	New Measure (23)
Sports grounds are available for community use.	Percent of time that sport grounds are available for use during their opening hours.	95%	95%	95%	95%	95%
Playgrounds are safe for users.	Playground facilities comply with relevant standards.	100%	100%	100%	100%	New Measure (100% of Council's playground facilities comply with relevant standards)
Cemeteries are managed and maintained to an appropriate standard.	Meet needs according to legal requirements.	Meet	Meet	Meet	Meet	New Measure (Legal requirements were met.)
Cemeteries operate to an acceptable level.	All arrangements and internments at Council cemeteries are made satisfactorily before 24 hours from internment.	Achieved	Achieved	Achieved	Achieved	Achieved

^ Council is anticipating a decrease in the use of its Halls in Levin and Foxton as these buildings have been identified as being earthquake prone.

^^ Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

### Major Projects

The following table shows the major projects scheduled for the Reserves, Sports Grounds, Cemeteries and Beautification Activity for the next 10 years.

**Note:** These projects are generally only those with cost estimates \$100,000 and over.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Waitarere Dune Management	\$103,000									
Reserves renewals			\$159,000							
Sports grounds renewals					\$756,000					
Levin Adventure Park (playground)			\$157,000							
Cemetery – Foxton Land Development		\$134,000								
Levin Domain Pathways Resurface	\$299,000									
Foxton Beach	\$100,000	\$102,000	\$105,000	\$108,000	\$111,000	\$114,000	\$117,000	\$121,000	\$125,000	\$129,000
Hall renewals.		\$447,000					\$226,000			
Public toilets renewals					\$222,000	\$264,000				



### ***What has changed since the 2012-22 LTP?***

Since the adoption of the 2012-22 LTP Cyrus Hills Forest has been sold and any remaining small forestry blocks have been incorporated into the individual parks and reserves.

### ***Challenges Council faces for this Activity:***

Changes in levels of demand and Community expectations are challenges facing Council for this Activity. These challenges are addressed by ensuring that reserves, sports grounds, and cemeteries are developed to be multi-use and flexible enough to cope with changes in demands and expectations. Use of some facilities may also be a challenge, with usage lessening but operational costs increasing.

Another challenge faced by the Council is that there are capacity issues at the Manakau Cemetery and steps will need to be taken to secure and/or develop more land, with other works programmes undertaken to maintain current levels of service for this part of the Community.

Conservation is also a challenge faced by Council and there a number of projects that are proposed to address conservation issues in the District including the implementation of the Waitarere Beach and Foxton Beach Coastal Dune Management Plans and the development of the Wairarawa Walkway system. These projects address sensitive areas in establishing and maintaining coastal and riparian plantings.

Vandalism and Graffiti are challenges faced by Council for this Activity. Where possible the Council designs assets to be vandal resistant which involves not just the type of construction but also good design, well considered location, and responsive maintenance.

Another challenge facing Council is that the Halls in Levin and Foxton have been identified as earthquake prone and with new legislation around requirements to upgrade earthquake prone buildings Council must decide what it wants to do with these buildings.

The final challenge faced by the Council for this Activity is that demographic projections are signalling that the population of the Horowhenua District is ageing. As there will be a growing proportion of the population over 65 years of age the Council needs to design its reserves and leisure spaces to better suit the needs of this age group.

### ***Significant negative effects associated with this Activity:***

There are no known significant negative effects surrounding Council's planned Reserves and Beautification, Sports Grounds, and Cemeteries Activity.

### ***Key Risks and Assumptions associated with this Activity:***

Due to the active nature of some assets used within this Activity, there are varying levels of personal and social risks within some sub-activities. For example, playgrounds contain a range of inherent risks to personal safety. These types of risks are removed or managed by adherence to a range of standards regulating how these assets and activities are to be run.

Earthquake prone buildings owned by the Council are possibly a risk if they continue to be utilised without being earthquake strengthen.

### **Aquatic Centres and Recreation**

Swimming pools provide recreational opportunities that play an important part in the promotion and opportunities for healthy and safe lifestyles in Horowhenua. As part of this Activity the Council has two Aquatic Centres in Levin and Foxton and manages the Shannon School swimming pool during

the Summer. Aquatic Centres provide for a wide range of activities including swim schools, fitness classes, and holiday and social events.

**What does this Activity involve?**

- Providing public swimming pools for general use in Levin (all year round) and Foxton (between December and April) as well as managing the Shannon School swimming pool during the Summer.
- Providing facilities for local clubs and organisations to utilise e.g. the Horowhenua Canoe Polo Club.
- Providing a certified Swim School in Levin and Foxton.
- Supporting local recreation clubs and organisations to run events off site.
- Providing fitness classes both on and off site.

**Rationale for this Activity (why we do it):**

Activity	Community Outcome	Council Role
Safe Aquatic Centres are available for community use.	- <i>Safe, resilient and healthy communities</i>	Provider
Recreation opportunities are provided for the community.	- <i>Safe, resilient and healthy communities</i> - <i>Positive leadership and effective partnerships</i>	Provider/Advocate

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Safe aquatic facilities are operating in the District.	Compliance with relevant standards including Pool Safe Accreditation.	100% compliant	100% compliant	100% compliant	100% compliant	100% compliant
Aquatics Centres meet customer needs.	Percent of customer satisfaction, based on the Annual Customer Satisfaction Survey.	90% Satisfied	90% Satisfied	90% Satisfied	95% Satisfied	94%^
A high quality Swim School operates at the Levin and Foxton Aquatic Centres.	Number of participants in Learn to Swim classes.	400 per term	400 per term	400 per term	400 per term	Achieved (410 participants)
Local clubs are supported to deliver their own events.	Number of events per year held by clubs- clubs growing and taking	4 per year	5 per year	5 per year	6 per year	New Measure^^

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
	ownership of their own events and future.					
Growing existing events and developing new ones for the following areas; children, general public, and retirees.	Number of events per year for children, general public, and retirees.	2 events per group each year	3 events per group each year	3 events per group each year	4 events per group each year	<i>New Measure</i> <sup>^^</sup>

<sup>^</sup> Council is anticipating a slight reduction in customer satisfaction for the Levin Aquatic Centre during the construction of the Aquatic Centre upgrade during Years 1-3 of the LTP.

<sup>^^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

### **Major Projects**

The following table shows the major projects scheduled for the Aquatic Centres and Recreation Activity for the next 10 years. Note: These projects are generally only those with cost estimates over \$100,000.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Levin Aquatic Centre Redevelopment.		\$1,652,000								

### **What has changed since the 2012-22 LTP?**

The major project of the redevelopment of the Levin Aquatic Centre was originally scheduled to occur in the year 2014/15, however this project was deferred until the year 2015/16.

### **Challenges Council faces for this Activity:**

A major challenge facing Council for this Activity is the change in demand and Community expectations. This challenge will be met by ensuring that as key recreation assets are developed or upgraded they are designed to be multiuse as much as possible and to be flexible enough to cope with changing demands and expectations.

Another challenge for this Activity is the ongoing increases in operational costs, coupled with a low socioeconomic District being unable to afford increases in fees and charges.

### **Significant negative effects associated with this Activity:**

There are no known significant negative effects surrounding Council's planned Aquatic Centres and Recreation Activity.

### **Key Risks and Assumptions associated with this Activity:**

The major risk associated with this Activity is personal and social, due to the active nature of the services provided by this Activity. For example, pools and recreation activities contain a range of

inherent risks to personal safety. These types of risks are removed or managed by adherence to a range of standards regulating how these assets and activities are to be run.

### **Community Centres and Libraries**

Community Centres and Libraries are an important educational, cultural, and recreational resource as they enrich the economic, social and intellectual life of the Community. As part of this Activity the Council owns the Levin Culture and Community Centre (Te Takeretanga o Kura-Hau-Pō or Te Takere for short) as well as the Library buildings in Shannon and Foxton.

In 1996, Council set up the Horowhenua Library Trust (now Te Horowhenua Trust), 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.

Council is also contributing to the development of Te Awahou-Nieuwe Stroom which will serve as a community centre for Foxton and will be a major project for Council's Community Centres and Libraries Activity over the next two years.

### ***What does this Activity involve?***

Council signed a new Management Contract with Te Horowhenua Trust on 1 July 2012. It now covers the delivery of the following services in Te Takere:

- Business support.
- Children's services and activities.
- Community support.
- Education and learning.
- Events, exhibitions and performances.
- Library services and activities (in Levin, Foxton and Shannon).
- Local and family history.
- Meetings functions and conventions.
- Council service centres.
- Services and facilities for older adults.
- Social lounges and café.
- Te Ao Māori.
- Technology resources and facilities.
- Youth services and activities.
- Visitor information.

### ***Rationale for this Activity (why we do it):***

Activity	Community Outcome	Council Role
Community Centres and Libraries operate within the District.	<ul style="list-style-type: none"> <li>- A healthy local economy and a District that is growing</li> <li>- A community of knowledge, culture and diversity where people are proud to live</li> <li>- Safe, resilient and healthy communities</li> <li>- Positive leadership and effective partnerships</li> </ul>	Funder/Provider

## Levels of Service and how we will measure our performance:

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Council provides Community facilities for residents, ratepayers, and visitors to access community services including library services.	Communities with library and community facilities providing an integrated and District wider service.	Levin, Foxton and Shannon	Levin, Foxton, and Shannon	Levin, Foxton, and Shannon	Levin, Foxton, and Shannon	<i>Achieved</i>
	Percent of residents and non residents satisfied with library and community services.	>85%	>85%	>85%	>85%	71%
	Number of booking counts for community facilities.	380	380	380	380	388
	Number of visitor counts <sup>^</sup> to Te Takere, Foxton Library & Service Centre and Shannon Library.	650,000 people across all sites annually	650,000 people across all sites annually	650,000 people across all sites annually	650,000 people across all sites annually	650,000 (rounded to the nearest 10,000)
Customers have access to a range of current information in both print and digital format.	Number of items loaned from the Library across District, including books, magazines etc.	370,000	350,000	350,000	350,000	380,000 (rounded to the nearest 10,000) <sup>^^</sup>
	Percent of increase in use of website.	+>1%	+>1%	+>1%	+>1%	<i>New Measure<sup>^</sup> ^^</i>
Customers have access to programmes and initiatives that enhance wellbeing of the District.	Number of programmes delivered.	100	100	100	100	107

<sup>^</sup> Visitor counts include people passing through the buildings as the Council is not currently able to differentiate between actual visitors and people just passing through the building.

<sup>^^</sup> This information was provided by the Te Horowhenua Trust as part of their Quarterly Reports to Horowhenua District Council.

<sup>^^^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

### Major Projects

The following table shows the major projects scheduled for the Community Centres and Libraries Activity for the next 10 years. Note: These projects are generally only those with cost estimates over \$200,000.

The Council has included the full capital and revenue costs for the Te Awahou-Nieuwe Stroom project (approximately \$7.36 million). However, of this, Council is anticipating contributing

approximately \$2.16 million towards this project including funding from other activities and sources such as the Foxton Townscape Main Street project, strategic grants and sale of land). Following consultation with the community (as part of this LTP) Council resolved to allocate \$500,000 from the Foxton Beach Freehold Account towards this project (subject to other funding requirements being met). Council has also appointed an External Funding Manager to source the remaining funds required for this project from external sources such as the New Zealand Lotteries Commission.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Building of Te Awahou-Nieuwe Stroom.	\$1,395,000	\$1,430,000								
Renewals – Te Awahou-Nieuwe Stroom	\$1,127,000	\$1,155,000								

***What has changed since the 2012-22 LTP?***

No key changes have occurred in the Community Centres and Libraries Activity since the 2012-22 LTP was produced.

***Challenges Council faces for this Activity:***

A major challenge facing Council for this Activity is the change in demand and community expectations. This challenge will be met by ensuring that as key Community Centres and Library assets are developed or upgraded they are designed to be multiuse as much as possible and to be flexible enough to cope with changing demands and expectations.

Another challenge faced by the Council for this Activity is the ongoing increases in operational costs, coupled with a low socioeconomic District being unable to afford increases in fees and charges.

Obtaining sufficient funds from external sources to enable the development of Te Awahou-Nieuwe Stroom is also a challenge currently facing Council in relation to this Activity. As noted above Council has appointed an External Funding Manager to help ensure that funding requirements are met.

***Significant negative effects associated with this Activity:***

There are no known significant negative effects surrounding Council’s planned Aquatic Centres Activity.

***Key Risks and Assumptions associated with this Activity:***

No key risks or assumptions have been identified for this Activity.

## How much will it cost?

### Capital Expenditure Community Facilities and Services Projects

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CFS Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to replace existing assets	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cemetery - Mako Mako Pathways	0	15	0	0	0	0	0	0	0	0
Community Centre	1,127	1,127	0	0	0	0	0	0	0	0
Levin Reseal rear car park	10	0	0	0	0	0	0	0	0	0
Levin Hydroslide rust prevention and repair	28	0	0	0	0	0	0	0	0	0
Levin Aquatic Centre Plan Renewals	20	40	20	20	20	20	20	40	20	20
Foxton Aquatic Centre Plan Renewals	10	20	10	10	10	10	10	20	10	10
District Replacement of water heaters	11	11	0	0	0	0	0	0	0	0
District Halls (& Pavilions) Reactive renewals (including vandalism)	25	25	25	25	25	25	25	25	25	25
Public Toilets Programmed Renewals	41	43	44	45	47	48	50	50	50	50
Halls Renewals	0	437	0	0	0	0	192	0	0	0
Public Toilets Renewals	0	0	0	0	200	232	0	0	0	0
Arapaepae Rd Beautification Strip Remedial Landscaping and Tree removal	21	0	0	0	0	0	0	0	0	0
District Play Equipment Bark mulch	26	25	25	0	0	0	0	0	0	0
Waitarere Dune management Dune management - flatten recountour	103	0	0	0	0	0	0	0	0	0
Waitarere Foreshore Reserve Signage & Plants	5	5	0	0	0	0	0	0	0	0
Weraroa Domain Remembrance area refurbishment	0	8	0	0	0	0	0	0	0	0
Donnelly Park Cricket Fields Renew artificial surface	13	0	0	0	0	0	0	0	0	0
District Replacement of water supply bore-pumps	0	0	15	0	0	0	0	0	0	0
Reserve Carpark reseal	30	0	0	0	0	0	0	0	0	0
Reserves Renewals	10	60	151	10	10	10	10	10	10	10
Sportsgrounds Renewals	10	10	10	10	683	10	10	10	10	10
Donnelly Park Reroof Amenity block / Toilet	0	25	0	0	0	0	0	0	0	0
Levin Adventure Park Oak Tree maintenance and renewal	0	15	0	0	0	0	0	0	0	0
Levin Adventure Park Playground renewals	0	0	150	0	0	0	0	0	0	0
Levin Domain Pathways resurface	299	0	0	0	0	0	0	0	0	0

**Capital Expenditure (continued)**

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Primary Type - to replace existing assets</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Levin Domain Replace boundary fencing	21	0	0	0	0	0	0	0	0	0
Prouse Bush Noxious Weed Removal & Revege (native land snail habitat protection w	0	0	10	0	0	0	0	0	0	0
District Play Equipment	42	40	0	40	40	40	40	40	40	40
Foxton Tram Station Exterior Repair and Repaint	16	0	0	0	0	0	0	0	0	0
Holben Sound Shell & Repainting buildings	0	0	5	0	0	0	0	0	0	0
Kimberley Reserve Toilets Reroof and refit	0	0	15	0	0	0	0	0	0	0
Levin Public Gardens Drive and pathway	0	10	0	0	0	0	0	0	0	0
Levin Public Gardens Landscaping	3	0	0	0	0	0	0	0	0	0
Cousins Ave Reserve Access and Revege	0	3	0	0	0	0	0	0	0	0
Foxton Beach	100	100	100	100	100	100	100	100	100	100
Vehicles	0	24	25	0	24	25	0	24	0	0
Overheads	101	102	105	105	105	106	105	104	106	106
<b>Total</b>	<b>2,073</b>	<b>2,144</b>	<b>710</b>	<b>365</b>	<b>1,263</b>	<b>626</b>	<b>561</b>	<b>423</b>	<b>371</b>	<b>371</b>



## Capital Expenditure (continued)

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CFS Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to improve the level of service	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cemetery - Foxton Land Development	0	131	0	0	0	0	0	0	0	0
Cemetery - Foxton Ashes area	24	0	0	0	0	0	0	0	0	0
Cemetery - Avenue Redevelop Front Entrance and update information signage	0	0	30	0	0	0	0	0	0	0
Cemetery - Shannon Burial beams	10	0	0	0	0	0	0	0	0	0
Cemetery - Avenue Extend Burial and Cremation sites	0	90	0	0	0	0	0	0	0	0
Cemetery - Avenue Land Development	0	9	0	0	0	0	0	0	0	0
Community Centre	1,395	1,395	0	0	0	0	0	0	0	0
Levin disable facilities upgrade, hydrotherapy pool, zero depth pool & play equipment, upgrade reception	0	1,613	0	0	0	0	0	0	0	0
Levin Hydroslide rust prevention	2	0	0	0	0	0	0	0	0	0
Levin Pump VSD	31	0	0	0	0	0	0	0	0	0
Levin UV disinfection investigation, and installation	0	50	42	0	0	0	0	0	0	0
Levin Install Centaman - online booking	0	0	55	0	0	0	0	0	0	0
FlagTrax	54	0	0	0	0	0	0	0	0	0
Levin Supply and extract fans	7	7	7	4	0	4	0	4	0	4
Levin Coils	0	2	0	2	0	0	0	0	0	0
Levin Pumps	10	5	5	5	5	5	5	0	0	0
Levin Storage and filter tanks	0	0	0	0	0	0	0	0	5	5
Levin air and heat	0	0	2	0	0	2	0	0	2	0
Levin plantroom miscellaneous	1	1	1	1	1	1	1	1	1	1
Foxton plantroom miscellaneous	5	2	5	2	5	2	5	2	5	2
Upgrade ablutions block Donnelly Park	60	0	0	0	0	0	0	0	0	0
Shannon Memorial Hall - accesbile facility's upgrade (toilet block and entrance)	50	0	0	0	0	0	0	0	0	0
Public Toilets-Salisbury Street upgrade, Reroof, renew flooring, change doors	55	0	0	0	0	0	0	0	0	0
Target Reserve: Improve internal access tracks due to increased useage & to address safety issues	25	0	0	0	0	0	0	0	0	0
Shannon Domain drainage, landscaping, pathway for improved pederstrain access between Shannon RFU building & Mavis Vincent	8	0	0	0	0	0	0	0	0	0
Redevelopment Donnelly Park	20	0	0	0	0	0	0	0	0	0
Waitarere Foreshore Accretion	19	0	0	0	0	0	0	0	0	0
Driscoll Reserve Beautification of ex-Ravensdown Manakau site	15	0	0	0	0	0	0	0	0	0
Foxton River Loop walkway, viewing and recreation activities	32	0	0	0	0	0	0	0	0	0
District Fencing Contingency	32	30	30	30	30	30	30	30	30	30
Donnelly Park BMX Site: drainage, path, planting	11	0	0	0	0	0	0	0	0	0
Foxton Beach Coastal Reserve Implement Actions of FB Coastal Management Plan	16	15	0	0	0	0	0	0	0	0

## Capital Expenditure (continued)

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CFS Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to improve the level of service	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Foxton Beach Coastal Reserve Revegetation Programme	0	0	5	0	0	0	0	0	0	0
Ihakara Gradens Landscaping	0	20	0	0	0	0	0	0	0	0
Levin Adventure Park Toilet Upgrade buildings	0	40	0	0	0	0	0	0	0	0
Levin Domain Create steps and staircases from Salisbury Street to provide easier more regular access	0	15	0	0	0	0	0	0	0	0
Wairarawa Stream Walkway Development	10	0	0	0	0	0	0	0	0	0
Levin Public Gardens Drive and pathway	0	3	0	0	0	0	0	0	0	0
Levin Public Gardens Drive and pathway	0	13	0	0	0	0	0	0	0	0
Levin Public Gardens Landscaping	1	0	0	0	0	0	0	0	0	0
Levin Public Gardens Landscaping	4	0	0	0	0	0	0	0	0	0
Cousins Ave Reserve Access and Revege	0	8	0	0	0	0	0	0	0	0
Donnelly Park Cricket Fields extend turf block	0	18	0	0	0	0	0	0	0	0
Overheads	121	123	126	126	126	127	125	125	127	127
<b>Total</b>	<b>2,014</b>	<b>3,587</b>	<b>308</b>	<b>169</b>	<b>167</b>	<b>170</b>	<b>166</b>	<b>162</b>	<b>170</b>	<b>169</b>

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CFS Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to meet additional demand	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cemetery - Foxton Land Development	0	15	0	0	0	0	0	0	0	0
Cemetery - Foxton Ashes area	3	0	0	0	0	0	0	0	0	0
Cemetery - Shannon Burial beams	1	0	0	0	0	0	0	0	0	0
Cemetery - Avenue Extend Burial and Cremation sites	0	10	0	0	0	0	0	0	0	0
Cemetery - Avenue Land Development	0	1	0	0	0	0	0	0	0	0
Community Centre	161	161	0	0	0	0	0	0	0	0
Wairarawa Stream Walkway Development	1	0	0	0	0	0	0	0	0	0
Donnelly Park Cricket Fields extend turf block	0	2	0	0	0	0	0	0	0	0
Overheads	8	8	8	8	8	8	8	8	8	8
<b>Total</b>	<b>173</b>	<b>196</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>

Total CFS Projects by Type										
to replace existing assets	2,073	2,144	710	365	1,263	626	561	423	371	371
to improve the level of service	2,014	3,587	308	169	167	170	166	162	170	169
to meet additional demand	173	196	8	8	8	8	8	8	8	8
<b>Total CFS Projects</b>	<b>4,260</b>	<b>5,927</b>	<b>1,025</b>	<b>542</b>	<b>1,438</b>	<b>804</b>	<b>736</b>	<b>593</b>	<b>549</b>	<b>548</b>

**Forecast Funding Impact Statement for Community Facilities and Services**

<b>Activity FIS - Community Facilities and Services</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	
<b>Horowhenua District Council: Funding impact statement for the years 2014/15 to 2024/25 for Community Facilities and Services group of activities</b>											
	Annual Plan 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	4,222	4,608	4,736	4,974	5,232	5,321	5,540	5,645	5,780	6,008	6,196
Targeted Rates	4,962	5,378	5,597	5,916	5,998	6,103	6,275	6,375	6,508	6,717	6,881
Subsidies & Grants for Operating purposes	7	7	7	8	8	8	8	8	9	9	9
Fees & Charges	766	719	730	747	767	788	811	834	861	889	919
Local authorities fuel tax, fines, infringement fees and other receipts	216	217	216	201	209	225	224	241	264	290	323
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>10,173</b>	<b>10,929</b>	<b>11,286</b>	<b>11,846</b>	<b>12,214</b>	<b>12,445</b>	<b>12,858</b>	<b>13,103</b>	<b>13,422</b>	<b>13,913</b>	<b>14,328</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	7,170	7,352	7,608	7,794	7,967	8,187	8,426	8,668	8,946	9,240	9,547
Finance Costs	789	821	866	1,026	1,024	988	1,005	979	963	935	907
Internal charges and overheads applied	1,175	1,551	1,583	1,654	1,685	1,723	1,776	1,795	1,829	1,884	1,938
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,133</b>	<b>9,724</b>	<b>10,057</b>	<b>10,474</b>	<b>10,676</b>	<b>10,898</b>	<b>11,207</b>	<b>11,442</b>	<b>11,738</b>	<b>12,059</b>	<b>12,392</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,039</b>	<b>1,205</b>	<b>1,229</b>	<b>1,372</b>	<b>1,538</b>	<b>1,547</b>	<b>1,651</b>	<b>1,661</b>	<b>1,684</b>	<b>1,854</b>	<b>1,936</b>

## Forecast Funding Impact Statement (Continued)

<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure	-	2,270	2,327	-	-	-	-	-	-	-	-	-
Development and financial contributions	53	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	2,420	756	2,672	(47)	(599)	283	(421)	(267)	(480)	(466)	(498)	
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,473</b>	<b>3,026</b>	<b>4,999</b>	<b>(47)</b>	<b>(599)</b>	<b>283</b>	<b>(421)</b>	<b>(267)</b>	<b>(480)</b>	<b>(466)</b>	<b>(498)</b>	
<b>Applications of capital funding</b>												
<b>Capital Expenditure</b>												
- to meet additional demand	60	174	201	9	9	9	9	9	10	10	10	
- to improve the level of service	2,444	2,018	3,678	326	184	187	195	196	196	212	217	
- to replace existing assets	1,096	2,076	2,201	751	412	1,402	718	677	515	498	498	
Increase (decrease) in reserves	(89)	(37)	148	239	334	232	308	512	483	668	713	
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,512</b>	<b>4,231</b>	<b>6,228</b>	<b>1,325</b>	<b>939</b>	<b>1,830</b>	<b>1,230</b>	<b>1,394</b>	<b>1,204</b>	<b>1,388</b>	<b>1,438</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,039)</b>	<b>(1,205)</b>	<b>(1,229)</b>	<b>(1,372)</b>	<b>(1,538)</b>	<b>(1,547)</b>	<b>(1,651)</b>	<b>(1,661)</b>	<b>(1,684)</b>	<b>(1,854)</b>	<b>(1,936)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	850	947	994	1,151	1,167	1,168	1,280	1,282	1,288	1,441	1,449	
Note: These figures for the Annual Plan 2014/15 have been reworked to reflect the changing Activity Groups of the Council												

<b>Activity Expenditure</b>	Annual Plan 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Cemeteries	461	330	339	369	379	383	391	400	410	423	435
Public Toilets	292	323	341	353	363	369	390	413	422	434	445
Halls	315	298	302	341	346	347	358	359	374	390	393
Libraries and Community Centres	2,765	3,145	3,388	3,493	3,534	3,608	3,692	3,774	3,868	3,971	4,082
Beautification	502	506	519	534	547	562	578	594	611	631	652
Urban Cleansing	-	319	327	335	344	353	364	375	386	399	413
Sportsgrounds	1,136	1,134	1,161	1,204	1,222	1,242	1,326	1,336	1,361	1,427	1,457
Aquatic Centres	2,663	2,633	2,640	2,888	2,948	3,001	3,111	3,152	3,216	3,349	3,430
Reserves	1,849	1,983	2,033	2,109	2,160	2,200	2,277	2,321	2,376	2,475	2,534
<b>Total Expenditure including Depreciation</b>	<b>9,983</b>	<b>10,671</b>	<b>11,051</b>	<b>11,626</b>	<b>11,843</b>	<b>12,066</b>	<b>12,487</b>	<b>12,724</b>	<b>13,025</b>	<b>13,500</b>	<b>13,840</b>

Internal Loans attributable to this group of activities												
	Annual Plan 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Loan balance 1st July	484	179	242	527	808	1,088	1,241	1,749	1,807	2,643	3,638	
Raised during the year	898	70	295	302	312	197	558	128	908	1,101	1,265	
Repaid during the year	(504)	(7)	(10)	(21)	(32)	(44)	(50)	(70)	(72)	(106)	(146)	
Forecast loan balance 30th June	878	242	527	808	1,088	1,241	1,749	1,807	2,643	3,638	4,757	
Budgeted interest expense	29	11	15	34	53	71	81	114	117	172	236	

### How will it be funded?

<b>Activity</b>	<b>Reserves and Beautification</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees and Charges.
<b>Rationale</b>	As reserves can be used by anyone and any charge or fee would limit accessibility and participation, the general rate is the most appropriate method of funding passive reserves.

<b>Activity</b>	<b>Cemeteries</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees and Charges.
<b>Rationale</b>	Cemeteries have a degree of private benefit. The true cost of burials has never been able to be collected. It would be onerous for some families to bear the full cost.

<b>Activity</b>	<b>Swimming Pools</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees and Charges.
<b>Rationale</b>	Providing swimming pools is regarded as core business of Council. They are not self-funding. To charge the full cost of the facility to the users would dramatically impact on use and participation and deny accessibility by the public.

<b>Activity</b>	<b>Library</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	The private benefit is retained by the Te Horowhenua Trust to offset the cost Council's grant to the Trust. Council will therefore fund the Library grant and asset/debt costs 100% from a Targeted rate.

<b>Activity</b>	<b>Halls</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees and Charges.
<b>Rationale</b>	These facilities are an integral part of the communities that they are located in. Attempts to recover higher levels of rental income from users would reduce usage dramatically, which would be counterproductive in trying to foster usage.

<b>Activity</b>	<b>Public Toilets</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	Not practicable or desirable to charge for the use of public toilets when usage is to be encouraged for the wider community benefit.

<b>Activity</b>	<b>Sports Grounds</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates and Private Good Fees and Charges.
<b>Rationale</b>	Providing sports grounds is regarded as core business of Council. They are not self-funding and are used extensively for passive recreation. To charge the full cost of the facility to the users would dramatically impact on use and participation and deny accessibility by the public. The grounds are unavailable at peak times during the weekends but remain available during the week for passive recreational use. The funding mechanism reflects the fact that sports grounds are unavailable to the public at those peak times.

#### Statement of Inconsistency

Council has decided to maintain the rate funding for swimming pools above the Revenue and Financing Policy limit for rate funding in years 1 to 10 of the LTP. This increase in funding is necessary to keep the use of the swimming pool affordable. Council identified that to increase the user fees and charges for the swimming pool to meet the Policy target would have discouraged use of the swimming pool facilities. Council has identified in the LTP to undertake a Community Services Review in year 1 (2015/16) of the LTP. This review will consider the future operation of the current model and the financial analysis of that review will inform the future public/private funding split for this activity. Any changes will be reflected in the Annual Plan 2015/16.

## **Property**

The Property Activity supports all activities of Council that are dependent on physical land and buildings. Council holds a selection of property assets to support the delivery of Council's activities which also contribute to the wellbeing of the Community. This ranges from direct support e.g. provision of a community centre, to indirect support e.g. through investment and endowment property which contributes revenue to rates or facilities. Council also provides tenancy services to a wide range of stakeholders and customers.

**Note:** Council has been working on developing a Community Facilities Strategy over the last 12 months to identify the high level principles which will inform the future development of a Property Strategy. This Strategy will identify and consider all property assets across the wider District alongside a matrix. This will inform decision making on future maintenance and improvement of current assets, as well as capital expenditure on new assets. This Strategy will also analyse the impact of upcoming legislation changes, with particular regard to earthquake prone buildings.

### ***What does this Activity involve?***

- The Council owns various properties throughout the District and through the Property Activity the Council ensures that these properties are managed and maintained.
- Council owns the following properties:
  - The Council building in Levin;
  - Commercial properties which are leased to tenants;
  - Endowment property e.g. 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. Some of the land has been subdivided to create 70 residential sections down Forbes Road;
  - Other community facilities including motor camps, historic and cultural buildings, and depots and carparks.

### ***Rationale for this Activity (why we do it):***

<b>Activity</b>	<b>Community Outcome</b>	<b>Council Role</b>
Management and maintenance of Council owned properties.	<ul style="list-style-type: none"><li>- <i>A healthy local economy and a District that is growing</i></li><li>- <i>A community of knowledge, culture and diversity where people are proud to live</i></li><li>- <i>Safe, resilient and healthy communities</i></li><li>- <i>Positive leadership and effective partnerships</i></li></ul>	Funder/Provider

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Council operated facilities are available for public hire.	Facilities availability (hrs) and hire charges by annual review.	8 hrs per day and review annually	8 hrs per day and review annually	8 hrs per day and review annually	8 hrs per day and review annually	<i>New measure<sup>^</sup></i>
Endowment property is appropriately managed.	Number of sections available for sale.	20 sections	20 sections	20 sections	10 sections	<i>44 sections</i>
Council's properties will comply with relevant legislation.	All buildings with compliance schedules will have current building WOF.	Achieved	Achieved	Achieved	Achieved	<i>Achieved</i>
Commercial property is appropriately managed.	Rent is within a percentage range of current market rentals at time of review/renewal.	10%	10%	10%	10%	<i>New measure<sup>^</sup></i>
Residential Housing is provided for the elderly]  (Please note this performance measure remains only for Year 1 and 2 of the LTP)	Occupancy Rate (Percent).	95% occupied	95% occupied	N/A	N/A	<i>97% occupied</i>

<sup>^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

**Major Projects**

The following table shows the major projects scheduled for the Property Activity for the next 10 years. **Note:** These projects are generally only those with cost estimates \$200,000 and over.

Project	Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Forbes Road Subdivision Extension.					\$203,000	\$2,585,000				
General Property Renewals.		\$287,000		\$210,000		\$204,000			\$618,000	
Commercial Property Renewals.			\$262,000	\$269,000						
Tararua Industrial development		\$502,000								



## ***What has changed since the 2012-22 LTP?***

Since the adoption of the 2012-22 LTP Cyrus Hills Forest has been sold and any remaining small forestry blocks have been incorporated into the Parks Activity. Foxton Beach Motor Camp has also been transferred into the Endowment Activity, as it is located on Endowment Land.

Additional Council owned buildings have been identified as being earthquake prone. The identification of public buildings as being earthquake prone has had an impact on the use of these facilities.

Council have completed a review of its Community Housing portfolio and then consulted with its community on no longer providing Community Housing as a core activity, and seeking expressions of interest from Community Housing Providers to purchase the stock. Council is currently following a process to transfer its stock to a Community Housing Provider and will be seeking expressions of interest during this process.

Council has made the following assumptions in relation to this process:

- The Crown agrees to the transfer of the Housing New Zealand Suspensory Loan to a CHP. The transfer of the suspensory loan from Council to the CHP would be part of the condition of sale.
- The expected revenue from proceeds of the sale will align with the debt reduction projections anticipated in the Amended LTP 2015-2025.
- The sale will not proceed if Council's expectations are not met.
- The stock transfer won't come into effect until July 2017.
- Council will work to ensure that tenancy rights are protected as part of any transfer.

## ***Challenges Council faces for this Activity:***

A key challenge facing Council for this Activity is changing demands and Community expectations with the use of some of Council's facilities declining in some areas but the operational costs increasing. However, demand for other Council owned facilities is increasing and therefore the Council needs to decide where to focus its funds. This issue will be met by ensuring that as key property assets are developed they are designed to be multi-use and flexible enough to cope with the change in demands and expectations.

Another challenge is that the District's demographic projections are signalling an ageing population and with this comes additional requirements in regards to accessibility such as provision of appropriate car parking and entrance ways to buildings.

Vandalism of Council's property is also a challenge faced by Council for this Activity. Council's response to vandalism is to ensure that assets are designed to be vandal resistant which involves not just the type of materials used for construction but also good design, well considered location, and responsive maintenance.

Finally a number of Council's buildings have been identified as earthquake prone and with new legislation around requirements to upgrade earthquake prone buildings Council must decide what it wants to do with these buildings. Council's response to potentially earthquake prone buildings has been to remove all associated renewal and capital development funding for these buildings, until a decision on the retention/strengthening or disposal of these buildings has been made. The impact of this in the short term are, an expected increase in reactive and unplanned maintenance as planned renewals are not funded.

***Significant negative effects associated with this Activity:***

There are no known significant negative effects surrounding Council's planned Property Activity.

***Key Risks and Assumptions associated with this Activity:***

Earthquake prone buildings owned by the Council are possibly a risk if they continue to be utilised without being earthquake strengthen. The Council has already ceased using the service building in Foxton due to the fact that it is an earthquake prone building, and it will decide what to do with the other earthquake prone properties that it owns in the near future.

A key assumption for this Activity is that properties will be maintained in a fit for purpose state, however, some properties are showing signs of changes in demand and drop of utilisation. Existing trends are expected to continue.

## How much will it cost?

### Capital Expenditure Property Projects

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Properties Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to replace existing assets	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Thompson House Exterior renew & Paint	55	0	0	0	0	0	0	0	0	0
WINZ building condition assessment, preparation	0	0	0	0	34	58	153	0	0	0
Dog Pound office Exterior building and paint	0	0	0	0	0	23	0	0	0	0
Civic Building Internal and external renewals & re	0	0	0	32	0	0	0	0	0	0
Focal Point Cinema Exterior Fire Exit Doors	0	23	0	0	0	0	0	0	0	0
Focal Point Cinema Replacement of internal mem	0	23	0	0	0	0	0	0	0	0
Focal Point Cinema Exterior renewal & paint	0	0	59	0	0	0	0	0	0	0
Focal Point Cinema Recarpet	0	0	0	0	0	0	77	0	0	0
Focal Point Cinema Air Conditioning	20	187	0	0	0	0	0	0	0	0
Focal Point Cinema Exterior Paint	0	0	35	0	0	0	0	0	0	0
Foxton Beach community centre Exterior renewal	35	0	0	0	0	0	0	0	0	0
Foxton Depot Deferred renewal work to buildings	10	0	0	0	55	0	0	0	0	0
Jack Allen Centre Exterior renewals & paint	38	0	0	0	0	0	0	0	0	0
Levin Depot Pole Shed Reroof	0	51	0	0	0	0	0	0	0	0
Levin Depot Levin Depot Buidlings renewals & rep	0	0	0	0	0	0	35	0	0	0
Levin Depot Yard Reseal	0	0	0	0	0	0	31	0	0	0
Community Buildings Programmed renewals	44	46	49	51	54	58	61	63	65	68
Pottery Shed Exterior repaint	15	0	0	0	0	0	0	0	0	0
Pottery Shed Replace Roof	0	0	0	0	0	0	18	0	0	0
Shannon Railway Station Roof replacement	0	0	0	38	0	0	0	0	0	0
Shannon Railway Station Exterior renewals & Pair	0	0	0	0	0	57	0	0	0	0
General Property Renewals	9	287	0	210	87	204	0	0	618	0
Commercial Property Renewals	0	0	262	269	0	0	0	0	0	0
Overheads	31	32	34	35	35	37	37	38	40	41
<b>Total</b>	<b>257</b>	<b>650</b>	<b>439</b>	<b>634</b>	<b>266</b>	<b>435</b>	<b>412</b>	<b>101</b>	<b>723</b>	<b>108</b>

## Capital Expenditure (continued)

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Properties Projects	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Primary Type - to improve the level of service	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Thompson House Interior refurbishment, including kitchen (with renewal contribution from Thompson House)	80	0	0	0	0	0	0	0	0	0
Thompson House Exterior Fire Escape, egress improvements and disability access including toilet provision	80	0	0	0	0	0	0	0	0	0
Focal Point Cinema Toilets upgrade	0	0	0	51	0	0	0	0	0	0
Endowment Subdivision Forbes Rd extension	0	0	0	0	203	2,585	0	0	0	0
Levin Depot New sewer connection	0	58	0	0	0	0	0	0	0	0
Overheads	5	5	5	5	6	6	6	6	6	6
<b>Total</b>	<b>165</b>	<b>63</b>	<b>5</b>	<b>57</b>	<b>209</b>	<b>2,591</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Properties Projects</b>										
<b>Primary Type - to meet additional demand</b>										
Tararua Industrial Development	0	502	0	0	0	0	0	0	0	0
Overheads	11	11	12	12	12	13	13	13	14	14
<b>Total</b>	<b>11</b>	<b>513</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>
<b>Total Properties Projects by Type</b>										
to replace existing assets	282	727	518	715	349	521	441	131	754	141
to improve the level of service	165	63	5	57	209	2,591	6	6	6	6
to meet additional demand	11	513	12	12	12	13	13	13	14	14
<b>Total Properties Projects</b>	<b>458</b>	<b>1,302</b>	<b>535</b>	<b>784</b>	<b>570</b>	<b>3,125</b>	<b>460</b>	<b>151</b>	<b>774</b>	<b>162</b>

**Forecast Funding Impact Statement for Property**

	Annual Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties 1	948	664	326	523	534	544	572	835	756	595	696
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,655	1,625	1,657	797	819	844	868	637	743	959	976
Local authorities fuel tax, fines, infringement fees, and other receipts	140	119	137	140	164	168	171	174	169	165	160
Internal charges and overheads recovered	595	556	511	530	528	526	551	547	544	576	572
<b>Total operating funding (A)</b>	<b>3,338</b>	<b>2,964</b>	<b>2,631</b>	<b>1,990</b>	<b>2,045</b>	<b>2,082</b>	<b>2,162</b>	<b>2,193</b>	<b>2,212</b>	<b>2,295</b>	<b>2,404</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers 1	1,735	1,583	1,282	817	828	852	877	903	932	963	997
Finance costs	827	821	765	475	402	403	396	400	383	365	381
Internal charges and overheads applied	604	417	408	422	431	441	452	459	469	482	496
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,166</b>	<b>2,821</b>	<b>2,455</b>	<b>1,714</b>	<b>1,661</b>	<b>1,696</b>	<b>1,725</b>	<b>1,762</b>	<b>1,784</b>	<b>1,810</b>	<b>1,874</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>172</b>	<b>143</b>	<b>176</b>	<b>276</b>	<b>384</b>	<b>386</b>	<b>437</b>	<b>431</b>	<b>428</b>	<b>485</b>	<b>530</b>

## Forecast Funding Impact Statement (continued)

<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	57	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	397	(1,895)	(1,585)	(6,960)	(297)	(530)	2,084	(130)	(447)	106	(581)
Gross proceeds from sale of assets	474	640	655	7,721	689	709	547	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>928</b>	<b>(1,255)</b>	<b>(930)</b>	<b>761</b>	<b>392</b>	<b>179</b>	<b>2,631</b>	<b>(130)</b>	<b>(447)</b>	<b>106</b>	<b>(581)</b>
<b>Applications of capital funding</b>											
<b>Capital expenditure</b>											
- to meet additional demand	-	11	513	12	12	13	13	13	13	14	14
- to improve the level of service	165	165	63	5	57	209	2,591	6	6	6	6
- to replace existing assets	28	254	647	435	630	262	431	407	96	718	103
Increase (decrease) in reserves	907	458	71	585	77	81	33	(125)	(134)	(147)	(174)
Increase (decrease) of investments	-	(2,000)	(2,048)	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,100</b>	<b>(1,112)</b>	<b>(754)</b>	<b>1,037</b>	<b>776</b>	<b>565</b>	<b>3,068</b>	<b>301</b>	<b>(19)</b>	<b>591</b>	<b>(51)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(172)</b>	<b>(143)</b>	<b>(176)</b>	<b>(276)</b>	<b>(384)</b>	<b>(386)</b>	<b>(437)</b>	<b>(431)</b>	<b>(428)</b>	<b>(485)</b>	<b>(530)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	367	362	369	268	268	270	325	359	361	436	438
<b>ACTIVITY EXPENDITURE</b>	<b>Annual Plan</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Council Building	956	933	859	891	888	884	926	920	915	969	963
Camping Grounds	19	14	14	15	15	15	16	16	16	17	17
Commercial Properties	389	315	238	254	260	268	278	285	293	306	316
Endowment Property	257	245	249	255	262	268	279	717	328	345	356
Forestry	26	-	-	-	-	-	-	-	-	-	-
General Property	751	604	383	567	506	531	552	576	591	609	660
Residential Housing	1,134	1,074	1,083	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>3,532</b>	<b>3,185</b>	<b>2,826</b>	<b>1,982</b>	<b>1,931</b>	<b>1,966</b>	<b>2,051</b>	<b>2,514</b>	<b>2,143</b>	<b>2,246</b>	<b>2,312</b>

	Annual Plan 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Internal Loans attributable to this group of activities	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Loan balance 1st July	136	180	0	0	0	0	0	167	37	0	0
Raised during the year	647		-				167				
Repaid during the year	(103)	(180)	-					(130)	(37)		
Forecast loan balance 30th June	680	0	0	0	0	0	167	37	0	0	0
Budgeted interest expense	8	11	-	-	-	-	-	10	2	-	-

- Direct expenditure to suppliers will decrease substantially in 2017/18 due to the proposed transfer of social housing to a CHP. A general rates funding increase of 0.3% to cover internal overhead costs that were formally covered by the rental income of the Pensioner Housing activity.

#### ***How will it be funded?***

<b>Activity</b>	<b>Commercial and Endowment</b>
<b>Funding Source</b>	This activity will be funded by Private Good Fees and Charges.
<b>Rationale</b>	Total private good to the lessees.

<b>Activity</b>	<b>Motor Camps</b>
<b>Funding Source</b>	This activity will be funded by Private Good Fees and Charges.
<b>Rationale</b>	Total private good to the lessees of the camps.

## Representation and Community Leadership

This Group of Activities comprises of how Council meets its responsibility to represent the Community as well as to provide leadership for the Community and to involve it in decision making processes and long term strategic planning.

### ***What does this Activity involve?***

The Council is elected every three years by those eligible to vote in the District. The Council is made up of a Mayor (elected at large) and 10 Councillors (representing four Wards). The Council is supported at a governance level by the Foxton Community Board and a number of subcommittees. The core functions of the Representation and Community Leadership Activity are:

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

These core functions are achieved by:

- Holding regular meetings which are 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 at Regional and National levels.
- Keeping abreast of issues, legislation, and best practice.
- Balancing the books.

### ***Rationale for this Activity (why we do it):***

Activity	Community Outcome	Council Role
A fair representation and community leadership programme is operated within the District.	<ul style="list-style-type: none"> <li>- A healthy local economy and a District that is growing</li> <li>- A sustainable environment</li> <li>- A community of knowledge, culture and diversity where people are proud to live</li> <li>- Safe, resilient and healthy communities</li> <li>- Positive leadership and effective partnerships</li> </ul>	Provider/Advocator



## Levels of Service and how we will measure our performance:

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline
Council provides open, accessible processes to local government.	Local body elections will be held in compliance with relevant legislation.	Achieved (only measured in election year)	Achieved (only measured in election year)	Achieved (only measured in election year)	Achieved (only measured in election year)	<i>Achieved in election year</i>
	Number of complaints upheld against the election process.	0	0	0	0	<i>New Measure (0 in 2013/14)</i>
Council supports residents and ratepayers to have their views heard and considered in Council decision making.	Percent of residential and non residential ratepayers who are satisfied with the way the Council involves the public in its decision making.	>50%	>50%	>50%	>50%	<i>New Measure<sup>^</sup></i>
	Council's Community Engagement Strategy <sup>^</sup> is implemented and reviewed every 3 years.	90% of Annual Work Plan is completed	90% of Annual Work Plan is completed	90% of Annual Work Plan is completed	90% of Annual Work Plan is completed	<i>New Measure<sup>^</sup></i>
Council's planning documents meet statutory requirements and meet Audit NZ standards.	The LTP is completed within the statutory timeframe, including a Financial Strategy which meets the new requirements of the Local Government Act.	Adopted before 30 June (every 3 years)	Adopted before 30 June (every 3 years)	Adopted before 30 June (every 3 years)	Adopted before 30 June (every 3 years)	<i>Achieved (June 2012)</i>
	The Annual Plan will be adopted annual before 30 June annually.	Achieved	Achieved	Achieved	Achieved	<i>Achieved in 2013/14</i>
	The Annual Report will include an unqualified audit opinion.	Achieved	Achieved	Achieved	Achieved	<i>Achieved in 2013/14</i>

<sup>^</sup> New requirement in accordance with the changes to the Local Government Act.

<sup>^^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

### Major Projects

There are no major projects planned for the Representation and Community Leadership Activity for the next 10 years.

### What has changed since the 2012-22 LTP?

No key changes have occurred in the Representation and Community Leadership Activity since the 2012-22 LTP was produced.

***Challenges Council faces for this Activity:***

A key challenge faced by Council is how to make Local Government more relevant for our residents and ratepayers as well as how to encourage positive and active engagement in Council's decision making processes.

Another challenge is the impact that future changes in legislation could have on the Council and its responsibilities and functions.

***Significant negative effects associated with this Activity:***

There are no known significant negative effects surrounding Council's planned Representation and Community Leadership Activity.

***Key Risks and Assumptions associated with this Activity:***

There are no known risks or assumptions associated with Council's planned Representation and Community Leadership Activity.

## How much will it cost?

### Forecast Funding Impact Statement for Representation and Community Leadership

Activity FIS - Representation and Governance	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Horowhenua District Council: Funding impact statement for the years 2014/15 to 2024/25 for Representation and Governance group of activities											
	Annual Plan 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	2,676	2,846	2,891	3,166	3,034	3,107	3,402	3,239	3,322	3,649	3,529
Subsidies & Grants for Operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees & Charges	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	1	3	-	2	3	-	2	3	1	2
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>2,676</b>	<b>2,847</b>	<b>2,894</b>	<b>3,166</b>	<b>3,036</b>	<b>3,110</b>	<b>3,402</b>	<b>3,241</b>	<b>3,325</b>	<b>3,650</b>	<b>3,531</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	1,403	890	1,002	1,089	934	1,077	1,180	1,014	1,181	1,299	1,123
Finance Costs	-	-	-	-	-	-	-	-	-	1	-
Internal charges and overheads applied	1,751	1,915	1,952	2,035	2,069	2,103	2,180	2,194	2,213	2,308	2,374
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,154</b>	<b>2,805</b>	<b>2,954</b>	<b>3,124</b>	<b>3,003</b>	<b>3,180</b>	<b>3,360</b>	<b>3,208</b>	<b>3,394</b>	<b>3,608</b>	<b>3,497</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(478)</b>	<b>42</b>	<b>-60</b>	<b>42</b>	<b>33</b>	<b>-70</b>	<b>42</b>	<b>33</b>	<b>-69</b>	<b>42</b>	<b>34</b>

## Forecast Funding Impact Statement (Continued)

<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	-	-	1	(2)	(3)	8	(6)	(6)	16	(11)	(10)	
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(2)</b>	<b>(3)</b>	<b>8</b>	<b>(6)</b>	<b>(6)</b>	<b>16</b>	<b>(11)</b>	<b>(10)</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	(478)	42	(60)	42	33	(70)	42	33	(69)	42	34	
Increase (decrease) of investments	-	-	1	(2)	(3)	8	(6)	(6)	16	(11)	(10)	
<b>Total applications of capital funding (D)</b>	<b>(478)</b>	<b>42</b>	<b>(59)</b>	<b>40</b>	<b>30</b>	<b>(62)</b>	<b>36</b>	<b>27</b>	<b>(53)</b>	<b>31</b>	<b>24</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>478</b>	<b>(42)</b>	<b>60</b>	<b>(42)</b>	<b>(33)</b>	<b>70</b>	<b>(42)</b>	<b>(33)</b>	<b>69</b>	<b>(42)</b>	<b>(34)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
<b>Activity Expenditure</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Community Board	161	150	158	170	167	171	183	179	184	197	195	
Elections	1	18	125	8	19	135	9	21	148	10	23	
Governance	1903	1,594	1,630	1,695	1,737	1,768	1,828	1,852	1,879	1,965	2,026	
Long Term Plan, Annual Plan and Annual Report	1089	1,043	1,042	1,252	1,080	1,106	1,341	1,157	1,184	1,437	1,252	
<b>Total Expenditure including Depreciation</b>	<b>3,154</b>	<b>2,805</b>	<b>2,954</b>	<b>3,124</b>	<b>3,003</b>	<b>3,180</b>	<b>3,360</b>	<b>3,208</b>	<b>3,394</b>	<b>3,608</b>	<b>3,497</b>	

**Note:** There are no internal loans associated with this Group of Activities.

***How will it be funded?***

<b>Activity</b>	<b>Representation and Community Leadership</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	All residents and ratepayers gain equal benefit regardless of the value attributable to their properties. A fixed charge rated based on separately used or inhabited portions of each rating unit over the whole District would be most appropriate.

## Community Support

This Group of Activities comprises of Activities that provide for the Community's social and economic wellbeing including ensuring that the Community will be able to respond to and recover from an emergency event, providing Community support, providing grants and funding to Community groups, providing visitor information, and encouraging economic development within this District.

### Emergency Management and Rural Fire

As part of this Activity Council is an active member of the Manawatu-Wanganui Civil Defence Emergency Management Group. This Group is a consortium of local authorities in the Region with a vision to build a resilient and safer Region for our communities in the event a civil defence emergency. This Activity also covers Council's responsibility for Rural Fire.

#### **What does this Activity involve?**

- Ensuring that the Community is properly prepared for and educated about emergency events.
- Providing a fully functional Emergency Operating Centre (EOC) and ensuring that trained staff are available and ready to assist our Community to respond to/recover from emergency events.
- Ensuring that people, property and the environment are protected from the impact of rural fire.

#### **Rationale for this Activity (why we do it):**

Activity	Community Outcome	Council Role
Emergency Management and Rural Fire services are provided for the Community.	<ul style="list-style-type: none"> <li>- Safe, resilient and healthy communities</li> <li>- Positive leadership and effective partnerships</li> </ul>	Provider

#### **Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Community awareness is promoted and encouraged.	5 media messages promoting preparedness for an emergency will be made to residents and ratepayers annually.	Achieved	Achieved	Achieved	Achieved	Achieved
Council maintains a functional EOC and trained staff.	Civil Defence and Emergency Management assessment of readiness and capability.	90% of Council staff	95% of Council staff	100% of Council staff	100% of Council staff	New Measure <sup>^</sup>

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Rural Fire services are provided.	Percentage of call outs that are responded to.	100% of call outs	100% of call outs	100% of call outs	100% of call outs	New Measure <sup>^</sup>

<sup>^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

### **Major Projects**

There are no major projects planned for the Emergency Management and Rural Fire Activity for the next 10 years.

### **What has changed since the 2012-22 LTP?**

Since the 2012-22 LTP was produced it has become a requirement to implement recommendations arising from the Canterbury Earthquakes Corrective Action Plan.

### **Challenges Council faces for this Activity:**

A challenge Council now faces for this Activity is a much higher level of scrutiny and audit as result of recent disasters in this country including the Canterbury Earthquakes. This will mean a deeper level of commitment of staff time for EOC training and exercising as well as from Council managers and Civil Defence Emergency Management EOC function managers for continuous improvement including time to attend training courses as they arise and participation in EOC exercising as scheduled.

### **Significant negative effects associated with this Activity:**

Aside from providing time for staff training (which will take these staff away from their core roles and cost money) there are no negative effects arising from this Activity.

### **Key Risks and Assumptions associated with this Activity:**

There are no known risks or assumptions associated with Council's planned Emergency Management and Rural Fire Activity.

### **Community Engagement**

The Community Engagement Activity helps to provide a platform for community engagement and social wellbeing within the Horowhenua District. This includes the implementation of Council's Community Wellbeing Strategies, grants and funding schemes, public communications, media engagement, and District marketing.

### **What does this Activity involve?**

- Council leading the development and implementation of the Horowhenua Community Wellbeing Strategy as well as the Education, Youth, Disability, Arts Culture and Heritage, Pride and Vibrancy, and Positive Ageing Action Plans.
- Council taking a lead role in advocating, facilitating and coordinating on behalf of the Community to assist Community groups or find solutions to respond to local needs.
- Advocating on behalf of the Community for better health, transport and social outcomes through the Community Wellbeing Executive and Community Wellbeing Forum.
- Providing funding support to Surf Life Saving, Waitarere and Foxton Beach Wardens and Neighbourhood Support, on contract.

- Funding and operating several small contestable grant schemes which are:
  - Community Development Grant.
  - Community Consultation Grant.
  - International Representation Grant.
  - Rural Halls Grant.
  - Vibrant Communities Fund (new).
- Administrating or providing administrative support to externally funded contestable grant schemes which are:
  - Horowhenua Creative Communities Scheme.
  - Shannon Community Development Trust.
- Facilitating a Community Capacity Building Programme, providing free or subsidised training to the not-for-profit sector with the aim to increase the capability at a governance and operational level.
- Produce and distribute Council publications.
- Produce sector specific publications, such as resource consent guides.
- Monitor and update social and traditional media.
- Provide communications support to internal staff and departments.
- Maintain and update Council's website presence, namely [www.horowhenua.govt.nz](http://www.horowhenua.govt.nz)
- Respond and provide information to media outlets, as required.

***Rationale for this Activity (why we do it):***

<b>Activity</b>	<b>Community Outcome</b>	<b>Council Role</b>
Facilitate a Youth Council and Community networks and forums.	- A community of knowledge, culture and diversity where people are proud to live - Positive leadership and effective partnerships	Provider
Advocate for Transport, Health and Community Wellbeing.	- A healthy local economy and a District that is growing - A community of knowledge, culture and diversity where people are proud to live - Safe, resilient and healthy communities - Positive leadership and effective partnerships	Advocate
Contestable Grant Schemes are provided.	- A community of knowledge, culture and diversity where people are proud to live - Safe, resilient and healthy communities	Funder
Administration of externally funded Grant Schemes.	- A community of knowledge, culture and diversity where people are proud to live - Safe, resilient and healthy communities - Positive leadership and effective partnerships	Provider
Contracted Services are managed.	- Safe, resilient and healthy communities - Positive leadership and effective partnerships	Funder
Capabilities training for the non-profit sector is provided.	- A community of knowledge, culture and diversity where people are proud to live - Safe, resilient and healthy communities	Funder



	- <i>Positive leadership and effective partnerships</i>	
Perform Council's communication function.	- <i>A healthy local economy and a District that is growing</i> - <i>A sustainable environment</i> - <i>A community of knowledge, culture and diversity where people are proud to live</i> - <i>Safe, resilient and healthy communities</i> - <i>Positive leadership and effective partnerships</i>	Provider

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Council provides effective leadership in advocating, coordinating and facilitating on behalf of community needs.	Number of Community Wellbeing Executive meetings per year. ( <b>Note:</b> the schedule for 2015 onwards has changed from 6 weekly to bi-monthly).	5	5	5	5	8
Council supports the vision that young people in the Horowhenua live in a safe and supportive environment, which empowers them to make positive life choices.	Number of Youth Voice meetings per year.	8	8	8	8	8
	Number of Programmes or projects implemented by Youth Voice.	4	4	4	4	4
	Number of Youth Network meetings per year. ( <b>Note:</b> the schedule for 2015 onwards has changed from monthly to bi-monthly).	6	6	6	6	10
Council supports the vision that Horowhenua residents are empowered to make choices enabling them to live a satisfying and healthy lifestyle.	Number of Older Person Network meetings per year.	10	10	10	10	10
	Number of Elder Berries Magazine Publications annually.	4	4	4	4	4

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Council supports the vision that Horowhenua is a vibrant, creative and friendly community with an abundance of art, rich cultures and a strong sense of heritage.	Number of Creative Communities funding rounds per year.	2	2	2	2	2
Council supports the vision that Horowhenua is New Zealand's foremost region in taking joint responsibility for the success of our community through education.	Number of Education Horowhenua meetings per year. <b>(Note:</b> the schedule for 2015 onwards has changed from ad-hoc to quarterly).	4	4	4	4	6
Council supports the vision that the Horowhenua is fully accessible to all people.	Number of Disability Leadership Forums per year.	4	4	4	4	4
Council promotes community empowerment and provides opportunities for community driven initiatives and projects.	Percent of funds distributed through contestable Community Grants and Funding schemes that comply with grant criteria.	100%	100%	100%	100%	100%
Council promotes community group empowerment, and provides opportunity for community groups to grow and develop.	Number of Community Capacity and Capability Building Programme workshops or trainings offered.	10	10	10	10	<i>New Measure<sup>^</sup></i>
	Percent of satisfaction with Capacity and Capability Building Programme workshops or training.	80%	80%	80%	80%	<i>New Measure<sup>^</sup></i>
	Number of individuals participating in Capacity and Capability Building Programme workshops or training	100	100	100	100	<i>New Measure<sup>^</sup></i>

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
	over the year.					
Council supports beach safety initiatives within communities by providing financial support.	Number of weeks Council funded surf life saving service is provided at Foxton and Waitarere Beaches.	6	6	6	6	6
Council effectively communicates with its ratepayers and residents.	Number of Council "Community Connections" Newsletters published annually.	10	10	10	10	10
	Number of media releases published annually.	100	100	100	100	<i>New Measure</i> <sup>^</sup>
	Council provides a 24/7 telephone contact centre operation for people to phone.	100%	100%	100%	100%	100%

<sup>^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

### **Major Projects**

There are no major projects planned for the Community Engagement Activity for the next 10 years.

### **What has changed since the 2012-22 LTP?**

Since the last LTP was developed the scope of the Community Wellbeing Strategy has broadened to include Pride and Vibrancy, Arts, Culture and Heritage, a community skills training programme (Community Capacity Building) has been introduced, and Council now has a strong social media presence.

### **Challenges Council faces for this Activity:**

A challenge facing Council for this Activity is the change in demand and Community expectations. This challenge will be met by ensuring that the services provided by the Community Engagement Activity will be developed to ensure that they are meeting the needs of their target audience as well as the wider Community and to ensure that they are flexible enough to cope with these changing demands and expectations.

Another challenge is the need to stay connected to Central Government's Strategic Policies and Direction for providing for community engagement while maintaining a focus on the needs of our local Communities.

Funding requests are regularly higher than the funding available and unfortunately there are limited funds available for this Activity and these funds must be allocated to a wide range of Community organisations not just a few.

### **Significant negative effects associated with this Activity:**

There are no known significant negative effects surrounding Council's planned Community Engagement Activity.

### **Key Risks and Assumptions associated with this Activity:**

That the role of Local Government will continue to include community wellbeing as a core service and outcome.

### **Visitor Information**

As part of this Activity the Council's manages the provision of visitor information services in Levin, Foxton, and Shannon.

### **What does this Activity involve?**

- As part of this Activity the Council manages contracts which provide the following services:
  - Domestic travel ticketing;
  - Horowhenua attraction, activity and accommodation bookings;
  - Local and regional visitor information, travel maps and resources; and
  - Integrated communications and working partnerships with local service providers.

### **Rationale for this Activity (why we do it):**

Activity	Community Outcome	Council Role
Visitor Information services are offered throughout the District.	<ul style="list-style-type: none"> <li>- A healthy local economy and a District that is growing</li> <li>- A community of knowledge, culture and diversity where people are proud to live</li> <li>- Positive leadership and effective partnerships</li> </ul>	Funder

### **Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline
Council supports the promotion of Horowhenua as a tourism destination.	Communities with Visitor Information financially supported.	Levin, Foxton and Foxton Beach, Shannon	Levin, Foxton and Foxton Beach, Shannon	Levin, Foxton and Foxton Beach, Shannon	Levin, Foxton and Foxton Beach, Shannon	<i>New Measure</i> <sup>^</sup>
	Percent of key performance indicators achieved by providers of Visitor Information as set out in annual service level agreement.	>85%	>85%	>85%	>85%	<i>New Measure</i> <sup>^</sup>
	Percent of key performance indicators achieved by Destination Manawatu (Regional Tourism Organisation) as set out in annual service level agreement.	>85%	>85%	>85%	>85%	<i>New Measure</i> <sup>^</sup>

<sup>^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

## **Major Projects**

There are no major projects planned for the Visitor Information Activity for the next 10 years.

## **What has changed since the 2012-22 LTP?**

No key changes have occurred in the Visitor Information Activity since the 2012-22 LTP was adopted.

## **Challenges Council faces for this Activity:**

A main challenge facing Council for this Activity is maintaining the current levels of funding support in the absence of receiving income generated from this Activity. Another challenge is balancing the requirements of visitor and local customers as this blurs the line between economic and community wellbeing outcomes and funding mechanisms.

## **Significant negative effects associated with this Activity:**

There are no known significant negative effects surrounding Council's planned Visitor Information Activity.

## **Key Risks and Assumptions associated with this Activity:**

There are no known risks or assumptions associated with Council's planned Visitor Information Activity.

## **Economic Development**

The purpose of this Activity is to facilitate economic growth and improved social and economic wellbeing in the Horowhenua District through the support and implementation of strategies targeting increased investment, job growth, skill growth, income growth and an enhanced reputation for the District. Horowhenua District is poised for significant change and has the opportunity to considerably advance its economy wellbeing and prosperity over the next 10 years.

## **What does this Activity involve?**

Economic Development advocacy, support and facilitation across the following service areas:

- Business sector growth and performance;
- Sustainable natural resource utilisation;
- Infrastructure and policy development/implementation;
- Workforce skill development, training and education; and
- Horowhenua as a vibrant and sustainable place to live and visit.

## **Rationale for this Activity (why we do it):**

<b>Activity</b>	<b>Community Outcome</b>	<b>Council Role</b>
Business Sector Support and Advocacy.	<i>- A healthy local economy and a District that is growing - Positive leadership and effective partnerships</i>	Provider/Advocate
Sustainable natural resource utilisation.	<i>- A sustainable environment - Positive leadership and effective partnerships - A healthy local economy and a District that is growing</i>	Advocate
Infrastructure and policy	<i>- A healthy local economy and a District</i>	Advocate

Activity	Community Outcome	Council Role
development/implementation.	<i>that is growing</i> - A sustainable environment - Safe, resilient and healthy communities - Positive leadership and effective partnerships	
Workforce skill development, training and education.	- A healthy local economy and a District that is growing - A community of knowledge, culture and diversity where people are proud to live - Safe, resilient and healthy communities - Positive leadership and effective partnerships	Advocate
Horowhenua as a vibrant and sustainable place to live and visit.	- A healthy local economy and a District that is growing - A community of knowledge, culture and diversity where people are proud to live - Safe, resilient and healthy communities - Positive leadership and effective partnerships	Provider/Advocate/ Funder

**Levels of Service and how we will measure our performance:**

Service	How will we measure our performance	Target (15/16)	Target (16/17)	Target (17/18)	Target (18-25)	Baseline (13/14)
Council provides strategic leadership in coordinating Economic Development activities across the District.	Councils Economic Development function will meet performance indicators and objectives as defined in the Horowhenua Economic Development Strategy. <sup>^</sup>	90% of annual work plan is completed	90% of annual work plan is completed	90% of annual work plan is completed	90% of annual work plan is completed	New Measure^^
	Number of Economic Development Board meetings held per year.	10	10	10	10	New Measure^^
Council provides opportunities for businesses to collaborate and network resulting in a stronger business sector.	Number of Business networking meetings held per year.	10	10	10	10	New Measure^^
Council advocates for and facilitates business development and new business investment in the Horowhenua.	Percent of the District's business community that are satisfied or more than satisfied with the Council's overall performance in the Economic Development Activity.	>75%	>75%	>75%	>75%	New Measure^^

<sup>^</sup> Performance indicators and objectives for key projects will be identified as part of the Economic Development Strategy implementation and will inform the annual work plans.

<sup>^^</sup> Performance has not been previously measured as such the targets identified for the next 10 years are the desired outcome.

### ***Major Projects***

There are no major projects planned for the Economic Development Activity for the next 10 years.

### ***What has changed since the 2012-22 LTP?***

Since the adoption of the 2012-22 LTP Council has supported the creation of an Economic Development Unit and has facilitated the development of a comprehensive Economic Development Strategy. A Board has also been created to provide strategic leadership across the areas outlined above.

### ***Challenges Council faces for this Activity:***

A challenge faced by the Council in relation to economic development is realising Horowhenua District's economic potential over the coming 10 years. This will require quality leadership and decision making with an appropriate level of strategic and operational resourcing. The Council needs the support of businesses and the wider Community to help facilitate economic development in this District.

### ***Significant negative effects associated with this Activity:***

There are no known significant negative effects surrounding Council's planned Economic Development Activity.

### ***Key Risks and Assumptions associated with this Activity:***

There are no known risks or assumptions associated with Council's planned Economic Development Activity.

### ***Update on Regional Growth and Prosperity***

Councils in the Manawatu-Wanganui Region are collaborating to facilitate economic growth and prosperity for our communities. This collaboration has seen Central Government invest in a Regional Growth Study for the Region which is to be completed in April 2015. This study will identify key opportunities for growing our regional economy. Central Government has highlighted the importance of Councils collaborating with each other as well as with industry and iwi to facilitate growth.

Councils in the Manawatu-Wanganui Region have also invested in the Central New Zealand Agribusiness Strategy. This Strategy is an implementation plan that will take opportunities identified from the growth study and will put them into practice. The base Strategy will be completed in June 2015.

The Strategy will build on the strength the Region has in agribusiness from primary producers through to processors, research, and development. Collectively Councils in the Manawatu-Wanganui Region see significant advantages in building on our agribusiness base and aim to double the Region's agribusiness exports by 2025. As the results of the growth study and agribusiness strategy are put in place, Councils are likely to continue to invest in growing our prosperity.

## How much will it cost?

### Forecast Funding Impact Statement for Community Support

Activity FIS - Community Support	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Horowhenua District Council: Funding impact statement for the years 2014/15 to 2024/25 for Community Support group of activities</b>											
	Annual Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	1,595	1,835	1,885	1,922	1,966	2,022	2,072	2,110	2,172	2,233	2,307
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies & Grants for Operating purposes	24	27	28	28	29	30	31	32	33	34	35
Fees & Charges	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	20	13	14	16	18	19	21	23	25	28	30
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Funding (A)</b>	<b>1,640</b>	<b>1,875</b>	<b>1,927</b>	<b>1,966</b>	<b>2,013</b>	<b>2,071</b>	<b>2,124</b>	<b>2,165</b>	<b>2,230</b>	<b>2,295</b>	<b>2,372</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	981	931	957	956	982	1,015	1,041	1,073	1,115	1,146	1,187
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	679	911	936	975	994	1,018	1,044	1,051	1,073	1,105	1,139
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,660</b>	<b>1,842</b>	<b>1,893</b>	<b>1,931</b>	<b>1,976</b>	<b>2,033</b>	<b>2,085</b>	<b>2,124</b>	<b>2,188</b>	<b>2,251</b>	<b>2,326</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(20)</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>37</b>	<b>38</b>	<b>39</b>	<b>41</b>	<b>42</b>	<b>44</b>	<b>46</b>



## Forecast Funding Impact Statement (Continued)

<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	0	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	20	0	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>20</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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	-	33	34	35	37	38	39	41	42	44	46	
Increase (decrease) of investments	-	0	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>37</b>	<b>38</b>	<b>39</b>	<b>41</b>	<b>42</b>	<b>44</b>	<b>46</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>20</b>	<b>(33)</b>	<b>(34)</b>	<b>(35)</b>	<b>(37)</b>	<b>(38)</b>	<b>(39)</b>	<b>(41)</b>	<b>(42)</b>	<b>(44)</b>	<b>(46)</b>	
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	30	33	33	33	33	32	32	32	32	32	32	32
Note: These figures for the Annual Plan 2014/15 have been reworked to reflect the changing Activity Groups of the Council												

<b>Activity Expenditure</b>	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Community Development	232	280	294	299	306	319	322	328	343	347	357
Community Grants and Funding	358	339	349	361	370	381	392	403	415	429	444
District Communication	201	177	183	188	193	198	204	209	215	222	229
Economic Development	420	537	544	537	550	563	579	592	608	627	647
Emergency Management	356	319	326	339	345	354	363	364	372	383	394
Rural Fire	123	222	230	239	244	251	259	261	268	276	287
<b>Total Expenditure including Depreciation</b>	<b>1,690</b>	<b>1,875</b>	<b>1,926</b>	<b>1,964</b>	<b>2,009</b>	<b>2,066</b>	<b>2,117</b>	<b>2,156</b>	<b>2,220</b>	<b>2,283</b>	<b>2,358</b>

**Note:** There are no internal loans associated with this Group of Activities.

***How will it be funded?***

<b>Activity</b>	<b>Emergency Management and Rural Fire</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	The majority of the costs for this Activity are for the preparedness for an emergency event. The beneficiaries could be anyone in the District at any time. The Rural Fire Activity relies on public goodwill and volunteers. It would be impractical to rely on private good to fund the Activity.

<b>Activity</b>	<b>Community Engagement</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	This Activity should be funded as a true tax with no user charge element.

<b>Activity</b>	<b>Economic Development</b>
<b>Funding Source</b>	This activity will be funded by Public Good Rates.
<b>Rationale</b>	The activity should be funded as a true tax with no user charge element. Beneficiaries would be hard to identify.



# Council Strategies and Policies

- Infrastructure Strategy
- Financial Strategy
- Revenue and Financing Policy
- Liability Management Policy
- Investment Policy
- Financial Contributions Policy
- Rates Remissions Policy
- Property Activity Statement
- Remission Rates on Maori Freehold Land
- Summary of Council's Policy on Determining Significance



# Infrastructure Strategy (2015-2045)

## 1 Foreword

Amendments to the Local Government Act (2002) in 2014 mean that each Local Authority is now required to prepare a strategy that demonstrates Council's commitment to managing its public infrastructure in a way that ensures that the services provided by these assets is enduring and affordable.

This document is the Horowhenua District Council 30 Year Infrastructure Strategy.

Over the past few years Council has been working to improve its knowledge of the infrastructure assets it has, through which it delivers key services to the District that are critical to the Community's health, safety and economic prosperity. It has also been improving the planning practices essential to ensuring that these assets can endure into the future.

This improvement in information and attention to forward planning has helped us to recognise that the large financial investment in infrastructure made over decades by the Community has now reached an important decision milestone. Council must now act in a particular way to make sure these critical services that keep our Community healthy and ensure that business can continue in the decades ahead, and are delivered in a manner that is affordable and sustainable.



Manawatu River

A key goal of this Infrastructure Strategy is a sustainable future. The Infrastructure Strategy, supported by Asset Management Plans, plays a key role in helping to achieve a sustainable future. The Strategy informs the Council's Financial Strategy and Long Term Plan of the necessary infrastructure related tasks, the best options for achieving them, the most effective cost and the best timing. These are key decisions in managing the Community's infrastructure assets sustainably.

To obtain the best service potential from assets is another key goal of this Infrastructure Strategy. This means that the Council is committed to making the most of its existing assets to avoid the expense of having to build new assets until they have truly reached the end of their useful lives. This is carefully balanced with the need to recognise that when an asset is no longer economically worth maintaining then that is when it needs to be replaced with a new one.

Overall Council aims to demonstrate a high standard of planning and management of the infrastructure assets which it takes care of on behalf of the Community.

David Clapperton,  
Chief Executive

## 2 Executive Summary

The continued wellbeing and future growth of the Horowhenua District is supported by a large investment in public infrastructure to provide Water, Wastewater, Stormwater and Roding services.



The Ohau River

The key purpose of the Infrastructure Strategy (the Strategy) is to provide a plan for maintaining the current Levels of Service provided by Council's core infrastructure of water, wastewater, stormwater and roading. It also helps Council identify and close any gaps in these Levels of Service. The Strategy is critical to a sustainable future and the achievement of the Community Outcomes.

This Strategy is part of the framework of strategic planning documents including Asset Management Plans, the Long Term Plan and the Financial Strategy. These documents are the key tools for managing Council's assets sustainably and allowing Council to achieve identified infrastructure objectives for the next 30 years. This Strategy, along with the other strategic documents, will help ensure that Council is a good steward of its assets.

The following graph summarises the total expenditure across all asset groups by Operating (Opex) and Capital (Capex) expenditure.

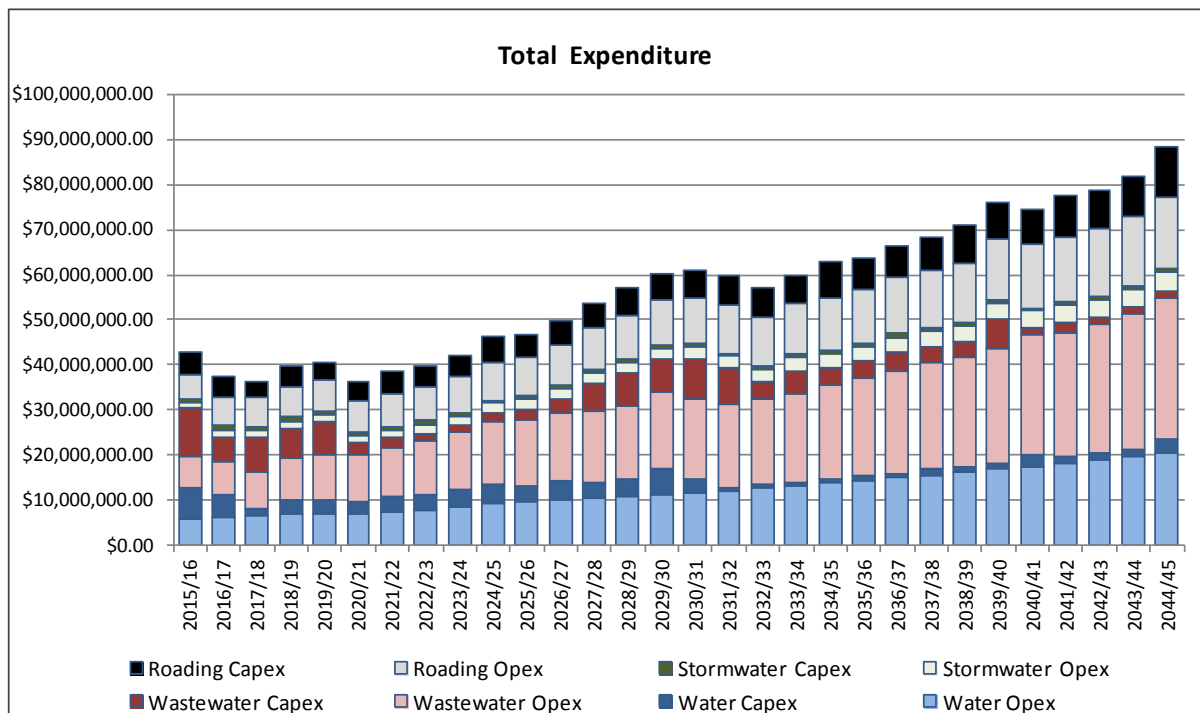


Figure 1 Total Operating and Capital Expenditure

### 3 Purpose of the Infrastructure Strategy

Council needs to ensure that whatever service is provided by the assets today can continue to be provided into the future and in a way that meets the changing demands of the Community.

Section 101B of the Local Government Act (LGA) 2002 and its amendments, requires each local authority to prepare and adopt an Infrastructure Strategy as part of its Long Term Plan. This strategy is required to cover a period of at least 30 consecutive financial years.

The Infrastructure Strategy will help the Council and the Community make informed decisions over the next three to ten years, and will place the Council in a better position to understand and plan for major investments that may be required in the next 10 to 30 years.

In complying with these requirements, the Infrastructure Strategy identifies:

- Significant infrastructure issues and the actions to be taken to address the gaps in both the shorter and longer term,
- Options and associated expenditures for managing them over the period covered by the strategy taking into account a range of factors that impact on the nature and cost of infrastructure provision, and
- The key planned projects to deliver the infrastructure to enable growth.



Pipes ready for installation, "Pipeline to the Pot" project, 2013

## 4 The Horowhenua District

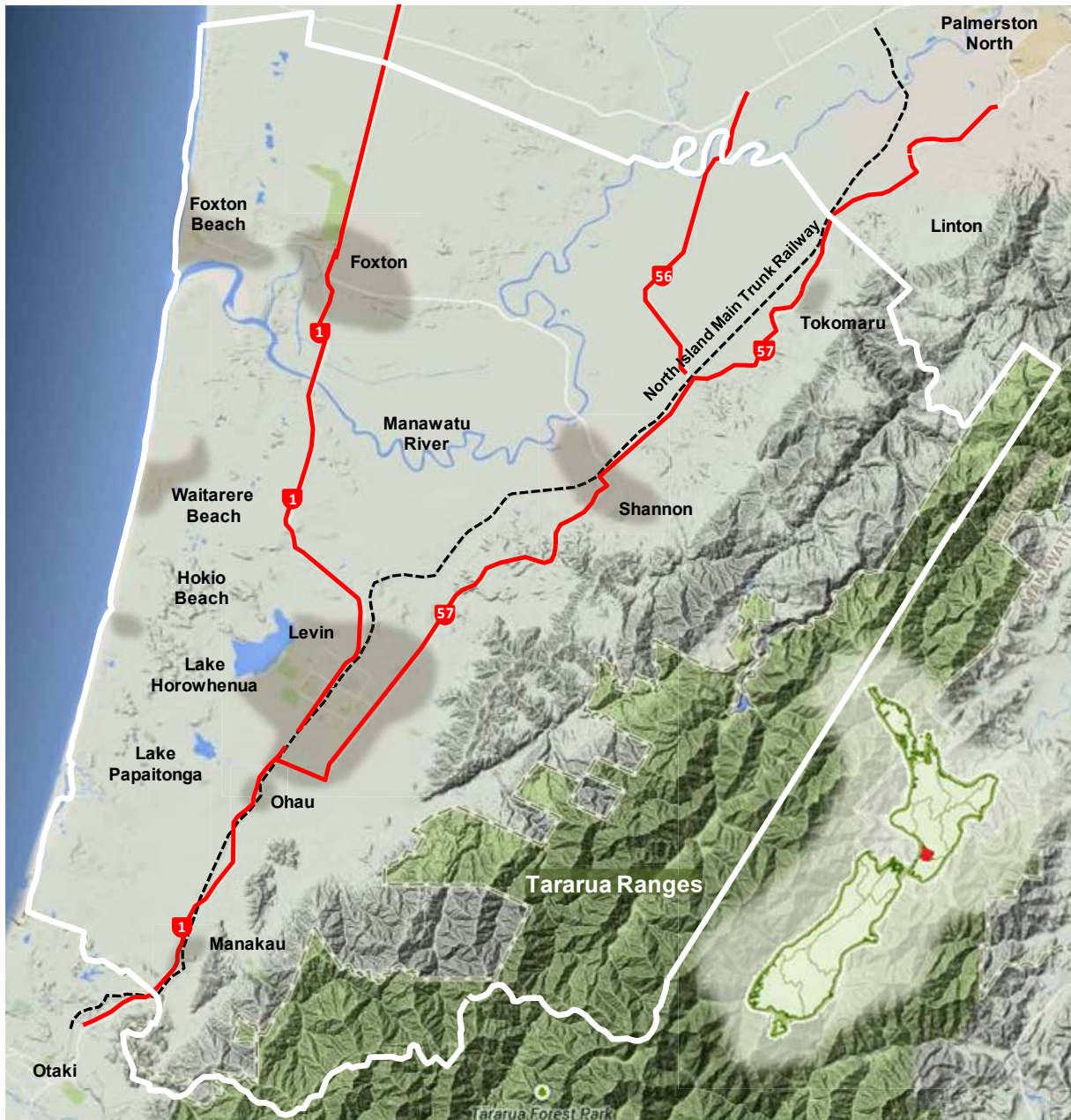


Figure 2 Map of the Horowhenua showing main settlements, road and land features

### 4.1 History

The Horowhenua District came into being on 1 November 1989 as part of the then round of Local Government Amalgamations. This District was made up of parts of the former authorities of Levin Borough, Foxton Borough and Horowhenua County.

Various parts of the District have had times of growth and recession in terms of employment and economic activity. The Foxton Township was a major source of flax during the early 20<sup>th</sup> century; however the global depression of the 1930's brought the industry to a standstill.



## 4.2 Geography

Horowhenua District covers 1,069 km<sup>2</sup>. Its local authority neighbours are Kapiti Coast District to the south, Tararua District to the east, and Palmerston North City, and parts of Manawatu County and Manawatu District to the north.

The District is bordered by The Tasman Sea to the west and the Tararua Ranges to the east. The Manawatu River flows through the District entering near Poplar Road (near Tokomaru) to the north and exiting at Foxton Beach.

The main settlements of Horowhenua District are Levin, Foxton and Foxton Beach, Shannon, Tokomaru, Waitarere Beach, Hokio Beach, Ohau, Waikawa Beach and Manakau. Council's central administration office is located in Levin which is less than an hour by road from Palmerston North and just over an hour from Wellington. Other service centres are located in Shannon and Foxton.

Much of the District was once an extensive wetland. It has been progressively drained and converted to productive farmland, with a mixture of loam and peat based soils.

## 4.3 Demographics

The District's population is 30,600<sup>1</sup>. The current population movement within the District is characterised by an even internal migration between the urban and rural areas.

The District's townships have had periods of growth and recession; currently there is still a surplus of land and property following closure of several key businesses during the early 2000's.

The population is split between 47.5% male and 52.5% female. The following graph shows the District's Age Profile.

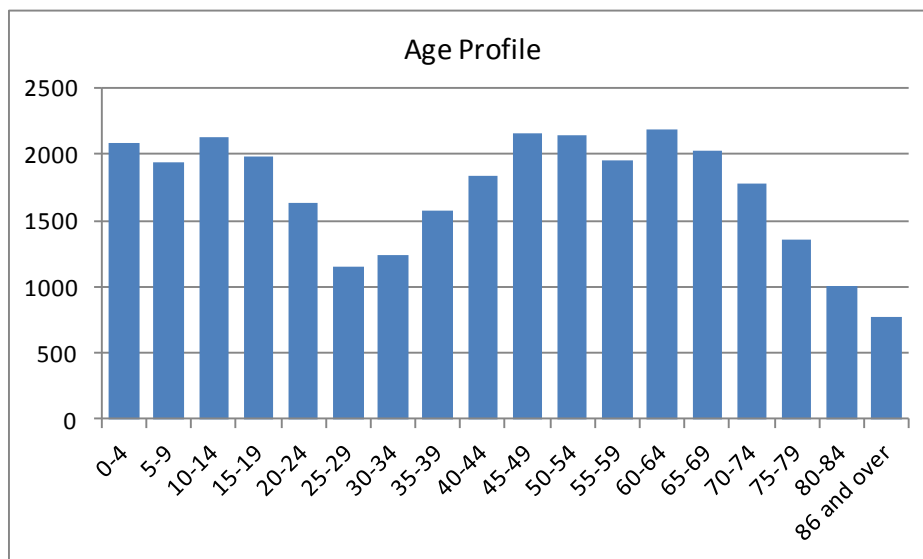


Figure 3 HDC Population Age Profile

<sup>1</sup> Statistics New Zealand June 2013 estimate

## 4.4 Tangata Whenua

Maori began to settle in the District in the 14<sup>th</sup> century. Today Council exercises functions within the rohe of:

- Muaupoko
- Ngati Raukawa
- Ngati Whakatere
- Ngati Apa
- Rangitane

The Local Government Act 2002 requires Territorial Authorities to maintain and improve the ability of Maori contribute to Local Government decision-making. Council is required to have regard to the relationship between Maori and their ancestral lands, water, sites, wahi tapu and other taonga of national importance. These relationships must be recognised and provided for by decision makers.

For many reasons, the Treaty of Waitangi considerations and the Resource Management Act (RMA) 1991 have a direct impact for long term infrastructure management. This includes consultation required as part of the resource consent process as well as consulting with Maori on the provision of infrastructure, relating to the likes of discharge of waste to land, or extraction of water.

In the past 12 months Council has been working to strengthen its relationships with Iwi groups in the District.

## 5 The Role of Infrastructure

Community Outcomes are the goals and aspirations that Council is working towards achieving for the District. The Council has developed five Community Outcomes for the Horowhenua District and these are:

- A healthy local economy and a District that is growing,
- A sustainable environment,
- A community of knowledge, culture and diversity where people are proud to live,
- Safe, resilient and healthy communities, and
- Positive leadership and effective partnerships.

Achieving these Community Outcomes requires:

- A clean reliable supply of water for drinking and fire fighting,
- A safe reliable land transport network,
- Protection of private property and transport corridors from the effects of stormwater, and
- Safe disposal of wastewater.

These requirements are provided by the infrastructure asset built and maintained by Council. The assets involved have been built up over decades and are worth many millions of dollars. The ongoing operation, maintenance, renewal and occasional expansion of the assets is an expensive exercise that requires good information and careful planning for the future to make sure we continue to achieve these Community Outcomes.

## 5.1 Assets Covered in this Strategy

For the purposes of this strategy the term infrastructure will include basic built assets that provide a structural foundation for the community and covers specifically the following Council owned assets:

- Drinking water supplies,
- Wastewater collection, treatment and disposal,
- Stormwater, and
- Land Transport network.

The assets include the likes of:

- Network pipelines and fittings on the pipelines,
- Treatment plants,
- Roads, footpaths, streetlights and street signs, and
- Other assets associated with transport within the road corridor.

As mentioned above these are expensive assets. The value of the four asset groups is shown in the table below. The values are as at 30 June 2014 and expressed in millions.

		Replacement Cost	Book value
Water	Treatment	\$24.14	\$13.01
	Reticulation	\$80.31	\$42.33
Wastewater	Treatment	\$25.80	\$15.20
	Reticulation	\$112.60	\$53.40
Stormwater	Reticulation	\$45.1	\$31.2
Roading	Road	\$228.20	\$159.30
	Facilities and Structures	\$22.90	\$8.70
	Footpaths	\$23.20	\$10.00
	Drainage	\$26.10	\$12.40

### 5.1.1 Council Activities not included

Activities and assets not covered in this Strategy are Solid Waste, Property and Recreation.

The Solid Waste activity is currently the subject of a Solid Waste business review which discusses the future scale of Council's operation, ownership and involvement in service provision in the solid waste area. Similarly the Property Activity is the subject of a Property Strategy currently being prepared which is expected to discuss options for the future ownership and provision of Property assets, both land and buildings.

Until discussions and decision making arising from these two strategies are concluded, there is considerable uncertainty over what assets will be owned by Council at all. For now the scale of overall assumptions over such a long planning horizon outweighs the benefit of discussing these Activities in this Strategy.

In addition, both the Property and Recreation Activities have considerable gaps in the data and information on the assets involved, and the assumptions that would need to be made would again outweigh the benefit of planning over 30 years.

Council's intention is that by the time the first review of the Infrastructure Strategy is undertaken in 2017, the issues of both future direction in service provision and confidence in underlying data and information in these three Activities will have been addressed. It is likely that they will then become part of Council's Infrastructure Strategy.

### **5.1.2 Non-Council Infrastructure**

Both Central Government and the private sector provide and maintain other infrastructure groups vital to meet the needs of the Community. Some of the infrastructure owned or under the responsibility of others include the State Highway network, the Rail network, Communications, Electricity and Gas networks. These services are not covered under this Strategy.

## **6 Infrastructure Goals**

The Goals of this Strategy are:

- Goal 1      Ensure adequate infrastructural capacity to meet the demands of current and future generations whilst being affordable to the Community.
- Goal 2      Increase the reliability and resilience of the existing and future infrastructure.
- Goal 3      Ensure sustainable use of resources and protection of critical environmental values.

These Goals specifically support three of Council's Community Outcomes being;

- A healthy local economy and a District that is growing,
- A sustainable environment, and
- Safe, resilient and healthy communities.

### **6.1 Infrastructure Objectives**

The objectives of managing infrastructure over the long term are to ensure that:

- **Levels of Service agreed to by the Long Term Plan can be met.** This means making sure that the assets are delivering the service for which they were built, in other words that they are fit for purpose.
- **The Levels of Service are affordable for the Community.** This means ensuring the right amount of financial planning is undertaken to ensure that the most cost-effective options are used for the ongoing operation, maintenance and renewal of the assets. The Community must be able and willing to pay for this, and that other services provided by Council are taken into account.
- **The Levels of Service can continue to be provided in the same cost-effective manner as the demands of the Community change.** This means that we need to be able to predict changes in demands for service and plan for the right response to those changes.

### **6.1.1 Identifying Priorities**

As the demand for additional or improved infrastructure increases, the biggest challenge facing Local Authorities today is getting the funds required for upgrades of ageing or obsolete infrastructure, and for new infrastructure to meet increased levels of service and growth. Proposals to meet each of these challenges are presented later in this Strategy.

It is important to identify where there are infrastructure gaps and which gaps have a high priority so that resources and efforts are focused on these first. Identifying what infrastructure is important to the Community and to meet the Council's legislated obligations, Council's Levels of Service have been developed to help define and identify the key strategic priorities around our infrastructure.

The key pieces of legislation and regulations that inform Council's legislative obligations in respect of its infrastructure include, but are not limited to, the following;

- Health Act 1956,
- The Health (Drinking Water) Amendment Act 2007 (replaces the Water Protection Regulations 1961),
- Local Government Act 2002,
- Building Act 1994,
- Resource Management Act 1991,
- Health & Safety Act in Employment Act 1992,
- New Zealand Drinking Water Standards (2005) revised 2008,
- Civil Defence Emergency Management Act 2002,
- Public Works Act 1981,
- Horizons Regional Council's One Plan.

There are also key challenges that the Horowhenua District will likely face over the next 30 years, and these give rise to strategic issues that will need to be monitored, analysed and responded to over this extended period.

At a high level the important issues for the three waters and roading are:

- Ensuring our services enable our District to develop, grow and be prosperous,
- Ensuring our services enable the Community and the environment to be healthy,
- Balancing district requirements for services with community affordability,
- Monitoring and managing the risks associated with operating our critical infrastructure,
- Predicting, monitoring and mitigation of unauthorised discharges to the environment, and
- Making better use of public education and demand management to help deliver more effective services.

## **7 Sustainability**

It is also critically important that infrastructure decisions and the actions taken to achieve them are sustainable. For infrastructure decisions and actions to be sustainable they should:

- Promote the efficient and effective use of resources,
- Deliver equity for the present and future generations,
- Avoid, mitigate and remedy any adverse effect on the environment, and

- Promote the creation of liveable communities with a sense of place and identity.

The questions taken into consideration to help ensure sustainable outcomes are:

- Will the type of infrastructure built or being maintained, continue to serve the Community into the future?
- Can the infrastructure be maintained or renewed given the limited resources available to the Community?
- Does the infrastructure create effects or impacts that erode the quality of our natural environment?
- Does the method of maintaining or constructing this infrastructure have local or global impacts environmentally, socially or economically?

These are important questions to ask if the Horowhenua Community is to build a sustainable future and if built assets and infrastructure that support quality of life are to be strengthened and not eroded. A significant effort to continue building sustainability into Horowhenua District Council's business practices must be made. Sustainability will be a critical criterion in the actions Council seeks from other agencies and organisations. In the actions outlined later in this plan, Council will strive to act sustainably in all decisions, actions and practices throughout the life cycle of assets.



Farmlands near Shannon

## 8 Assumptions

### 8.1 Population

The most important assumption to be made in this Strategy is the population of the District as this informs assumptions around;

- How many people we consider will be using a service?
- How many more will be using that service in years to come?
- How much of the service or product will they be using? and
- Will this make the asset last longer or wear it out faster?

Population is influenced by a range of factors such as employment opportunity, business activity, age and change in age profile, fertility and mortality rates. Changes in population are

difficult to predict but vital to understand future requirements for the infrastructure based services.

The growth projections used in determining the most likely scenario are set out below.

- Between the 2013 Census and 1 July 2015 the population will grow by 0.1% per year,
- The population will grow by 0.4% per annum for the next 30 years up to and including year 2045,
- The population will grow at the same rate across all settlements within the District,
- The number of new dwellings will increase by approximately 135 per year over the next 30years,
- The average number of occupants within each household will continue to drop due to an ageing population, and
- There will be minimal growth in the commercial and industrial sectors.

The population growth projections are shown in the graph below.

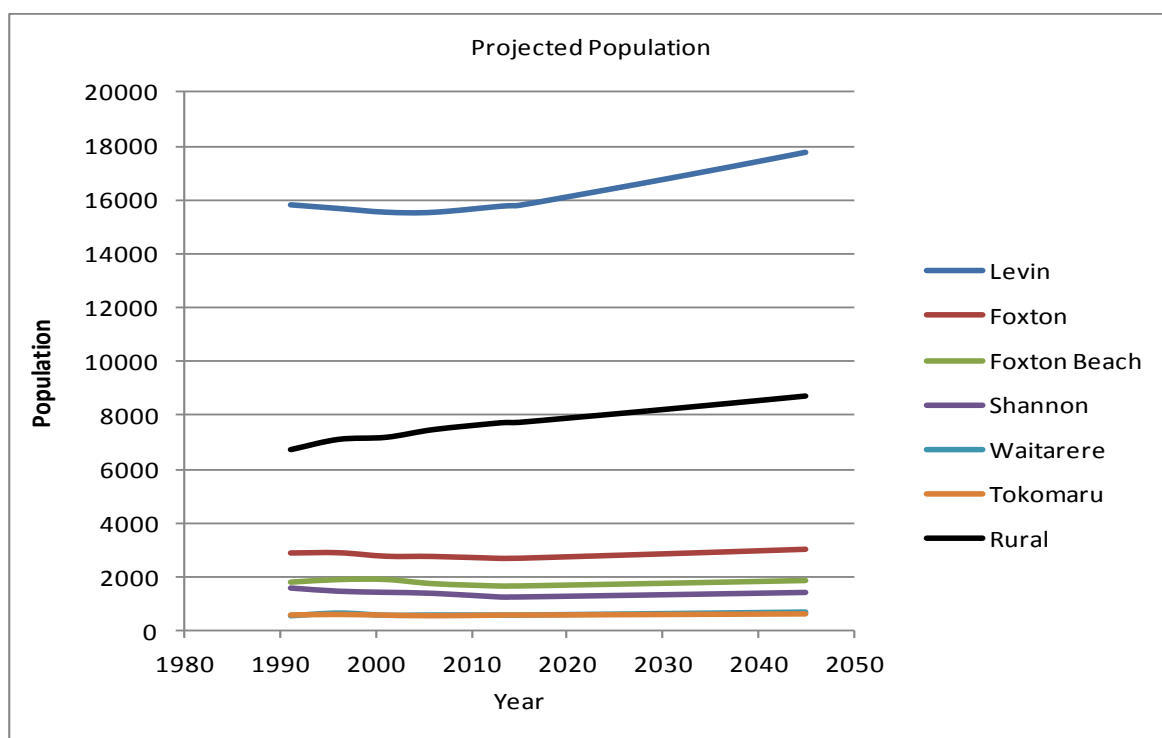


Figure 4 Horowhenua District Projected Population

It is also important to understand how the population's age is changing. The age profile is assumed to be getting increasingly older, with growth predicted in the over 65 year's age range, but with little gain in the 20's and 30's age range. It is anticipated that by 2031 over 30% of the District's population will be aged over 65 years old.

This means that potentially within two decades one third of the population may be living on a single or limited fixed income with little potential for increase in wealth or earning ability. This affects what the Council considers to be deemed to be "affordable" and the extent to which the Community is able to pay for services of escalating cost. The change in age profile is shown in the following graph.

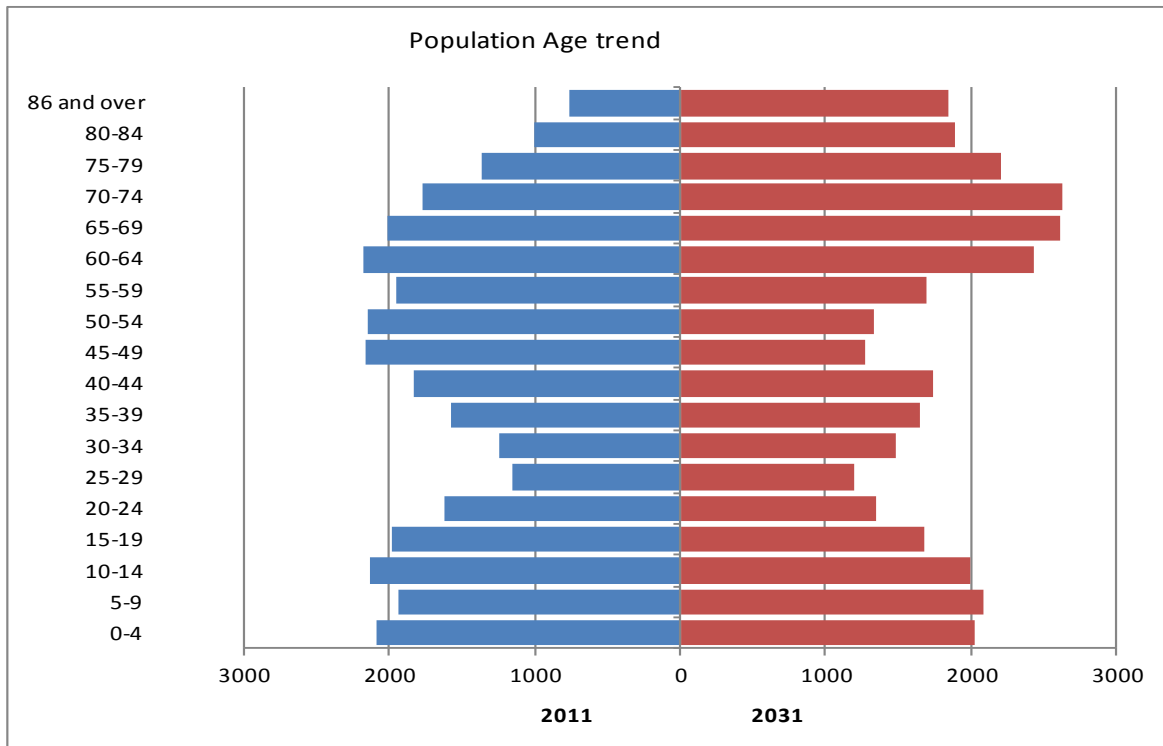


Figure 5 Projected Population Age change

## 8.2 Ownership

Council currently owns and operates the infrastructure assets outlined in this Strategy. Although most of the field works are undertaken by private contractors, the overall responsibility for service delivery rests with Council. This Strategy assumes that the current ownership/operating model in use by the Council will continue through the next 30 years.

## 8.3 Levels of Service

This Strategy assumes that all Levels of Service targets will be unchanged in the future.

Where Level of Service capital expenditure is proposed (largely in the Water and Wastewater Activities), this is to meet mandatory Levels of Service that are not currently being met. It does not mean the targets are being increased.

Where there are land use changes in the District Plan, some areas may be entitled to an altered Level of Service. It is assumed that there will be no impact from land use changes in the District Plan in terms of ability to meet these Level of Service changes.

The key Levels of Service have regard to minimum legislative standards and customer satisfaction with service. All Levels of Service are tabled in Appendix 1.

## 8.4 Data and Information

A particular focus in current Infrastructure management is improved data and information. This is needed to establish a more reliable basis for actions in this Strategy. Some of the programmes established later in this Strategy include assumptions that better data and information has been collected as time goes by. These assumptions are that:



- We will implement new systems to provide for better capture of asset data, including true operations and maintenance costs,
- We will update and refine the required renewal expenditure based upon the improved data,
- The renewals programmes will be adjusted based on condition and performance monitoring, and
- Asset renewal profiles and depreciation rates/calculations will be reviewed as improved information becomes available.

An assessment of the confidence in the data underlying the current Asset Management Plans is shown in the following table.

Asset class	Data confidence grade	Method of assessment
Water	C - Data based on sound records, analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.	Register analysis
Wastewater	C - Data based on sound records, analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.	Register analysis
Stormwater	C - Data based on sound records, analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.	Register analysis
Roading	B - Data based on sound records, procedure, investigations and analysis, documented properly but has minor shortcomings, e.g. some data is missing	Register analysis

The expected life of each asset type in each Activity is also set in the Asset Management Plans and the Asset Valuation to help determine how long the assets are expected to last for. A table of all assumed asset lives is presented in Appendix 4.

## 8.5 Inflation

The financial forecasts for the first 10 years have been adjusted for inflation in accordance with projections based on the BERL Local Government cost index. These inflation rates are detailed in the Financial Strategy. The financial forecasts for years 11 to 30 are not adjusted for inflation.

# 9 Significant Challenges for the District

## 9.1 Growth and the Ageing Population

The growth projections assumed for the decisions to be made in this Strategy have been derived from Statistics New Zealand and modified by Infometrics.

These projections show that despite Council's adjacent southern neighbour experiencing high growth rates in the national context since the 1970's, the population growth rate in the Horowhenua District has and will continue to remain at comparatively very low levels.

Compounding the impact that these low levels of growth will have on our ability to maintain and renew assets is the increasing size of the over 65 years old age group. This is the portion of the population which has the least ability to absorb increasing costs associated

with increasing infrastructure expenditure and it is, however, the sector of the population which is growing at the fastest rate in this District. It is significant that portions of population aged 65 and over in both the Horowhenua and Kapiti Coast District are amongst the highest in the country and are projected to remain so.

## 9.2 Roads of National Significance (RONS)

The Wellington Northern Corridor (Levin to Wellington Airport) is one of seven Roads of National significance the Government has committed to being constructed. It includes construction of 110 km of expressways from Wellington to north of Levin and includes the following stages:

- Transmission Gully (Linden to Paekakariki) beginning in 2014
- Paekakariki to Peka Peka, construction beginning in 2013
- Peka Peka to Otaki, design expected to begin in 2015

The effects these expressways will have on the District include the likes of:

- The impact of the construction phase on local labour, plant and machinery resources,
- The impact of temporary accommodation on the local rental housing market while the northern reaches of the expressway are under construction (this could last for years at a time),
- The impact of the shortened commuter distance from Levin to Paraparaumu and further south to Porirua and Wellington, particularly where the effect is that the travelling distance will be reduced by up to 40 minutes in off-peak time, and
- Shortage of land in Kapiti Coast putting pressure on land in Horowhenua; the Transmission Gully section in particular will quickly make land in Kapiti Coast less affordable and in greater shortage.

The overall effect of the RONS will be to continue to push development northwards and into the Horowhenua District. The combination of these factors will likely have a significant and long lasting impact on the Horowhenua District's population and economy.

## 9.3 Ageing Infrastructure

Areas of the District have been built over decades, and today there is both underground and aboveground infrastructure which is well past its expected life. As ageing occurs reactive maintenance will increase. A key challenge for the District is the balance between reactive maintenance, programmed maintenance, and the inevitable rehabilitation or outright replacement of assets which have both physically and economically run past the point of repair.

There are risks of high running maintenance costs and loss of service through failure of aged assets. A significant portion of the proposed asset renewal programme is aimed ensuring that these risks are mitigated by a continual replacement of assets that have reached an age that ongoing performance is lost.



Mayor E. W. Wise re-opens the water supply after headworks reconstruction in 1961.

**Horowhenua**

Council has historically fallen short in the level of renewals required to keep networks in appropriate condition and performance levels. Within each Activity there is a concentration of renewals funding programmed, particularly within the first 10 years, to address the need to catch-up on previously underfunded asset renewal.

## 9.4 Climate Change and Coastal Change Impact

In the long term it is expected that climate change will have two principle impacts upon the Horowhenua District of an increased risk from severe natural hazards, and a gradual change in environmental conditions such as rainfall and tide levels.

Within the lower North Island it is expected that over the next 40 years the average temperatures will rise by 0.2°C and 2.2°C in the Manawatu-Wanganui Region, evaporation will increase, enhanced westerly winds will occur, heavy rain will become more frequent, and average rainfall will increase in the westerly regions of the island.

Results from a study by Horizons Regional Council<sup>2</sup> show that there is likelihood of an impact within the next 30 to 50 years on coastal areas. This is a combination of rising tides and coastal erosion. Areas of land in Waitarere, Waikawa and Foxton Beaches have been predicted to be at risk from storm surge and inundation.

The assessed impact on infrastructure from coastal change is negligible in the 30 year horizon and there is no immediate response to these risk presented in this Strategy. However Council will ensure that future reports produced by the likes of Horizons Regional Council or the National Institute of Water and Atmospheric Research (NIWA) are studied to confirm predicted trends and act in response to any predicted changes if necessary.

## 9.5 Resilience: Flooding and Earthquake

### 9.5.1 Flooding Risk

Flooding is the most frequently experienced natural hazard in the District, and the likelihood of a major flood occurring in any year is high. The other natural hazards occur less frequently, but have the potential to cause significant adverse effects and pose a risk to people and property. The Koputaroa, Moutoa and Makerua areas are former swamps and are served by drainage schemes which have enabled the land to be farmed. Ongoing reviews and upgrades to the schemes occur to meet the demands of farming systems.



The Moutoa Sluice gates, 1962 (Horowhenua Historical Society)

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<sup>2</sup> Coastal Hazards Assessment Report, Horizons Regional Council, 2014

Land in these areas is subject to flooding, particularly if the pump systems fail.

Wider areas of the District are prone to flooding as shown in the map overleaf. While it is Horizons Regional Council's responsibility for flood control, large scale flood events (February 2004) have a significant impact on the ability of the Council to continue to deliver its services addressed in this Strategy.

Council has put some mitigation measures in place by way of development controls in the District Plan which determine where development can take place, in turn determining where infrastructure is required.

### **9.5.2 Earthquake Risk**

Earthquake fault lines run through the Horowhenua District and their existence means that the District is vulnerable to earthquakes. An earthquake could potentially cause devastation to both above and below ground infrastructure in developed areas through ground rupture, liquefaction or ground deformation. Fault or ground rupture can occur during a very large earthquake where the movement creates discrete breaks at the ground surface, which is of particular risk to buildings, structures and infrastructure.



Figure 6 Liquefaction effects of an earthquake at Foxton Beach 1934 (Foxton Historical Society).

The known active faults are predominantly located in the Tararua Ranges away from any areas of intensive development and settlement, and therefore, the risks of fault or ground rupture are most likely to occur in the District's hill country.

Council is a member of the New Zealand Local Authority Protection Programme (LAPP) scheme that insures infrastructure at replacement cost value. Above ground assets such as reservoirs and buildings are insured with Aeon Insurance through the Manawatu-Wanganui Local Authority Shared Services agreement.

The following map of the District shows the locations of major fault lines, coastal hazard areas, flood prone areas, and the proposed Roads of National Significance routes.

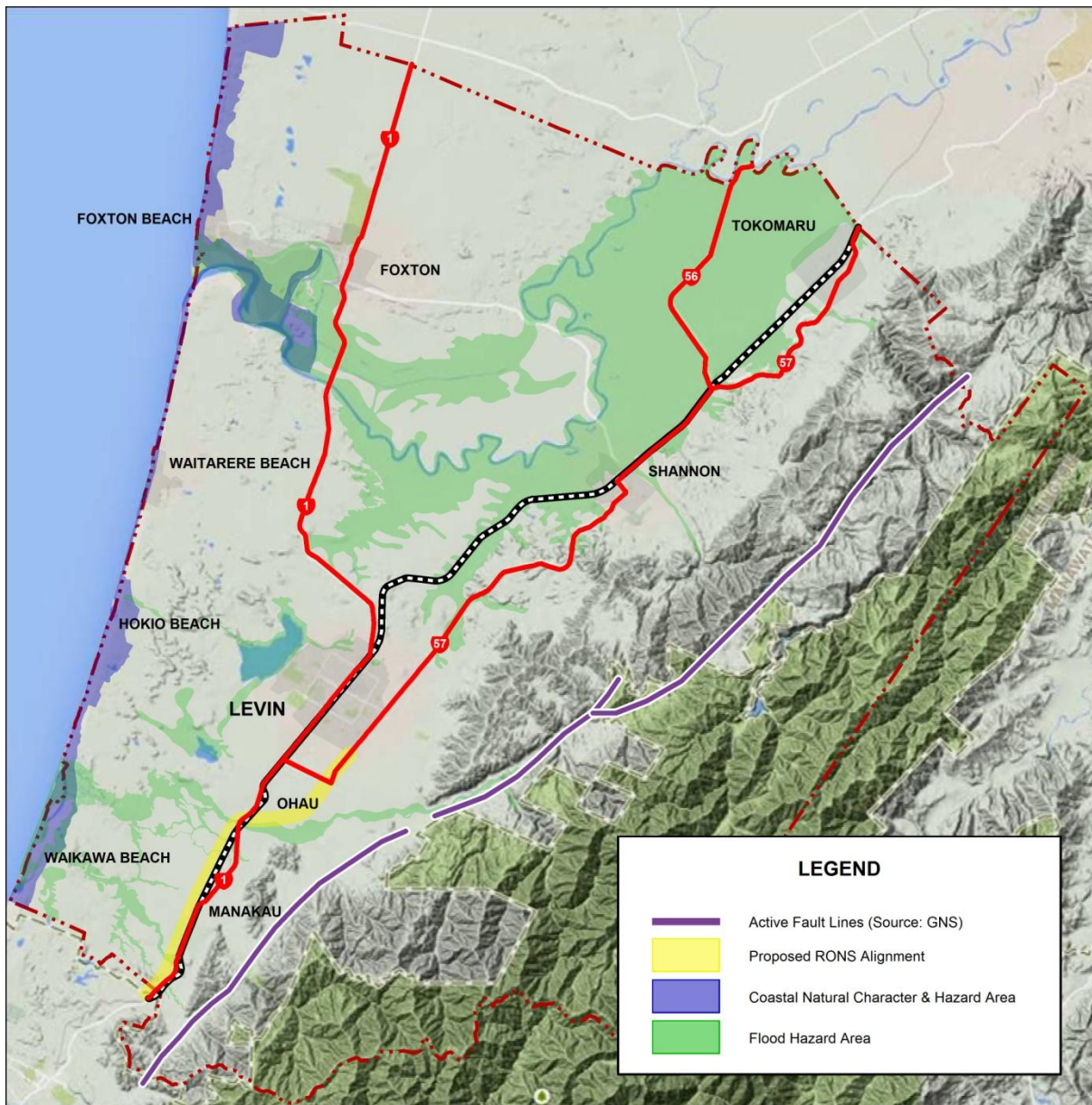


Figure 7 District Map showing Fault lines, coastal hazards, flood prone areas and RONS

## 10 Infrastructure Issues

### 10.1 ISSUES AFFECTING ALL INFRASTRUCTURE

A large amount of the District's infrastructure was built in the 1960's and 1970's. With an average age of 60 years, many of these assets are now reaching, or indeed have already passed the end of their expected life. Maintaining these ageing assets becomes more difficult as their age increases. The District is now at a time when keeping the respective levels of maintenance cost versus renewal cost is at its hardest to balance.

The key issue in regard to Council's infrastructure assets is not what needs to be provided, but how to avoid losing what it has established over time at significant effort and cost. Some assets may not even need to be kept. In fact, the need to manage its infrastructure assets well is a foundation upon which rests the Council's ability to provide new facilities for the Community in the future.

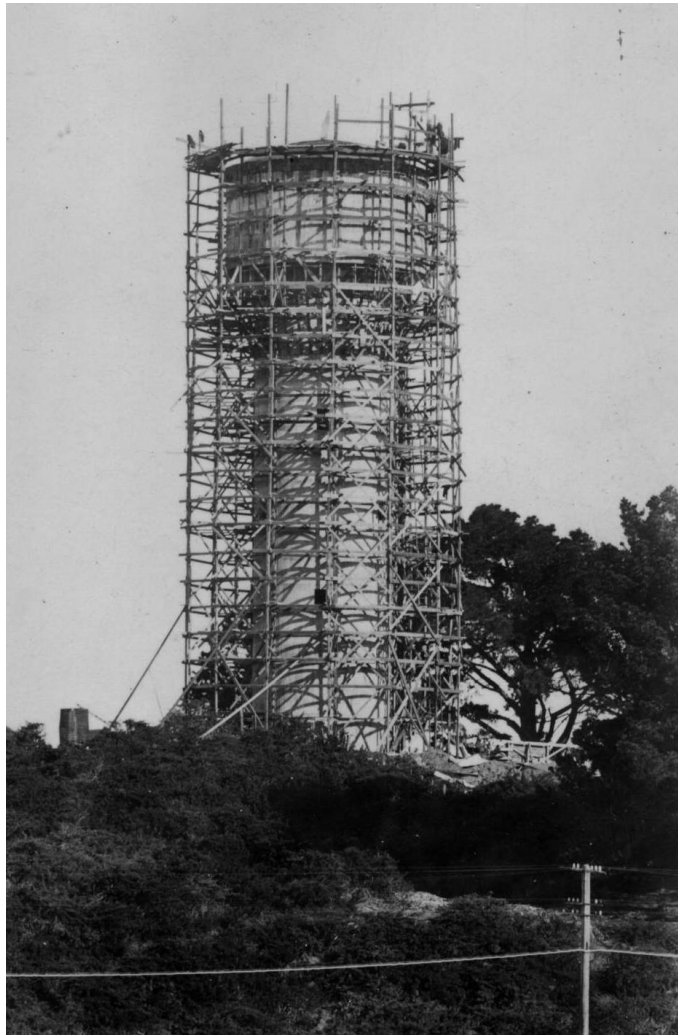
For example with the road network there is pressure to construct new road pavements and the assets related to them. Competing for funds is the significant proportion of the existing paved road network that is nearing the end of its practical life and will require a major programme (and future ongoing programmes) of preventative maintenance.

Developing partnerships with other Councils or organisations for providing services can be complex and also have their own risks. However, if the infrastructure needs of the Community are to continue to be met in the current constrains of the local government financial environment, forming partnerships can provide Council with the means of achieving infrastructure not possible on its own.

There is already opportunity to form partnerships with other local authorities in the region through the Manawatu-Wanganui Local Authorities Shared Service Group. There is also opportunity to establish partnerships with the likes of local Iwi, the private sector, newly formed Council Controlled Organisations, or the Central Government and its agencies such as New Zealand Transport Agency (NZTA).

### 10.1.1 Water

Since 2010 the asset register of pipes, fittings and treatment plant componentry has been progressively updated to improve the accuracy of key attribute data and enable better long term decision making. Council now has a much better picture of the possible end-of-life scenarios for most of its assets than it did 3 years ago and understands that many of the pipes and fittings on the network will fail in the medium term (1-10 years). This may mean sudden physical failure or an avoidable "running" failure and this means that escalating maintenance costs to keep the assets performing will begin to outweigh the financial benefits



The Foxton Water Tower under construction, 1923 (Foxton Historical Society)

of outright replacement. The Capital Renewal programme later in this Strategy will address this looming end-of-life issue of an imbalance between reactive maintenance versus replacement.

A further issue is increasing restrictions on the water source under Horizons Regional Council's One Plan. However with the exception of Foxton and Foxton Beach permitted water extraction rates for townships in the District are sufficient for current and future capacity. The One Plan, however, also seeks to make Council, and thereby the Community, increasingly conscious of the amount of water being used and to lower the rates of unauthorised or wasteful water use. This requires full engagement in Council's Water Demand Management Plan, but also greater attention to occurrences of broken pipes and undetected leaks in the public network i.e. the asset replacement program.

### 10.1.2 Water Activity Risks

The following table sets out the key risks, and actions proposed to mitigate or control those risks in the Water Activity. The full risk assessment is in the Water Asset Management Plan.

Risk Description	Rating	Proposed Action
Service failure through Ageing assets	High	Maintain continuous renewal programme to replace most at risk assets
Construction of new works on private land	High	Improve consultation methods, including external and internal processes
Inconsistent Strategic documents	Significant	Improve coordination and education across the organisation regarding long term and strategic planning requirements
Poor contract management	Significant	Improve scoping of projects at design phase, increased project audit
Continuity Planning to ensure rapid restoration of service	Significant	Improve Business Continuity Plans, increase provision of back up power

### 10.1.3 Water Activity Principle and Alternative Options

Issues specific for the Water Activity are shown in the tables below, including principle and alternative options. All cost impacts are given in millions and are for total expenditure for each principle option. A full schedule of projects over \$0.5 million is in Appendix 2, these costs include carry forwards. Note that the costs shown in the table following are for projects newly proposed from 2015/16 onwards, and do not include amounts carried forward from the previous Financial Year 2014/15.

WATER		
Level of Service issues	Principle and alternative options	Cost Impact and Timing
Compliance with NZ Drinking Water Standards in Levin and Tokomaru	Implement the required works that can achieve compliance with the standard such as improved technologies for dealing with high turbidity and for protozoa treatment.	\$5.6m 2015/17
	Alternative – accept lower or non-compliant water supply schemes.	No cost impact
Compliance with Horizons One Plan	Implement work programmes to ensure rules can be measured and complied with.	as above (\$5.6m 2015/17)

and other legislative requirements	Alternative – continue with non-compliant water schemes.	No cost impact
Ageing asset	Catch-up of deferred renewals and continuation of on-going renewals and rehabilitation programme.	Ongoing - \$0.5 to \$1.2m per year
	Alternative – continue with maintenance programmes, but reduce levels of service for interruption of supply through network failures.	Higher failure rates resulting in increasing maintenance costs.
<b>Resilience Issues</b>		
Source sustainability at Foxton and Foxton Beach	Develop new water source (bore) or implement measures to prolong the life of the bores.	\$0.5m 2044/45
	Alternative – enforce restriction on residential and business connections, accept impact on business growth.	Restrictions on growth and reduced levels of service.
Lack of standby power at Shannon and Tokomaru	Ensure portable standby generator is available or install standby power set.	\$0.1 in year 2015/16
	Alternative – accept risk of loss of service during sustained interruption of power supply.	Service and consumer interruption costs.

#### 10.1.4 Wastewater

As with the Water networks, the asset register of pipes, fittings and treatment plant componentry has also been updated to improve the accuracy of key attribute data and enable better long term decision making. This has included an ongoing programme of CCTV inspections of pipes. The same issues identified in the Water networks are present in the Wastewater network; high maintenance costs and increasing sudden failures.

The CCTV inspection programme has also revealed that significant amounts of inflow and infiltration of stormwater into the network means that we are treating unacceptably high volumes of wastewater, especially in peak flow periods. The Capital Renewal programme later in this Strategy will address this issue by improving the integrity of pipeworks and reducing the amount of stormwater entering into the wastewater system. Note that there were no growth or decline issues identified.



What lies beneath us - a blocked and broken wastewater main under Stafford Street, Shannon 2012



### 10.1.5 Wastewater Activity Risks

The following table sets out the key risks, and actions proposed to mitigate or control risks in the Wastewater Activity. The full risk assessment is in the Wastewater Asset Management Plan.

Risk Description	Rating	Proposed Action
Service failure through Ageing assets	High	Maintain continuous renewal programme to replace most at risk assets
Construction of new works on private land	High	Improve consultation methods, including external and internal processes
Inconsistent Strategic documents	Significant	Improve coordination and education across the organisation regarding long term and strategic planning requirements
Poor contract management	Significant	Improve scoping of projects at design phase, increased project audit
Loss of telemetry system	Significant	Upgrade telemetry system

### 10.1.6 Wastewater Activity Principle and Alternative Options

Issues specific for the Wastewater Activity are shown in the tables below, including principle and alternative options. A full schedule of projects over \$0.5 million is in Appendix 2, these costs include carry forwards. Changes from the Draft Infrastructure Strategy include reduction of the total cost of the Foxton Wastewater Treatment Plant Strategic Upgrade. This change reflects selection of the final disposal site. This option was estimated to have a significantly lower cost than the alternative disposal site accounted for in the Draft Infrastructure Strategy. Note that the costs shown in the table following are for projects newly proposed from 2015/16 onwards, and do not include amounts carried forward from the previous Financial Year 2014/15..

WASTEWATER		
Level of service issues	Principle options	Cost Impact and Timing
Compliance with Horizons One Plan and meeting consent conditions placed on function around treatment and disposal of wastewater	Implement appropriate technologies and programmes that can achieve compliance with the One Plan and also with specific consent conditions.	Various projects, \$16.4 m in 2015/16 to 2019/20 – shared as Environmental Costs below
	Alternative – lower levels of service standards, accept risk of resource consent conditions being breached.	Levels of Service reduction and risk of consent breach costs.
Ageing asset	Catch-up of deferred renewals and continuation of on-going renewals and rehabilitation programme.	Ongoing - \$0.55 to \$3.8m per year
	Alternative – accept increasing future maintenance costs.	Increasing maintenance costs and network failure rates.

<b>WASTEWATER</b>		
Level of service issues	Principle options	Cost Impact and Timing
Significant Inflow and infiltration	CCTV inspection; smoke testing, property inspections for illegal connections (down pipes) to the wastewater system. Implementation of the necessary works to correct problem areas.	As above (Ongoing - \$0.55 to \$3.8m per year )
	Alternative – accept high levels of treatment and high pumping rates at peak flow.	Treatment will include high flows related to stormwater
<b>Resilience Issues</b>		
Lack of emergency planning	Implement business continuity plans and contingency plans.	Minor cost
	Alternative – accept risk of failure to react to disaster events, including slow restoration of wastewater service.	Prolonged denial of service following disaster event.
<b>Environmental Effects</b>		
Effect of wastewater discharge on Manawatu River	Implement appropriate technologies and programmes that can achieve compliance with the One Plan and also with specific consent conditions, continue involvement in Manawatu River Accord Group	As above - various projects, \$16.4m in 2015/16 to 2019/20 – shared as Level of Service costs above
	Alternative – continued disposal of wastewater to the river creating ongoing concentration of contaminants in the river.	Levels of Service reduction and risk of consent breach costs.

### **10.1.7 Stormwater**

Issues relating to discharges over privately owned lands in addition, water sensitive urban design needs to be incorporated into new infrastructure and where possible into existing infrastructure.

The quality of freshwater in streams, river systems and water catchments in general are affected by runoff, erosion and wastewater effluent disposal both within the District and from outside of it. Stormwater systems and runoff need to be considered within the whole of catchment.

Some of these issues have been addressed by the National Policy Statement for Freshwater Management 2014. This National Policy Statement has a 10 year implementation period ending 2025 and is the responsibility of Horizons Regional Council to implement. However, it is likely that the implications for Council will be better catchment management requirements and stricter conditions on resource consents for the Wastewater and Water Activities.

### 10.1.8 Stormwater Activity Risks

The following table sets out the key risks, and actions proposed to mitigate or control risks in the Stormwater Activity. The full risk assessment is in the Stormwater Asset Management Plan.

Risk Description	Rating	Proposed Action
Asset Knowledge	Significant	Continuous updating and collection of stormwater asset data
Inability to meet Level of Service and growth	High	Complete Stormwater Catchment Management plans
Inconsistent Strategic documents	Significant	Improve coordination and education across the organisation regarding long term and strategic planning requirements
Construction of new works on private land	High	Improve consultation methods, including external and internal processes
Poor contract management	Significant	Improve scoping of projects at design phase, increased project audit
Loss of telemetry system	Significant	Upgrade telemetry system

### 10.1.9 Stormwater Activity Principle and Alternative Options

Issues specific for the Stormwater Activity are shown in the tables below, including principle and alternative options. A full schedule of projects over \$0.5 million is in Appendix 2, these costs include carry forwards. Note that the costs shown in the table following are for projects newly proposed from 2015/16 onwards, and do not include amounts carried forward from the previous Financial Year 2014/15.

<b>STORMWATER</b>		
Level of service issues	Principle options	Cost Impact and Timing
Lack of or no stormwater Strategy and Catchment Management Plans	Complete Stormwater Catchment Strategic Plan for Levin.	\$0.76m in year 2017/18
	Alternative – assess each new development or improvement programme in isolation and accept risk of duplication or inefficient cost and effort.	Ineffective whole of catchment management, risk of unacceptable ongoing overland flows.
Flooding and water quality risk in Ohau, Foxton, Foxton Beach and Shannon	Programmed upgrades to stormwater sensitive areas including Fairfield Road, Queen Street and Market Gardens area in Levin.	\$0.76m 2018/19 \$0.522m 2019/20 \$0.665m 2023/24
	Alternative – reduce the levels of service related to property protection and safe use of the transport system.	Inadequate property protection and ongoing storm related transport disruption.
<b>Growth Issue</b>		
Poor historical planning for stormwater	Develop required infrastructure as identified in Stormwater Catchment Strategic Plan	As above for flooding and water quality risk

capacity	No upgrades to network	Ongoing stormwater drainage issues in residential areas
<b>Environmental Effects</b>		
Effect of contaminated stormwater run-off into Lake Horowhenua	Addition of stormwater treatment facility in Queen Street drain, continue involvement in Lake Horowhenua Accord Group	\$0.25m in year 2015/16
	Alternative – continued disposal of wastewater to the river creating ongoing concentration of contaminants in the river.	Continued build of containment discharge to Lake Horowhenua

### 10.1.10 Transport

The District's road network has historically had insufficient maintenance and renewal funding. Funding for surface renewals and basic maintenance now needs to increase to reduce the forward pressure on basic levels of service.

There is a lack of data on the important features of the road network, especially for bridges and retaining walls. A concerted effort is now being made to build the knowledge base on these assets, which both have significant replacement values.

Note that there were no growth or decline issues identified.

### 10.1.11 Transport Activity Risks

The following table sets out the key risks, and actions proposed to mitigate or control risks in the Transport Activity. The full risk assessment is in the Transport Activity Management Plan.

Risk Description	Rating	Proposed Action
Service failure through Ageing assets	High	Maintain continuous surface renewal programme to ensure Level of Service can be met
Asset Knowledge	Significant	Continuous updating and collection of bridge and retaining wall data.
Inconsistent Strategic documents	Significant	Improve coordination and education across the organisation regarding long term and strategic planning requirements

### 10.1.12 Transport Activity Principle and Alternative Options

Issues specific for the Transport Activity are shown in the tables below, including principle and alternative options. A full schedule of projects over \$0.5 million is in Appendix 2, these costs include carry forwards. Note that the costs shown in the table following are for projects newly proposed from 2015/16 onwards, and do not include amounts carried forward from the previous Financial Year 2014/15.

<b>TRANSPORT</b>		
Level of service issues	Principle options	Cost Impact and Timing
Inadequate surface resealing programmes	Catch-up of deferred renewals and continuation of on-going renewals - increase rate of funding for reseal programmes.	2015 onwards

	Alternative – accept current levels of service but programme for a future decline.	Increasing maintenance costs, higher rates of Level of Service failure
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## 11 Most Likely Cost Scenarios

This section summarises the most likely scenarios of total operating and capital expenditure for each of the four activities for the next 30 years. These are the costs that have been modelled in the Financial Strategy and presented in the LTP, and all are presented with inflation adjustment.

### 11.1 Water

#### 11.1.1 Water Operating Expenditure

The forecast of Operating expenditure by scheme is graphed below. Costs presented are direct costs relating to the physical operating and maintenance of the networks, and also the indirect costs such as interest on loans and depreciation. Costs have been adjusted to reflect anticipated increases or decreases in maintenance activities result from asset additions or renewals.

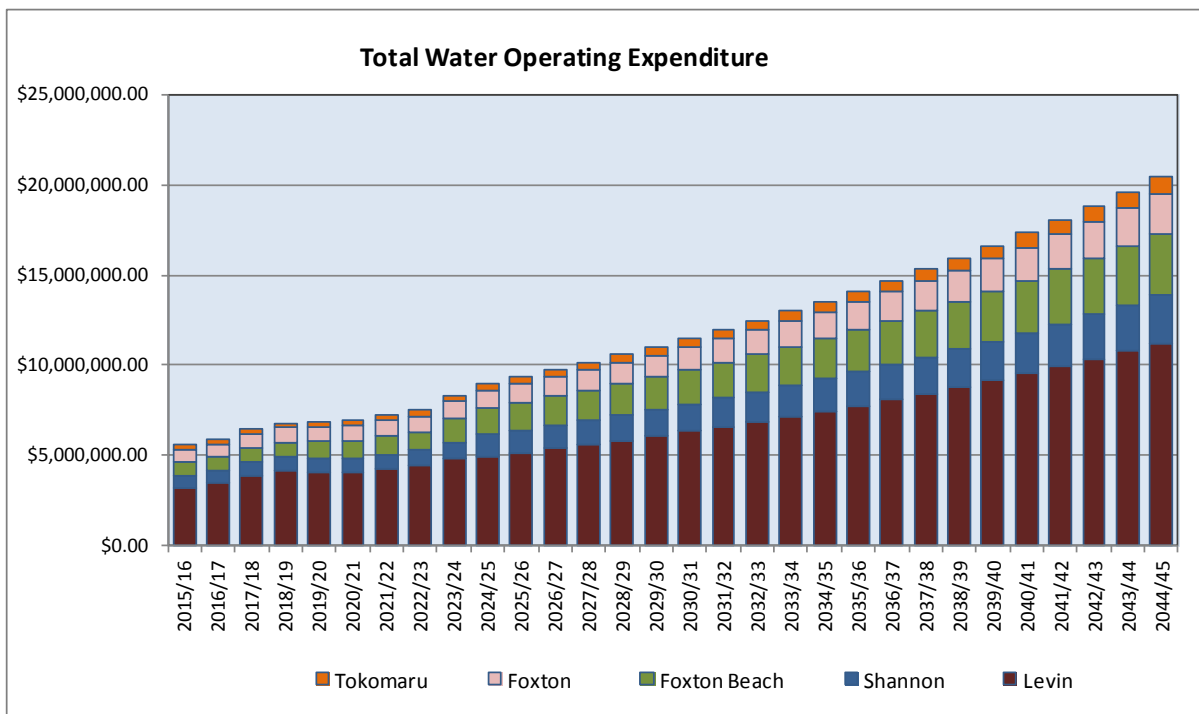


Figure 8 Projected Water Operating Expenditure

The slight increase in operating cost over the first 3 years of the Strategy is due to additional operating costs from asset additions including a new reservoir at the Levin Water Treatment Plant and the new Tokomaru Water Treatment Plant.

Following this first 3 years period, from 2017 onwards direct operating costs are anticipated to decrease below current levels as the impact of the proposed renewal and demand management programme begins to take effect.

### 11.1.2 Water Capital Expenditure

Planned and reactive renewals are graphed below. These renewals are for both reticulation and source extraction and treatment.

The major expenditure drivers in Years 2015 and 2016 of the Strategy are related to upgrades of the Levin Water Treatment Plant to meet required Levels of Service for the standard of water treatment. Note that this graph is inclusive of amounts carried forward from the previous Financial Year 2014/15.

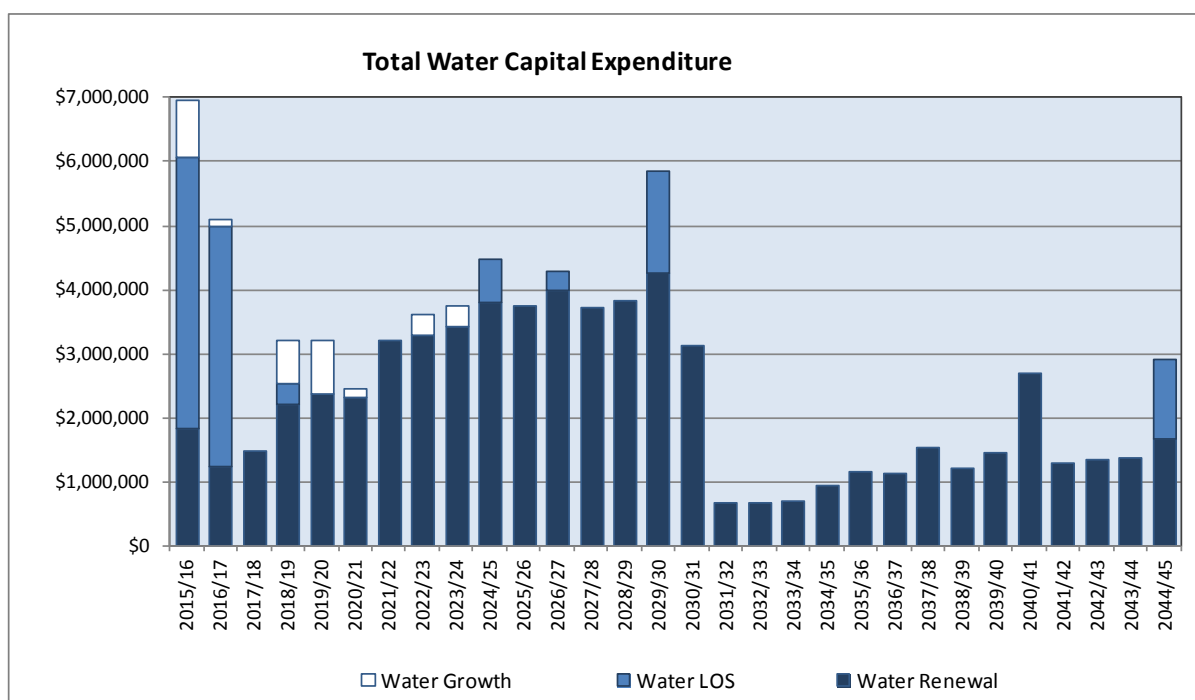


Figure 9 Projected Water Capital Expenditure

## 11.2 Wastewater

### 11.2.1 Wastewater Operating Expenditure

The following graph shows the projected operating expenditure for all of the District's wastewater schemes. Costs presented are direct costs relating to the physical operating and maintenance of the networks, and also the indirect costs such as interest on loans and depreciation. Costs have been adjusted to reflect anticipated increases or decreases in maintenance activities result from asset additions or renewals.

The increase in the 3 years includes funded projects of short duration that deal with improvements in asset management. These include studies on treatment plant capacities to ensure the future capacity of the treatment plants can be met and development of computer-based Wastewater network models.

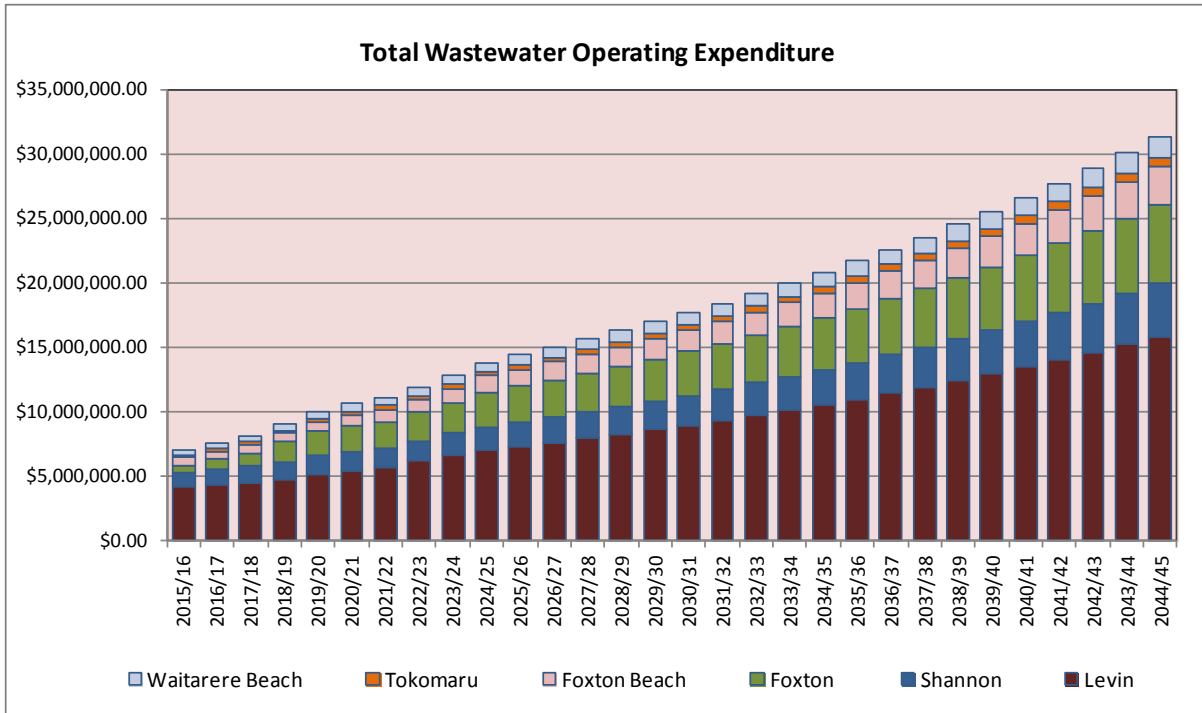


Figure 10 Projected Wastewater Operating Expenditure

### 11.2.2 Wastewater Capital Expenditure

The following graph shows the projected capital expenditure for all of the District’s wastewater schemes. The large project proposed in Years 2015 and 2016 is the significant development of Foxton’s land discharge works.

Each year also includes programmes of renewals of pipelines and pump stations. Pipeline renewals are firstly based on CCTV inspection and secondly on the expired lives of the pipelines. The majority of the renewal works in the first 10 years are in Levin and Foxton. It is expected that as the renewals progress over this period, the levels of infiltration will progressively reduce and result in lower volumes of peak flow effluent needing treatment. Note that this graph is inclusive of amounts carried forward from the previous Financial Year 2014/15.

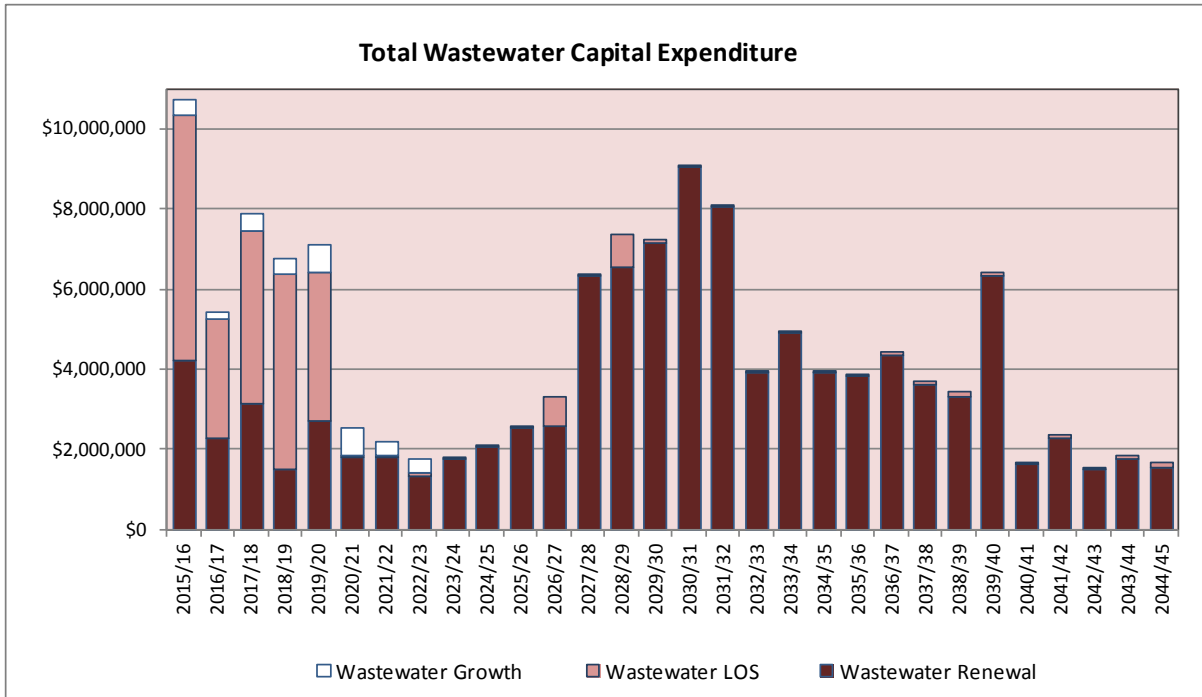


Figure 11 Projected Wastewater Capital Expenditure

## 11.3 Stormwater

### 11.3.1 Stormwater Operating Expenditure

The following graph shows the projected operating expenditure for all of the District's Stormwater systems. The higher values in Years 2015 to 2017 relate to programmes for building computer based models of the stormwater systems and include improvements to stormwater data.

Costs presented are direct costs relating to the physical operating and maintenance of the networks, and also the indirect costs such as interest on loans and depreciation. Costs have been adjusted to reflect anticipated increases or decreases in maintenance activities result from asset additions or renewals.

Values for 2025 onwards are averages of expenditure across 5 yearly periods.



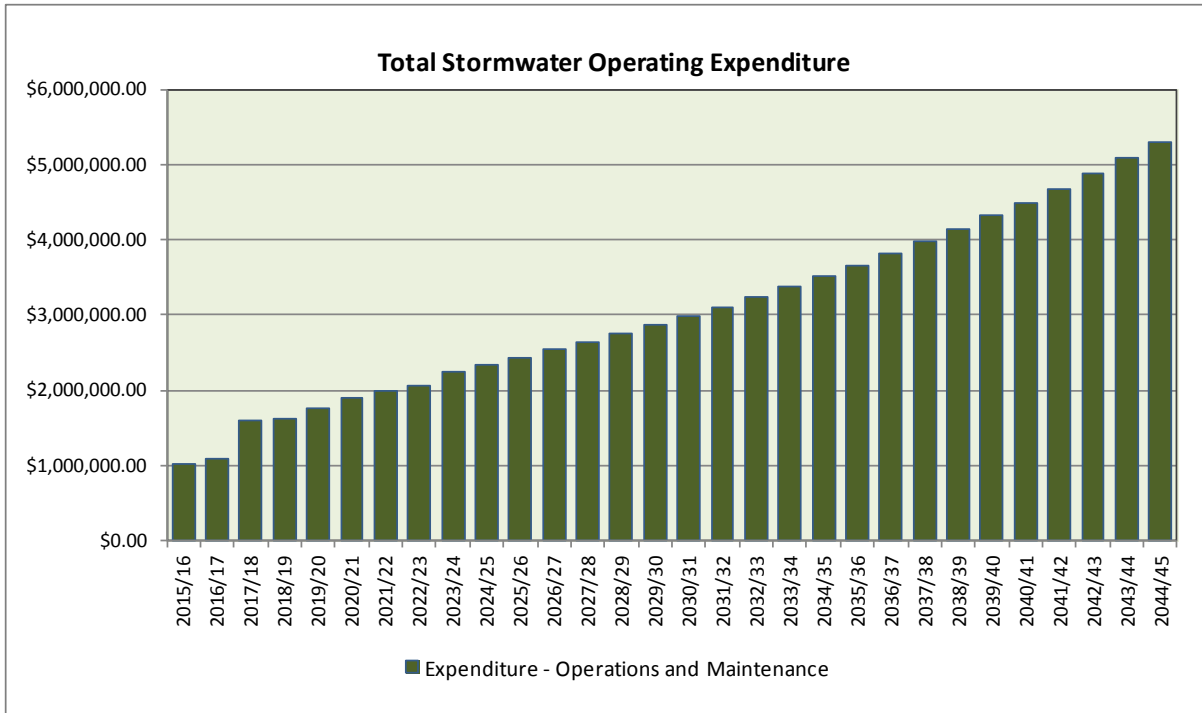


Figure 12 Projected Stormwater Capital Expenditure

### 11.3.2 Stormwater Capital Expenditure

The following graph shows the projected capital expenditure for all of the District's stormwater systems. The large Capital growth projects in Years 2015 and 2016 relate to the Levels of Service improvements to the Levin Queen Street main pipeline and the growth projects in the Levin North East area. Note that this graph is inclusive of amounts carried forward from the previous Financial Year 2014/15.

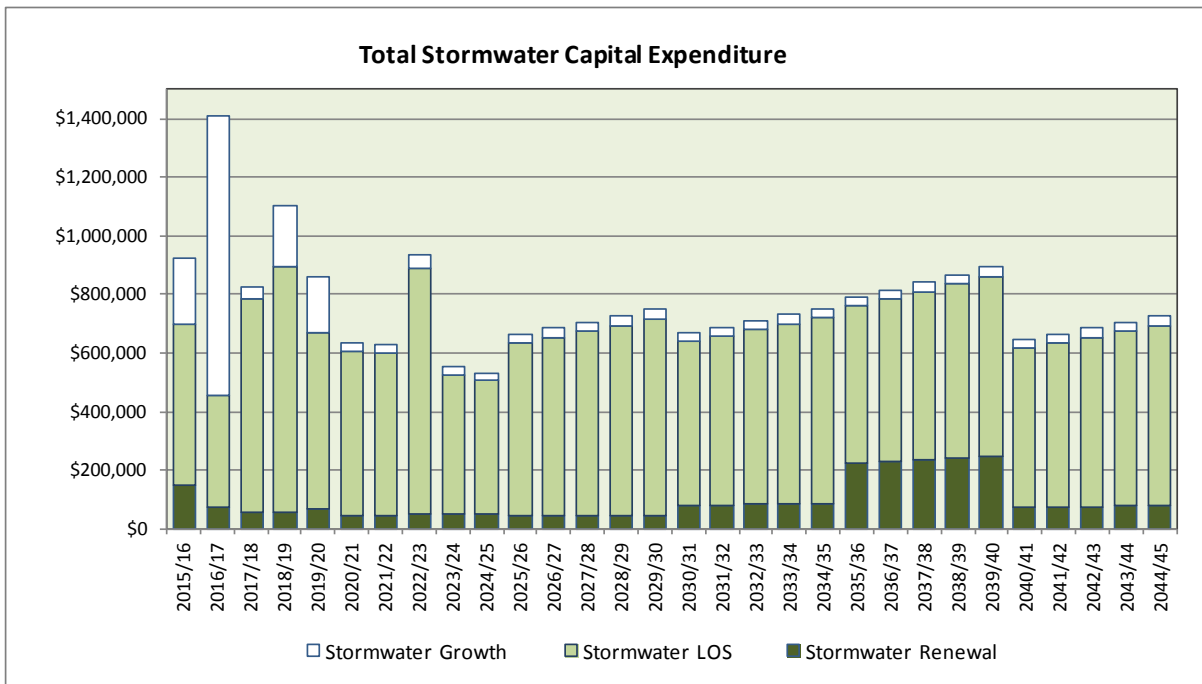


Figure 13 Projected Stormwater Capital Expenditure

## 11.4 Roding and Footpaths

### 11.4.1 Roding and Footpaths Operating Expenditure

The largest portion of operating costs for roding relate to traffic service such as street light maintenance and electricity, and road corridor maintenance like vegetation control, minor slip repairs and roadside mowing.



There is expected to be a reduction of street electricity costs as installation of LED lights occurs, however the long term cost impact of this has not yet been assessed. The forecast presents the expenditure year by year in the first ten years and then by an average of each successive five year block for years 11 to 30.

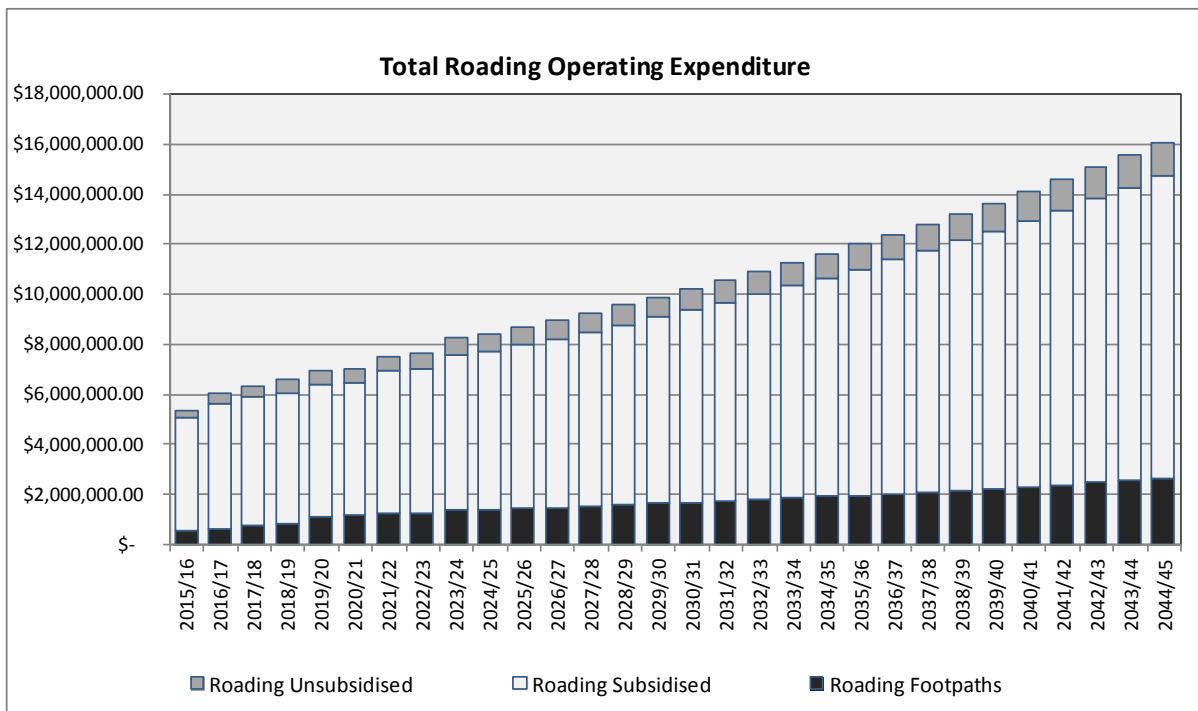


Figure 14 Projected Roding Operating Expenditure

### 11.4.2 Roding and Footpaths Capital Expenditure

The majority of capital expenditure in roding for this District is spent on resealing road surfaces and rehabilitation of existing roads.

The extent of the works required to be done of the network's bridges is not fully understood yet but will be improved with ongoing inspection work. There is an allowance for inspections and repair of bridges in Years 2018, 2021 and 2024. Changes from the Draft Infrastructure Strategy include an increase in the Footpath Upgrade budget and the Kent/Gloucester Street upgrade brought forward to Year 1 2015/16. The Foxton Main Street Upgrade has

also been modified by staggering the project over two years. Note that this graph is inclusive of amounts carried forward from the previous Financial Year 2014/15.

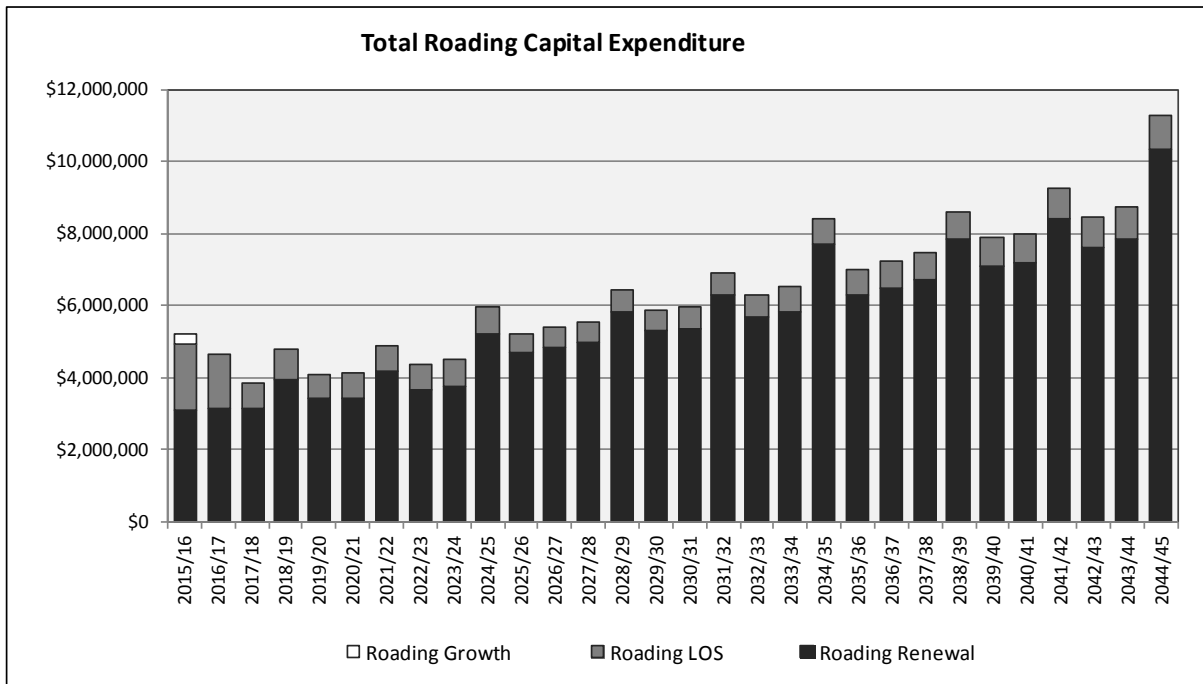


Figure 15 Projected Roding Capital Expenditure

## 11.5 Total Cost of Most Likely Scenario

The following graph shows the most likely total operating expenditure for all core infrastructure.

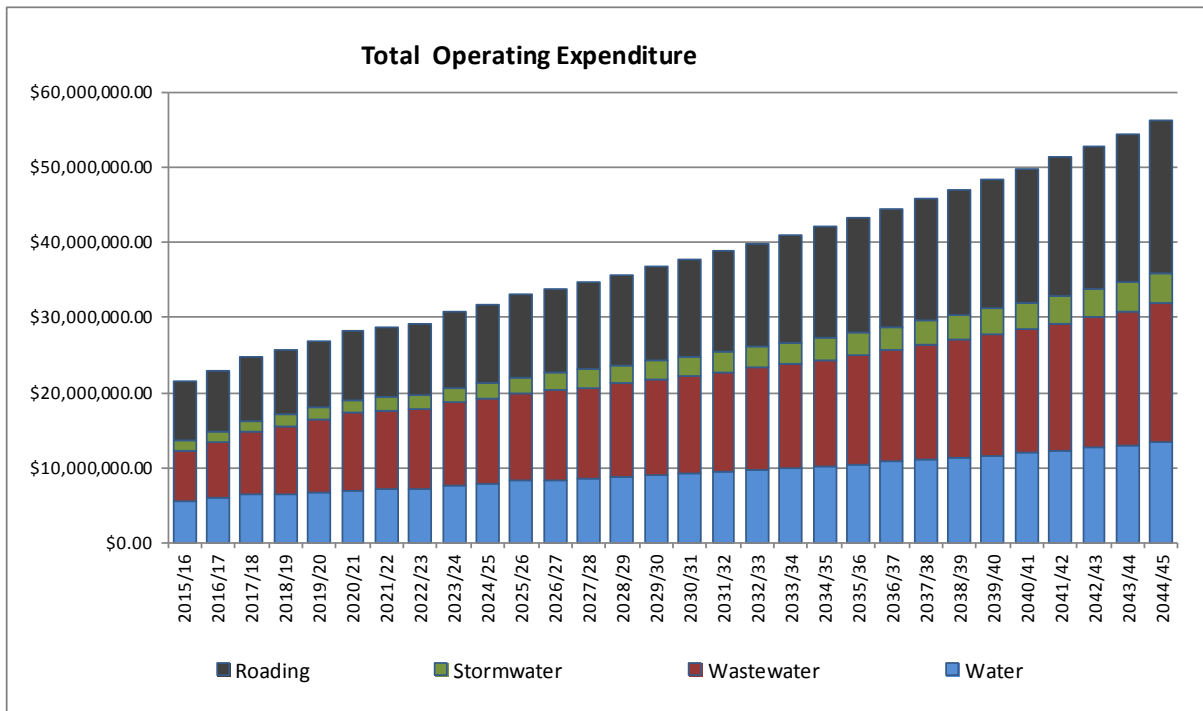


Figure 16 Projected Total Operating Expenditure

### 11.5.1 Most Likely Capital Cost Scenario

The following graph shows the most likely total capital expenditure for all core infrastructure. The red line plot is all Capital across the Council for the first 10 years. This includes such activities as Community Support, Solid Waste, Property, Parks, and capital expenditure related to business and corporate requirements.

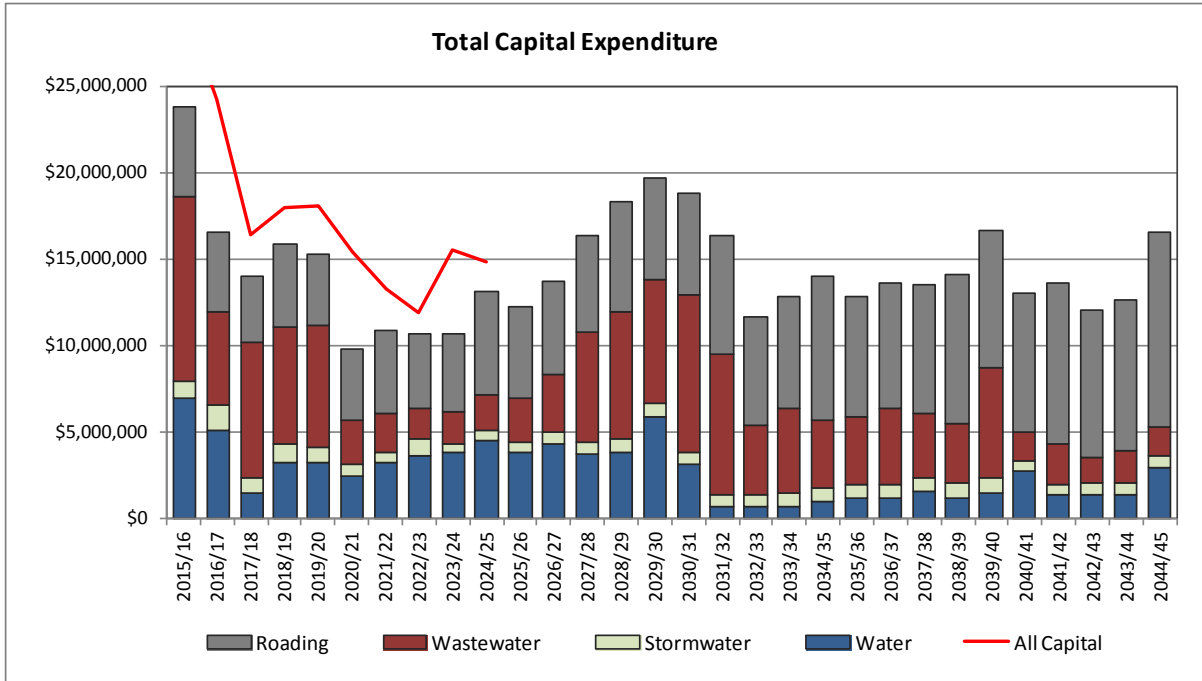


Figure 17 Projected Total Capital Expenditure

# Appendix 1 Levels of Service

The following tables show the detailed Levels of Service for each Activity.

Water Activity Levels of Service – related Community Outcomes: Health, Economy, Environment and Safety										
Related Community Outcomes	Core Values	Customer LoS	Performance Measure	Method of measurement	2013/14	2014/15	2015/16	2016/17	10Yr Target	30 Yr Target
Related Community Outcomes	Health and Safety	Water will be safe to drink	The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking water standards (bacteria compliance criteria), Levin, Shannon, Foxton, Foxton Beach, Tokomaru	Annual Compliance Report from MoH / % compliance	100, 100, 100, 100, 100,	100, 100, 100, 100, 100	100, 100, 100, 100, 100	100, 100, 100, 100, 100	100, 100, 100, 100, 100	100, 100, 100, 100, 100
			The extent to which the local authority's drinking water supply complies with: (b) part 5 of the drinking water standards (protozoa compliance criteria) Levin, Shannon, Foxton, Foxton Beach, Tokomaru	Annual Compliance Report from MoH / % compliance	0, 100, 100, 100, 0	0, 100, 100, 100, 0	0, 100, 100, 100, 0	0, 100, 100, 100, 0	0, 100, 100, 100, 0	0, 100, 100, 100, 0
Related Community Outcomes	Customer / Quality / Reliability / Responsiveness	Drinking water is of good quality – the look and taste of the water is satisfactory  Continuity of supply	The total Number of complaints received by local authority about any of the following (expressed per 1000 connections to the local authority's networked reticulated system): drinking water clarity, drinking water taste, drinking water pressure or flow, continuity of supply and, the local authority's response to any of these issues  Total number of unplanned water shut downs	Analysis of CRM Data/ number of complaints /1000 connections  Analysis of contractor Data from Water Outlook and contractor report / number	New measure - Baseline to be established from 14/15 result	40	40	40	40	40

Water Activity Levels of Service – related Community Outcomes: Health, Economy, Environment and Safety										
Related Community Outcomes	Core Values	Customer LoS	Performance Measure	Method of measurement	2013/14	2014/15	2015/16	2016/17	10Yr Target	30 Yr Target
			Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median times measured: <ul style="list-style-type: none"> <li>the median time in hours from the time that HDC receives notification to the time that service personnel reach the site for urgent call –outs</li> <li>The median time in hours from the time that HDC receives notification to the time that service personnel confirm resolution of the fault or interruption of urgent call-outs.</li> <li>the median time in days from the time that HDC receives notification to the time that service personnel reach the site for non-urgent call-outs</li> <li>the median time in days from the time that HDC receives notification to the time that service personnel confirm resolution of the fault or interruption of no-urgent call-outs</li> </ul>	Analysis of CRM Data /hours	New measure, baseline to be confirmed by 14/15 result		1	1	1	1
		Response to faults - Complaints will be responded to and resolved in a timely manner.					8	8	8	8
		Water supply provides adequate fire fighting capacity	Fire fighting flows in urban residential areas meet the NZ fire service fire fighting water supplies Code of Practice SZ 4509:2008	Contractors Report/% compliance	70%	72	74	76	80	85
	Quality	Water is provided with adequate pressure and flow	Supply pressure at the property boundary is not less than 250kPa for on demand connections and 150kPa for restricted flow connections	Contractors report / % compliance	100%	100	100	100	100	100
		Resource consent conditions are complied with	Compliance with all water take resource consent	Monitoring reports from regulatory agency/% compliance	100	100	100	100	100	100
	Sustainability	Adequate water shall be available for current and future generations	Average consumption of drinking water per day per resident within the water supply areas.	Analysis of water Demand	New measure, baseline to be confirmed by 14/15 result		300	300	300	250
		Water losses from the network are acceptable.	Percentage of real water loss from the network as measured by the standard Infrastructure Leakage Index method..	Analysis of Demand Management programmes	New measure, baseline to be confirmed by 14/15 result		20 %	15 %	15 %	15 %

Wastewater Activity Levels of Service – related Community Outcomes: Health, Economy, Environment and Safety										
Related Community Outcomes	Core Values	Customer LoS	Performance Measure	Method of measurement/	2013/14	2014/15	2015/16	2016/17	10 yr Target	30 yr Target
Economy, Safety, Environment	Reliability / Responsiveness	The Wastewater system will be reliable	The number of dry weather overflows from the sewerage system expressed per 1000 sewerage connections	CRM database	New	< 2	< 2	< 2	< 2	< 2
		Council will respond to faults in a timely manner	The median time in hours from the time that HDC receives a notification to the time that services personnel reaches the site in responding to an overflow or sewerage blockage.	CRM database	New	< 1	< 1	< 1	< 1	< 1
			The median time in hours from the time that HDC receives a notification to the time that service personnel confirm resolution of a blockage or other fault within the sewerage system	CRM database	New	12	12	12	12	12
	Customer Service	Complaints will be responded to in a timely manner	The total number of complaints received (expressed per 1000 connections to the sewerage system) regarding <ul style="list-style-type: none"> <li>• Sewage odour</li> <li>• Sewerage systems faults</li> <li>• Sewerage system blockages and</li> <li>• The territorial authority's response to issues with its sewerage system</li> </ul>	CRM Database & Water Outlook	New	15 10 10 10	< 10 < 8 10 10	< 8 < 8 < 8 8	< 5 < 8 < 8 8	< 2 < 8 < 8 6
		How satisfied are our customer with the service we provide	% of customers satisfied with the wastewater service	Customer Survey	76	< 38 78	< 32 80	< 29 82	< 29 84	< 24 85
		Treated effluent will be disposed of without causing harm to public health	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of abatement notices, infringement notices, Enforcement orders and convictions received by the territorial authority in relation to those resource consents	HRC Compliance report /No.	0	0	0	0	0	0

Stormwater Activity Levels of Service							
Related Community Outcomes	Core Values	Customer LoS	Performance Measure	Method of Measurement	13/14	2014/15 Target	30 yr Target
Economy, Safety, Environment	Reliability / Responsiveness	The stormwater system is adequate	Number of flooding events each that occur in a territorial authority district	Analysis of CRM data/ No.	New measure	<5	<5
			For each flooding event the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system).		New measure	<2	<2
		Complaints will be responded to and resolved in a timely manner	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	Analysis of CRM Data and contractors report/hrs	New measure	1 hour	1 hour
	Customer service	Customers are satisfied with the stormwater system	The Number of complaints received by a territorial authority about the performance of its storm-water system expressed per 1000 properties connected to the territorial authority's storm-water system.	Analysis of CRM Data /No	New measure	<10/year	<10/year
			% of customers satisfied with the stormwater service	Analysis of CRM Data /No	New measure	80%	80%
	Sustainability	Stormwater will be disposed of with minimal impact to the environment	Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders and convictions that are received by the territorial authority in relation to those consents	The number of notices received for each notice type	New measure	0	0



Roading and Footpaths Levels of Service				
Core Values	Customer Level of Service	Technical Performance Measure	Method of Measurement	Target 2015/45
Health and Safety	Local Road Safety	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network	The number of fatalities and serious injury crashes.	Difference 0 or below over a 5 year average
Quality	Overall Condition of Local Roads	The average quality of ride on a sealed local road network	Smooth travel exposure	Minimum 85%
Health and Safety / Quality	Maintenance of Local Roads	The percentage of the sealed local road network that is resurfaced.	Percentage of Roads resealed annually	Minimum of 5% of total sealed network area
	Footpaths are maintained in an acceptable condition	Target footpath condition rating (% compliant with Councils standards)	Annual footpath condition assessment rating.	30% min km in excellent condition. 10% max in poor condition requiring renewal
Reliability / Responsiveness	Response to service requests is timely	The percentage of customer service requests relating to roads and footpaths to which council responds within 15 working days	% customer requests responded to within 15 working days. Responded being the customer informed of an outcome of their request, which might or might not involve undertaking work on the road network	Target percentage of requests responded within 15 working days ≥ 95%

## Appendix 2 Capital Projects List

The following tables lists the major capital projects proposed for the 30 year period for each asset group by the first, second and third decade. These are only those projects greater than \$0.5 million. Note that some projects contain a mixture of Level of Service, Renewal, and Growth components.

### First Decade

Ref	Description	CAPEX 2015/16	CAPEX 2016/17	CAPEX 2017/18	CAPEX 2018/19	CAPEX 2019/20	CAPEX 2020/21	CAPEX 2021/22	CAPEX 2022/23	CAPEX 2023/24	CAPEX 2024/25
RD 11	Subsidised - Road Improvements	\$691,000	\$661,000	\$613,000	\$651,000	\$556,000	\$571,000	\$587,000	\$604,000	\$623,000	\$644,000
RD 16	Foxton Townscape Main Street Upgrade	\$750,000	\$750,000								
RD 12	Subsidised - Renewals	\$2,705,000	\$2,715,000	\$2,714,000	\$3,497,000	\$2,986,000	\$2,988,000	\$3,704,000	\$3,164,000	\$3,262,000	\$4,693,000
RD 13	Footpath Renewal	\$400,000	\$400,000	\$400,000	\$424,480	\$435,080	\$446,840	\$459,360	\$473,160	\$487,840	\$503,920
STW 28	Improvements NE Levin	\$47,500	\$788,880								
STW 25	District Wide Improvement Works			\$507,823	\$838,508	\$595,493	\$560,310	\$551,969	\$844,351	\$476,701	\$457,520
WS 36	Foxton Beach Development plan		\$99,648		\$440,217	\$588,085					
	Levin Bore Exploration, New Reservoir, Treatment Plant Upgrade	\$903,000									
		\$2,000,000									
WS 32	Levin Clarifier Installation										
WS 33	Levin treatment plant upgrade		\$3,736,800								
WS 43	Foxton concrete reservoir and raw water tanks										\$688,000
	Levin Bore Exploration, New Reservoir, Treatment Plant Upgrade	\$2,107,000									
WS 11	Levin Reticulation- RENEWAL	\$1,061,000	\$830,400	\$855,280	\$1,323,960	\$1,367,640	\$1,415,520	\$716,455	\$730,994	\$760,241	\$1,450,625
WS 13	Foxton Beach Reticulation- RENEWAL							\$1,910,723	\$1,983,360	\$2,062,713	\$155,874
WS 14	Tokomaru Reticulation- RENEWAL										\$525,997
WS 15	Shannon - Mangaore Reticulation- RENEWAL	\$158,000	\$5,910	\$6,087	\$410,666	\$424,214	\$439,066	\$28,783	\$29,877	\$31,072	\$1,169,924
WW 40	Development Work - Foxton Beach	\$2,326,000	\$2,414,000	\$3,075,000	\$123,570	\$527,681	\$707,760				
WW 11	Foxton Wastewater Treatment Plant - Strategic Upgrade				\$3,261,000	\$2,279,000					

WW 37	Levin Wastewater Treatment Plant - Strategic Upgrade	\$610,000	\$446,340	\$545,241	\$728,178	\$752,202							
WW 45	Shannon Disposal System	\$3,066,000											
WW 49	Tokomaru Wastewater Treatment Plant Upgrade				\$551,650	\$569,850							
WW 12	Foxton Wastewater Treatment Plant - Pond Desludge			\$769,752									
WW 30	Levin Reticulation - Renewals	\$1,759,000	\$536,352	\$433,889	\$388,899	\$920,881	\$1,150,506	\$681,997	\$613,405	\$1,112,751	\$1,266,061		
WW 36	Levin Treatment Plant - Planned Renewals	\$1,044,242	\$1,084,000	\$1,177,000	\$226,000	\$662,000	\$49,000	\$497,000	\$190,000	\$98,000	\$268,000		

### Second Decade

Ref	Description	CAPEX 2025/26	CAPEX 2026/27	CAPEX 2027/28	CAPEX 2028/29	CAPEX 2029/30	CAPEX 2030/31	CAPEX 2031/32	CAPEX 2032/33	CAPEX 2033/34	CAPEX 2034/35
RD 11	Subsidised - Road Improvements	\$402,256	\$414,315	\$426,746	\$439,549	\$452,724	\$466,302	\$480,283	\$494,698	\$509,547	\$524,830
RD 12	Subsidised - Renewals	\$4,171,784	\$4,296,848	\$4,425,769	\$5,267,499	\$4,695,186	\$4,730,709	\$5,647,199	\$5,018,791	\$5,169,437	\$7,017,485
RD 13	Footpath Renewal	\$519,040	\$534,600	\$550,640	\$567,160	\$584,160	\$601,680	\$619,720	\$638,320	\$657,480	\$677,200
STW 25	District Wide Improvement Works	\$592,431	\$610,196	\$628,505	\$647,357	\$666,794	\$561,940	\$578,801	\$596,174	\$614,061	\$632,495
WS 42	Tokomaru new reservoir					\$1,595,200					
WS 11	Levin Reticulation- RENEWAL	\$1,494,164	\$1,538,969	\$1,498,219	\$1,543,157	\$1,589,491	\$1,746,663	\$345,246	\$355,609	\$366,278	\$394,436
WS 12	Foxton Reticulation- RENEWAL	\$44,178	\$45,503	\$1,554,081	\$1,600,695	\$1,648,757	\$61,613				
WS 14	Tokomaru Reticulation- RENEWAL	\$541,785	\$558,031								
WS 15	Shannon - Mangaore Reticulation- RENEWAL	\$1,205,038	\$1,241,173	\$333,502	\$343,505	\$353,819	\$989,452				\$36,006
WW 48	Foxton Beach relocate ponds		\$729,900		\$774,350						
WW 16	Foxton Beach Wastewater Treatment Plant - Planned Renewals	\$56,834		\$121,297		\$16,799			\$533,630		
WW 19	Shannon Wastewater Treatment Plant - Planned Renewals	\$177,388				\$187,977	\$1,093,711				

**Third decade**

Ref	Description	CAPEX 2035/36	CAPEX 2036/37	CAPEX 2037/38	CAPEX 2038/39	CAPEX 2039/40	CAPEX 2040/41	CAPEX 2041/42	CAPEX 2042/43	CAPEX 2043/44	CAPEX 2044/45
RD 11	Subsidised - Road Improvements	\$540,578	\$556,791	\$573,500	\$590,705	\$608,437	\$626,696	\$645,482	\$664,857	\$684,790	\$705,343
RD 12	Subsidised - Renewals	\$5,606,317	\$5,774,462	\$5,947,750	\$7,078,933	\$6,310,081	\$6,357,932	\$7,589,619	\$6,745,082	\$6,947,305	\$9,431,119
RD 13	Footpath Renewal	\$697,520	\$718,440	\$740,000	\$762,200	\$785,080	\$808,640	\$832,880	\$857,880	\$883,600	\$910,120
STW 25	District Wide Improvement Works	\$542,897	\$559,170	\$575,957	\$593,228	\$611,012	\$545,425	\$561,777	\$578,622	\$595,986	\$613,869
WS 35	Foxton New Bore Development - Resilience										\$1,242,650
WS 11	Levin Reticulation- RENEWAL	\$434,380	\$400,244	\$412,260	\$424,622	\$437,351	\$1,884,981	\$463,973	\$477,886	\$492,227	\$506,996
WS 28	Levin Treatment Plant - Renewals	\$399,802	\$411,786	\$424,148	\$436,867	\$449,964	\$463,459	\$477,353	\$491,667	\$506,422	\$521,617
WW 16	Foxton Beach Wastewater Treatment Plant - Planned Renewals		\$586,210		\$84,807	\$3,128,818			\$10,033		\$13,669

## Appendix 3 Project Deferral and Exclusion Risk

The projects proposed in this Strategy are to meet the future challenges and issues discussed. Funding or timing constraints may make it necessary to decrease the scope, defer or even remove the project. To aid future decision making should it become necessary to do so, the following table shows the major projects with the risks of reduction in size, deferral or exclusion.

Ref	Description	Primary Type	Risk of deferral or exclusion
WS 11	Levin Reticulation- RENEWAL	Renewal	Failure to maintain LoS, prolonged loss of water, prolonged high reactive maintenance
WS 12	Foxton Reticulation- RENEWAL	Renewal	Failure to maintain LoS, prolonged loss of water, prolonged high reactive maintenance
WS 13	Foxton Beach Reticulation- RENEWAL	Renewal	Failure to maintain LoS, prolonged loss of water, prolonged high reactive maintenance
WS 15	Shannon - Mangaore Reticulation- RENEWAL	Renewal	Failure to maintain LoS, prolonged loss of water, prolonged high reactive maintenance
WS 32	Levin Clarifier Installation	LOS	Prolonged non-compliance with Drinking Water Standards
WS 33	Levin treatment plant upgrade	LOS	Prolonged non-compliance with Drinking Water Standards
WS 35	Foxton New Bore Development - Resilience	LOS	Bores are expected to be unable o meet demand in the 30 year horizon
WS 36	Foxton Beach Development plan	Growth	Failure to maintain LoS where growth occurs
WS 42	Tokomaru new reservoir	LOS	This should be Renewal. If not done would reduce LOS
WS 43	Foxton concrete reservoir and raw water tanks	LOS	Resilience to seismic failure
STW 25	District Wide Improvement Works	LOS	Failure to maintain LoS, prolonged loss of flooding, prolonged high reactive maintenance
STW 28	Improvements NE Levin	Growth	Failure to maintain LoS, prolonged loss of flooding, prolonged high reactive maintenance
WW 11	Foxton Wastewater Treatment Plant - Strategic Upgrade	LOS	no resource consent achieved
WW 12	Foxton Wastewater Treatment Plant - Pond Desludge	Renewal	Operational capacity compromised, poor treatment, and therefore breaches of consent conditions
WW 16	Foxton Beach Wastewater Treatment Plant - Planned Renewals	Renewal	Failure to maintain LoS, prolonged high reactive maintenance, failure to comply with resource consent requirements
WW 19	Shannon Wastewater Treatment Plant - Planned Renewals	Renewal	Failure to maintain LoS, prolonged high reactive maintenance, failure to comply with resource consent requirements
WW 30	Levin Reticulation - Renewals	Renewal	Failure to maintain LoS, prolonged excessive infiltration, prolonged high reactive maintenance
WW 33	Foxton Beach - Reticulation - Renewals	Renewal	Failure to maintain LoS, prolonged excessive infiltration, prolonged high reactive maintenance
WW 36	Levin Treatment Plant - Planned Renewals	Renewal	Failure to maintain LoS, prolonged excessive infiltration, prolonged high reactive maintenance
WW 37	Levin Wastewater Treatment Plant - Strategic Upgrade	LOS	Failure to maintain LoS, prolonged excessive infiltration, prolonged high reactive maintenance
WW 40	Development Work - Foxton Beach	Growth	Failure to maintain LoS where growth occurs
WW 45	Shannon Disposal System	LOS	no resource consent achieved
WW 48	Foxton Beach relocate ponds	LOS	Failure to maintain LoS where growth occurs
WW 49	Tokomaru Wastewater Treatment Plant Upgrade	LOS	no resource consent achieved
RD 11	Subsidised - Road Improvements	LOS	Failure to maintain LoS, prolonged high reactive maintenance
RD 12	Subsidised - Renewals	Renewal	Failure to maintain LoS, prolonged high reactive maintenance
RD 16	Foxton Townscape Main Street Upgrade	LOS	Failure to maintain LoS, prolonged high reactive maintenance

## Appendix 4 ASSET LIVES

The following tables sets out the asset lives in years used for each asset type. These asset lives are used to set the depreciation rates for each asset and calculate the Depreciated Replacement Cost (book value) of each asset portfolio. They are also used to set the default renewal intervals for each asset where condition and performance levels are not known.

Water	
Asset Type	Life
Treatment	1-100
Air-valve	25
Borehole	40
Hydrant	60
Intake	60
Junction	60
Lateral	30-100
Meter	20
Pipe	30-100
Pump Station	100
Pump Station Mechanicals	15
Backflow Preventer	20
Service Meter	20
Sprinkler	10
Storage	50
Valve	60

Wastewater	
Asset Type	Life
Treatment	1-100
Air-valve	25
Cleaning Eye	80
Junction	80
Lac	80
Lateral	60-100
Lateral Cleaning Eye	80
Manhole	80
Meter	20
Pipe	40-100
Pump Station	60
Pump Station Mechanicals	15
Storage	50
Valve	60

Stormwater	
Asset Type	Life
Air-valve	25
Catch pit (sump)	80
Channel	60-100
Culvert	50-100
Detention Area	80
Inlet/Outlet	80
Junction	60
Lateral	80
Manhole	80
Pipe	40-100
Pump Station	100
Pump Station Mechanicals	15
Soak Pit	60
Soak Trench	60
Valve	60

Roading	
Asset Type	Life
Crossing	100
Bridge	40-100
Crossing	50
Drainage	50-100
Footpath	20-100
Marking	1
Minor Structure	60
Railing	15-50
Shoulder	40
Sign	12
Street Light Lamp	10-25
Street Light Pole	25-50
Storm Channel	10-100
Traffic Facility	8
Road Surface	3-25
Basecourse	60

## Appendix 5 Compliance Check Sheet

The following table is a checklist of the specific requirements of Section 101B of the Local Government Act (LGA) 2002 Amendment Act 2014. It is presented in this Infrastructure Strategy to provide an assurance method that the key parts of the LGA in respect of the Infrastructure Strategy have been met.

101B Infrastructure Strategy: (1) A local authority must, as part of its long-term plan, prepare and adopt an infrastructure strategy for a period of at least 30 consecutive financial years.

Statement or provision required	Has this been met?
(2) The purpose of the infrastructure strategy is to—	
(a) Identify significant infrastructure issues for the local authority over the period covered by the strategy.	Yes
(b) Identify the principal options for managing those issues and the implications of those options.	Yes
(3) The infrastructure strategy must outline how the local authority intends to manage its infrastructure assets, taking into account the need to—	
(a) Renew or replace existing assets.	Yes
(b) Respond to growth or decline in the demand for services reliant on those assets.	Yes
(c) Allow for planned increases or decreases in levels of service provided through those assets.	Yes
(d) Maintain or improve public health and environmental outcomes or mitigate adverse effects on them.	Yes
(e) Provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.	Yes
(4) The infrastructure strategy must outline the most likely scenario for the management of the local authority's infrastructure assets over the period of the strategy and, in that context, must -	
(a) Show indicative estimates of the projected capital and operating expenditure associated with the management of those assets -	
(i) In each of the first 10 years covered by the strategy.	Yes
(ii) In each subsequent period of 5 years covered by the strategy.	Yes
(b) Identify—	
(i) The significant decisions about capital expenditure the local authority expects it will be required to make.	Yes

Statement or provision required	Has this been met?
(ii) When the local authority expects those decisions will be required.	Yes
(iii) For each decision, the principal options the local authority expects to have to consider.	Yes
(iv) The approximate scale or extent of the costs associated with each decision.	Yes
(c) Include the following assumptions on which the scenario is based:	
(i) The assumptions of the local authority about the life cycle of significant infrastructure assets.	Yes
(ii) The assumptions of the local authority about growth or decline in the demand for relevant services.	Yes
(iii) The assumptions of the local authority about increases or decreases in relevant levels of service.	Yes
(d) If assumptions referred to in paragraph (c) involve a high level of uncertainty —	
(i) Identify the nature of that uncertainty.	Yes
(ii) Include an outline of the potential effects of that uncertainty.	Yes
(5) A local authority may meet the requirements of section 101A and this section by adopting a single (?) financial and infrastructure strategy document as part of its long-term plan	
(6) In this section, infrastructure assets includes—	
(a) Existing or proposed assets to be used to provide services by or on behalf of the local authority in relation to the following groups of activities:	
(i) Water supply.	Yes
(ii) Sewerage and the treatment and disposal of sewage.	Yes
(iii) Stormwater drainage.	Yes
(iv) Flood protection and control works.	N/A
(v) The provision of roads and footpaths.	Yes
(b) Any other assets that the local authority, in its discretion, wishes to include in the strategy.	Yes, see note in Section 5.1.1



## **Financial Strategy**

The Financial Strategy covers the key financial parameters that the Council will operate within, including limits on rates and debt.

### **Balancing the budget while maintaining Council's infrastructure.**

The focus of this Financial Strategy is to balance the budget over the next few years and to maintain a surplus from year 4 (2018/19), while ensuring that our infrastructural assets are maintained and comply with regulatory and environmental legislative requirements.

The Financial Strategy is a requirement of s101A of the Local Government Act 2002. The Strategy outlines the key financial parameters and limits that the Council will operate within. It sets out how Council will achieve a balanced budget and a return surplus within four years in a challenging environment. Council faces the need to renew our infrastructural assets to meet new environmental standards as well as new health standards such as the water quality standards. This is coupled with the need to increase income to balance the operating budgets to avoid increasing debt.

Since 2009 Council's debt has increased from \$21million (m) to \$56.75m as at 30 June 2014. Operating deficits have become a norm, while many asset renewals have been loan funded rather than rate funded. This is not sustainable and must be remedied.

There is a balance to be found between balancing the operating budget, prudent debt levels, levels of service and the resulting rate increases.

Council has in recent years focused on increasing income to balance the operating budget and to keep debt to a minimum by increasing the proportion of rates funding of infrastructure renewals and therefore avoiding use of debt funding. This has meant above average rate increases since the 2013/14 financial year. A similar high level of rate increase needs to occur for the first three years of the LTP to ensure balanced operating budgets and a return to surplus from year 4 onwards.

### **Purchasing and Maintaining Assets**

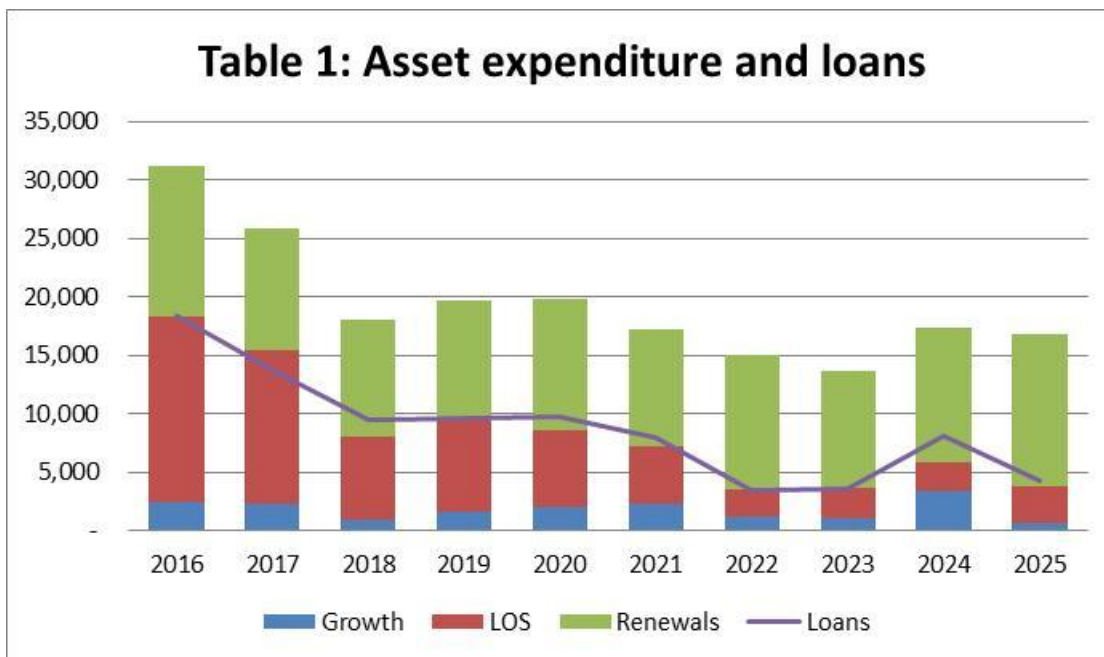
Council is facing a challenging environment, with the main challenges detailed below. Council has had to respond to these challenges while trying to reach a balance between loan funding and rate funding.

- provision of affordable funding for asset renewals to:
  - increase pipe condition and lower water leakage in the water network;
  - reduce stormwater infiltration to the wastewater network;
  - lower long run operational costs by reducing reactive maintenance and renewal works; and
  - maintain treatment plant asset condition.

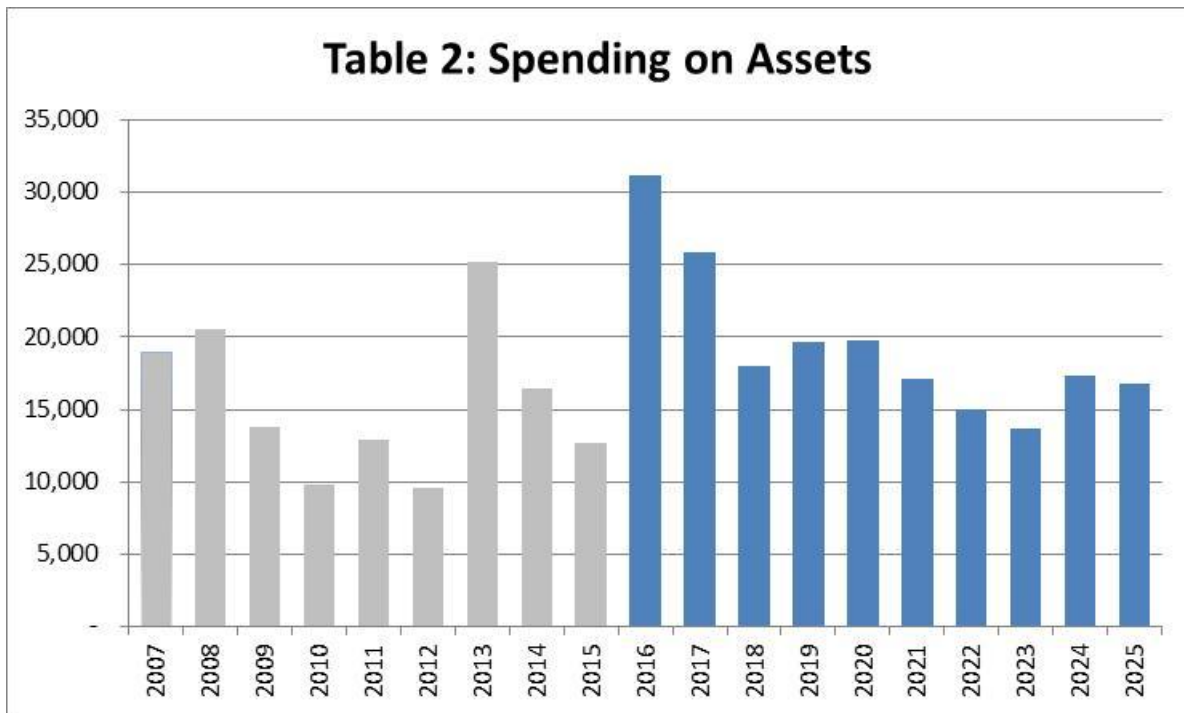
- provision of affordable funding to maintain Levels of Service, particularly in regard to meeting increased resource consent requirements and meeting quality standards including:
  - achieving compliance with Horizons Regional Council's "One Plan";
  - Achieving compliance with New Zealand Drinking Water Standards;
  - Sustainability of the water source at Foxton and Foxton Beach;
  - Improve quality of stormwater discharge into Lake Horowhenua;
  - Eliminate backlog maintenance of road surface renewal; and
  - Maintain road surface condition.

Assets (especially core infrastructural assets such as Roding (Land Transport), Water and Wastewater networks) need to be maintained so that they continue to deliver the Levels of Services that ratepayers have come to expect and as defined in the Activities section of the Long Term Plan (LTP).

To meet the challenges of maintaining our aging assets as well as new standards Council will need to spend more in the early years of the LTP as assets need to be renewed in this timeframe to avoid failures. Deferring the renewal of these assets would result in higher overall costs. The information below reflects Council's ability to maintain the existing Levels of Service and meet additional demand within its financial limits.



Note: Loans include a combination of reserves and external loans.



To reduce the need to borrow Council intends to progressively pay for more spending on assets from rates and operating surpluses as opposed to loans. Achieving a higher level of rates funding of assets (and subsequently reducing loan funding) will result in higher than normal rate increases for the first 3 years of this Strategy. Table 1 shows the make-up of Council’s proposed capital expenditure and how much of that is funded by external loans and reserves.

The principle of intergenerational equity is that growth and new assets including increases in Levels of Service (LOS) should be paid for by loan funding to ensure future generations pay for new assets which they will be able to utilise and benefit from. Whereas rates funding should be used for the replacement (renewal) of assets, ensuring that current generations contribute to the asset replacement as they use the asset. Council has not always funded renewals from rates in the past. This has resulted in the need to loan fund some of those renewals in order to maintain assets. The use of debt in this way is not sustainable. Therefore rates income needs to increase to cover the long term renewals and to ensure that the limit to debt is manageable.

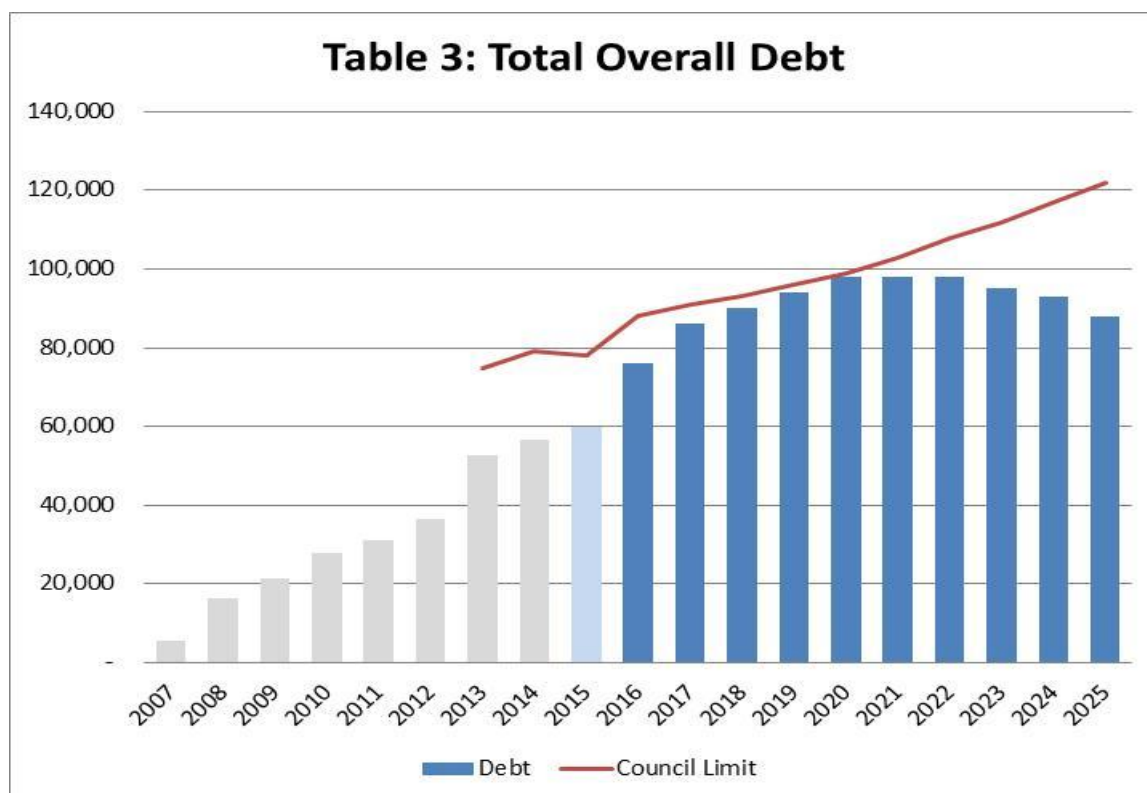
**Asset Sales**

The Council is investigating selling some of its property assets in order to pay off debt earlier than originally projected. For this LTP the Council is anticipating \$5m of such asset sales in the first 3 years. The decisions on which non-core assets will be sold will be firmed up over the next year when Council adopts a new property strategy.

## Debt

By June 2015 Council expects to owe \$60m which equates to approximately \$2,000 per rate payer.

As discussed above Council faces the need to spend above average amounts in asset expenditure. Council has used debt in the past to fund some of the renewal of assets and to keep rates affordable. This is unsustainable and has resulted in above average debt and an unbalanced budget. In the future debt should be used to fund new assets rather than renewals.



(Note: The figure of \$60 million for 2015 is not as per the Annual Plan but is a modified figure to reflect reality)

Council debt is predicted to peak at \$99m in 2021 and 2022. Table 3 shows the debt profile and the Council's current limit to debt. This limit is set by the Local Government Funding Agency (LGFA) for unrated local authorities. The LGFA is the Agency where Council sources the bulk of its loan funding. The debt limit is set at 175% of Council's operating income.

Council will come within \$1m of this limit in year 5 (2019/20). This does not give Council sufficient headroom to cover an emergency, and therefore, Council has sought a credit rating from Standard and Poors. This credit rating was received in early May 2015 and is A+. This enables the LGFA limit to increase to 250% of Council's operating income. The debt to revenue ratio will decrease to 123% by year 10 (2024/25) which is lower than the projected 130% as at June 2015. Gaining a credit rating has also help to reduce our interest rates on any new borrowings.

To live within our limit we cannot keep borrowing to renew assets. This will ensure that Council has capacity to handle future growth or provide for disaster recovery. Council's liquidity ratio also ensures that there are funding sources and cash immediately available in excess of 110% of internal debt. Preserving the capacity to borrow debt in exceptional circumstances is part of the long term strategy to be financially sustainable and have the ability to respond to emergencies or natural disasters.

### Limit – Debt

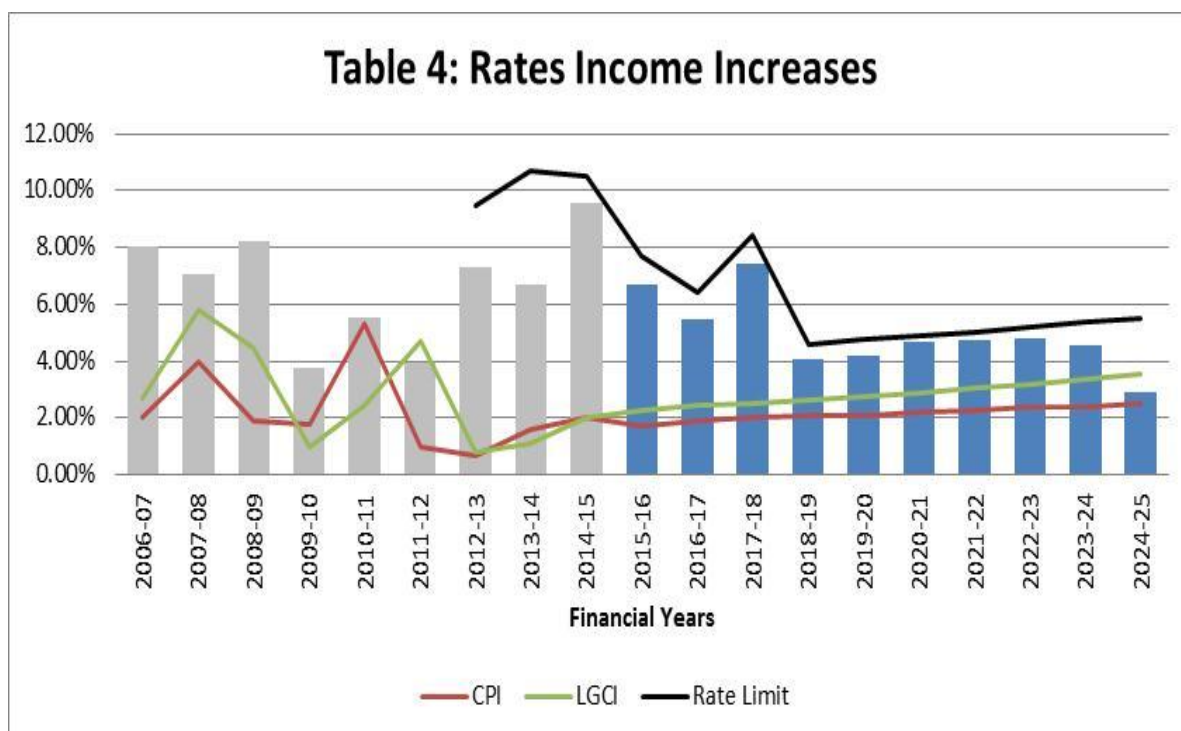
The net debt to revenue ratio (as calculated for LGFA covenant purposes) will be within the maximum set by LGFA for unrated local authorities. The projected maximum (which is below the covenanted maximum of 175%) is 173% for 2019/20.

### Rates

Council is part way through a 10 year programme of increasing income to;

1. Increase rates funding of asset renewals expenditure, and
2. Balance its operating budget.

Council has been loan funding asset replacements and renewals and also living beyond its means by running operational deficits since 2008/09. This is considered unsustainable and must be fixed. Over the last three years ratepayers have experienced above average and above inflation rate increases. These higher than normal rate increases will continue to occur for the first three years of the LTP before coming within a more 'normal' range as shown in Table 4.



The above average rate increases reflect the proposed asset expenditure in Table 2 and the need to balance the budget as shown in Table 5. From year 4 onwards Council will set the rate increase limit at Local Government Cost Index (LGCI) plus 2%, however, the first three years are set higher in order to balance the budget and return to a surplus by year 4.

The LGCI is the inflation index relating to local government as opposed to the Consumer Price Index (CPI) which measures inflation for households. Local government inflation differs from household inflation mainly due to the greater influence of petroleum inflation on local government than individual households.

The Society of Local Government Managers (SOLGM) has commissioned Business and Economic Research Limited (BERL) to forecast inflation/price changes for 2015-2025 for local authorities as a basis on which to prepare their forecast LTP financial information.

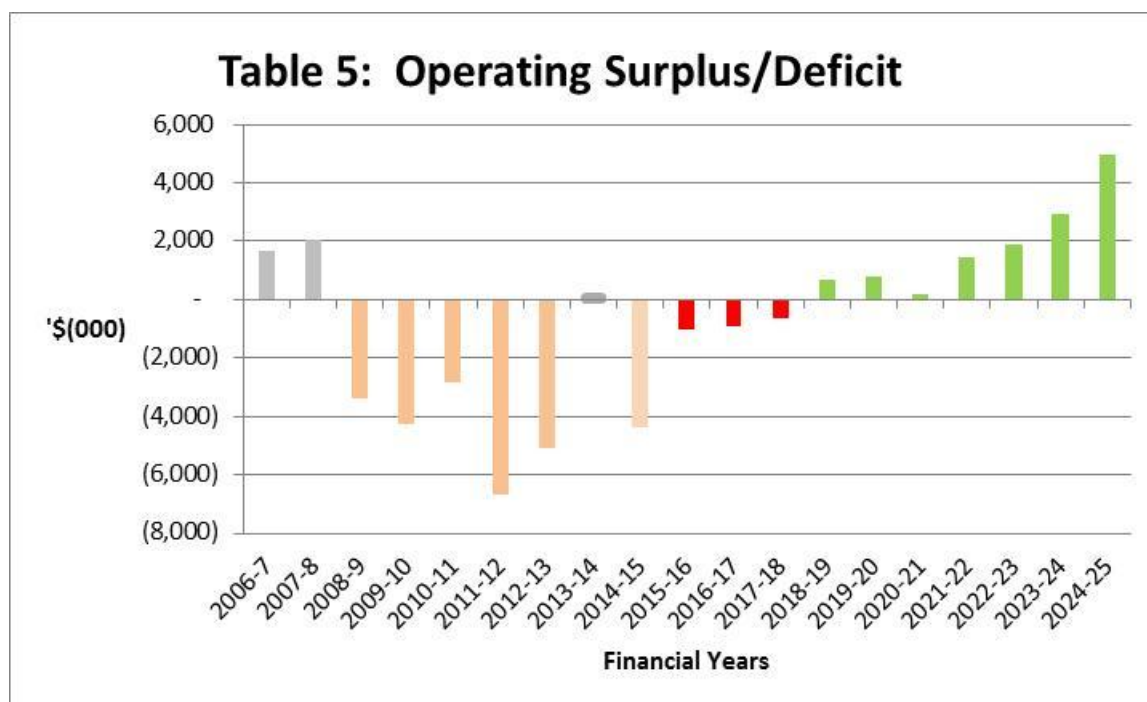
<b>Limits – Rates</b>				
<b>Rates Income Increases</b>				
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19 and following years</b>
<b>Will not exceed</b>	7.74%	6.52%	8.43%	LGCI +2%
<b>Projected</b>	6.74%	5.52%	7.43%	3.99% to 2.91%
<b>Total Rates Income (GST Exclusive)</b>				
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19 and following years</b>
<b>Will not exceed</b>	\$31,858	\$33,619m	\$36,109m	\$37,426m to \$49,148m
<b>Projected</b>	\$31,562m	\$33,303m	\$35,776m	\$47,926m in 2024/5
Note: This excludes penalties and water by meter				

## Balancing the budget

The proposed above average rate increases and an affordable (yet realistic) asset expenditure programme will allow Council to maintain an operating surplus from 2018/19.

The balanced budget measure (as shown in Table 5) is calculated by excluding income from development contributions, vested assets, asset revaluation gains/losses and other non-operating income and expenses. The Forecast Statement of Comprehensive Revenue and Expense shows surpluses for years 1 and 2 (2015/16 and 2016/17). These surpluses are as a result of forecasting third party income (public donations and grants) to be used to cover the capital expenditure for the Te Awahou – Nieuwe Stroom project in Foxton. As this income is not in the nature of operating income, in that it cannot be spent on operating expenses it has been excluded from the operating income calculation as shown in Table 5.

Returning to a surplus more quickly would require larger rate increases and this could place an unreasonable burden on parts of our community. As such Council has decided that the most prudent approach is to return to an operating surplus in four years. In doing this, it is still Council’s intention to maximise the use of fees and charges as a source of income, set under the Revenue and Financing Policy parameters.



Council considers (and has resolved) that for the purposes of this LTP, pursuant to section 100(2) of the LGA, it is financially prudent to set projected operating revenues at levels:

- In some cases less than would be required to meet projected operating costs, where such costs are being met from reserves and where the full funding of depreciation may be phased in without compromising the service capacity or integrity of assets throughout their useful life; and
- In some cases more than would be required to meet projected operating costs where operating revenues are also required to set aside incomes tagged for special purposes, to meet the costs of capital expenditure, to build up reserves for future loan repayments, and to contribute to asset replacement funds.

The specific circumstances in which projected operating costs have not been funded by operating revenues have been in year 3; using the Balanced Budget benchmark under the Local Government (Financial Reporting and Prudence) Regulations 2014:

- 1) where it is planned to fund particular operating costs from existing reserves rather from rates or other revenue; and
- 2) where it has been decided to phase in the funding of increased levels of depreciation on infrastructural assets.

There is no compromise to the replacement, restoration or renewal of assets during the whole term of this LTP.

In all cases the reason for not balancing the operating budget has been to keep projected rate increases within reasonable bounds to ensure that the increases are affordable for our Community.

The implication of Council’s decision is that it will fund some renewals of assets using debt instead of rates. This will increase debt and subsequently interest costs on that debt.

## Population Growth

The usual resident population in the Horowhenua District was recorded as 30,096 people in the 2013 Census. Council has assumed a 0.1% per year growth rate for the period between 2013 Census (February 2013) and 1 July 2015 based on the historical growth rate from the period between the 2001 and 2013 Census counts for usual resident population. This equates to an increase of 67 people in the District and as such by 1 July 2015 the population is forecast to be 30,163.

From 1 July 2015 to 30 June 2025 it is assumed that the population will increase at a rate of 0.4% (120 people) per year. Which would mean that as at 30 June 2025 the population of the Horowhenua District is forecast to be 31,363 (as shown in the table below).

This Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
30,163	30,283	30,403	30,523	30,643	30,763	30,883	31,003	31,123	31,243	31,363

The total number of dwellings in the Horowhenua District recorded in the 2013 Census was 15,048. Based on trends it is estimated that there was an increase of 108 dwellings for 2013/2014.

Council has assumed that there will be an additional 120 dwellings for 2014/2015 and from 2015 onwards there will be an increase of 135 dwellings per year for the next ten years (this is higher than population growth because it is anticipated that some of these houses will not be occupied i.e. they will be used as second homes). Therefore it is forecast that there will be a total of 16,626 dwellings in the District as at 30 June 2025. This is consistent with the long run average of additional dwellings between 2001 and 2013.



The table below sets out where the growth in dwellings will occur in the District on an annual basis.

	<b>Residential Areas</b>	<b>Rural/ Development Areas</b>
Levin	16	20
Foxton	2	7
Foxton Beach	10	12
Waitarere	8	10
Shannon	1	2
Tokomaru	1	2
Manakau	1	4
Hokio Beach	1	1
Ohau	1	7
Waikawa	1	8
Rural		20
<b>Totals</b>	<b>42</b>	<b>93</b>

## **Land Use**

There are a number of factors that may influence land use in the Horowhenua District including the recent review of the District Plan, the construction of the Roads of National Significance (RONS) and the Government's support of primary industries in the District.

### **District Plan Review**

Council has completed the review of its District Plan with decisions having been issued in October 2013. The appeals in relation to the decisions on the District Plan have been resolved. The Proposed Plan is set to become operative in July 2015.

The review of the District Plan has created new land use opportunities for medium density development in Foxton Beach, Levin and Waitarere as well as opportunities for large format retail and an 'Industrial Business Park' in Levin.

Plan Change 21 was undertaken in advance of the District Plan Review and resulted in areas in each settlement of the district being rezoned for urban growth. It is expected that the Fairfield and Roslyn Road Growth Area will be the first Levin growth area to be developed and that development of this land will occur between 2015 and 2025. There are also proposals to develop two old hospital sites in the Horowhenua District into residential developments. If these proposals are successful

and obtain any consents that maybe required then the redevelopment of these sites is anticipated to begin within the next 10 to 20 years.

### **Roads of National Significance (RONS)**

It is anticipated that RONS will encourage and/or bring about a higher level of development to the District through reduced travelling time between Levin and Wellington. Council considers that some of the key areas where this growth is likely to occur will be in the southern parts of the District such as Manakau and Waikawa. Towards the end of the construction phase of RONS (around 2024) Council is anticipating the development of the Tararua Industrial Business Park and the Gladstone Greenbelt area.

There is some concern that RONS may deter some development in Ohau in the first few years of this LTP period, until there is certainty over the location and design of the highway including access to Levin.

### **Primary Industries**

The Central Government's support for primary industries in this region is unlikely to change the overall levels of production activity from their current level. The Government initiative involves developing a comprehensive agribusiness strategy focused on understanding markets, maximising the value from land, distribution infrastructure and investment. There is likely to be some change in the type of production activities undertaken.

### **Policy on Securities**

In order to borrow money Council has to offer our lenders some security. A mortgagee's security under a mortgage is the ability to sell the property if the borrower defaults on payments. Councils secure debt by giving the lender the ability to raise a rate (i.e. rate you more) to repay the loan. Council has joined the LGFA and uses rates as security for all borrowings from the LGFA. This security is seen by lenders to Councils as good security and has helped keep our interest rates down.

### **Investments**

Council holds investments in companies, commercial property and cash.

#### **Investment in Companies**

Council is an equity holder in three companies (which are listed in the Table below). Council does not hold these equity interests to receive a financial return. The reason for holding the share is strategic to foster efficiencies and positive outcomes in reducing costs. Council has no plans to divest or increase any shareholdings it currently has.

Company	Shareholding	Principal reason for investment	Budgeted return
<b>Manawatu/Wanganui Local Authority Shared services Ltd</b>	\$1,000 (14.29%)	Efficient cost effective back office functions	nil
<b>New Zealand local Government Funding Agency</b>	\$100,000 (0.4%)	Cost effective borrowing	\$6,000 pa
<b>New Zealand Local Government Insurance Corporation Ltd</b>	\$104,000 (1.0%)	Risk management, and ensuring a competitive insurance market	nil

### **Investment in Commercial Property**

Council owns commercial property valued at \$5.76m. Council is investigating the possible sale of some of these properties and is embarked on finalising a strategy for all Council owned properties. Council has budgeted for possible sales totalling \$5m over the first 3 years of the LTP. The proceeds of any sales will be used to repay debt.

### **Cash investments**

Council has surplus cash from operations from time to time. Surplus cash is invested for short periods of time (30 to 90 days) to maximise returns from these funds.

Council's practice is to use surplus cash to minimise external debt. The LTP includes an assumption that Council will hold approximately \$5m to \$6m in cash. It is prudent to hold some cash to ensure short term liquidity. Cash is supplemented by use of committed banking facilities of \$10m that enables Council to raise short term borrowings at any time which may be essential in the event of a natural disaster when Council will need access to funds quickly to provide relief.

### **Other Investments**

As part of borrowing from the LGFA the Council is required to invest in financial bonds at 1.6% of the borrowing from the LGFA. Council will receive interest and full repayment of these "borrower's notes" upon repayment of the loan to which they relate. Interest is calculated to cover the cost of funds.

### **Insurance**

Council fully insure all water, wastewater and stormwater assets as well as Council's Operational assets (Plant and Equipment) and buildings. Roding (Land Transport) assets are uninsured. A key assumption is that central government will contribute towards the replacement of roading assets following a qualifying natural event. This assistance would be provided at the Council's current Funding Assistance Rate (FAR), which will be 50% in 2015/16, for cumulative claims for the costs of emergency works up to 10% of the Council's approved maintenance programme for the year. For the portion of cumulative claims of the total costs of emergency works

that exceed 10% of the Council's approved maintenance programme for the year, the central government would provide funding at the normal FAR plus an additional 20%. Council will loan fund the difference. This is why Council needs to ensure there is always spare capacity to raise loans.

Another key assumption with any disaster recovery is that Central Government will contribute 60% of the funding to reinstate infrastructural assets following a significant natural disaster. Council's 40% share is insured for disaster recovery through the Local Authority Protection Programme (LAPP). LAPP is a mutual self-insurance arrangement with other local government entities to insure underground infrastructure against disaster damage similar in nature to Christchurch's earthquake.

Normal insurance for operational assets and buildings is sourced through the Manawatu/Wanganui Local Authority Shared Services company (MW LASS) procurement in conjunction with our regional partners.

## **Glossary**

BERL = Business and Economic Research Limited

CPI = Consumer Price Index

FAR = Funding Assistance Rate

LAPP = Local Authority Protection Programme

LGCI = Local Government Cost Index

LGFA = Local Government Funding Agency

LOS = Levels of Service

LTP = Long Term Plan

MW LASS = Manawatu/Wanganui Local Authority Shared Services company

RONs = Roads of National Significance

SOLGM = Society of Local Government Managers

## Revenue and Financing Policy

### 1. Introduction

Section 102(1) of the Local Government Act 2002 requires the adoption of policies that outline how operating and capital expenditure for each activity will be funded. The policies are aimed at providing predictability and certainty about sources and levels of funding.

In deciding the most appropriate funding source for each activity Council has taken into account:

- the Community Outcomes to which the activity primarily contributes;
- the distribution of benefits between the Community as a whole an identifiable part of the Community, and individuals;
- the period in or over which those benefits are expected to occur;
- the extent to which the actions or inactions of particular persons or a group contribute to the need to undertake the activity;
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the Community.

### 2. Funding Sources Available

#### 2.1 General rates

General rates are used when there are general benefits to the District as a whole, where there is typically a high public benefit from the services funded from the rate, when Council considers the Community as a whole should meet the costs of those services, and when the Council is unable to meet its user charge targets. The General rate will fund both operating and capital expenditure for all activities other than those funded by Targeted rates or other revenue sources or funding mechanisms.

All ratepayers are assessed (charged) a General rate, but this rate is set differentially, in order to set the rates in proportion to the relative benefits generated by Council's expenditure. Council has decided to dispense with all but the Rural Differential. However, in order to lessen the effect of such a change Council is phasing out all other differentials over 10 years. The 2015-2016 is year 7 of that phase-out period.

Therefore the proportions of general rate are proposed to change as follows:

Category General Rate	Current Ratios	2016	2017	2018	2019/22
Rural	25%	25%	25%	25%	25%
Urban	25.65%	19.24%	12.83%	6.42%	0.00%
Townships	3.91%	2.93%	1.95%	0.97%	0.00%
Rural Residential	2.89%	2.17%	1.45%	0.73%	0.00%
District Wide (Excl rural)	42.55%	50.66%	58.77%	66.88%	75.00%

- a. Urban rating areas. This differential applies to rating units in Levin, Shannon and Foxton urban areas as shown on the maps available defining those areas for rating purposes held at the Levin Office.
- b. Township rating areas. This differential applies to rating units in Waikawa Beach, Manakau, Ohau, Hokio Beach, Waitarere Beach, Foxton Beach and Tokomaru urban areas as shown on the maps available defining those areas for rating purposes held at the Levin Office.
- c. The Rural category are those rating units that are located in areas outside the urban and township category boundaries but not including those rating units classified as Rural Residential.
- d. The Rural Residential Category applies to rating units classified as Lifestyle and Residential (other than those rating units identified as “vacant” or “bare”). These properties will be identified in the DVR using the “Property Category” codes from Appendix F of the Valuation Rules 2008, Promulgated by the Valuer
- e. A District wide Category (which will, at the end of the 10 year period, absorb all but the rural category) to apply to all rating units other than those in the rural category.

The General rates set in each of the categories based on land value.

The rural differential has been retained because the incidence of rates based on the higher rural land value base would mean a disproportionate level of rates being attributed to rural agricultural properties. Rates are a tax on land values. Farming properties have high land values and would bear more than their fair and equitable share of the rates if not modified by a differential.

Council is not setting a Uniform Annual General Charge (under section 15 of the Local Government (Rating) Act 2002 (LG(R)A)) preferring instead to set Targeted rates as fixed amounts for Libraries, Representation and Governance, Solid Waste and Swimming Pools (refer below).

## **2.2 Targeted Rates**

Targeted rates are set to cover, in a transparent manner, the operating and capital expenditure for the following major activities. Targeted rates are used when Council considers that transparency is important, or where location or the method of rating make the use of a Targeted rate more appropriate, fairer, and more equitable.

<b>Activity</b>	<b>Rating Area</b>	<b>Rating Method</b>
Solid Waste	District wide where by all rural rating units pay 20% and all urban rating units pay 80% of the net solid waste costs.	(Separately Used or Inhabited Part) SUIPs
Water Supplies	District wide on all connected properties. Availability charge to those rating units that are able to be connected.	SUIPs and metered supply where applicable
Wastewater	District wide on all connected properties. Availability charge to those rating units that are able to be connected.	SUIPs
Land Transport (Roads and Footpaths)	District wide set with 2 differentials, Business and District Wide Other.	Capital Value/SUIPs
Libraries and Community Centres	District wide.	SUIPs
Representation and Community Leadership	District wide.	SUIPs
Stormwater	Urban rating units.	Capital Value
Aquatic Centre	District wide.	SUIPs

The differential on the Land Transport (Roads and Footpaths) Targeted rate is defined as follows;

1. Business differential – those rating units identified as Arable, Commercial, Dairy, Forestry (except protected forestry), Horticultural, Industrial, Mining, Pastoral, Specialist livestock and Utilities using the “Property Category” codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General. Including all rest homes and retirement villages of a licence to occupy type, but excluding retirement villages where each unit/house that have their own titles and rating assessments.
2. District Wide Other – those rating units identified as Lifestyle, Residential and Other using the “Property Category” codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General.

A business differential has been set up to;

1. To treat all businesses the same no matter where they are located,
2. To enable utility companies to be rated the same as other businesses and so recognising the use of the roading network of utility businesses, and

3. To offer a lower rate in the dollar for businesses as an economic incentive to establish and remain in Horowhenua District.

### **2.3 Fees and Charges**

Fees and charges are set to recover the costs from users of Council facilities where there is a high private benefit accruing to those individuals or users groups.

In a small number of cases it is also possible and appropriate to recover the private benefit of capital expenditure (e.g. water connections, sewer connections, and subdivision infrastructure).

### **2.4 Interest and Dividends**

The interest earned from the investment of special funds is added to those special funds, to help fund future expenditures.

Dividends and other interest earnings are used to offset General rates rather than being used to fund particular expenditures.

### **2.5 Borrowing**

Borrowing is used to fund capital expenditure where other sources of funding are not available or not appropriate, in order to spread the incidence of the expenditure over both current and future beneficiaries. Policies in relation to borrowing are presented in the Liability Management Policy. Loan servicing costs are (both internal and external borrowing) borne by the activity requiring the loan funding.

### **2.6 Proceeds from Asset Sales**

The proceeds of asset sales are used to reduce or avoid borrowing.

### **2.7 Development Contributions/Financial Contributions and Lump Sum Contributions**

The Council has cancelled its Development Contributions Policy and from 1 July 2015 will no longer charge Development Contributions. The Council has opted to replace its Development Contributions Policy with a Financial Contributions Policy that will introduce Financial Contributions for new development in identified growth areas through a change to the District Plan.

Council may set Lump Sum contributions under the Local Government (Rating) Act 2002 where infrastructural improvements have been requested or necessary to existing ratepayers. This may be necessary where Financial Contributions were not or could not be charged to cover the costs of the improvements.

### **2.8 Grants and Subsidies**

Most grants and subsidies are primarily sourced from Central Government and are typically related to specific activities. Council seeks to maximize the opportunity and ensure use is made of grants and subsidy funding whenever and wherever they are available:



- a. Roading subsidies are tied to specific operating and capital expenditures;
- b. Petrol tax distributions are used to offset the Land Transport Targeted rate; and
- c. Other grants and subsidies tend to be tied to particular expenditures, for relatively small sums, and of insecure tenure according to the policies of Central Government.

## **2.9 Reserves**

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 14 reserves, with 3 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.

### 3. Funding of Operating Expenses

The Council's policies and practices as regards to the funding of its operating expenses are set to ensure that the policies comply with applicable legislation and generally accepted accounting practice, and after consideration of the matters set out in section 101(3) of the Local Government Act 2002.

In general terms it will use a mix of revenue sources to meet operating expenses, the major sources being rates, grants and subsidies, and fees and charges.

The following sources of funding are used to finance operating expenses:

Activity Group	General Rates	Targeted Rates	Grants and Subsidies	Reserves	Fees and Charges
Regulatory Services	✓			✓	✓
Community Facilities and Services	✓	✓ Library and Community Centres Aquatics Centres	✓	✓	✓
Land Transport (Roads and Footpaths)		✓	✓	✓	
Water Supply		✓		✓	✓
Wastewater Disposal		✓		✓	✓
Solid Waste		✓	✓	✓	✓
Stormwater		✓		✓	
Property	✓			✓	✓
Community Support	✓		✓	✓	✓
Representation and Community Leadership		✓		✓	

## 4. Funding of Capital Expenditure

The Council's policies and practices as regards to the funding of its capital expenditure are set to ensure that it complies with applicable legislation and generally accepted accounting practice.

In general terms it will use a mix of funding sources to meet capital expenditure, the major sources being rates, reserves, and borrowing.

The following sources of funding are used to finance capital expenditure in the order of preference shown:

- The first source of financing capital expenditure will always be third party sources that relieve the burden on ratepayers generally. These are not commonly available, but would include any government subsidies for water and wastewater schemes, and third party donations, financial contributions and lump sum contributions.
- The second source considered will be asset sales. Such sales will be applied firstly to the activity to which the asset is attributed to. This may also result in early repayment of any borrowing relating to this activity.
- The third source considered will be rates. This reflects a prudent propensity on the Council's part to ensure that special purpose reserves are only utilised on a selective basis on relatively significant works in the context of long-term planning, rather than on minor works over a shorter term, and a prudent reluctance to increase loan indebtedness unless necessary.
- The fourth source considered will be reserves, and in particular funds that may be held for larger capital works in specific activities. Examples include water, wastewater, roading and property works financed from the Foxton Beach Freeholding Account, cemetery extensions financed from the Capital Projects Fund, vehicle purchases financed from the Plant Depreciation Fund.
- The final source considered for the financing of capital expenditure will be borrowing. This reflects a prudent reluctance to increase loan indebtedness unless necessary. Although it is the last option considered, the Long Term Plan (LTP) provides for substantial new borrowing to achieve an element of intergenerational equity in the financing of a range of major capital expenditure works. Loan funding is also used for infrastructural asset renewals where the rate generated reserves are inadequate due to the level of renewals in any one year.

Activity group	General Rates	Targeted Rates	Grants and Subsidies	Reserves	Borrowing	Financial Contributions/ Lump Sum Contributions
Regulatory services	✓			✓		
Community Facilities and Services	✓	✓ Library and Community Centres, Aquatics Centres		✓	✓	✓
Land Transport (Roads and Footpaths)	✓		✓	✓	✓	✓
Water Supply		✓	✓	✓	✓	✓
Stormwater		✓		✓	✓	✓
Wastewater		✓	✓	✓	✓	✓
Solid waste		✓			✓	
Property	✓			✓	✓	
Community support	✓			✓	✓	
Representation and Community Leadership		✓		✓	✓	

## 5. Depreciation Reserves

Depreciation reserves have generally been funded from rates (or other funding from a surplus within the activity in any particular year). Depreciation reserves are only used to fund replacements and renewals of operational and infrastructural assets.

## 6. Funding Allocations between Ratepayers and Users

### 6.1 Regulatory Services

#### **6.1.1 Resource Consent Applications**

Processing applications within the confines of the Resource Management Act (RMA) 1991 and the Horowhenua District Plan.

Matters that must be considered under the Local Government Act (LGA) 2002.

<b>Community Outcomes</b>	The “sustainable environment” Community Outcome is supported by this service as it involves managing development within the confines of the District Plan and the RMA.
<b>Who Benefits</b>	<p>The benefits are primarily a private good. Planning consents are undertaken within the confines of the RMA. The guiding principle, as stated in section 2 of the RMA is “to promote the sustainable management of natural and physical resources”. In the RMA sustainable management is defined as “managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic and cultural wellbeing and for their health and safety”</p> <p>It is possible to directly charge the primary beneficiaries i.e. the applicant. The wider public however also benefits since they are protected from “unsustainable practices” and have the opportunity to participate in the decision making process either via the District Plan development or the notification process</p> <p>The wider public also benefit from this activity as it helps to protect high class soils which are a national asset.</p>
<b>Period of Benefit</b>	At the time the consent is processed.
<b>Whose acts create a need</b>	The applicant for resource consent benefits the most directly from resource consent, although the public at large also benefits in certain instances.
<b>Separate funding</b>	A large degree of private benefit makes user charging feasible.
<b>Funding Source</b>	<p>Public good - General rate: 30% - 40%</p> <p>Private Benefit - Fees and Charges: 60% - 70%</p>
<b>Rationale</b>	Although primarily a private benefit the RMA exists to protect the wider environment for the benefit of all residents

### 6.1.2 Resource Management Policy, District Plan, Enforcement

The development and review of a District Plan and enforcement of it as required by the RMA.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “sustainable environment” and “healthy local economy and a district that is growing” Community Outcomes are supported by means of managing development within the confines of the District Plan and RMA.
<b>Who Benefits</b>	All residents are given the opportunity to participate in realising the future of the District via the development of District Plans. The activity contributes to a well organised community and sustainable environment in which all residents have the opportunity to participate in formulating the desired outcomes.
<b>Period of Benefit</b>	This activity should be funded over the life of the District Plan. Public enquiry and enforcement should be funded in the year the work was carried out.
<b>Whose acts create a need</b>	Those who create the need for enforcement. However, the enforcement action protects the wider community by enforcing consent conditions.
<b>Separate funding</b>	No private benefit exists from this activity
<b>Funding Source</b>	Public good - General rate: 100% Private Benefit: 0%
<b>Rationale</b>	This activity is strategic in nature and is primarily involved in protection of the environment for the benefit of the wider Community. The activity also aids in public understanding and compliance with the RMA.

### 6.1.3 Building Consents

The provision of services as required under the Building Act 2004 and associated legislation. To ensure that building work undertaken in the District is done with an approved consent and inspection process that ensures standards are met.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is supported as everyone needs to be able to assume that the buildings in the District are not dangerous or unsanitary.
<b>Who Benefits</b>	It is possible to directly charge the primary beneficiaries i.e. the applicant. The wider public however also benefits since they are protected from “unsustainable practices” and poor building practices especially in relation to commercial buildings. Potential buyers of property benefit from surety around previous work undertaken.
<b>Period of Benefit</b>	At the time the permit is processed.
<b>Whose acts create a need</b>	The applicant for building permits benefits the most directly from the permitting process.
<b>Separate funding</b>	A large degree of private benefit makes user charging feasible.
<b>Funding Source</b>	Public good- General rate: 10% - 20% Private Benefit - Fees and Charges: 80% - 90%
<b>Rationale</b>	Although primarily a private benefit the Building Act 2004 exists to protect the wider community from poor building practices.

#### **6.1.4 Building Policy, Accreditation, Public liaison**

The provision of services as required under the Building Act 2004 and associated legislation. To ensure that building work undertaken in the District is done with an approved consent and inspection process that ensures standards are met.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is supported as everyone needs to be able to assume that the buildings in the District are not dangerous or unsanitary.
<b>Who Benefits</b>	The wider public benefit since they are protected from “unsustainable practices” and poor building practices especially in relation to commercial buildings. Potential buyers of property benefit from surety around previous work undertaken.
<b>Period of Benefit</b>	Over the period of the accreditation.
<b>Whose acts create a need</b>	The economic activity that leads to the need for building permits activity to be undertaken and for the need for standards to be set.
<b>Separate funding</b>	No private benefit exists from this activity.
<b>Funding Source</b>	Public good - General rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	Although the building consenting activity is a private benefit, the Building Act 2004 and the accreditation process exists to ensure standards set by regulatory agencies are met to protect the wider community from poor building practices.



### 6.1.5 Health Licensing

To provide an inspection and licensing of premises service to ensure hygiene and other regulatory standards are met for the health and safety of users.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is supported as Council will monitor and mitigate problems, nuisances, and threats to public health.
<b>Who Benefits</b>	The public benefit as the purpose of licensing is to enforce legal provisions under the Health Act and relevant Bylaws for the benefit of the wider public. It also gives users of premises surety around hygiene and food standards. The activity is a statutory requirement and the provision of the service provides direct health benefits to the community.
<b>Period of Benefit</b>	Over the period of the licence.
<b>Whose acts create a need</b>	Premises operators will incur direct costs in not complying and such costs should be passed on to them to ensure standards set are established and maintained. The cost incurred in obtaining a licence should also be borne to some degree by the Premises Operators.
<b>Separate funding</b>	A degree of private benefit to the premises operators makes user charging feasible.
<b>Funding Source</b>	Public good – General rate: 65% - 75% Private Benefit - Fees and Charges: 25% - 35%
<b>Rationale</b>	The activity is serviced by specifically qualified staff with direct responsibility for licensing, inspections and work associated with enquiries and complaints in relation to public health matters for which the Council is responsible. The general ratepayer is the widest beneficiary of the service which is a statutory requirement.

### 6.1.6 Dog and Animal Control

This Activity is undertaken to meet the Council's obligations under the Dog Control Act 1996 and associated legislation and Bylaws. It involves the provision of services in respect of animals, particularly dogs, for the general safety and wellbeing of the Community.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The "safe, resilient and healthy communities" Community Outcome is supported. The public has concerns about risks associated with dogs and wandering livestock e.g. can be dangerous to people, traffic and flora.
<b>Who Benefits</b>	By legislation, dog owners are required to register their dog/s. Other residents benefit from dog and animal control services by having dog and stock rangers to ensure public safety. Any person may require the service.
<b>Period of Benefit</b>	Over the period the service is rendered.
<b>Whose acts create a need</b>	Animal owners, through the need to regulate for the care of those animals, and to protect the public from any health and safety issues caused by the keeping of those animals.
<b>Separate funding</b>	User charging for stock has proven ineffectual; the cost is not so significant as to warrant a separate rate.
<b>Funding Source</b>	Public good - General rate: 20% - 30% Private Benefit - Fees and Charges: 70% - 80%
<b>Rationale</b>	Although primarily a private benefit the Dog Control Act exists to protect the wider Community from errant dogs.

### 6.1.7 Parking Enforcement

This service exists to carry out the enforcement of parking restrictions that apply, including traffic safety policing but also ensuring vehicle car park turnover i.e. the public availability of parking.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “healthy local economy and a district that is growing” Community Outcome is supported by ensuring that parking is made available for retailers in the Commercial Business District.
<b>Who Benefits</b>	Shopkeepers ensuring parking turnover availability to their premises and the wider public by ensuring convenient car parking is available.
<b>Period of Benefit</b>	Continuously as wardens carry out their duties.
<b>Whose acts create a need</b>	The errant motorist who overstays the permitted time.
<b>Separate funding</b>	Being predominantly self-funding there is no need for separate rating mechanisms.
<b>Funding Source</b>	Public good - General rate: 0 -10% Private Benefit - Fees and Charges: 90 - 100%
<b>Rationale</b>	Predominantly funded from exacerbators.

### 6.1.8 Liquor Licensing

As the District Licensing Authority, considering and approving or declining liquor licence applications.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is supported by ensuring there are controls on availability and appropriate controls on the sale of liquor.
<b>Who Benefits</b>	The wider public by ensuring that licencees are reliable and the public’s health and safety is maintained by compliance with the statutory standards.
<b>Period of Benefit</b>	Continuously as licences are issued.
<b>Whose acts create a need</b>	Licencee of clubs, premises etc, fees set by legislation.
<b>Separate funding</b>	Being of relatively small cost there is need for separate rating mechanisms.
<b>Funding Source</b>	Public good - General rate: 50-60% Private Benefit - Fees and Charges: 40-50%
<b>Rationale</b>	Licence fees are set by regulation and cannot be altered by Council.

### **6.1.9 Health and Liquor Policy and Public liaison**

The provision of services as required under the health and sale of alcohol legislation. This helps to ensure that Council is able to react to changes in legislation and policy and to enable public education and liaison.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is supported as everyone needs to be able to assume that there are appropriate general and legislatively required policies in place to regulate health and liquor licensing activities.
<b>Who Benefits</b>	The wider public.
<b>Period of Benefit</b>	As changes in legislation occur and public liaison occurs.
<b>Whose acts create a need</b>	The need to educate the public and react to changes in legislation results in the public at large creating the need.
<b>Separate funding</b>	No private benefit exists from this activity.
<b>Funding Source</b>	Public good - General rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	This activity is entirely for the benefit of the public at large and should therefore be funded from the General rate.

### 6.1.10 General Inspection services

Regulatory activities required to be provided for which the user generally cannot be identified e.g. Bylaw and Policy Reviews, Enforcement, Abandoned Vehicles, Noise, Litter, and Gaming machine Venue consents).

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is supported by ensuring a clean environment from litter, abandoned vehicles, noise etc.
<b>Who Benefits</b>	The wider public.
<b>Period of Benefit</b>	Continuously as the inspections and enforcement actions occur.
<b>Whose acts create a need</b>	Offenders, noise, abandoned vehicles, litterers etc.
<b>Separate funding</b>	Being of relatively small cost there is need for separate rating mechanisms.
<b>Funding Source</b>	Public good - General rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	As it is not practicable to charge the exacerbators of the service which necessitates rating the general public through the general rate.

## **6.2 Community Support**

### **6.2.1 Emergency Management (including Rural Fire response)**

To meet Council's obligation under the Civil Defence Emergency Management Act 2002 including provide access resources, co-ordinate support, and assist welfare and recovery measures in the Community in the case of an emergency.

Provision of urban and rural fire services as defined by legislation and Bylaws and to meet Council's obligations in respect of the management of hazardous substances.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The "safe, resilient and healthy communities" Community Outcome is supported by this activity. Preparing the Community under the 4Rs 'Readiness, Reduction, Response and Recovery'. Protecting life and property and removing potential fire hazards.
<b>Who Benefits</b>	The emergency management activity is carried out for and on behalf of the public. The rural fire activity is primarily for the public good i.e. for the rural sector. Private good is for the landowner where fire occurs.
<b>Period of Benefit</b>	Continuously as the service is predominantly to ensure public education and preparedness.
<b>Whose acts create a need</b>	In certain circumstances costs may be recovered from landowner where culpability exists.
<b>Separate funding</b>	Being of relatively small cost there is no need for separate rating mechanisms.
<b>Funding Source</b>	Public good- General rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	With emergency management there is limited ability to secure external funding except for minor annual subsidises on expenditure. As a community activity, fees and charges cannot be charged. The rural fire activity relies on public goodwill and volunteers. It would be impractical to rely on private good to fund the activity. However, where a person is shown to be culpable they will be charged a separate cost recovery for a rural fire event. This service is provided by Horizons Regional Council, therefore, the General rate covers the contract costs.

### 6.2.2 Community Grants and Funding

Grants for; maintenance of community halls, general grants, grants of \$10k to \$100k towards sporting, environmental or cultural developments of a capital nature, artistic and cultural products and events, Beach wardens, one off grants, lifesaving and international representation.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “community of knowledge, culture and diversity where people are proud to live” Outcome has been identified as being enhanced through the provision of community grants funding.
<b>Who Benefits</b>	It is possible to identify those receiving the grants but to charge those people would defeat the purpose of making the grant. Only qualifying Community groups or individuals are eligible for grants.
<b>Period of Benefit</b>	Continuously the grant pool is available and replenished each year.
<b>Whose acts create a need</b>	None exist, unless the applicants themselves are considered exacerbators but to charge those people would defeat the purpose of making the grant.
<b>Separate funding</b>	Being of relatively small cost there is no need for separate rating mechanisms.
<b>Funding Source</b>	Public good - General rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	The activity should be funded as a true tax with no user charge element.



### 6.2.3 Community Development

The function of Council's Community Development activity includes coordination, facilitation and advocacy for Community organisations and it aims to improve the wellbeing of our Community. This activity includes the implementation of Council's Youth, Positive Ageing, Arts, Culture and Heritage, Education, Disability, and Pride and Vibrancy Action Plans.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The "healthy local economy and a District that is growing", "safe, resilient and healthy communities", "community of knowledge, culture and diversity where people are proud to live" and "Positive leadership and effective partnerships" Outcomes are being supported by the Community Development activity.
<b>Who Benefits</b>	All residents and ratepayers of the Horowhenua District.
<b>Period of Benefit</b>	Immediate and ongoing, however, these benefits cannot be easily quantified. The effect of Council's expenditure is indeterminate.
<b>Whose acts create a need</b>	None exist.
<b>Separate funding</b>	Being of relatively small cost there is no need for separate rating mechanisms.
<b>Funding Source</b>	Public good - General rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	The activity should be funded as a true tax with no user charge element.

#### **6.2.4 District Communications and Marketing**

These activities help keep residents and ratepayers informed of the Council's activities and promote Horowhenua as a valued destination to visit, work in, live in and play in. This function also supports Council's legislative requirements surrounding consultation and emergency management.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	All Community Outcomes are being supported as all areas of Council are supported by the provision of this function.
<b>Who Benefits</b>	All residents and ratepayers of Horowhenua District benefit from this activity as well as local businesses and industries.
<b>Period of Benefit</b>	Ongoing, but difficult to quantify.
<b>Whose acts create a need</b>	No specific acts create a need.
<b>Separate funding</b>	Being of relatively small cost there is no need for separate rating mechanisms.
<b>Funding Source</b>	Public good - General rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	The activity should be funded as a true tax with no user charge element.

### 6.2.5 Economic Development and Visitor Information

To fund a broad range of proactive strategies to encourage new investment and strengthen present industries to provide greater economic security for the District and lower levels of unemployment. There is a focus on encouraging downstream processing of primary produce.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “healthy local economy and a district that is growing” Community Outcome has been identified as being enhance through the provision of this activity.
<b>Who Benefits</b>	The private benefit of providing assistance and advice is outweighed by the wider economic security of the District as a whole. The benefits are difficult to assign to any one industrial group or group of individuals.
<b>Period of Benefit</b>	Costs incurred may have long term benefits. However, these benefits cannot be easily quantified. Increased economic activity is created from a number of factors. The effect of Council's expenditure is indeterminate.
<b>Whose acts create a need</b>	None exist.
<b>Separate funding</b>	Relatively low costs suggests there is no particular need for separate funding to achieve greater transparency or accountability.
<b>Funding Source</b>	Public good - General rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	The activity should be funded as a true tax with no user charge element.

## **6.3 Community Facilities and Services**

### **6.3.1 Library and Community Centres**

The operational cost of Libraries and Community Centres throughout the District to provide for the social and cultural wellbeing of the Community.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The following Community Outcome is enhanced with the provision of Libraries and Community Centres, "A community of knowledge, culture and diversity where people are proud to live".
<b>Who Benefits</b>	<p>The libraries and community centres provide a research facility, and community services, that anyone can access. People are willing to pay for a library to ensure they have access even if they are not current users.</p> <p>Libraries are seen as core business and an essential service that needs to be preserved for the main urban centres of the Horowhenua District. Educational costs to other institutions such as universities and schools are lowered due to the resources held in the library.</p>
<b>Period of Benefit</b>	Benefits accrue in the year the costs are incurred. Capital expenditure will benefit future periods in line with resultant asset lives. The capital costs will be evenly allocated to operating expenditure over the life of the asset by use of loan interest and repayments costs and straight line depreciation costs.
<b>Whose acts create a need</b>	Borrowers who retain items issued from the libraries beyond the loan period are exacerbators, since they are limiting access to other potential readers. Renewal and overdue fees are charged as well as the cost of lost books.
<b>Separate funding</b>	A Targeted rate would aid in the transparency and accountability to residents of the District. Through a Targeted rate using a fixed charge to every used or inhabited part of any rating unit across the District. Capital expenditure for the new facilities will be funded by loan with interest payments funded through the fixed charge rate. Book renewals, asset renewals, and loan capital repayments will be funded from the Targeted rate overtime.
<b>Funding Source</b>	<p>Public good- Targeted rate: 75-85%</p> <p>Private Benefit - Fees and Charges: 15-25%</p> <p>However the private benefit is retained by the Te Horowhenua Trust to offset the cost Council's grant to the Trust. Council will therefore fund the Library grant and asset/debt costs 100% from a Targeted rate.</p>

## ***Library and Community Centres (continued)***

<b><i>Rationale</i></b>	<p>A fixed charge rate better matches the benefit to individual households than a value based rate. High levels of user fees and charges have proven to be a barrier to participation and accessibility, especially among low income groups to which the service is targeted. Also the LGA 2002 has the following section.</p> <p>Section 142 of the LGA 2002 - Obligation to provide free membership of libraries:</p> <p><i>"If a local authority or a council-controlled organisation provides a library for public use, the residents in the district or region are entitled to join the library free of charge."</i></p>
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### 6.3.2 Passive Recreation Reserves and Street Beautification

The provision of passive reserves and beautification of District streets.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is enhanced by this activity.
<b>Who Benefits</b>	The general public benefits from this activity as the reserves tend to be available to all unless congested. However there are occasions where reserves are used to hold events where the public is charged entry. Ratepayers generally are prepared to pay for the option of using reserves for recreation while others would be prepared to pay rates to ensure the continued existence of reserves. Most Districts and towns of any size would be expected to have reserves. Some reserves are iconic and attract visitors from outside the District. Preservation of such reserves for future generations is worth paying for.
<b>Period of Benefit</b>	Most reserves have been in existence for some time and only incur yearly operational costs. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years.
<b>Whose acts create a need</b>	Vandals are an exacerbator. However, the general community, particularly those with children, that create the need for play equipment and facilities.  Financial Contributions in the form of land will be used to provide esplanade reserves where subdivision developments occur adjacent to Priority Water Bodies identified in the District Plan.
<b>Separate funding</b>	A separate Targeted rate is probably not necessary as reserves are generally located throughout the District and can be used by the public and visitors alike.
<b>Funding Source</b>	Public Good - General Rate: 95% - 100% Private Benefit - Fees and Charges: 0% - 5%
<b>Rationale</b>	As reserves are able to be used by anyone and any charge or fee would limit accessibility and participation the general rate is the most appropriate method of funding passive reserves.

### 6.3.3 Cemeteries

The provision of cemeteries is a legal obligation of Council.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is enhanced by this activity.
<b>Who Benefits</b>	The whole community benefits from the provision of a cemetery. Wider benefits accrue to public health providers as the costs to District Health Board's (DHB) would undoubtedly increase without the existence of cemeteries.
<b>Period of Benefit</b>	Most cemeteries have been in existence for some time and only incur yearly operational costs. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years. The provision of new concrete berms does not occur every year but are relatively immaterial in costs.
<b>Whose acts create a need</b>	The general public who die and create the need to provide cemeteries.
<b>Separate funding</b>	A separate Targeted rate is probably not necessary as cemeteries are generally located throughout the District and can be used by the public and visitors alike. Burial fees and plot charges will continue to be charged.
<b>Funding Source</b>	Public Good - General Rate: 40% - 50% Private Benefit - Fees and Charges: 50% - 60%
<b>Rationale</b>	While cemeteries have a degree of private benefit, the true cost of burials has never been able to be collected as it would be too onerous for some families to bear the full cost.

### 6.3.4 Aquatic Centres (Swimming Pools)

The provision of safe and hygienic pools for recreation and sporting activities. Public swimming pools are located at Levin and Foxton. The Levin pool is available all year while the Foxton pool is available for summer period only.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is enhanced by this activity.
<b>Who Benefits</b>	The public who use the facility, although people are prepared to pay for the option of using the service, while others are prepared to pay to ensure the pool's continued existence. Residents and visitors to the District are able to use the facilities. A wider health benefit accrues for use of the pools and increased public safety from learning to swim.
<b>Period of Benefit</b>	Benefits accrue in the year the costs are incurred. Capital expenditure will benefit future periods in line with resultant asset lives. The capital costs will be evenly allocated to operating expenditure over the life of the asset by use of loan interest and repayments costs and straight-line depreciation costs.
<b>Whose acts create a need</b>	Those who use the pool, swimming clubs, and learn to swim classes that are charged a fee for usage.
<b>Separate funding</b>	A Targeted rate would aid in the transparency and accountability to residents of the District. Through a Targeted rate using a fixed charge to every used or inhabited part of any rating unit across the District. Capital expenditure will be funded by loan with interest payments funded through the fixed charge rate.
<b>Funding Source</b>	Public Good - Targeted Rate: 65% - 70% Private Benefit - Fees and Charges: 30% - 35%
<b>Rationale</b>	Providing swimming pools are regarded as core business of Council. They are not self-funding. To charge the full cost of the facility to the users would dramatically impact on use and participation and deny accessibility by the public.



### 6.3.5 Sports Grounds

The provision of sports grounds that can be utilised by individuals and sporting organisations for the health and wellbeing of the Community. Sports grounds have a dual purpose in that they are available for passive and active recreation.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is enhanced by this activity.
<b>Who Benefits</b>	Residents, sports people and groups, and visitors recognised sporting codes when booked for recognised events benefit from this activity. Most of the time they are available for passive recreation. The particular sporting codes where the grounds are specifically marked for a particular sport and cannot be used (other than passively) for any other sport especially when games are scheduled.
<b>Period of Benefit</b>	Most grounds have been in existence for some time and only incur yearly operational costs. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 20 years.
<b>Whose acts create a need</b>	Players and spectators, and those sporting codes that use the grounds and are charged a fee for usage.
<b>Separate funding</b>	The most efficient and transparent method of funding capital is through the general rate (depreciation charge) as it avoids debt and financial contributions.  Operational expenditure should be funded by all ratepayers. Rents and leases are arranged where there are opportunities to recover the private good component.
<b>Funding Source</b>	Public Good - General Rate: 95% - 100% Private Benefit - Fees and Charges: 0% - 5%
<b>Rationale</b>	Providing sports grounds is regarded as a core business of Council. They are not self-funding and are used extensively for passive recreation. To charge the full cost of the facility to the users would dramatically impact on use and participation and deny accessibility by the public. The grounds are unavailable at peak times during the weekends but remain available during the week for passive recreational use. The funding mechanism reflects the fact that sports grounds are unavailable to the public at those peak times.

### 6.3.6 Halls and Community Buildings (under direct Council management)

Incidental uneconomic property holdings that are being reviewed as to whether they should be held for some strategic reason or sold including but not limited to public halls, rental houses, the Levin town clock, the Surf Lifesaving buildings at Waitarere and Foxtton Beach, Thompson house and adjacent pottery club building, and the Shannon Railway Station. Excludes the Civic Building these are treated as an overhead and the costs are allocated against all activities.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is supported by this activity.
<b>Who Benefits</b>	The Community at large benefit from the variety of halls and meeting venues throughout the District as well as the users of specific community property assets. Council's involvement is largely historical.
<b>Period of Benefit</b>	Depreciation funding is used to cover cyclic maintenance. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 20 years.
<b>Whose acts create a need</b>	None identified a part from those organisations that use the facilities and are charged a rental for usage. As the size and composition of communities change so does the extent of the usage of the facilities.
<b>Separate funding</b>	The most efficient and transparent method of funding capital is through the General rate (depreciation charge) as it avoids debt and financial contributions.  Operational expenditure should be funded by all ratepayers. Rents and leases are arranged where there are opportunities to recover the private good component.
<b>Funding Source</b>	Halls: Public Good - General Rate: 70% - 85% Private Benefit - Fees and Charges: 15% - 30% Community Buildings: Public Good - General Rate: 65% - 80% Private Benefit - Fees and Charges: 20% - 35%
<b>Rationale</b>	These facilities are an integral part of the communities that they are located in. Attempts to recover higher levels of rental income from users would reduce usage dramatically which would be counterproductive in trying to foster usage.

### 6.3.7 Public Toilets

This activity provides for clean public toilets for the benefit of the District and travelling public.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy” Community Outcome is supported by provision of public toilets.
<b>Who Benefits</b>	The general public and community as users, and possibly the retail shops in the vicinity. Although technically able to charge for use, most toilets are set up free of charge to ensure towns remain sanitary and healthy.
<b>Period of Benefit</b>	Depreciation funding is used to cover cyclic maintenance. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 20 years.
<b>Whose acts create a need</b>	None identified, apart from the users and possibly vandals.
<b>Separate funding</b>	The most efficient and transparent method of funding capital is through the General rate (depreciation charge) and financial contributions. Operational expenditure should be funded by all ratepayers.
<b>Funding Source</b>	Public Good - General Rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	Not practicable or desirable to charge for the use of public toilets when usage is to be encouraged for the wider Community benefit. Funding should be by General rate as the toilets are used by visitors to towns primarily which would include country residents as well as out of District residents. Town's folk gain benefit from the toilets aiding in keeping towns clean and sanitary. It could be argued that toilets could benefit shop owners in the CBD as when people stop to use toilets they quite often take a break and visit cafes etc. The benefit is not easily measurable and could be seen as negligible.

## **6.4 Representation and Community Leadership**

### **6.4.1 Representation and Community Leadership**

All costs of operating the Council including those costs associated with elections and the Foxton Community Board .The ability of all residents and ratepayers to participate in the democratic process through the LTP, Annual Plan, Annual Report processes and the advocacy offered by Council on issues affecting our local Community.

Matters that must be considered under the LGA 2002.

<b><i>Community Outcomes</i></b>	The Outcome of “positive leadership and effective partnerships” is served by this activity.
<b><i>Who Benefits</i></b>	No one can legally be excluded from participating in the democratic process. All residents and ratepayers are identified as beneficiaries of this process.  No one can legally be excluded from the voting process. All residents and ratepayers are identified as beneficiaries of the electoral process.
<b><i>Period of Benefit</i></b>	Given that the costs are incurred year by year with no variation no intergenerational equity issues exist.  The cost of running an election are incurred once in every three years and will be smoothed over the remaining two years of each triennium.
<b><i>Whose acts create a need</i></b>	None exist. The right to participate in the democratic process is universal.
<b><i>Separate funding</i></b>	All residents and ratepayers gain equal benefit regardless of the value attributable to their properties. Some residents may not even have property. As residents and ratepayers live in houses and often conduct their businesses from separate premises a rating mechanism that targets separately used or inhabited portions of a rating unit is more appropriate.
<b><i>Funding Source</i></b>	Public good - Targeted Rate: 100% Private Benefit - Fees and Charges: 0%
<b><i>Rationale</i></b>	A fixed charge rated based on separately used or inhabited portions of each rating unit over the whole District would be most appropriate.

## **6.5 Property**

### **6.5.1 Commercial Property and Endowment property**

This activity includes all commercially tenanted property within the District owned by Horowhenua District Council as well as the Endowment Property held at Foxton Beach.

Matters that must be considered under the LGA 2002.

<b><i>Community Outcomes</i></b>	The “healthy local economy and District that is growing” Outcome is supported through the provision of buildings for businesses to occupy.
<b><i>Who Benefits</i></b>	The tenants occupying the land and buildings, as tenants are excluded unless they have a current lease agreement. The rental space can only be occupied by one tenant at a time, the community of Foxton beach as the Endowment monies are to be spent for the benefit of the people in Foxton Beach.
<b><i>Period of Benefit</i></b>	Depreciation funding is used to cover cyclic maintenance. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 20 years. All such costs to be funded from rents received or sale of land holdings.
<b><i>Whose acts create a need</i></b>	None identified, apart from the tenants themselves.
<b><i>Separate funding</i></b>	No separate funding mechanism is used other than rents and land sales.
<b><i>Funding Source</i></b>	Public Good - General Rate: 0% Private Benefit - Fees and Charges: 100%
<b><i>Rationale</i></b>	Total private good to the leases.

### 6.5.2 Motor camps owned and/or operated by Council

This activity involves the provision of low cost holiday accommodation.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	A “healthy local economy and District that is growing” Outcome is supported by this activity.
<b>Who Benefits</b>	The campers who are able to be charged for the space or facilities used or occupied. Or lessees who operate the Levin and Waitarere camping grounds.
<b>Period of Benefit</b>	Depreciation funding is used to cover cyclic maintenance. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 20 years. All such costs to be funded from rents received.
<b>Whose acts create a need</b>	None identified, apart from the campers themselves.
<b>Separate funding</b>	No separate funding mechanism is used other than fees and charges. Pinewood motor camp capital development may be funded from the Foxton Freeholding Fund.
<b>Funding Source</b>	Public Good - General Rate: 0% Private Benefit - Fees and Charges: 100%
<b>Rationale</b>	Total private good to the campers or lessees of the camps.

## **6.6 Land Transport (Roads and Footpaths)**

### **6.6.1 Land Transport**

The Land Transport activity includes all roading activities that attracts a government subsidy plus unsubsidised roading, footpaths, car parks, street cleaning and any main street developments.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” and “healthy local economy and District that is growing” Community Outcomes are enhanced through having a good land transport network.
<b>Who Benefits</b>	<p>All residents derive a benefit to access schools, their place of employment, and to pursue recreational and social opportunities. However, there is a high reliance on our network by businesses to enable them:</p> <ul style="list-style-type: none"> <li>• To maintain and carry their network assets (in the case of utility companies);</li> <li>• To enable customers to access their shops (in the case of businesses in CBD); and</li> <li>• To enable products to be delivered to markets (farmers and manufacturers).</li> </ul> <p>Although primarily located in urban centres the footpaths and car parks are used by all residents and motorists. Most residents will pay for the roading network to enable recreational and business interests to be facilitated even if they currently have no need to use the network.</p>
<b>Period of Benefit</b>	Any new roading development will be loan funded with loan charges recouped over time. However, most renewals are done in a cyclic manner where the costs are evenly spread year by year and will be funded from rates into available depreciation reserves.
<b>Whose acts create a need</b>	Some high density users such as dairying or forestry can cause localised deterioration of the roading network. Council has no formal policy on user compensation but has successfully negotiated a contribution from forestry owners in the past depending on the situation and circumstance. Financial Contributions will be used to fund roading capital expenditure necessitated by new developments in identified growth areas in the District Plan.

### ***Land Transport (continued)***

<b><i>Separate funding</i></b>	<p>All residents and ratepayers gain equal benefit regardless of the value attributable to their properties. Some residents may not even have property. The capital value of a rating unit reflects the sale value.</p> <p>In the case of a business this would also have a correlation to the use of the roading network as the capital value, in some respects, reflects the sale price and therefore the economic activity generated. Also, utility companies use the roading networks but pay minimal rates under land value, as their assets do not have a land value. It is, therefore, appropriate to rate fund this activity separately using the capital value of the rating unit.</p>
<b><i>Funding Source</i></b>	<p>Public good - Targeted Rate: 100%</p> <p>Private Benefit - Fees and Charges: 0%</p> <p>Petrol Tax revenue should off-set roading costs (not treated as revenue offsetting General Rates) as the revenue is sourced from road users.</p>
<b><i>Rationale</i></b>	<p>Land Transport is Council's single largest cost. For this reason Council has a Targeted rate for land transport to enhance transparency and accountability. Rating for such a large expenditure item is practicable.</p>



## **6.7 Stormwater**

### **6.7.1 Stormwater**

To provide effective drainage and disposal to enable the roading network to function and to protect people and property from water damage during rain events as well as mitigating the environmental effects of contaminants in Stormwater.

Matters that must be considered under the LGA 2002.

<b><i>Community Outcomes</i></b>	The “safe, resilient and healthy communities”, a “healthy local economy and District that is growing” and “the sustainable environment” Community Outcomes are enhanced through this activity.
<b><i>Who Benefits</i></b>	<p>Primarily urban property owners who gain benefits from the mitigation of flooding events. The stormwater kerb and channel and piped network is only located in urban areas.</p> <p>Stormwater drainage in rural areas is primarily part of the roading expenditure or, when the water drains into streams, it becomes a Regional Council responsibility. Most residents will pay for the stormwater network to enable their recreational and business interests, and protection from flooding, even if they currently have no direct use the stormwater network.</p>
<b><i>Period of Benefit</i></b>	Any new stormwater development will be loan funded with loan charges recouped over time. However, most renewals are done in a cyclic manner where the costs are evenly spread year by year and will be funded from rates using available depreciation reserves.
<b><i>Whose acts create a need</i></b>	<p>Exacerbators include developers who increase the impervious surface areas in their developments.</p> <p>Financial Contributions will be used to fund stormwater capital expenditure necessitated by new developments in identified growth areas in the District Plan.</p>
<b><i>Separate funding</i></b>	All urban residents and ratepayers and road users gain a benefit related in part to the size of the house on the rating units serviced by the network. And as the capital value of the property bears some relationship to the size of the house, a Capital Value rating system was seen as an appropriate mechanism. It is not practicable to charge a fee for such a service as it is equally available to all urban ratepayers.
<b><i>Funding Source</i></b>	<p>Public Good - Targeted Rate: 100%</p> <p>Private Benefit - Fees and Charges: 0%</p>

**Stormwater (continued)**

<b>Rationale</b>	As the stormwater system and network is primarily an urban service to protect urban rating units Council decided to set a Targeted rate for stormwater to enhance transparency and accountability. Rating for such a large expenditure item is practicable.
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## **6.8 Solid Waste Management**

### **6.8.1 Solid Waste Landfills and Waste Transfer Stations**

The provision of a solid waste disposal network available to all residents and also any aftercare costs of closed landfills to ensure clean and sanitary towns and lack of fly tipping in the rural areas.

Matters that must be considered under the LGA 2002.

<b><i>Community Outcomes</i></b>	The “sustainable environment” and “safe, resilient and healthy communities” Community Outcomes are enhanced by this activity.
<b><i>Who Benefits</i></b>	The community benefits through the availability of the disposal site which allows for waste collection. Central Government health costs would undoubtedly increase if transfer stations were not available.
<b><i>Period of Benefit</i></b>	The immediate benefit accrues to those able to dispose of refuse. The capital cost of the facility needs to be spread over its useful life by way of an annual depreciation charge.  Initial funding of new "cells" will be by way of loan with loan charges spread over time. The after care costs of landfills are also valued and spread evenly each year.
<b><i>Whose acts create a need</i></b>	Those who create the need for the service are the users and beneficiaries who create the refuse taken to waste transfer stations.
<b><i>Separate funding</i></b>	User fees are charged to dispose District refuse into the transfer station and from there through to the Landfill.  Any unrecovered cost to be included in the Solid Waste rate. This rate is currently (and proposed to be) set as a fixed charge per SUIP (Separately Used or Inhabited Part) of each rating unit. It also has a differential of 80% urban and 20% rural. The differential is justified recognising that rural residents tend to make relatively less use of solid waste management facilities.
<b><i>Funding Source</i></b>	Public Good - Targeted Rate: 30% - 40% Private Benefit - Fees and Charges: 60% - 70%
<b><i>Rationale</i></b>	Council is proposing to retain the Targeted rate for solid waste to enhance transparency and accountability.

### 6.8.2 Refuse Collection

Collection of refuse from local streets by use of bags.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “sustainable environment” and “safe, resilient and healthy communities” Community Outcomes are enhanced by this activity.
<b>Who Benefits</b>	Households who choose to use the service. Only the official bags will be collected.
<b>Period of Benefit</b>	The immediate benefit accrues to those able to dispose of refuse.
<b>Whose acts create a need</b>	Those who create the need for the service are the users and beneficiaries who purchase the rubbish bags for collection.
<b>Separate funding</b>	<p>Bag fees used to cover the private benefit. One could argue for full cost recovery. However, the existence of alternative providers reduces the economies of scale by reducing the numbers using bags. To simply increase the bag price to cover full costs may be counter-productive.</p> <p>Often reducing the costs can achieve greater participation and greater cost recovery. Any unrecovered cost should be included in the Solid Waste rate. This rate is currently set as a fixed charge per SUIP of each rating unit. It also has a differential of 80% urban and 20% rural recognising that rural residents tend to make relatively less use of solid waste management facilities.</p>
<b>Funding Source</b>	<p>Public Good :- Targeted Rate: 0% - 15%</p> <p>Private Benefit - Fees and Charges 85% - 100%</p>
<b>Rationale</b>	<p>Currently Council has a Solid Waste rate that covers the costs of all the public good elements relating to the Solid Waste activity.</p> <p>Council is proposing to retain the Targeted rate for solid waste to enhance transparency and accountability.</p>

### 6.8.3 Waste minimisation and recycling

The public benefit costs of waste minimisation education and providing for recycling initiatives. To achieve a reduction in refuse that needs to be disposed of while increasing public awareness and education to reduce the waste stream.

Matters that must be considered under the LGA 2002.

<b>Community Outcomes</b>	The “sustainable environment” and “safe, resilient and healthy communities” Community Outcomes are enhanced by this activity.
<b>Who Benefits</b>	The public benefits through the education service, while those using the recycling service benefit from the service and will contribute through the collection service costs of kerbside recycling.
<b>Period of Benefit</b>	The immediate benefit accrues to those able to dispose of refuse.
<b>Whose acts create a need</b>	Those who create the need for the service are the users and beneficiaries by using the recycling bins provided for roadside collection.
<b>Separate funding</b>	All cost should be included in the Solid Waste rate. This rate is currently set as a fixed charge per SUIP of each rating unit. It also has a differential of 80% urban and 20% rural recognising that rural residents tend to make relatively less use of solid waste management facilities.
<b>Funding Source</b>	Public good - Targeted Rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	Currently Council has a Solid Waste rate that covers the costs of all the public good elements relating to the Solid Waste activity. Council is proposing to retain the Targeted rate for solid waste to enhance transparency and accountability.

## **6.9 Wastewater**

### **6.9.1 Wastewater (Sewer) Systems**

The supply of wastewater networks to urban communities including reticulated networks that render the effluent less harmful and more environmentally acceptable to discharge.

Matters that must be considered under the LGA 2002.

<b><i>Community Outcomes</i></b>	The “safe, resilient and healthy communities” and “sustainable environment” Outcomes have been identified as benefactors of the provision of this service.
<b><i>Who Benefits</i></b>	<p>All residents and businesses. All rating units connected can be identified and only those rating units connected or to which connection is available, benefit.</p> <p>Some industries place increased demand on the treatment system due to the nature of the effluent they wish to dispose of. Benefits accrue to health providers in Council's provision of a wastewater disposal service as well as the wider benefit to the environment.</p>
<b><i>Period of Benefit</i></b>	<p>For operational costs there are no intergenerational equity issues. Capital projects for improvements should be loan funded to spread costs over the next generation.</p> <p>Renewals of assets will be rate funded in the first instance, any annual shortfall will be loan funded.</p>
<b><i>Whose acts create a need</i></b>	<p>Industries can place extra burden on the treatment plant. Such users should pay for their disposal on a user pays basis.</p> <p>Financial Contributions will be used to fund wastewater capital expenditure necessitated by new developments in identified growth areas in the District Plan.</p>
<b><i>Separate funding</i></b>	Ideally the funding mechanism should be fully user pays by use of volumetric charging. The ability to charge in such a manner is not available as yet. A Targeted rate for wastewater is proposed. Council does charge industries that are connected using the Trade Waste Bylaw provisions and this will be retained.
<b><i>Funding Source</i></b>	<p>Public Good -Targeted Rate: 80% - 90%</p> <p>Private Benefit - Fees and Charges: 10% - 20%</p>

## **Wastewater (Sewer) Systems (continued)**

<b>Rationale</b>	<p>Wastewater was traditionally charged as a fixed charge Targeted rate which has been determined using the cost structure for each individual scheme.</p> <p>This approach favours those communities that have larger populations and greater economies of scale. The converse is that small communities pay more for the same service which can lead to affordability issues for small communities.</p> <p>Since 2009 Council has set a fixed rate on each SUIP of each rating unit or for each connection, whichever is the greater, across the District as one uniform charge.</p> <p>An availability charge on vacant sections will be charged 50% of this Targeted rate.</p>
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## **6.10 Water Supply**

### **6.10.1 Urban Water Supply**

The supply of potable water to urban communities and surrounding hinterland. Council also administers some small water race supplies to rural communities.

Matters that must be considered under the LGA 2002.

<b><i>Community Outcomes</i></b>	The “safe, resilient and healthy communities” and “sustainable environment” Outcomes have been identified as benefactors of the provision of this service.
<b><i>Who Benefits</i></b>	Those people residing on the rating units supplied with a reticulated water supply. All rating units connected can be identified only those rating units connected or to which connection is available, benefit.
<b><i>Period of Benefit</i></b>	For operational costs there are no intergenerational equity issues. Capital projects for improvements should be loan funded to spread costs over the next generation. Renewals of assets will be rate funded in the first instance, any annual shortfall will be loan funded.
<b><i>Whose acts create a need</i></b>	High users can place extra burden on the supply necessitating greater storage capacity etc. Such users should pay for their supply on a user pays basis. Vacant sections and unconnected rating units benefit from the provision of firefighting capacity and should be charged an availability charge.  Financial Contributions will be used to fund water supply capital expenditure necessitated by new developments in identified growth areas in the District Plan.
<b><i>Separate funding</i></b>	Ideally the funding mechanism should be fully user pays by use of universal water meters. However the cost of providing meters to each household outweighs the benefits of using this charging mechanism. Water meters should be used, however, for high users and anyone that is supplied outside the designated network area (being that area where houses are obliged to connect or have a right to connect). Universal volumetric charging only occurs in the Foxtan Beach Community.  A Targeted rate for water supply is proposed for all other communities and to cover the fixed cost component of the Foxtan Beach supply. Council does charge extraordinary users that are connected by use of a charge per cubic meter consumed. Currently metered users are charged a fixed charge enabling them to use up to a cubic meter a day (90m <sup>3</sup> a quarter) and are charged regardless of whether they use this or not.
<b><i>Funding Source</i></b>	Public Good -Targeted Rate: 70% - 80% (fixed charge) Private Benefit - Fees and Charges: 20% - 30% (water by meter)



**Urban Water Supply (continued)**

<b>Rationale</b>	<p>Water Supply was traditionally charged as a fixed charge Targeted rate which has been determined using the cost structure for each individual scheme. This approach favours those communities that have larger populations and greater economies of scale. The converse is that small communities pay more for the same service which can lead to affordability issues for small communities. Since 2009 Council has set a fixed rate on each SUIP of each rating unit or for each connection, whichever is the greater, across the District as one uniform charge. Vacant sections will be levied 50% of this Targeted rate. As an availability charge to cover fixed costs and the provision of firefighting hydrants.</p>
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## Liability Management Policy

### 1. Legislative provisions

The Local Government Act 2002 requires:

- liabilities to be managed prudently and in a manner that promotes the current and future interests of the community (section 101(1))
- a Liability Management Policy to be adopted by Council (section 102(4)(b))
- specific content of such a policy (section 104)

### 2. Objectives

a. The objectives of the Liability Management Policy are to:

- minimise the cost of borrowing (including interest, contracted services, staff, time and administration)
- minimise the exposure to the risks associated with borrowing
- maintain strong financial ratios
- consider long term indebtedness as a means of creating intergenerational equity
- maintain the integrity of Council's Long Term Plan (LTP)

b. The objectives of the Management of Liquidity and Funding Risk are to:

- ensure Council's continued ability to meet its debts in an orderly manner as and when they fall due in both the short and long term, through appropriate liquidity and funding risk management
- arrange appropriate funding facilities for Council, ensuring they are at market related margins utilising bank debt facilities and/or capital markets as appropriate
- maintain lender relationships and Council's general borrowing profile in the local debt and capital markets, so that Council is able to fund itself appropriately at all times

c. The objectives relating to Reporting are to:

- produce accurate and timely information that can be relied on by senior management and the full Council for control, exposure monitoring and performance measurement purposes in relation to treasury activity.

### 3. Current liabilities

Current liabilities are those which Council has to meet within the following 12 months.

Council will arrange such terms and conditions as it considers necessary for the establishment and provision of normal trade credit to enable it to carry out its activities. Such credit will not normally involve the issue of any security, undertaking or collateral as a condition of the provision of such credit except finance leases and

hire purchase, which normally include a charge over the assets being purchased.

Council policy is to pay all routine expenditure obligations by the due date.

## **4. Borrowing**

(For these purposes 'borrowing' does not include hire purchase, deferred payment or the giving of credit for goods and services where the transaction is for less than 91 days or does not exceed \$500,000).

### **4.1 Borrowing Limits**

Debt will be managed within the following limits:

- Net annual interest costs will not exceed 20% of total annual operating revenue.
- Net annual interest costs will not exceed 25% of total annual rates revenue.
- Net debt shall not exceed 175% of total operating revenue.

Council will also monitor and report:

- The ratio of equity : debt
- Debt per rateable property

### **4.2 Instruments or methods to raise debt**

The following funding instruments and methods may be used by Council to raise external debt:

- Committed bank facilities
- Uncommitted bank facilities
- Local Authority Bonds which includes fixed rate bonds and floating rate notes
- Medium Term Notes
- Local Government Funding Agency

### **4.3 Management of Interest Rate Risk**

<b>Fixed Rate Hedging Percentages</b>		
	<b>Minimum Fixed Rate Amount</b>	<b>Maximum Fixed Rate Amount</b>
0 - 2 years	50%	100%
2 - 5 years	25%	80%
5 -10 years	0%	60%

The fixed rate hedging percentages shall apply to the core debt of Council as detailed in the Annual Plan or as otherwise amended by the Finance Manager.

The Finance Manager after consulting with appropriate external advisors may use the following interest rate risk management instruments to manage the core debt of Council.

- Interest rate swaps
- Swaptions (options on swaps)
- Interest rate options, including collar type structures but only in a ratio of 1 : 1
- Forward rate agreements

#### **4.4 Management of Credit Risks**

All bank borrowing and interest rate hedging transactions must be undertaken with a New Zealand Registered Bank with a minimum Standard and Poor's Long Term credit rating of at least A+ (or the Moody's or Fitch Ratings equivalents).

Council will satisfy itself in all its borrowing transactions that counterparties are financially adequate, have an appropriate industry standing and have an appropriate track record to give Council reasonable certainty that obligations under concluded contracts will be performed.

#### **4.5 Management of Liquidity Risks**

Liquidity risk management has the objective of ensuring that adequate funding sources and liquid assets are available at all times to meet the short term commitments of Council as they arise. Appropriate cash flow reports will be maintained to monitor Council's estimated liquidity position over the next 12 months, with such reports being updated at least every 3 months.

The establishment of any overdraft facility is delegated to the Group Manager – Finance or Finance Manager.

#### **4.6 Management of Funding Risk**

- Council must maintain committed funding lines of not less than 110% of projected core debt
- No more than 50% of debt shall mature in any rolling 12 month period.

#### **4.7 Debt Repayment**

Loan repayment reserves will be established to ensure that sufficient funds are on hand to allow appropriate repayment and/or appropriate refinancing.

#### **4.8 Provision of Security**

When arranging funding facilities, Council will have a preference for unsecured facilities unless a cost benefit accrues from offering security.

Council's first choice will be to offer security for borrowings by way of a pledge of rates.

Physical assets will be pledged only where there is a direct relationship between the debt and the asset purchase or construction, or Council considers such a pledge to be more appropriate.

Finance leases for such assets as office equipment, information technology and vehicles may be entered into provided that the interest rates are commercially advantageous.

#### **4.9 Accountabilities**

The management of approved borrowing and interest rate instruments will be carried out by the Finance Manager.

The quarterly debt reports shall detail Council's weighted average cost of funds as at the end of the relevant quarter.

The Group Manager – Finance or Finance Manager will report to the Finance Subcommittee or Council meetings on borrowing management transactions and any instances where the policy has not been able to be complied with, and on all aspects of the Liability Management Policy.

There will also be an accountability through the Annual Report at the end of the year.

#### **4.10 Internal Borrowing**

Council may, from time to time, instead of raising loans or borrowing on overdraft, internally borrow from any Special Fund accounts on such terms and conditions as it thinks appropriate in any instance, but without interrupting the normal cash flow requirements of any such fund. Such terms and conditions may include, amongst other matters, a nil rate of interest and deferral or future waiving of repayments.

Repayments may be made directly to the source fund or through an Internal Loan Repayment Fund.

Internal borrowing arrangements will not be subject to clauses 4.1 or 4.2 of the Liability Management Policy.

The interest rate for internal borrowing will be the sum of the current three year swap bid rate as quoted by Council's principal bank, plus a margin (which includes a commitment fee) of 1.50%.

#### **4.11 New Zealand Local Government Funding Agency Limited Investment**

Despite anything earlier in this Liability Management Policy, the council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) as a Principal Shareholding Local Authority. In connection with that borrowing, the Council may enter into the following related transactions to the extent it considers necessary or desirable:

- (a) contribute a portion of its borrowing back to the LGFA as subordinate debt, convertible equity if required by LGFA;
- (b) provide a guarantee of the Indebtedness of the LGFA;
- (c) commit to contributing additional equity to the LGFA if required;
- (d) subscribe for shares and uncalled capital the LGFA; and
- (e) secure its borrowings from LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

## Investment Policy

### 1. Legislative provisions

The Local Government Act 2002 requires:

- investments to be managed prudently and in a manner that promotes the current and future interests of the community (section 101 (1))
- an Investment Policy to be adopted by Council (section 102 (4)(c))
- specific content of such a policy (section 105)

The Council must also make its investments in accordance with the provisions of the Trustees Act 1956 as they apply to the investment of trust funds. In exercising its powers of investment Council is required to exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.

### 2. Objectives

In making investments, Council may consider:

- the desirability of diversifying investments
- the nature of existing investments
- the risk of capital loss or depreciation
- the potential for capital appreciation
- likely income returns
- the length of term of proposed investments
- the marketability of proposed investments, both during their term and upon maturity
- the effect of proposed investments in relation to tax liability
- the likelihood of inflation affecting the value of a proposed investment

The objectives of the Investment Policy are, in a hierarchy of priority, to:

- minimise the risk of loss of capital
- ensure that planned expenditures are not hindered by a lack of available funds
- maximise the returns from investment
- safeguard Council's financial market investments by establishing and regularly reviewing investment parameters and ensuring that all investment activities are carried out within these parameters
- ensure the integrity of Council's financial market investments by only investing in appropriately rated organisations and in appropriate financial market instruments as detailed in this policy
- produce accurate and timely information that can be relied on by senior management and Council for control and exposure monitoring purposes in relation to the investment activities of Council

### 3. Treasury investments

#### 3.1 Investment Limits and Management of Credit Risks

Financial instrument investments will be limited to the following issuers, instruments and limits:

Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – Standard and Poor’s (or Moody’s or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government	100%	<ul style="list-style-type: none"> <li>Government Stock</li> <li>Treasury Bills</li> </ul>	Not Applicable	Unlimited
Rated Local Authorities	70%	<ul style="list-style-type: none"> <li>Commercial Paper</li> <li>Bonds/MTNs/FRNs</li> </ul>	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	\$3.0 million \$2.0 million \$3.0 million \$5.0 million
Local Authorities where rates are used as security	60%	<ul style="list-style-type: none"> <li>Commercial Paper</li> <li>Bonds/MTNs/FRNs</li> </ul>	Not Applicable	\$2.0 million \$2.0 million
New Zealand Registered Banks	100%	<ul style="list-style-type: none"> <li>Call/Deposits/Bank Bills/Commercial Paper</li> <li>Bonds/MTNs/FRNs</li> </ul>	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better	\$10.0 million \$2.0 million \$5.0 million



Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – Standard and Poor’s (or Moody’s or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
State Owned Enterprises	70%	<ul style="list-style-type: none"> <li>Commercial Paper</li> <li>Bonds/MTNs/FRNs</li> </ul>	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A or better	\$3.0 million \$1.0 million \$3.0 million
Corporates	60%	<ul style="list-style-type: none"> <li>Commercial Paper</li> <li>Bonds/MTNs/FRNs</li> </ul>	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	\$2.0 million \$1.0 million \$2.0 million \$3.0 million
Financials	30%	<ul style="list-style-type: none"> <li>Commercial Paper</li> <li>Bonds/MTNs/FRNs</li> </ul>	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	\$2.0 million \$1.0 million \$2.0 million \$3.0 million

Investments that no longer comply with minimum rating criteria due to a rating downgrade must be sold within one month of the downgrade being notified unless Council formally approves the continued holding of the investment.

The combined holding of corporates and financials shall not exceed 70% of the nominal value of the portfolio.

### **3.2 Management Of Interest Rate Risks**

The mix of financial instrument investments shall be limited as follows:

- Fixed rate investments as a percentage of total financial instrument investments: 50%-90%
- Floating rate investments as a percentage of total financial instrument investments: 10%-50%
- Call investments will not be less than \$250,000
- Fixed rate investments with a duration of:

Less than 1 year: 50%-90%

1-2 year: 10%-30%

2-5 years: 10%-30%

5+ years: 0%-10%

The potential use of interest rate instruments will be monitored, but their use will require a specific approval by Council and be backed by prior independent advice as to an assessment of risks and revenues.

### **3.3 Management of Liquidity Risks**

The duration and liquidity of investments will be managed to provide sufficient funds for planned expenditure and to otherwise allow the payment of obligations as they fall due. As far as financial market investments are concerned all securities that are purchased shall be able to be sold at short notice if required, i.e. they are regularly traded on the secondary market. The exception to this is term deposits which normally must be held to maturity.

### **3.4 Disposition of Income and Proceeds**

Returns from investments will be applied in proportion to any special designated funds, and otherwise to form part of general operating revenues.

### **3.5 Accountabilities**

The management of treasury investments will be carried out by the Accountant under delegation from the Finance Manager.

To measure the performance of investment management the weighted average rate of interest will be compared to prevailing 90-day bill rates and shall not be more than 0.5% less than those rates.

To measure the performance of the Short Term Funds Portfolio the performance shall be compared on a quarterly basis against the average of the call rate and the 30, 60, 90 and 180 day bank rates for the preceding quarter. Compliance with the benchmarking standard is not required if the nominal value of the portfolio averages less than \$3.0 million for the relevant quarter.

To measure the performance of the Long Term Funds Portfolio the performance shall be compared against an external benchmark such as one of the NZX's portfolio's or a benchmark portfolio constructed for Council. Compliance with the benchmarking standard is not required if the nominal value of the portfolio averages less than \$5.0 million for the relevant quarter.

The Finance Manager will report quarterly to Council meetings on investment portfolio status, comparison of interest rates to benchmarks and any instances where the policy has not been able to be complied with.

### **3.6 Internal borrowing**

Council may, from time to time, instead of raising loans or borrowing on overdraft, internally borrow from any Special Fund accounts on such terms and conditions as it thinks appropriate in any instance, but without interrupting the normal cash flow requirements of any such fund. Such terms and conditions may include, amongst other matters, a nil rate of interest and deferral or future waiving of repayments.

Repayments may be made directly to the source fund or through an internal Loan Repayment Fund.

Internal borrowing arrangements will not be subject to clauses 4 of the Investment Policy.

## **4. Commercial property**

As at 30 June 2014 Council owned \$5.765m in land in the Levin town centre.

Rental income from these properties is used to offset general rates.

The properties are only purchased, sold or leased pursuant to a specific resolution of Council.

Such properties will only be purchased in the future where such acquisitions will strategically fit Council's core activities. There is no such provision in the Long Term Financial Strategy.

Council has a general preparedness to sell these properties. Any proceeds from sale will be set aside for new or significantly improved assets in or near the Levin town centre.

## **5. Shares**

As at 30 June 2014 Council held shares in;

- New Zealand Local Government Insurance Corporation Limited, which had a

value of \$0.104m.

- New Zealand Local Government Funding Agency Limited, which had a value of \$0.1m.
- Manawatu/Whanaganui Local Authority Shared Services Limited, which had a value of \$1,000.

Dividend income from these shares is used to offset general rates.

Shares may only be purchased or sold pursuant to a specific resolution of Council.

Shares will only be purchased in the future where such acquisitions will strategically fit Council's core activities, such as possible landfill or road management developments in conjunction with other local authorities and/or central government. There is no such provision in the LTP.

Council has a general preparedness to sell existing shares. However, there are restrictions on who may own the shares and no ready market for their sale. Any proceeds from sale will be set aside for major renewal or capital expenditure projects.

## **6. Housing advances**

Advances may only be made pursuant to a specific resolution of Council.

Staff housing advances will only be made in the future where such advances will strategically fit Council's activities. There is no such provision in the LTP.

Council accepts early repayment of these advances. Any proceeds from repayment will be used to repay corresponding debt, and any surplus will be set aside for major removal or capital expenditure projects.

## **7. Community group advances**

As at 30 June 2014 Council held secured advances to community groups to the value of \$0.15m.

Interest from these advances is used to offset general rates.

Advances may only be made pursuant to a specific resolution of Council.

Such advances will only be made in the future where such advances will strategically fit Council's core activities. There is no such provision in the LTP.

## **8. Foxton Beach endowment property**

As at 30 June 2014 Council owned \$7.6m in Foxton Beach endowment property. Rental income from these properties is credited to the Foxton Beach Free holding Fund.

Use of this fund is governed by Section 21 of the Reserves and Other Lands Disposals Act 1956 and subsequent amendments, and is made only pursuant to a specific resolution of Council or by incorporation in the annual budgets.

Council has a general preparedness to dispose of endowment property by way of sale to lessees at market valuation or subdivision and sale at market valuations. Any proceeds from sale will be credited to the Foxton Beach Free holding Fund.

## **9. Advances to ratepayers**

As at 30 June 2014 Council held no advances to ratepayers.

Council has a general preparedness to extend advances to ratepayers for the purpose of water and/or sewer connections in special circumstances. Such advances would be considered on a case-by-case basis and only made pursuant to a specific resolution of Council.

This may be amended at some future time when the issue of providing water meters is resolved.

Any interest and principal repayments would be credited back to the account from which the advances were sourced.

## **10. General property**

As at 30 June 2014 Council owned \$40.482m in land and buildings other than those referred to above or used for infrastructural assets, parks or reserves.

Rental income from these properties is used to offset general rates.

The properties are only purchased, sold or leased pursuant to a specific resolution of Council.

Such properties will only be purchased in the future where such acquisitions will strategically fit Council's activities. The LTP identifies the need to purchase property for possible roading, sporting, civic and cemetery needs.

Council has an ongoing policy to rationalise its ownership of property. The LTP identifies the possible disposal of rental housing, surplus recreational and rural hall

land. Any proceeds from sale will be set aside for major renewal or capital expenditure projects.

## **11. Foreign exchange**

Council has occasional exposure to foreign exchange in purchasing goods and services in the normal cause of business, but any other foreign exchange dealings are prohibited.

## FINANCIAL CONTRIBUTION POLICY

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### 1. Introduction

Section 102(4) of the Local Government Act 2002 requires the Council to adopt a policy on development contributions (money or land required from developers under the provisions of the Local Government Act 2002) or financial contributions (money or land required from developers under the provisions of the Resource Management Act 1991 and the Horowhenua District Plan). The Act states:

- “(1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).*
- (2) The policies are –*
- (d) A policy on development contributions or financial contributions.”*

As part of its Long Term Plan 2015-2025 consultation, Horowhenua District Council proposed that it does not have a Development Contributions Policy. This was a result of low forecast growth as well as Council’s desire to lead an enabling and progressive role in Horowhenua, where economic development and growth is encouraged. This Financial Contributions Policy (2015) replaces the Development Contributions Policy (2012).

While rates are set to meet the needs of the community, they are not considered appropriate to recover the additional costs of growth brought about by new development.

The Resource Management Act 1991 requires Council to manage the effects of subdivision and development in a manner that promotes the sustainable management of the district’s natural and physical resources. Council intends to use financial contributions to offset the effects of development activities.

Those undertaking activities such as building or subdivision expect to directly benefit from their efforts; however, these activities can affect the wider community. The Horowhenua District Plan requires the developer to pay for the full and actual costs of works directly related to their activity. However in the absence of Development Contributions it becomes necessary for this Financial Contributions Policy and the District Plan to recognise that development in new growth areas should also contribute a portion of costs to compensate for adverse environmental effects. In

doing so the wider community does not unduly subsidise these private development activities.

The purpose of this Financial Contributions Policy is to enable contributions in areas that are identified as new growth areas (shown in the maps attached as Appendix 1).

## **2. What are Financial Contributions?**

Financial contributions provide a means of offsetting, avoiding, remedying or mitigating the adverse effects of such activities. Section 108 of the Resource Management Act 1991 sets out the circumstances under which conditions may be imposed on applications for resource consents. A consent condition may include a financial contribution as set out in Section 108(9). Financial contributions (whether money, land, or a combination of both) may be required from developers where the cost of providing or upgrading the public infrastructure or utility service can be attributed to a development.

Financial contributions and conditions on resource consents can be applied for the following reasons:

- To compensate for the situation where development leads to a demand for additional infrastructural services or leads to the deterioration of the existing infrastructure
- As a means to avoid, remedy or mitigate adverse effects of activities on the environment caused by the development.

Requiring developers to pay the actual costs of extending services is considered to be an appropriate method of encouraging an efficient, consolidated and compact pattern of land use (where new development is connected to existing development).

Currently the District is not experiencing, nor forecasted to experience, demand for public infrastructure generated by growth, therefore no allowance has been made for capital expenditure to be funded from financial contributions during the term of the Long Term Plan 2015-2025. With Council having recently identified and rezoned areas in the District for future growth, the potential exists for development to occur in these identified growth areas creating the demand for public infrastructure before any infrastructure has been provided.

## **3. Policy for Charging Financial Contributions**

Financial contributions (whether money, land, or a combination of both) may be required as conditions of land use and subdivision consents in relation to the matters below. It should be noted that the amount or value of contributions (if any) will depend upon the circumstances of each resource consent application.



The purpose, circumstances and maximum amount of financial contributions that may be imposed by the Council as a condition of consent is specified below:

### **Land Transport (Roads and Footpaths)**

**Provision of new roads and streets** - Required where access to the site cannot be provided from existing streets. Maximum amount is the actual cost of building the road, and connecting the site to road network including the value of the land.

**Upgrading and widening of existing roads** - Required where development would result in the need to upgrade the road or the capacity of the existing road to serve the development. Maximum amount is the actual cost of the work.

**Off-street vehicle parking/loading spaces** - Where on-site parking is required by the District Plan but cannot be provided to meet the requirements, Council may require a financial contribution to provide and maintain nearby public car parks. Maximum amount is \$2,000 per car parking/loading space.

**Street lighting** - Council may require the upgrading of street lighting where, as a result of a proposed development, it is deemed necessary. Maximum amount is the actual cost of the work.

### **Water Supply**

**Water Supply** - To ensure that a satisfactory supply of water is provided to a development, Council may require a potable water supply to be established or connection to reticulated services to be made. Maximum amount is the actual cost of the work.

### **Wastewater Disposal**

**Wastewater Disposal** - Council may require either connection to an existing reticulated system, the upgrading of the system, or the establishment of on-site wastewater collection, treatment and disposal system for the wastewater generated by the development. Maximum amount is the actual cost of the work.

### **Stormwater**

**Surface Water Disposal (Stormwater)** - Council may require drainage facilities to reduce the adverse effects of uncontrolled run-off of stormwater from new developments. Maximum amount is the actual cost of the work.

### **Community Facilities & Services**

**Esplanade reserves/strips/accessways** - Where a subdivision development (excluding boundary adjustments) is proposed along the margins of watercourses/waterbodies that are identified in the Horowhenua District Plan as priority water bodies, the Council may require the provision of an esplanade reserve, esplanade strip or access strip.

## Exceptions

Financial contributions will not be taken where any new allotment is to be vested in Council or the Crown, or is to be used exclusively as an access lot or for a network utility structure.

### **4. Capital Expenditure Funding Sources**

The Council has identified in the LTP 2015-25 to incur capital expenditure of \$17,535,000 for community facilities (reserves, network infrastructure, or community infrastructure) to meet increased demand resulting from growth.

During the Long Term Plan period 2015-25, Council assumed that there would be no development in the identified growth areas that would require payment of financial contributions. The total cost of capital expenditure identified in the Long Term Plan would therefore be 100% funded by rates, loans and capital subsidies as set out below.

<b>Year</b>	<b>Total Capital Expenditure</b>	<b>Development Contributions</b>	<b>Financial Contributions</b>	<b>Other Sources</b>
Year 2015/16	\$2,347,000	0%	0%	100%
Year 2016/17	\$2,226,000	0%	0%	100%
Year 2017/18	\$848,000	0%	0%	100%
Year 2018/19	\$1,554,000	0%	0%	100%
Year 2019/20	\$2,061,000	0%	0%	100%
Year 2020/21	\$2,322,000	0%	0%	100%
Year 2021/22	\$1,175,000	0%	0%	100%
Year 2022/23	\$1,041,000	0%	0%	100%
Year 2023/24	\$3,362,000	0%	0%	100%
Year 2024/25	\$599,000	0%	0%	100%
<b>TOTAL</b>	<b>\$17,535,000</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>

## Land Transport (Roads and Footpaths) Activity

<p><b>Community Outcomes</b></p>	<p>The “safe, resilient and healthy communities” and “healthy local economy and District that is growing” Community Outcomes are enhanced through having a good land Transport network.</p>
<p><b>Who Benefits</b></p>	<p>All residents derive a benefit to access schools, their place of employment and to pursue recreational and social opportunities. However, there is a high reliance on our network by businesses to enable them:</p> <ul style="list-style-type: none"> <li>• To maintain and carry their network assets (in the case of utility companies);</li> <li>• To enable customers to access their shops (in the case of businesses in CBD): and</li> <li>• To enable product to be delivered to markets (farmers and manufacturers).</li> </ul> <p>Although primarily located in urban centres the footpaths and car parks are used by all residents and motorists. Most residents will pay for the roading network to enable recreational and business interests to be facilitated even if they currently have no need to use the network.</p>
<p><b>Period of Benefit</b></p>	<p>Any new roading development will be loan funded with loan charges recouped over time. However, most renewals are done in a cyclic manner where the costs are evenly spread year by year and will be funded from rates into available depreciation reserves.</p>
<p><b>Whose acts create a need</b></p>	<p>Some high density users such as dairying or forestry can cause localised deterioration of the roading network. Council has no formal policy on user compensation but has successfully negotiated a contribution from forestry owners in the past depending on the situation and circumstance. Financial Contributions will be used to fund roading capital expenditure necessitated by new developments in identified growth areas (refer Appendix 1).</p>
<p><b>Separate funding</b></p>	<p>All residents and ratepayers gain equal benefit regardless of the value attributable to their properties. Some residents may not even have property. The capital value of a rating unit reflects the sale value. In the case of business this would also have a correlation to the use of the roading network as the capital value, in some respects, reflects the sale price and therefore the economic activity generated. Also, utility companies use the roading networks but pay minimal rates under land value, as their assets do not have a land value. It is, therefore appropriate to rate fund this activity separately using the capital value of the rating unit.</p>

<b>Funding Source</b>	Public good - Targeted Rate: 100% Private Benefit - Fees and Charges: 0% Petrol Tax revenue should off-set roading costs (not treated as revenue offsetting General Rates) as the revenue is sourced from road users.
<b>Rationale</b>	Land Transport (Roads and Footpaths) is Council's single largest cost. For this reason Council has a targeted rate for land transport to enhance transparency and accountability. Rating for such a large expenditure item is practicable.

## Water Supply Activity

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” and “sustainable environment” Community Outcomes have been identified as benefactors of the provision of this service.
<b>Who Benefits</b>	Those people residing on the rating units supplied with a reticulated water supply. All rating units connected can be identified and only those rating units connected or to which connection is available, benefit.
<b>Period of Benefit</b>	For operational costs there are no intergenerational equity issues. Capital projects for improvements should be loan funded to spread costs over the next generation. Renewals of assets will be rate funded in the first instance, any annual shortfall will be loan funded.
<b>Whose acts create a need</b>	High users can place extra burden on the supply necessitating greater storage capacity etc. Such users should pay for their supply on a user pays basis. Vacant sections and unconnected rating units benefit from the provision of firefighting capacity and should be charged an availability charge.  Financial Contributions will be used to fund water supply capital expenditure necessitated by new developments in identified growth areas (refer Appendix 1).
<b>Separate funding</b>	Ideally the funding mechanism should be fully user pays by use of universal water meters. However the cost of providing meters to each household outweighs the benefits of using this charging mechanism. Water meters should be used, however, for high users and anyone that is supplied outside the designated network area (being that area where houses are obliged to connect or have a right to connect). Universal volumetric charging only occurs in the Foxtton Beach Community.  A Targeted rate for water supply is proposed for all other communities and to cover the fixed cost component of the Foxtton Beach supply. Council does charge extraordinary users that are connected by use of a charge per cubic meter consumed. Currently metered users are charged a fixed charge enabling them to use up to a cubic meter a day (90m <sup>3</sup> a quarter) and are charged regardless of whether they use

	this or not.
<b>Funding Source</b>	Public Good -Targeted Rate: 70% - 80% (fixed charge) Private Benefit - Fees and Charges: 20% - 30% (water by meter)
<b>Rationale</b>	Water Supply was traditionally charged as a fixed charge Targeted rate which has been determined using the cost structure for each individual scheme. This approach favours those communities that have larger populations and greater economies of scale. The converse is that small communities pay more for the same service which can lead to affordability issues for small communities. Council has since 2009 set a fixed rate on each SUIP of each rating unit or for each connection, whichever is the greater, across the District as one uniform charge. Vacant sections will be levied 50% of this Targeted rate. As an availability charge to cover fixed costs and the provision of firefighting hydrants.

### Wastewater Activity

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” and “sustainable environment” Community Outcomes have been identified as benefactors of the provision of this service.
<b>Who Benefits</b>	All residents and businesses. All rating units connected can be identified and only those rating units connected or to which connection is available, benefit.  Some industries place increased demand on the treatment system due to the nature of the effluent they wish to dispose of. Benefits accrue to health providers in Council's provision of a wastewater disposal service as well as the wider benefit to the environment.
<b>Period of Benefit</b>	For operational costs there are no intergenerational equity issues. Capital projects for improvements should be loan funded to spread costs over the next generation.  Renewals of assets will be rate funded in the first instance, any annual shortfall will be loan funded.
<b>Whose acts create a need</b>	Industries can place extra burden on the treatment plant. Such users should pay for their disposal on a user pays basis.  Financial Contributions will be used to fund wastewater capital expenditure necessitated by new developments in identified growth areas (refer Appendix 1).
<b>Separate funding</b>	Ideally the funding mechanism should be fully user pays by use of volumetric charging. The ability to charge in such a manner is not available as yet.  Targeted rate for wastewater is proposed. Council does charge industries that are connected using the Trade Waste Bylaw provisions and this will be retained.

<b>Funding Source</b>	Public Good -Targeted Rate: 80% - 90% Private Benefit - Fees and Charges: 10% - 20%
<b>Rationale</b>	<p>Wastewater was traditionally charged as a fixed charge Targeted rate which has been determined using the cost structure for each individual scheme.</p> <p>This approach favours those communities that have larger populations and greater economies of scale. The converse is that small communities pay more for the same service which can lead to affordability issues for small communities.</p> <p>Council has since 2009 set a fixed rate on each SUIP of each rating unit or for each connection, whichever is the greater, across the District as one uniform charge.</p> <p>An availability charge on vacant sections will be charged 50% of this Targeted rate.</p>

### Stormwater Activity

<b>Community Outcomes</b>	The “safe, resilient and healthy communities”, a “healthy local economy and District that is growing” and “the sustainable environment” Community Outcomes are enhanced through this activity.
<b>Who Benefits</b>	<p>Primarily urban property owners who gain benefits from the mitigation of flooding events. The stormwater kerb and channel and piped network is only located in urban areas.</p> <p>Stormwater drainage in rural areas is primarily part of the roading expenditure or, when the water drains into streams, they become a Regional Council responsibility.</p> <p>Most residents will pay for the stormwater network to enable recreational and business interests, and protection from flooding, even if they currently have no need to use the network.</p>
<b>Period of Benefit</b>	Any new stormwater development will be loan funded with loan charges recouped over time. However, most renewals are done in a cyclic manner where the costs are evenly spread year by year and will be funded from rates using available depreciation reserves.
<b>Whose acts create a need</b>	<p>Exacerbaters include developers who increase the impervious surface areas in their developments</p> <p>Financial Contributions will be used to fund stormwater capital expenditure necessitated by new developments in identified growth areas (refer Appendix 1).</p>
<b>Separate funding</b>	All urban residents and ratepayers and road users gain a benefit related in part to the size of the house on the rating units serviced by the network. And as the Capital Value of the property bears some relationship to the size of the house Capital Value rating was

	seen as an appropriate mechanism. It is not practicable to charge a fee for such a service as it is equally available to all urban ratepayers.
<b>Funding Source</b>	Public Good - Targeted Rate: 100% Private Benefit - Fees and Charges: 0%
<b>Rationale</b>	As the stormwater system and network is primarily an urban service to protect urban rating units Council decided to set a Targeted rate for stormwater to enhance transparency and accountability. Rating for such a large expenditure item is practicable.

### Passive Reserves and Beautification Activity

<b>Community Outcomes</b>	The “safe, resilient and healthy communities” Community Outcome is enhanced by this activity.
<b>Who Benefits</b>	The public generally the reserves tend to be available to all unless congested. However there are occasions where reserves are used to hold events where the public is charged entry. Ratepayers generally are prepared to pay for the option of using reserves for recreation while others would be prepared to pay rates to ensure the continued existence of reserves. Most Districts and towns of any size would be expected to have reserves. Some reserves are iconic and attract visitors from outside the District. Preservation of such reserves for future generations is worth paying for. Esplanade Reserves are provided to maintain public access to water bodies.
<b>Period of Benefit</b>	Most reserves have been in existence for some time and only incur yearly operational costs. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years.
<b>Whose acts create a need</b>	Vandals are an exacerbator. However, the general community, particularly those with children, that create the need for play equipment and facilities. Financial Contributions in the form of land will be used to provide esplanade reserves where subdivision developments occur adjacent to Priority Water Bodies identified in the District Plan.
<b>Separate funding</b>	A separate Targeted rate is probably not necessary as reserves are generally located throughout the District and can be used by the public and visitors alike.
<b>Funding Source</b>	Public Good - General Rate: 95% - 100% Private Benefit - Fees and Charges: 0% - 5%
<b>Rationale</b>	As reserves are able to be used by anyone and any charge or fee would limit accessibility and participation the general rate is the most appropriate method of funding passive reserves.

## **5. Enforcing the Policy**

The provisions that relate to the contents of a financial contributions policy are set out at section 106(2) and (4) of the Local Government Act 2002 (“LGA02”). In section 106(2)(f) it states that the policy must, if financial contributions will be required, “summarise the provisions that relate to financial contributions in the District Plan”. The Horowhenua District Plan does not currently include any specific provisions for financial contributions.

A consent authority must not include a condition in a resource consent requiring a financial contribution unless the condition is imposed in accordance with the purposes specified in the District Plan and the level of contribution is determined in the manner described in the District Plan.

This Financial Contributions Policy will not be able to be implemented until such time as a plan change to the District Plan has been initiated and become operative. Until a plan change to the District Plan requiring financial contributions has been adopted there will be a period where no development contributions or financial contributions are charged. Once the Financial Contributions Plan Change has been adopted, financial contributions will be charged against developments in the new growth areas of the District.

Under this Policy no development contributions will be charged for new developments from 1 July 2015. Historic developments that have not already been invoiced for a development contribution will not need to pay a development contribution even if they were previously liable to pay a contribution. There will be no refunds for contributions previously paid in good faith under Council’s previous Development or Financial Contribution Policies

## **6. Reviewing the Policy**

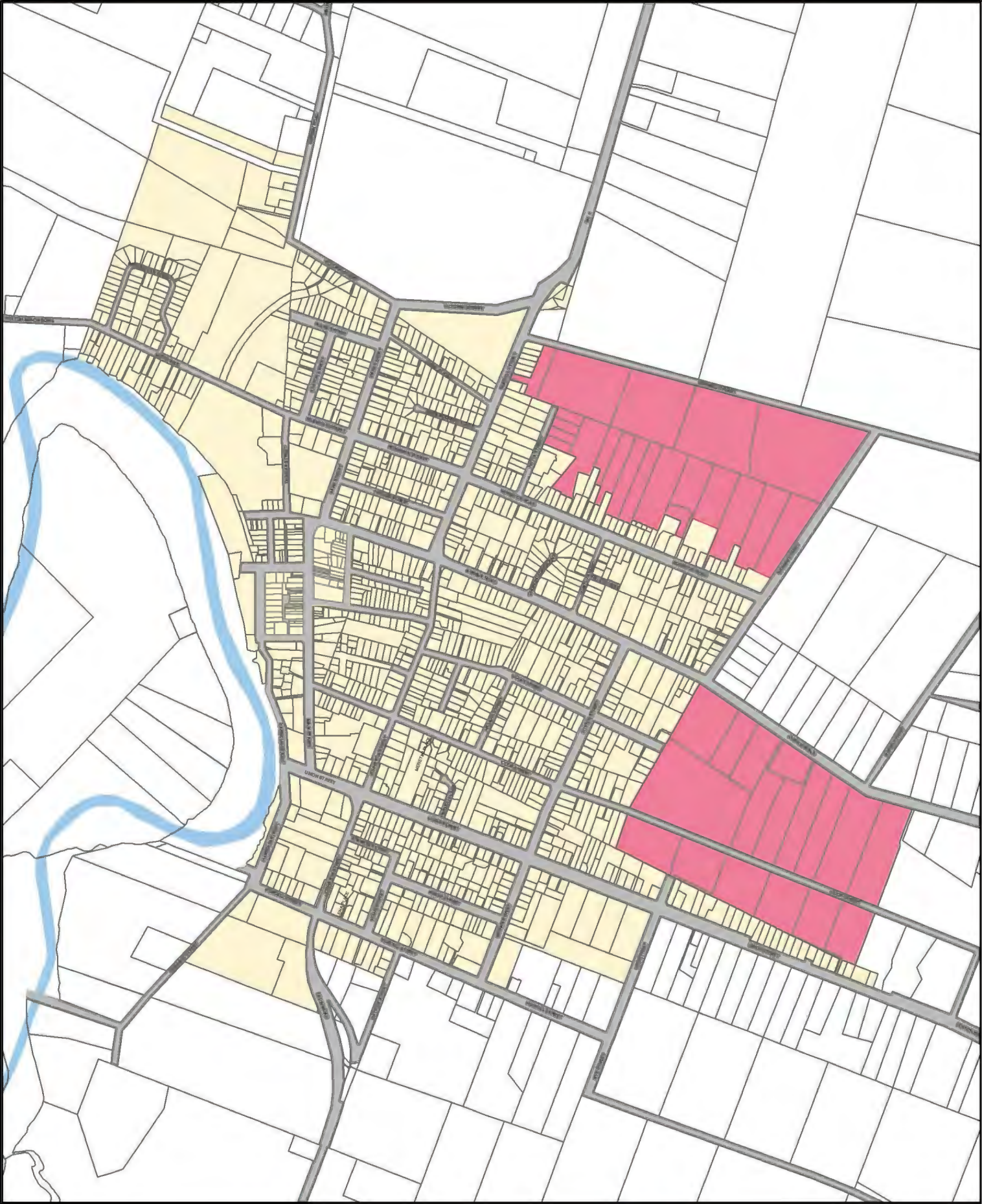
Council is required to review its Development Contributions or Financial Contributions Policy every three years.

Should circumstances change once operative and there becomes an identified need to make changes to the financial contribution provisions of the District Plan then this Policy would be amended through the special consultative processes identified in Section 83 of the Local Government Act 2002. This would follow with a change to the District Plan.

Notwithstanding the above, this Policy will be reviewed at least three yearly as part of the review of the Long Term Plan where the appropriateness of this Policy will be assessed and changes recommended to Council when considered necessary. Council is entitled to review the Policy earlier if it determines it necessary using the special consultative process.

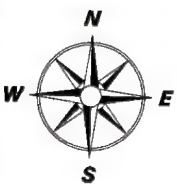


## Appendix 1: Growth Area Maps



**Horowhenua**  
DISTRICT COUNCIL

**Foxton**  
**Financial Contribution Areas**



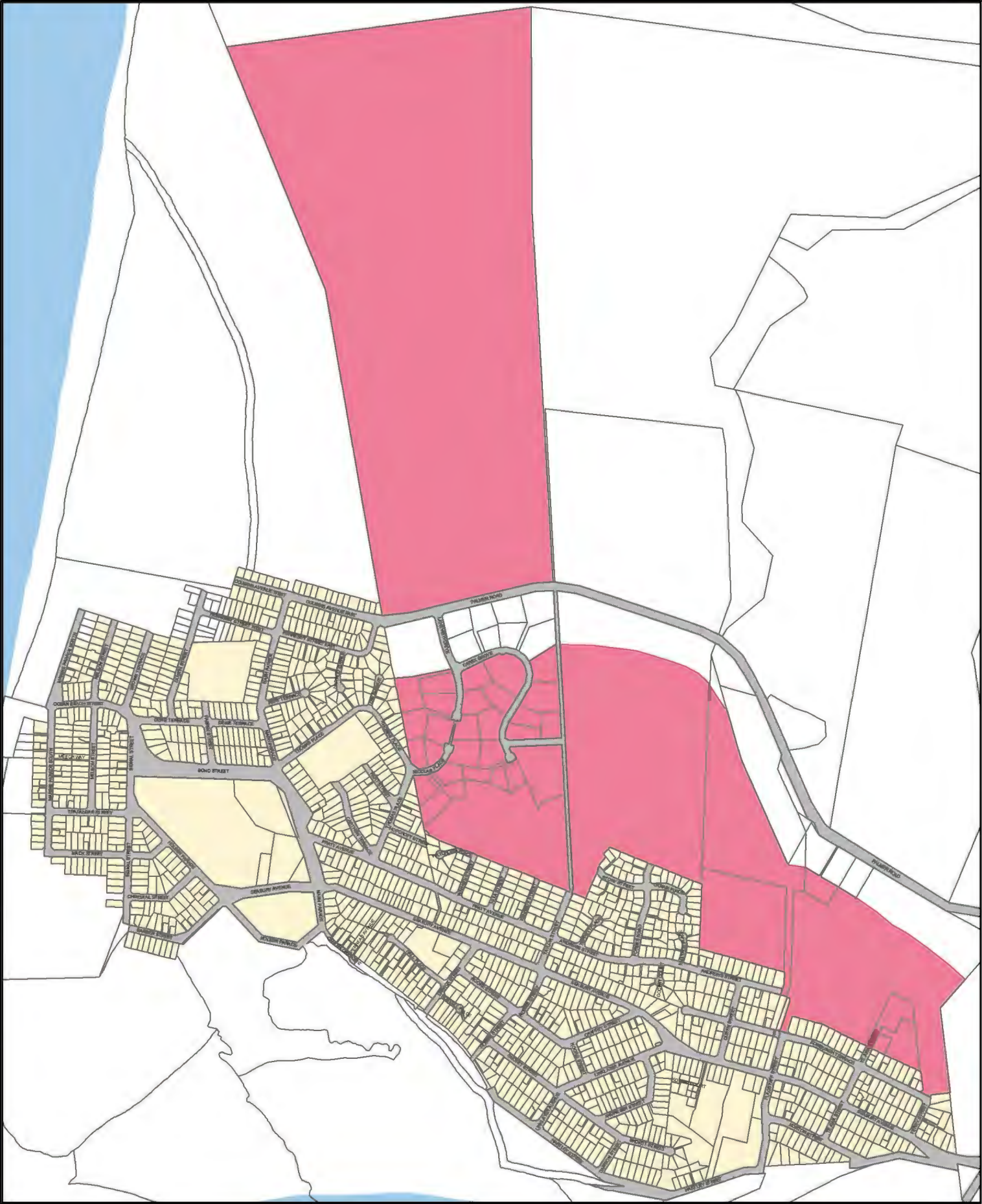
**LEGEND**



Financial Contribution Area



Urban Area



**Horowhenua**  
DISTRICT COUNCIL

## Foxton Beach Financial Contribution Areas



### LEGEND

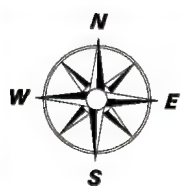
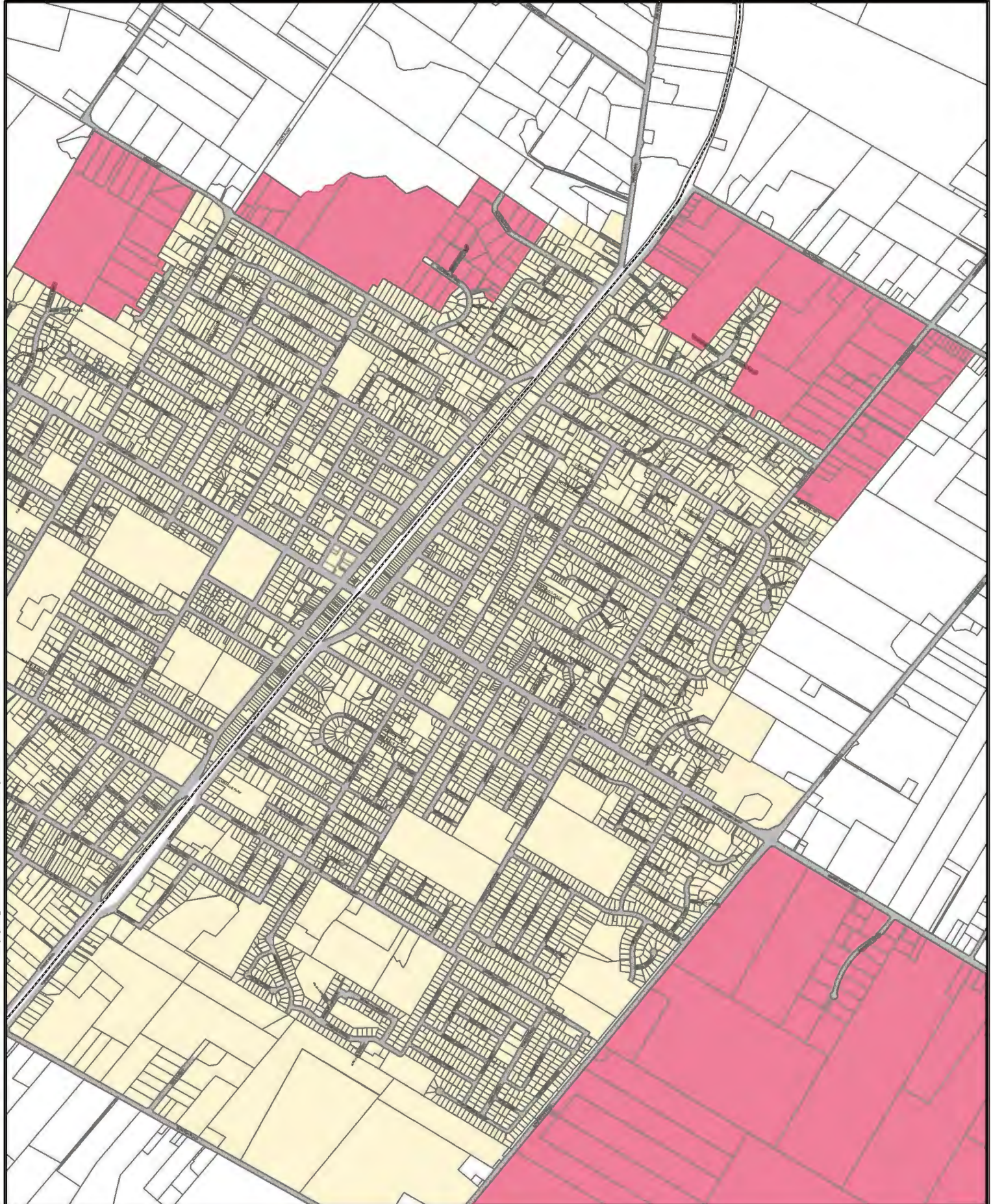


Financial Contribution Area



Urban Area





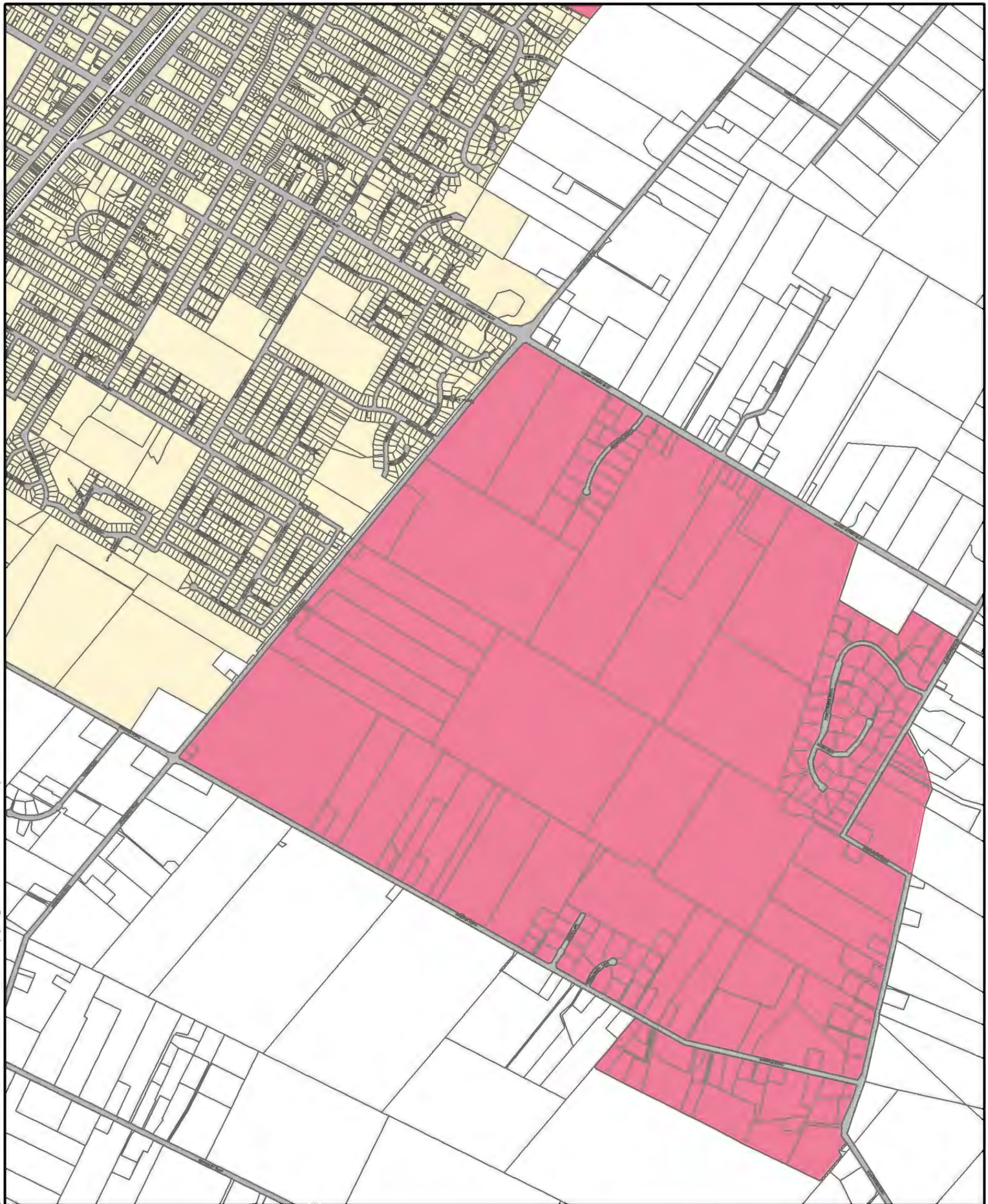
**LEGEND**



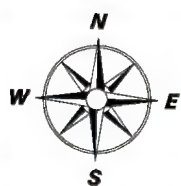
Financial Contribution Area



Urban Area



## Levin South East Financial Contribution Areas



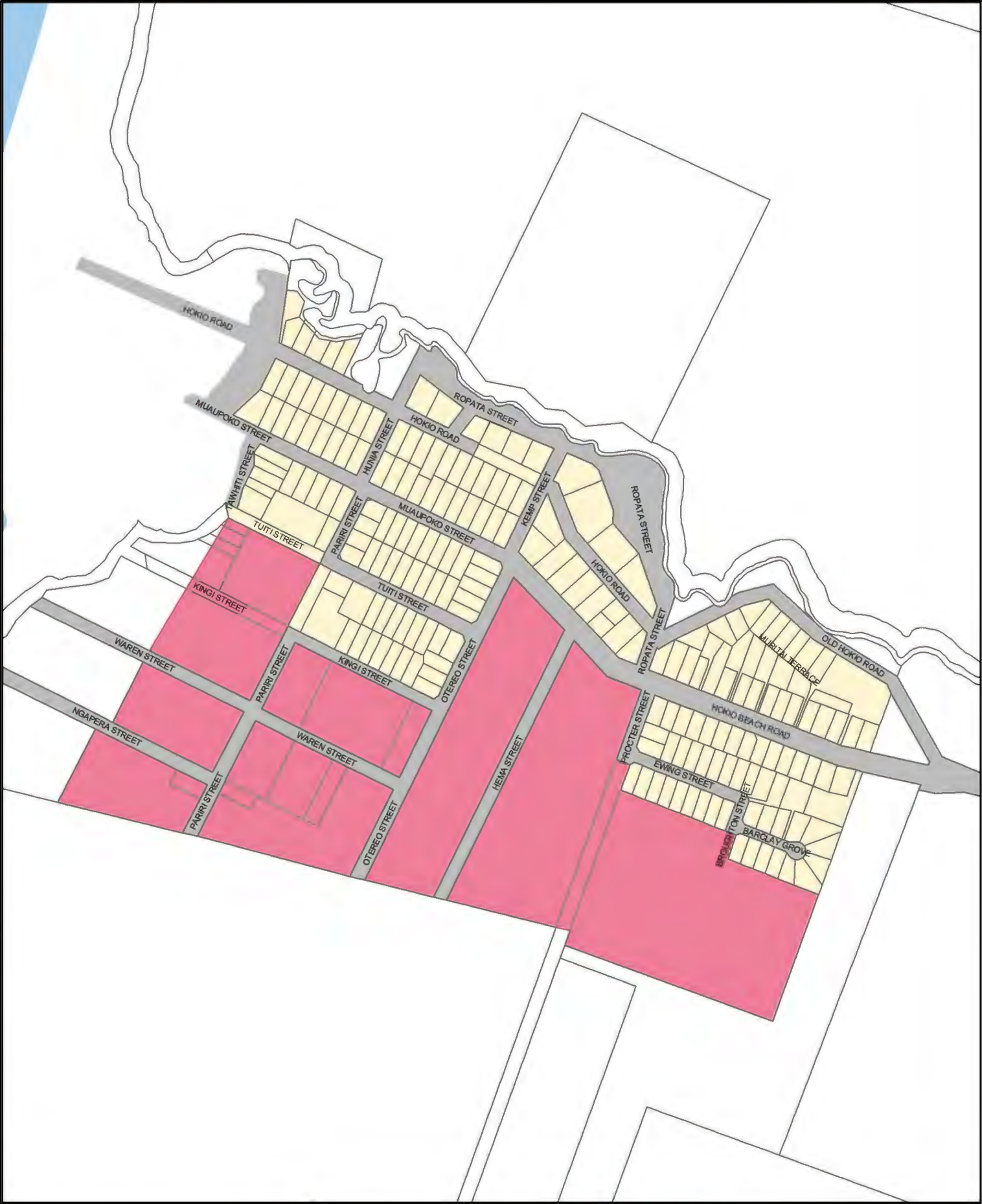
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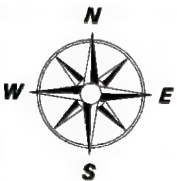
Financial Contribution Area



Urban Area



## Hokio Beach Financial Contribution Areas



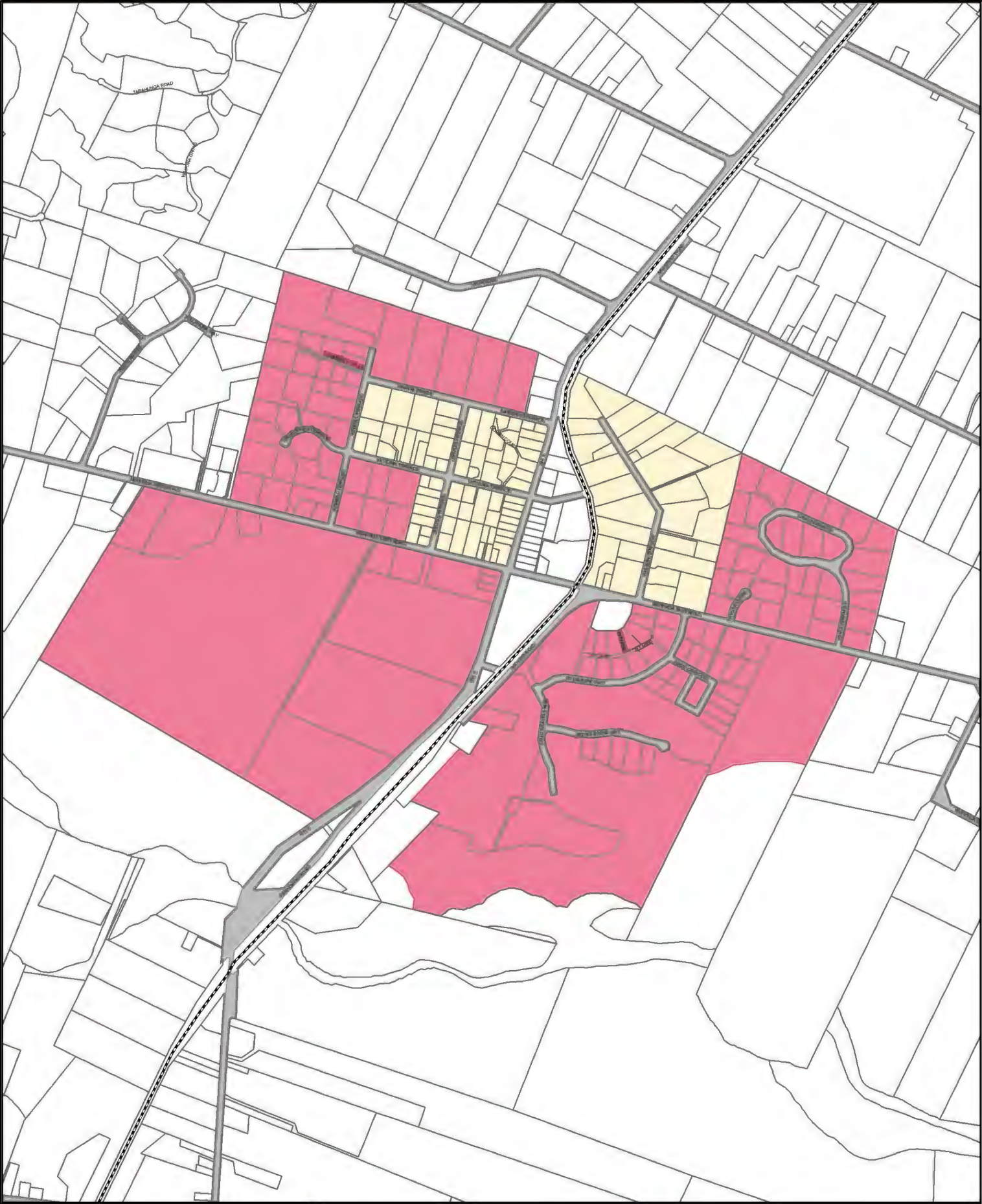
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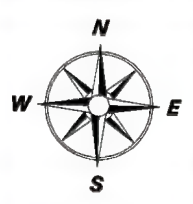
Financial Contribution Area



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# Ohau Financial Contribution Areas



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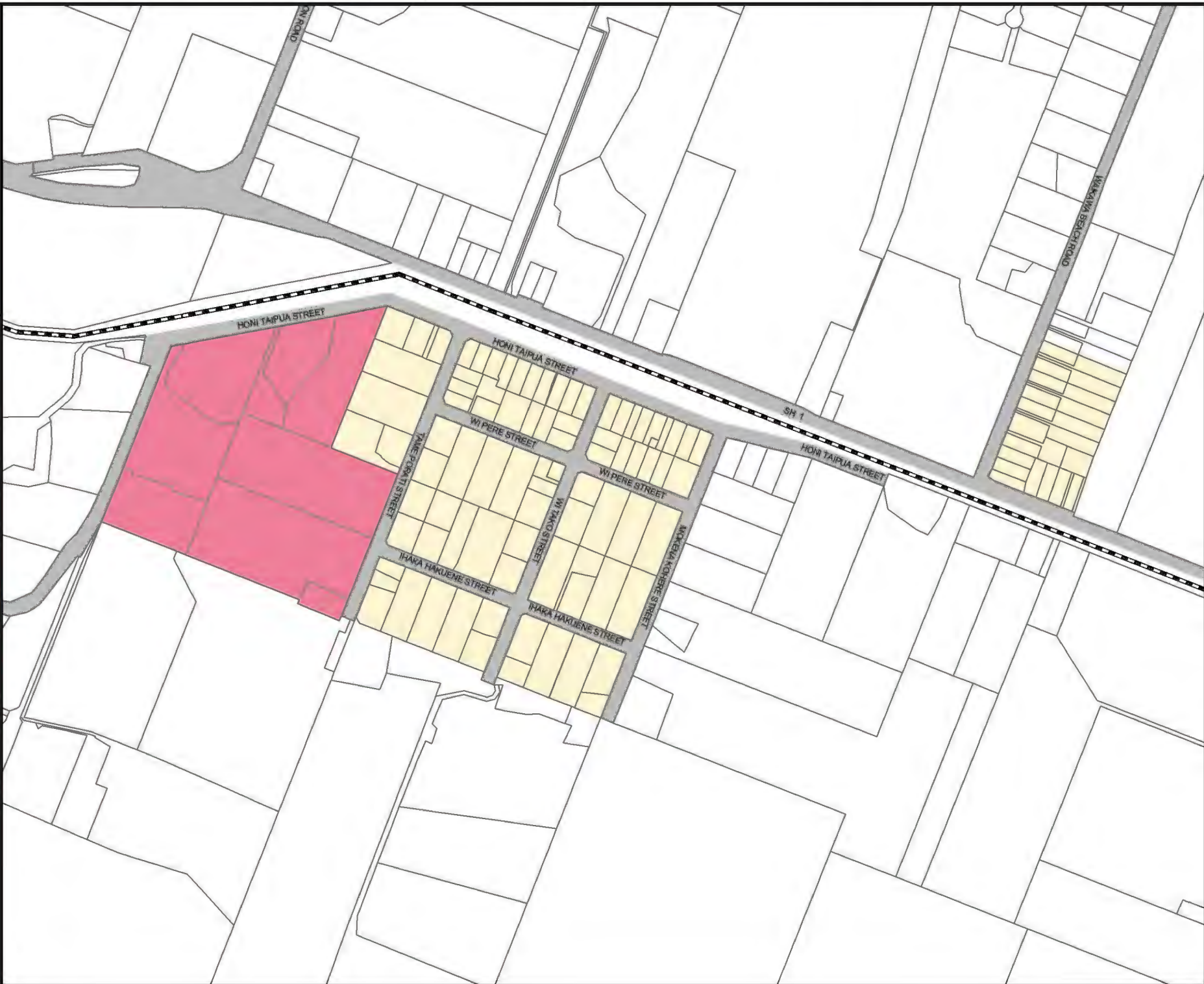


Financial Contribution Area



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**Manakau**  
**Financial Contribution Areas**

**LEGEND**

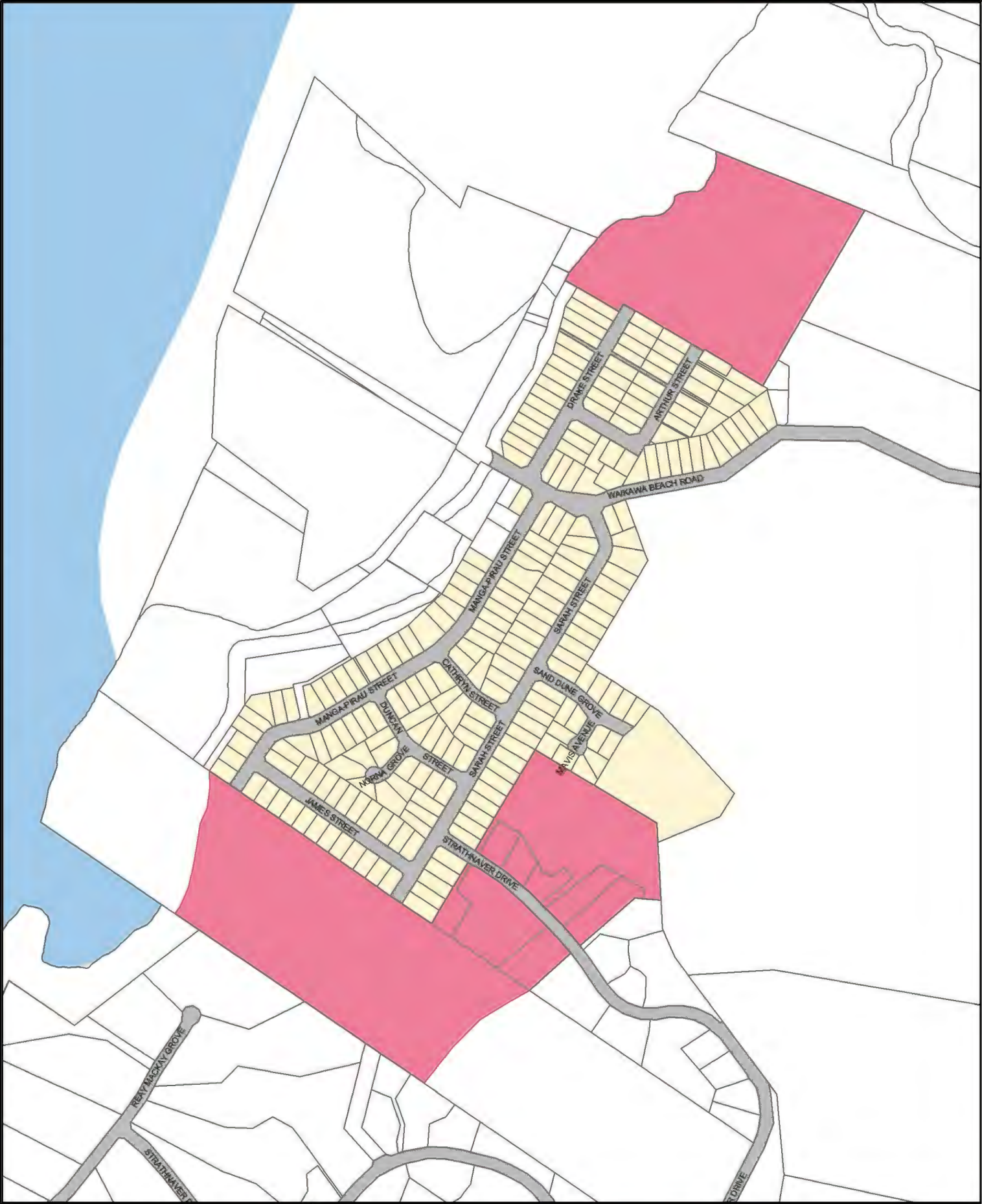


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## Waikawa Beach Financial Contribution Areas



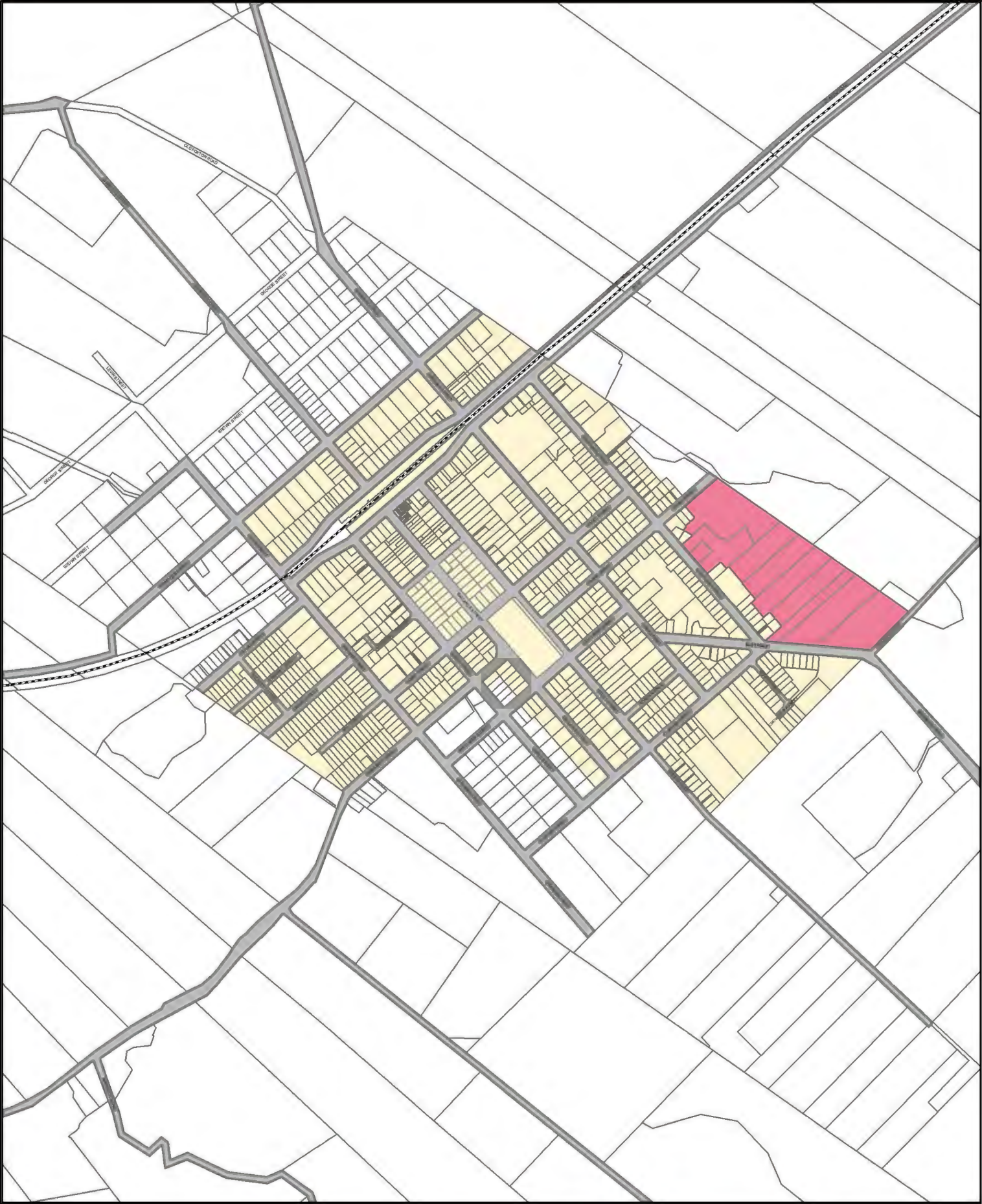
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## Shannon Financial Contribution Areas



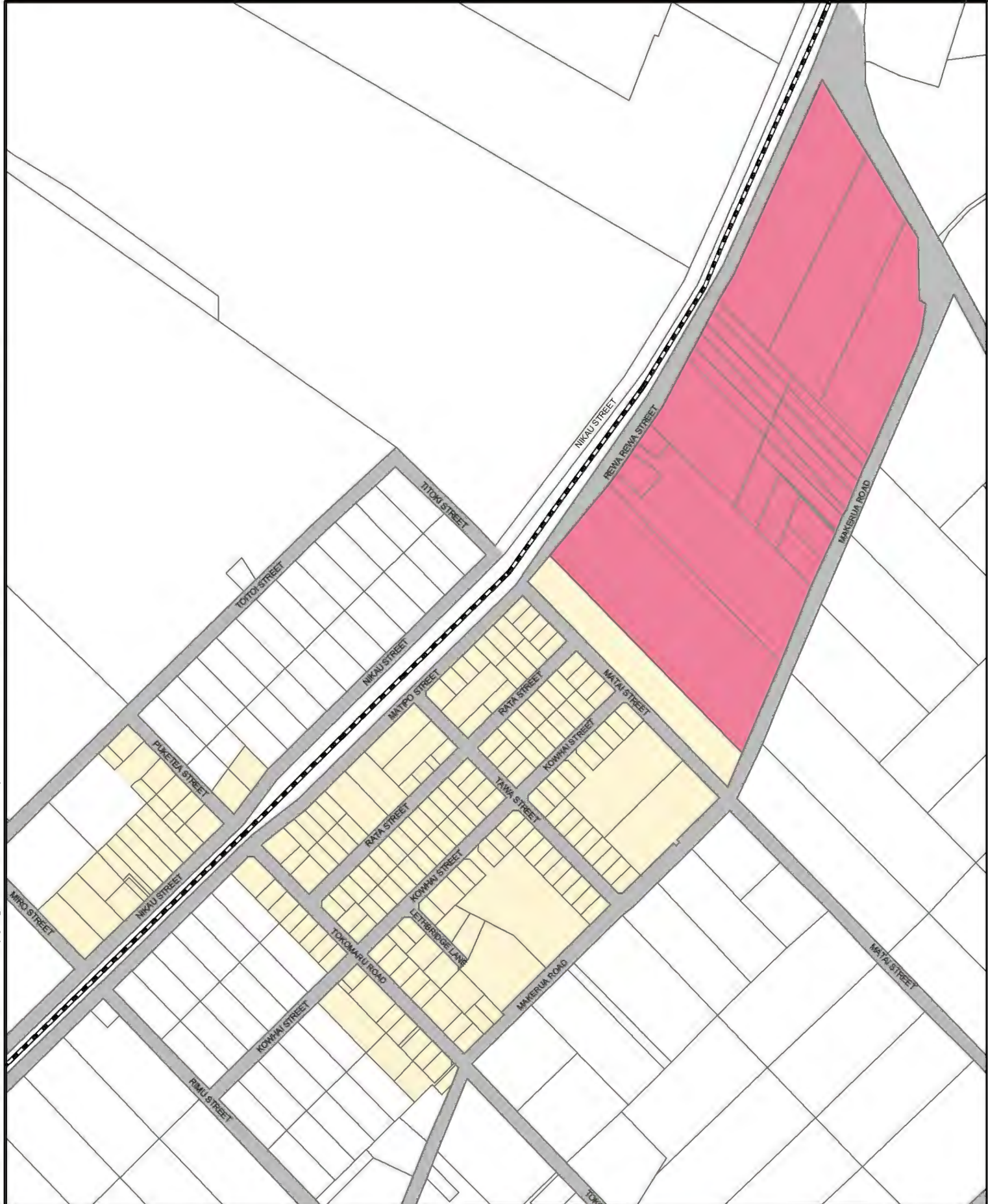
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# Horowhenua District Council's Rates Remissions Policy

## Introduction

This policy is adopted pursuant to s.85 of the Local Government (Rating) Act 2002 and section 109 of the Local Government Act 2002.

The general objectives sought to be achieved by this policy are:

- (1) The vision and goals of the Community Outcomes, particularly those supporting community development, voluntary initiatives and the protection of the natural environment, and
- (2) Equity and efficiency in the administration of the rating system.

Applications meeting the conditions and criteria laid out in the policy will be considered, each on its merits, and the outcome is a matter for Council's discretion.

The policy provides for the following classes of rate remissions:

Part 1 Community groups

Part 2 Voluntarily protected land

Part 3 Penalties on rates

Part 4 Excessive water charges

Part 5 Remnant land

Part 6 Rating units in industrial and commercial areas used for residential purposes

Part 7 Land Used for Primary Industry and Rural Residential purposes in areas that have been rezoned as Residential and Business Zones

Part 8 Small rate balances

Part 9 Targeted rates on non-rateable land

Part 10 Properties affected by disasters

Part 11 Subdivisions which are in Common Ownership but do not meet the criteria of a Contiguous Property

Part 12 On Bare Land

Part 13 Council Owned Utilities

Part 14 Contiguous rating units not in common ownership.

## Part 1: Remission of Rates on Community Groups

### (a) Objective

To facilitate the ongoing provision of non-governmental, not-for-profit community support services to the residents of the District.

## **(b) Conditions and Criteria**

To qualify for remission under this part of the policy a rating unit must:

- be owned and occupied by a community support organisation;
- used primarily for the provision of community support services to the general public; and
- (except as provided in the next paragraph) not receiving any other form of rating relief.

Rating units that are 50% non-rateable under Part 2 of Schedule 1 of the Act, except for that area where a liquor license is in force, shall have 100% remission of rates other than water and sewer rates over that part of the land. Where a owner has a liquor license they are ineligible for a remission.

Other matters taken into account in determining whether a rating unit qualifies for remission will include:

- the level of rates assessed on the rating unit;
- the extent to which the primary purpose of the ratepayer is to provide services to disadvantaged groups (including children, youth, young families, aged people and economically-disadvantaged people);
- the impact of the ratepayer's activities on the social, cultural, economic or environmental well-being of the District;
- the number of members and/or clients;
- history of service to the residents of the District; and
- the rating status of similar groups.

Applications must be in writing, supported by:

- statement of objectives;
- description of governance structure;
- financial accounts;
- information on activities and programmes; and
- information on membership or clients.

Applications must be received prior to the commencement of the rating year.

Applications received during a rating year will be considered from the commencement of the following rating year commencing the next 1st July.

Applications will not be backdated.

## **(c) Process**

Applications will be determined by the Group Manager – Finance or Finance Manger (or equivalent positions within the Finance Department) to a value of \$2,500. Any requested remissions above \$2,500 or if there is any doubt or dispute arising, the application is to be referred to the Chief Executive and a member of the Finance Subcommittee for a decision.

Each application will be considered on its merits, and if approved the value of the remission will be 100% of all general and targeted rates generally applied across the District except water and waste water. The ratepayer will be informed of the outcome of the application in writing.

## **Part 2: Remission of Rates on Voluntarily Protected Land**

### **(a) Objective**

To encourage and promote the conservation and protection of significant natural features.

### **(b) Conditions and Criteria**

To qualify for remission under this part of the policy a rating unit or part thereof must:

- be the subject of a QEII Open Space or similar DOC covenant (in which case 100% remission of all rates will apply), or the likes of a DOC Management Agreement under the Reserves Act or Conservation Act (in which case 50% remission of some or all rates may apply), and
- not be receiving any other form of rating relief.

Other matters taken into account in determining whether a rating unit qualifies for remission will include:

- the degree to which significant natural features worthy of conservation and protection are present on the land;
- the degree to which such significant natural features inhibit the economic utilisation of the land;
- the extent to which the conservation and protection of such significant natural features would be promoted by the remission of rates; and
- the ability or potential of the public to enjoy the significant natural features.

Applications must be in writing, supported by documentary evidence of the protected status.

Applications must be received prior to the commencement of the rating year.

Applications received during a rating year will be considered from the commencement of the following rating year commencing the next 1st July.

Applications will not be backdated.

### **(c) Process**

Applications will be determined by the Group Manager – Finance or Finance Manger (or equivalent positions within the Finance Department) to a value of \$2,500 Any requested remissions above \$2,500 or if there is any doubt or dispute arising, the application is to be referred to the Chief Executive and a member of the Finance Subcommittee for a decision.

Each application will be considered on its merits and if approved the value of the remission will be 100% if General and Targeted rates generally applied across the District except Water and Wastewater (QEII covenants only) and 50% of General and Targeted rates generally applied across the District except Water and Wastewater on others.

The Council will arrange a two-way apportionment of the rating value of the rating unit between the area covered by the application and the balance for this purpose. The ratepayer will be informed of the outcome of the application in writing.

### **Part 3: Remission of Penalties on Rates**

#### **(a) Objective**

The objective of the Remission of Penalties is to enable the Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date, primarily due to circumstances outside the ratepayer's control.

#### **(b) Conditions and Criteria**

Remission of penalties on late payment of rates may be made when it is considered just and equitable to do so. In determining justice and equity, one or more of the following criteria shall be applied.

- a) Where there exists a history of regular, punctual payment over the last five years (or back to purchase date if the rating unit has been owned for less than five years) and payment is made within a 10 days following the ratepayer being made aware of the non-payment, a one-off reduction of instalment penalties may be made.
- b) Where an agreed payment plan is in place, penalties may be suppressed or reduced, where the ratepayer complies with the terms of the agreed payment plan which include payment by direct debit. In the event that the agreement is not maintained, Council reserves the right to levy future penalties.
- c) Where the rates instalment was issued in the name of a previous property owner. The rating unit has a new owner who has been given insufficient notice of invoice due date.
- d) Where a ratepayer has been ill or in hospital or suffered a family bereavement or tragedy of some type and has been unable to attend to payment, on compassionate grounds.
- e) Where an error has been made on the part of the Council staff or arising through error in the general processing or incorrect rates being applied which has subsequently resulted in a penalty charge being imposed.

#### **(c) Process**

- a) A ratepayer may request in writing that the penalty applied for late payment be remitted.



- b) Each application will be considered on its merits, and if approved, the value of the remission may be all or part of any penalties incurred.
- c) Applications may also be at the initiative of the Group Manager – Finance or Finance Manger (or equivalent positions within the Finance Department).
- d) Applications will be determined by the Group Manager – Finance or Finance Manger (or equivalent positions within the Finance Department) to a value of \$2,500. Any requested remissions above \$2,500 or if there is any doubt or dispute arising, the application is to be referred to the Chief Executive and a member of the Finance Subcommittee for a decision.

## **Part 4: Remission of Excessive Water Charges**

### **(a) Objective**

To enable Council to act fairly, reasonably and consistently in its assisting ratepayers who have excessively high water rates due to a fault in the internal reticulation serving their rating unit.

### **(b) Conditions and Criteria**

To qualify for remission under this part of the policy a rating unit must have incurred excessive water charges attributable to a fault in the internal reticulation serving the rating unit.

Applications must be made in writing, with verification that the fault has been rectified (e.g. a plumber's bill).

### **(c) Process**

Applications will be determined by the Group Manager – Finance or Finance Manger (or equivalent positions within the Finance Department) to a value of \$2,500 Any requested remissions above \$2,500 or if there is any doubt or dispute arising, the application is to be referred to the Chief Executive and a member of the Finance Subcommittee for a decision.

Assessment of the excessive water charge will take into account:

- the charges for normal levels of water consumption; and
- the time taken to have the fault repaired.

Each application will be considered on its merits, and if approved the value of the remission will be half of the value of the excessive consumption.

The ratepayer will be informed of the outcome of the application in writing.

## Part 5: Remission of Rates on Remnants of Land

### (a) Objective

To enable Council to act fairly and equitably in the assessment of rates on what are determined for these purposes to be remnants of land.

### (b) Conditions and Criteria

To qualify for remission under this part of the policy a rating unit must:

- comprise a piece of land that does not warrant the assessment or invoicing of rates
- not be the subject of any other form of rating relief.

Matters taken into account in determining whether a rating unit qualifies for remission, and a guide as to what may be expected to qualify as a remnant, will include:

Matter taken into account	Example for guidance
Area	Only a few square metres
Location	Remote, landlocked
History	Unintended remnant of subdivision
Ownership	Indeterminate
Rateable Value	Nominal
Potential Uses	Nil

Applications must be received prior to the commencement of the rating year. Applications received during a rating year will be considered from the commencement of the following rating year commencing the next 1st July.

Applications will not be backdated.

Applications may be at the initiative of the Group Manager – Finance, Finance Manager, or Rates Officer or in writing from the ratepayer.

### (c) Process

Applications will be considered and determined by the Group Manager – Finance or Finance Manger (or equivalent positions within the Finance Department) to a value of \$2,500. Any requested remissions above \$2,500 or if there is any doubt or dispute arising, the application is to be referred to the Chief Executive and a member of the Finance Subcommittee for a decision.

Each application will be considered on its merits, and if approved the value of the remission will be the whole of the rates that would otherwise be assessed on the

rating unit. The ratepayer will be informed of the outcome of the application in writing.

## **Part 6: Remission of Rates on Rating Units in Industrial and Commercial Areas Used for Residential Purposes**

### **(a) Objective**

To ensure that owners of rating units situated in commercial or industrial areas used for residential purposes are not duly penalised by the zoning restrictions of this Council and previous local authorities.

### **(b) Conditions and Criteria**

To qualify for consideration for remission under this part of the policy the rating unit must:

- be situated within an area of land that has been zoned for commercial or industrial use. (Ratepayers can determine the zoning of their property by inspecting the District Plan, copies of which are available from the Levin office, Te Takere and the, Shannon and Foxton libraries. Alternatively the District Plan is available for viewing on the Council website [www.horowhenua.govt.nz](http://www.horowhenua.govt.nz).)
- be rated the same as an equivalent urban rating unit;
- have an excessive rateable value in comparison to similar residential rating units in the vicinity; and
- not be the subject of any other form of rating relief.

Applications must be received prior to the commencement of the rating year.

Applications received during a rating year will be considered from the commencement of the following rating year commencing the next 1st July.

Applications will not be backdated.

Applications must be made in writing.

### **(c) Process**

Applications will be determined by the Group Manager – Finance or Finance Manger (or equivalent positions within the Finance Department) to a value of \$2,500. Any requested remissions above \$2,500 or if there is any doubt or dispute arising, the application is to be referred to the Chief Executive and a member of the Finance Subcommittee for a decision.

Each application will be considered on its merits, and if approved the value of the remission will be given effect by the determination by Council of a special rateable value.

The ratepayer will be informed of the outcome of the application in writing.

## **Part 7: Rates Remission on Land Used for Primary Industry and Rural Lifestyle purposes in areas that have been rezoned as Residential and Business Zones**

### **(a) Objectives of the policy**

The objectives of the policy are:

1. To provide rates relief in respect of land used for primary industry and rural lifestyle purposes where rating units greater than 659m<sup>2</sup> (or rating units, including residential use rating units, that are able to be subdivided under the operative District Plan) where the Council is satisfied that the rating valuation of the land is in some measure attributable to the potential use to which the land may be put for residential, commercial or industrial development.
2. To preserve uniformity and equitable relativity with comparable parcels of land used for primary production and rural lifestyle purpose land, that is able to be subdivided, in the district where the valuations do not contain any “potential value”.

### **(b) Conditions and criteria**

The Council will remit value based rates on land used for primary industry and rural lifestyle rating units greater than 659m<sup>2</sup> and rating units, including residential use rating units, that are able to be subdivided creating saleable lots under the operative District Plan as a Controlled Activity in the Residential, Greenbelt Residential, Commercial and Industrial zones or in the case of the Greenbelt Residential (Foxton Beach North Overlay) Zone as a Limited Discretionary Activity, where it is satisfied that the rating valuation of the land is in some measure attributable to the potential use to which the land may be put for residential, commercial or industrial development.

1. For the purposes of this policy, “land used for primary industry” means land that is classified by the Office of the Valuer General as being used for primary industry under Clause C.3.4 primary Level use code 1 in Appendix C of the Rating Valuation Rules 2008, is used exclusively or principally for agricultural, horticultural, or other pastoral purposes or for the keeping of bees or poultry or other livestock; and “farming purposes” has a corresponding meaning. This may include land used for dairy farming, stock fattening, arable farming, storage of livestock, market gardens and orchards, specialist livestock, forestry, mineral extraction and vacant/idle land.

2. For the purposes of this policy, “land used for Rural Lifestyle purposes” means land that is classified by the Office of the Valuer General as being used for lifestyle use under Clause C.3.4 primary Level use code 2 in Appendix C of the Rating Valuation Rules 2008. This does not include residential properties in rural areas or rural lifestyle properties that are too small in area to be subdivided under the operative District Plan as a Controlled Activity.
3. For the purposes of this policy, “land used for Residential purposes” means land that is classified by the Office of the Valuer General as being used for residential use under Clause C.3.4 primary Level use code 9 in Appendix C of the Rating Valuation Rules 2008. This does not include residential properties formerly zoned as rural or lifestyle properties that are too small in area to be subdivided under the operative District Plan as a Controlled Activity.
4. Rating units for which a subdivision consent has been approved or lodged and under consideration by the Council shall not be eligible for rates remission under this policy.

### **(c) Process**

The process for seeking rates remission is as follows:

1. On written application from the ratepayer of any rating unit that is:
  - a) located in a zone in the District Plan other than the Rural zone, and is
  - b) land used for primary industry, or
  - c) land used for rural lifestyle purposes, or
  - d) land used for residential purposes that are able to be subdivided.

The Council will request its Valuation Service Provider to issue a special “rates remission value” for that rating unit.

2. The rates remission value will be determined so as to:
  - a) exclude any potential value that, at the date of valuation, the land may have for residential purposes, or for commercial or industrial use; and
  - b) preserve uniformity and equitable relativity with comparable parcels of land used for primary industry, rural lifestyle and residential purposes the valuations of which do not contain any such potential value.
3. Rates remission special values allocated under this policy are final and there is no right of objection against the level of valuation. (The owner still has the right to object to the rating valuation of the property where those values have been determined under the Rating Valuations Act 1998).
4. Where a rates remission value has been determined, the payment of rates will be remitted to the extent specified in clause (5) of this policy.

5. The amount of rates remitted in any year shall be an amount equal to the difference between the amount of the rates for that period calculated according to the rateable value of the property and the amount of the rates that would be payable for that period if the rates remission value of the property were its rateable value.
6. Notice of the amount of rates remitted shall be expensed and entered as a credit to the rates owing in the rating records and will be notified with the rates assessment issued in respect of that rating unit.
7. Subject to the rates remission value remaining in force, rates will be remitted from the commencement of the rating period in respect of which they were made and levied.
8. Rates remission will apply from the beginning of the rating year following the period in which the rates remission application is approved and will not be backdated to prior years. However, in the event that an application is approved prior to 1 August, rates remission may apply from the beginning of the financial year in which the application is approved.

*The following delegations apply in respect of:*

- *Group Manager - Finance or Finance Manager, - to approve remissions which meet the requirements of this policy.*
- *Chief Executive and/or the Chairperson of the Finance Sub-committee, – to hear and make a final decision on any appeal on an application for remission that has been declined.*

## **Part 8: Remission of Small Rates Balances**

### **(a) Objective**

To save Council the costs of processing rates of uneconomic value.

### **(b) Conditions and Criteria**

To qualify for remission under this part of the policy the rating unit must have a balance of less than \$5 owing on a general or targeted rate as at 30 June in any year.

Applications may be at the initiative of the Group Manager – Finance or Finance Manager, or Rates Officer or in writing from the ratepayer.

### **(c) Process**

Applications will be determined by the Group Manager – Finance or Finance Manager acting under delegated authority.

Each application will be considered on its merits, and if approved the value of the remission will be the whole of any outstanding rate of \$5 or less at year end.

## **Part 9: Remission of Targeted Rates on Non-rateable Land**

### **(a) Objective**

To balance user-pays, equity and community interest in the assessment of targeted rates on non-rateable rating units.

### **(b) Conditions and Criteria**

To qualify for consideration for remission under this part of the policy the rating unit must be:

- non-rateable
- otherwise liable for rates for services described in s.9 of the Local Government (Rating) Act 2002 (i.e. rates for water supply, sewage disposal or waste collection).

Determinations will not be backdated.

### **(c) Process**

Decisions will be made by way of policy determinations by Council in respect of a type of ratepayer or rating unit. The value of the remission will be the whole or part of any or all of the applicable rates.

Under this policy targeted water rates are levied by way of the normal water rates in the case of non-rateable residences, libraries and halls, but by metered water consumption in all other cases.

## **Part 10: Properties Affected by Disasters**

### **(a) Objective**

To provide rating relief to ratepayers whose property has been affected by a disaster event.

### **(b) Conditions And Criteria**

To qualify for remission under this part of the policy a rating unit or part thereof must be

- Affected by a disaster event such as a flood, storm, earthquake, subsidence; and
- Rendered incapable of normal use by the ratepayer for a certain period.

Other matters taken into account in determining whether or not the rating unit qualifies for remission, and the extent of such remission, will include

- The impact(s) of the disaster event on the property, and
- The duration of such impact(s)
- The extent to which the losses were insurable.

Applications must be in writing, either from the applicant or at the initiative of an officer of the Council.

### **(c) Process**

Applications will be considered, and decision made, by Council.

No remission will be made before further guidelines specific to the disaster event are established.

Such guidelines will take into account the extent of funding available from which to make any remissions, and may cover such factors as:

- Special conditions and criteria, including any period for which a property may have been incapable of normal use
- Special application forms and information to be provided
- Deadlines for applications
- The extent of remissions to be made, whether on a fixed sum, percentage, sliding scale or other basis
- The appointment of an advisory committee to assist in the consideration of applications, if appropriate.

Each application will be considered on its merits, and in the context of guidelines established in response to the disaster event.

The ratepayer will be informed of the outcome of the application in writing.

## **Part 11: Rates Remission for Subdivisions which are in Common Ownership but do not meet the criteria of a Contiguous Property**

### **(a) Background**

Developers face significant costs in the early stages of subdivision development, including the payment of development contributions to Council. Once titles are issued, all properties are rated individually and the holding costs can be quite high until properties are sold.

### **(b) Objectives**

To provide a positive development incentive by supporting the development and holding of subdivision land for residential and rural lots by remitting all rates levied using fixed (uniform) charges on unsold development land where each separate lot or title is treated as a separate Rating Unit.



### **(c) Conditions and Criteria**

This remission applies to unsold subdivided land, where each separate lot or title is treated as a separate Rating Unit, and such land is implied to be not used as a single rating unit under s20 of the Local Government (Rating) Act 2002.

1. The rating units must have been created in accordance with Council's subdivision development requirements and have been granted a subdivision consent.
2. The rating units must be vacant land i.e. the rating unit does not contain any habitable dwelling.
3. The rating units on which remission is applied must be owned by the same ratepayer who must be the original developer
4. Rate remission to the extent of fixed (uniform) charges for unsold subdivided land.
5. Remission shall cease for any allotment if any interest in the land is passed by the developer to another party. Remission ceases from the end of the year in which the change in title occurs.
6. Application must be submitted in writing and submitted to Council prior to the commencement of the rating year (i.e. before 30 June).
7. The ratepayer will remain liable for at least one "set" of fixed (uniform) general and/or targeted rates.
8. Remissions will not apply to Water, Stormwater and Sewerage targeted rates.
9. Each application will be considered in line with the general guidelines, however, individual circumstances may vary and could influence the final decision.
10. From 1 July 2015 any remissions will only apply for a period of five years and then be reviewed. Remissions will not be granted in retrospect for previous years.
11. Decisions on remission under this policy will be delegated to the Group Manager –Finance, Finance Manager (or equivalent positions).

## **Part 12: Remission of Rates on Bare Land**

### **(a) Objectives:**

To reduce the rates burden on bare, uninhabited land, where the owner of the rating unit is not able to use the services funded from targeted rates.

Council may remit any rate set using a fixed (uniform) charge in respect of one or more rating units owned by the same ratepayer (as recorded on the certificate of title and recorded in the Rating Information Database) if it considers it reasonable in the circumstances to do so.

### **(b) Conditions and Criteria**

1. Rating units must be owned by the same ratepayer (as recorded on the certificate of title and recorded in the Rating Information Database).

2. Council may remit any rate set using a fixed (uniform) charge on rating units considered to be bare land, provided that the ratepayer pays at least one “set” of the rates set using a fixed (uniform) charges within the District.
3. Bare land is defined as rating units with no habitable improvements. For the purposes of this policy forestry blocks (without habitable buildings) are deemed to be bare land.
4. Decisions on remission under this policy will be delegated to the Group Manager –Finance, Finance Manager (or equivalent positions).

## **Part 13: Remission Rates for Council Owned Utilities**

### **(a) Objectives**

To avoid incurring the rating costs to Council that would be indirectly recovered from other ratepayers.

### **(b) Conditions and Criteria**

Utilities (i.e. water, stormwater and wastewater) owned by the Horowhenua District Council will receive 100% remission of all rates that have been set, which includes any rate set using a fixed (uniform) charge.

## **Part 14: Remission of any rate set using a fixed (uniform) charge on contiguous properties**

### **(a) Objectives**

To enable Council to act fairly and equitably with respect to the imposition of any rate set using a fixed (uniform) charge on two or more separate rating units that are contiguous, but separately owned and used jointly for a single residential, business or farming use.

### **(b) Background**

This policy has been developed to provide for the remission of rates in situations where two or more rates set using a fixed (uniform) charge, are assessed on contiguous, but separately owned rating units which are being used jointly as a single property or business.

The circumstances where an application for a remission of charges will be considered are:

- residential dwelling and associated garden and ancillary buildings where the property occupies a maximum of two rating units and those rating units are used jointly as a single property.
- A farm that consists of a number of separate rating units that are contiguous.
- A commercial, retail or industrial business that operates from more than one rating unit where those rating units are contiguous and are used jointly

- as a single property.
- However, Council's "Separately Used or Inhabited" (SUIP) definition will still be applied.

### **(c) Conditions and Criteria**

Applications under this policy must be in writing, signed by the ratepayer and must comply with the conditions and criteria set out below.

1. The rating units must be contiguous.
2. The rating units must:
  - a) In the case of a residential property, be owned by the same ratepayer (as recorded on the certificate of title and recorded in the Rating Information Database) who uses the rating units jointly as a single residential property.
    - (i) A vacant section adjoining a residential lot does not comply.
    - (ii) The individual areas of the rating units concerned must not exceed the size of a typical residential lot.
  - b) In the case of a farm, be owned by the same owner (as recorded on the certificate of title and recorded in the Rating Information Database). or be leased, from other owners, for a term of not less than five (5) years, to the same ratepayer who uses the rating units jointly as a single farm. The owners of each of the individual rating units must confirm in writing that their unit/s is being jointly used as a single farming operation.
3. The Council may on written application from a rate payer of such rating units remit any rate set using a fixed (uniform) charge levied on the rating units if it considers it to be reasonable in the circumstances to do so.
4. The applicant must provide sufficient evidence as is necessary to prove that the properties are being jointly used as a single property and Council's decision on the matter is final.
5. The Council reserves the right to determine that any specific targeted charge will be excluded from this policy
- 6 Remissions will not apply to Water, Stormwater and Sewerage targeted rates
- 7 Each application will be considered in line with the general guidelines, however, individual circumstances may vary and could influence the final decision
- 8 Decisions on remission under this policy will be delegated to the Group Manager –Finance or Finance Manager (or equivalent positions).

## Remission of Rates on Maori Freehold Land

### 1. Introduction

This Policy is prepared under Section 102(2)(e) of the Local Government Act (LGA) 2002. 'Maori freehold land' is defined in section 5 of the Local Government (Rating) Act 2002 as 'land whose beneficial ownership has been determined by the Maori Land Court by Freehold Order'. Only land that is the subject of such an order may qualify for remission under this Policy.

This Policy aims to:

1. Ensure the fair and equitable collection of rates from all sectors of the community recognising that certain Maori owned lands have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide relief from rates.
2. Implement a policy for providing rate relief on Maori land pursuant to Section 122XC of the Local Government Act 1974 (Section 11 of the Local Government Bill 2001).

### 2. Objectives

The objectives of this Policy are set out in Schedule 11 of the LGA 2002:

- a) supporting the use of the land by the owners for traditional purposes,
- b) recognising and supporting the relationship of Maori and their culture and traditions with their ancestral lands,
- c) avoiding further alienation of Maori Freehold Land,
- d) facilitating any wish of the owners to develop the land for economic use,
- e) recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes,
- f) recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere),
- g) recognising and taking account of the importance of the land for community goals relating to: the preservation of the natural character of the coastal environment, the protection of outstanding natural features, and the protection of significant indigenous vegetation and significant habitats of indigenous fauna,
- h) recognising the level of community services provided to the land and its occupiers, and
- i) recognising matters relating to the physical accessibility of the land.

### 3. Principles

The principles used in establishing this Policy are set out in Schedule 11 of the LGA 2002:

- a) that, as defined in section 91 of the Local Government (Rating) Act 2002, Maori freehold land is liable for rates in the same manner as if it were general land,

- b) that Council is required to consider whether it should have a policy on rates relief on Maori freehold land,
- c) that Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non collectible,
- d) that applications for relief meet the criteria set by Council, and
- e) that the policy does not provide for the permanent remission or postponement of rates on the property concerned.

#### **4. Conditions and Criteria**

Council will maintain a 'Maori Freehold Land Rates Relief Register' for the purpose of recording properties on which it has agreed to remit rates pursuant to this Policy. The Register will comprise two category lists, these being:

- i) The 'Maori Land General Remissions List', used to achieve objectives (a), (b), (c), (e) and (g) and
- ii) The 'Maori Land Economic Adjustment Remissions List', used to achieve objective (d) and (f).

Applications for land to be added to the register should be made on the prescribed form prior to commencement of the rating year. Applications made after the commencement of the rating year may be accepted at the discretion of Council. Owners or trustees making an application should include the following information in their applications:

- a) details of the property,
- b) the objectives that will be achieved by providing a remission, and
- c) documentation that proves the land that is the subject of the application is Maori freehold land.

Council may at its own discretion add properties to the register.

Rating relief, and the extent thereof, is at the sole discretion of Council and may be cancelled and reduced at any time.

Council will review the Register annually and may:

- a) add properties that comply, and
- b) remove properties where the circumstances have changed and they no longer comply.

#### **5. Maori Land General Remissions List**

Council will consider remission for property that comes within the following criteria:

- a) the land is unoccupied and no income is derived from the use or occupation of that land, or
- b) the land is better set aside for non-use (whenua rahui) because of its natural features, or is unoccupied, and no income is derived from the use or occupation of that land, or
- c) the land is inaccessible and is unoccupied, or
- d) only a portion of the land is occupied. The remission for land recorded in the Maori Land General Remissions List will be 100% of any rates except targeted rates made for water supply, sewage disposal or refuse collection.

## **6. Maori Economic Adjustment Remissions List**

Council will consider remission for property that comes within the following criteria:

- a) the property carries a best potential use value that is significantly in excess of the economic value arising from its actual use.

The remission for land recorded in the Maori Land Economic Adjustment Remissions List will be the difference between the rates as assessed and the rates that would be assessed based on the actual use of the land. No remission will be granted on targeted rates for water supply, sewage disposal, or refuse collection.

## Summary of Council's policy on determining significance

### Legislative requirements:

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

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

### Determining whether a decision is significant:

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

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

### Engagement with the Community

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

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

## Decision making

When making decisions, Council will:

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

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

## Review of the Significance and Engagement Policy

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

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

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



# Council Financial Statements

- Funding Impact Statement
- Financial Statements
- Balance the Budget
- Accounting Policies



# Funding Impact Statement

## 1. Revenue and Financing Sources Generally

The following revenue mechanisms will be used in 2015/16 and throughout the term of this LTP:

- General rates
- Targeted rates
- Fees and charges
- Interest and dividends
- Grants and subsidies

## 2. Funding Mechanisms

The following funding mechanisms will be used in 2015/16 and throughout the term of this LTP:

- Financial contributions
- Borrowing
- Proceeds from asset sales
- Reserves

Refer to the Council's Revenue and Financing Policy for further information on how these funding mechanisms will be used.

## 3. Definition of Separately Used or Inhabited Parts (SUIP)

Several of the rates listed below are assessed on the basis of the number of SUIPs there are in a rating unit.

SUIPs are listed in Schedule 3 of the Local Government (Rating) Act 2002 as one of the factors that may be used in calculating liability for targeted rates and section 15(1)(b) allows SUIPs to be used as the basis for Uniform Annual General Charges (UAGCs) as well.

Where rates are calculated on each Separately Used or Inhabited Part of a rating unit, the following definitions will apply:

- Any part of a rating unit that is used or occupied by any person (or is capable of occupation by any person), other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement.
- Any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.

For clarity, Separately Used or Inhabited Parts include:

- On a residential property, each separately occupiable unit, flat, or house or apartment each of which is separately inhabited or is capable of separate habitation.
- On a commercial property, each separate shop or other retail or wholesale outlet, which is operated as a separate business or is capable of operation as a separate

business.

- In an office block, each set of offices that is used by a different business or which is capable of operation as separate businesses.

A separately occupiable unit, flat, house, or apartment is defined as having a separate entrance, cooking facilities, living facilities and toilet/bathroom facilities.

Council has recognised that there are certain instances where the above situations will occur, but in circumstances that do not give rise to separate uses or inhabitations. For clarity, Separately Used or Inhabited Parts do not include:

- A hotel room with or without kitchen facilities;
- A motel room with or without kitchen facilities; and
- A single residential unit in a non-residential property, that is an integral part of the commercial operation and is used for the commercial operation i.e. not separately tenanted (e.g. one house in conjunction with a farm or a motel or a corner dairy).

## **4. Rates for the Ten Years Ending 30 June 2025**

### **4.1 General Information**

Rating period: The rates described below are for the financial years 1 July 2015 to 30 June 2025.

Goods and services tax: The rates described below include GST. The revenues required are net of GST.

Rating information database: The information held to determine the liability for rates in 2015/16 is available for inspection at Council's office at 126-148 Oxford Street, Levin during normal office hours. This information includes the rating valuations as at 1 August 2013 which form the basis of rating in 2014/15 (and the subsequent first two years of this LTP) and the categories and factors for the various relevant rates described below in respect of particular rating units.

### **4.2 General Rates**

The General rates are assessed to fund all activities not funded from Targeted rates or other revenue sources or funding mechanisms. The activities funded from the General rates include:

- Regulatory Services (liquor, health and safety licensing, building consents, resource consents, District Plan development, animal control, parking enforcement, and general regulatory services);
- Community Facilities and Services, except Library and Community Centres and Aquatic Centres (passive reserves, street beautification, sports fields, cemeteries, halls and community buildings, and public toilets);
- Community Support (emergency management and rural fire, community engagement, visitor information, and economic development);
- Property (commercial property, general property, Council buildings); and
- Treasury activities (investment and borrowing activities).

General rates are to be set on a differential rate in the dollar on the land value (LV) of the land. Land values are assessed every three years, and were last assessed in 2013. These values will form the basis of rating from 1 July 2015.

The General rates levied on LV are set differentially, so as to maintain the incidence of the rates between the categories of property. Council decided (as part of the Revenue and Financing Policy review for the 2009-19 LTP) to dispense with all but the Rural Differential. However, in order to lessen the impact of such a change, Council agreed to phase out all other differentials over 10 years (2009/10 – 2018/19 incl.). Four years remain for this phasing to be complete.

Therefore in the seventh year (2015/16);

- The Urban category will contribute 19.24% (in comparison to 25.65% in 2014/15) of general rates, and applies to rating units in Levin, Shannon and Foxton urban areas, as shown on the maps available defining those areas for rating purposes held at the Council office in Levin.
- The Township category will contribute 2.93% (in comparison to 3.91% in 2014/15) of general rates, and applies to rating units in Waikawa Beach, Manakau, Ohau, Hokio Beach, Waitarere Beach, Foxton Beach and Tokomaru urban areas, as shown on the maps available defining those areas for rating purposes held at the Council office in Levin.
- The Rural Residential Category will contribute 2.17% (in comparison to 2.89% in 2014/15) of general rates, and applies to rating units classified as Lifestyle and Residential (other than those rating units identified as “vacant” or “bare”). These properties will be identified in the DVR using the “Property Category” codes from Appendix F of the Valuation Rules 2008, Promulgated by the Valuer General.
- The Rural category are those rating units that are located in areas outside the urban and township category boundaries but not those rating units classified as Rural Residential. These rating units will contribute 25.00% (25.00% 2014/15) of general rates.
- A District wide differential (which will, at the end of the 10 year period, absorb all but the rural category) to apply to all rating units other than those in the rural category, will contribute 50.66% (in comparison to 42.55% in 2014/15).
- 

Council is not setting a Uniform Annual General Charge (under section 15 of the Local Government (Rating) Act 2002 (LG(R)A)), preferring instead to set Targeted rates as fixed amounts for Library Services and Community Centres, Representation and Community Leadership, Solid Waste, Aquatic Centres, Water Supply and Wastewater (refer below).

### **4.3 Targeted Rates for Roothing**

This rate funds all Roothing (Land Transport) costs (maintenance, renewals and minor capital improvements of roads, streets, roadside signage, road marking, bridges, footpaths, roadside drainage) covered by the Land Transport Group of Activities.

The Roothing rate is to be set using Capital Value (CV) which are assessed every 3 years. These were last assessed in 2013, and it is those values that will form the basis of rating from 1 July 2015.

Therefore;

- The Business Differential will contribute 35% of Roothing rate and applies to those rating units identified as Arable, Commercial (including all Rest Homes/Retirement villages other than those that have separate title for the individual units or houses), Dairy, Forestry (except protected forestry), Horticultural, Industrial, Mining, Pastoral,

Specialist livestock, and Utilities using the “Property Category” codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General.

- A District Wide Other Differential will contribute 65% of Rooding rate and applies to those rating units identified as Lifestyle, Residential (excluding all Rest Homes/Retirement villages but including those that have separate title for the individual units or houses) and Other using the “Property Category” codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General.

#### **4.4 Targeted Rates for Stormwater**

This rate funds all stormwater costs within the Stormwater Group of Activities.

This rate is to be set using CV of all urban rating units. Urban rating units are defined as those rating units within the towns of Levin, Foxton, Shannon, Tokomaru, Foxton Beach, Waitarere Beach, Hokio Beach, Ohau, Waikawa Beach and Manakau as shown on the maps available defining those areas for rating purposes held at the Council office in Levin.

#### **4.5 Targeted Rates for Library Services and Community Centres**

This rate is assessed as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit within the district.

#### **4.6 Targeted Rates for Representation and Community Leadership**

This is a Targeted rate to fund Representation and Community Leadership costs (Council and committees, consultation, advocacy, and elections).

This rate is assessed as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit within the district.

#### **4.7 Targeted Rates for Aquatic Centres (Swimming Pools).**

This is a Targeted rate to fund the cost of operating Council’s public aquatic centres (swimming pools).

This rate is assessed as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit within the district.

#### **4.8 Targeted Rates for Solid Waste Disposal**

This rate funds the Solid Waste Group of Activities including the provision of the landfill, waste transfer stations, waste minimisation initiatives, and recycling facilities.

This rate is set differentially as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit using the urban and rural differential categories.

For all rating units located in the urban areas a differential of 80% of the solid waste costs. Urban rating units are defined as those rating units within the towns of Levin, Foxton, Shannon, Tokomaru, Foxton Beach, Waitarere Beach, Hokio Beach, Ohau, Waikawa Beach and Manakau as shown on the maps available defining those areas for rating purposes held at the Levin Office.

For all rating units located in the rural area a differential of 20% of the solid waste costs. Rural areas are defined as all areas within the District that are outside the defined “urban” differential described above.

#### **4.9 Targeted Rates for Water Supply**

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

This rate is set differentially as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit. Council also charges for metered supplies.

##### ***Connected Differential***

Council sets a fixed charge rate on all rating units for which connection to a reticulated potable water supply is available. This does not include Moutoa, Waikawa or Kuku schemes, which are not potable supplies. A reticulated potable water supply is available to a rating unit if a lateral or laterals exist for the purpose of delivering water from the trunkmain to the rating unit, and there is a connection from the land within the rating unit to that lateral/s or trunkmain.

Liability for the rate will be assessed on;

- (a) each rating unit, or
- (b) the number of SUIPs of each rating unit, or
- (c) the number of connections of each rating unit;

whichever is the greater.

The Foxton Beach charge is reduced by an allowance to account for the universal metering of Foxton Beach.

##### ***Availability Differential***

A fixed charge rate on any rating unit not connected to, but within 100 metres of a trunkmain for a reticulated potable water supply that is available to the rating unit. A reticulated potable water supply is available to a rating unit if a lateral or laterals exist for the purpose of delivering water from the trunkmain to the rating unit or, if no lateral exists, if Council will allow the rating unit to be connected. This rate is set at 50% of the fixed charge for a **connected rating unit**.

##### ***Water by meter***

In all schemes (except Foxton Beach) the additional fees for metered supplies are subject to an allowance of 91 cubic metres (m<sup>3</sup>) per quarter. A charge per m<sup>3</sup> will be made for water consumed in excess of 91m<sup>3</sup> per quarter on any rating unit connected to any water supply; except Foxton Beach where a meter is used to measure consumption on the network.

The charge per m<sup>3</sup> of water consumed in excess of 91m<sup>3</sup> per day on any rating unit connected to the Shannon untreated bore water supply where a meter is used to measure consumption on the network during the period will be half that charged for treated water.

Foxton Beach water supply will be charged by cubic metre (in addition to the fixed charge described above) using a three step system:

**Step 1** – A charge per m<sup>3</sup> for the first 50m<sup>3</sup> of water consumed per quarter on any rating unit or SUIP of a rating unit connected to the Foxton Beach water supply network during the period.

**Step 2** – A charge per m<sup>3</sup> for the second 50m<sup>3</sup> of water consumed per quarter in excess of 50 m<sup>3</sup> on any rating unit or SUIP of a rating unit connected to the Foxton Beach water supply network. This will be set at 200% of the rate set in step 1.

**Step 3** – A charge per m<sup>3</sup> for the balance of water consumed per quarter in excess of 100m<sup>3</sup>

on any rating unit or SUIP of a rating unit connected to the Foxton Beach water supply network. This will be set at 300% of the rate set in step 1.

#### **4.10 Targeted Rates for Wastewater Disposal**

The Wastewater rate will fund the cost of providing reticulated wastewater disposal for various communities in this District according to whether a property is connected or serviceable.

This rate is set differentially as a fixed charge of a uniform amount on the basis of the number of SUIPs of each rating unit.

##### ***Connected Differential***

Council sets a fixed charge rate on all rating units across the District for which connection to a reticulated wastewater disposal system is available. A reticulated wastewater disposal system is available to a rating unit if a lateral or laterals exist for the purposes of accepting wastewater from the rating unit to the wastewater trunkmain, where there is a connection from the land within the rating unit to that lateral/s or trunkmain.

Liability for the fixed-sum rate will be assessed on;

- (a) each rating unit, or
- (b) the number of SUIPs of each rating unit, or
- (c) the number of connections of each rating unit;

whichever is the greater.

##### **Availability Differential**

A fixed charge rate on any rating unit that is not connected to a reticulated wastewater disposal system, but is within 30m of a trunkmain that is available to take waste from the rating unit. A reticulated wastewater disposal system is available to a rating unit if a lateral or laterals exist for the purpose of accepting wastewater from the rating unit to the wastewater trunkmain or, if no lateral exists, if Council will allow the rating unit to be connected. This rate is set at 50% of the fixed charge for a connected rating unit.

## Rating Mechanisms

Rating Basis	Rate in the \$	GST Incl 2016/17	GST Exclusive	GST Exclusive	GST Exclusive	GST Exclusive	GST Exclusive	GST Exclusive	GST Exclusive	GST Exclusive	GST Exclusive	GST Exclusive	GST Exclusive
			Annual Plan 30 June 2015	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>General rate</b>													
Rural differential	Land value	0.00149554	1,946	2,056	2,034	2,132	2,186	2,206	2,324	2,557	2,726	2,556	2,484
Urban differential	Land value	0.00165396	1,996	1,582	1,044	546	-	-	-	-	-	-	-
Township differential	Land value	0.00051191	304	241	159	85	-	-	-	-	-	-	-
Rural residential differential	Land value	0.00034427	225	178	118	60	-	-	-	-	-	-	-
District wide differential	Land value	0.00372475	3,311	4,166	4,780	5,705	6,557	6,617	6,972	7,672	8,179	7,668	7,452
<b>Total general rate</b>			<b>7,782</b>	<b>8,224</b>	<b>8,134</b>	<b>8,528</b>	<b>8,743</b>	<b>8,823</b>	<b>9,296</b>	<b>10,230</b>	<b>10,906</b>	<b>10,224</b>	<b>9,936</b>
<b>Roading rate</b>													
Rural differential	Land value	-	1,385										
Urban differential	Land value	-	1,055										
Township differential	Land value	-	161										
Rural residential differential	Land value	-	118										
District wide differential	Land value	-	1,749										
Business use differential	Capital value	0.00082857		1,235	1,564	1,664	1,685	1,789	1,803	1,922	1,942	2,126	2,105
District wide other differential	Capital value	0.00096483		2,294	2,904	3,090	3,129	3,322	3,348	3,570	3,607	3,948	3,909
<b>Total roading rate</b>			<b>4,468</b>	<b>3,529</b>	<b>4,467</b>	<b>4,754</b>	<b>4,814</b>	<b>5,111</b>	<b>5,150</b>	<b>5,492</b>	<b>5,549</b>	<b>6,074</b>	<b>6,014</b>
Stormwater rate	Capital value	0.00042421	-	919	970	1,470	1,492	1,593	1,730	1,783	1,838	1,988	2,041
Library and community centre rate	SUIP	226.70	2,795	3,202	3,425	3,508	3,543	3,609	3,685	3,760	3,846	3,941	4,044
Representation and community leadership rate	SUIP	197.40	2,676	2,846	2,891	3,166	3,034	3,107	3,402	3,239	3,322	3,649	3,529
<b>Aquatic centre rate</b>													
District wide differential	SUIP	133.80	867	2,176	2,172	2,408	2,455	2,494	2,589	2,615	2,661	2,777	2,838
Foxton, Foxton Beach and Levin differential	SUIP		1,300										-
<b>Total aquatic centre rate</b>			<b>2,167</b>	<b>2,176</b>	<b>2,172</b>	<b>2,408</b>	<b>2,455</b>	<b>2,494</b>	<b>2,589</b>	<b>2,615</b>	<b>2,661</b>	<b>2,777</b>	<b>2,838</b>
<b>Solid waste rate</b>													
Rural differential	SUIP	23.20	58	64	71	68	66	69	76	82	89	85	115
Urban differential	SUIP	32.40	230	257	285	273	264	275	305	327	355	342	461
<b>Total solid waste rate</b>			<b>288</b>	<b>321</b>	<b>356</b>	<b>342</b>	<b>330</b>	<b>343</b>	<b>381</b>	<b>408</b>	<b>443</b>	<b>427</b>	<b>576</b>
<b>Water supply rate</b>													
Water supply district wide connected (excl Foxton Beach)	SUIP	385.10	3,189	3,778	3,944	4,387	4,640	4,641	4,706	4,935	5,162	5,810	6,311
Water supply district wide availability	SUIP	192.55		52	54	60	63	63	64	67	69	77	84
Foxton Beach connected	SUIP	385.10	343	372	448	508	542	541	548	578	608	697	765
Foxton Beach availability	SUIP			19	21	23	25	24	25	26	27	31	34
Waikawa water race	Land value	-	17										
<b>Total water supply rate</b>			<b>3,549</b>	<b>4,222</b>	<b>4,467</b>	<b>4,979</b>	<b>5,270</b>	<b>5,270</b>	<b>5,342</b>	<b>5,605</b>	<b>5,866</b>	<b>6,614</b>	<b>7,193</b>
<b>Waste water rate</b>													
Waste water district wide connected	SUIP	575.40	5,846	6,009	6,322	6,618	7,509	8,394	8,959	9,327	10,037	10,802	11,671
Waste water district wide availability	SUIP	287.70		115	99	103	116	129	137	142	153	163	176
<b>Total waste water rate</b>			<b>5,846</b>	<b>6,124</b>	<b>6,421</b>	<b>6,721</b>	<b>7,625</b>	<b>8,524</b>	<b>9,097</b>	<b>9,469</b>	<b>10,190</b>	<b>10,965</b>	<b>11,847</b>



## Rating Mechanisms (continued)

<b>Total rates required</b>			<b>29,571</b>	<b>31,562</b>	<b>33,304</b>	<b>35,875</b>	<b>37,306</b>	<b>38,874</b>	<b>40,673</b>	<b>42,602</b>	<b>44,621</b>	<b>46,659</b>	<b>48,018</b>
Penalties			611	600	615	631	648	667	687	708	731	756	784
Water by meter rate			934	1,138	1,215	1,251	1,291	1,334	1,380	1,431	1,486	1,545	1,610
<b>Total rates revenue</b>			<b>31,116</b>	<b>33,301</b>	<b>35,134</b>	<b>37,757</b>	<b>39,245</b>	<b>40,874</b>	<b>42,740</b>	<b>44,742</b>	<b>46,838</b>	<b>48,960</b>	<b>50,412</b>
Rate increase				6.73%	5.52%	7.72%	3.99%	4.20%	4.63%	4.74%	4.74%	4.57%	2.91%
Horowhenua portion of the Statutory Fixed Charge Cap of 30%			25.04%	25.15%	24.59%	24.46%	23.40%	22.91%	23.01%	21.83%	21.32%	21.50%	20.98%
% of Fixed Charge based targeted Rates			56.78%	57.77%	57.16%	56.90%	57.66%	58.07%	58.25%	57.00%	57.10%	58.86%	60.50%
<b>Rating Base</b>													
Total Rates GST inclusive			34,007	36,297	38,299	41,257	42,902	44,705	46,774	48,993	51,314	53,658	55,220
Rateable Rating Units			17,619	17,649	17,889	18,024	18,159	18,294	18,429	18,564	18,699	18,834	18,969
Average rates			1,930	2,057	2,141	2,289	2,363	2,444	2,538	2,639	2,744	2,849	2,911
Total number of rating units LGA Schedule 10 Part 1 Clause 15A			18,029	18,075	18,315	18,450	18,585	18,720	18,855	18,990	19,125	19,260	19,395

## Forecast Funding Impact Statement (Whole of Council)

		LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	Annual Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	8,394	8,824	8,749	9,159	9,391	9,490	9,983	10,938	11,637	10,980	10,720
Targeted rates	22,728	24,476	26,385	28,599	29,855	31,385	32,758	33,805	35,202	37,982	39,693
Subsidies and grants for operating purposes	947	1,511	1,271	1,296	1,404	1,435	1,466	1,617	1,650	1,684	1,841
Fees and charges	5,027	4,880	5,205	4,654	4,786	4,930	5,083	4,989	5,245	5,623	5,815
Interest and dividends from investments	96	150	154	158	162	167	172	177	183	189	196
Local authorities fuel tax, fines, infringement fees, and other receipts	2,791	2,643	2,699	2,762	2,862	2,937	3,032	3,122	3,220	3,337	3,458
<b>Total operating funding (A)</b>	<b>39,983</b>	<b>42,484</b>	<b>44,463</b>	<b>46,628</b>	<b>48,460</b>	<b>50,344</b>	<b>52,494</b>	<b>54,648</b>	<b>57,137</b>	<b>59,795</b>	<b>61,723</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	29,708	30,272	30,611	31,041	31,518	32,460	33,480	34,785	36,360	36,957	37,673
Finance costs	3,405	3,300	4,379	4,787	4,999	5,274	5,773	5,854	5,994	5,775	5,639
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>33,113</b>	<b>33,572</b>	<b>34,990</b>	<b>35,828</b>	<b>36,517</b>	<b>37,734</b>	<b>39,253</b>	<b>40,639</b>	<b>42,354</b>	<b>42,732</b>	<b>43,312</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,870</b>	<b>8,912</b>	<b>9,473</b>	<b>10,800</b>	<b>11,943</b>	<b>12,610</b>	<b>13,241</b>	<b>14,009</b>	<b>14,783</b>	<b>17,063</b>	<b>18,411</b>

## Forecast Funding Impact Statement (continued)

<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure	1,088	3,968	4,049	1,730	2,205	1,924	1,976	2,432	2,179	2,293	3,149	
Development and financial contributions	646	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in debt	19,250	16,153	9,639	(2,478)	4,779	4,458	1,311	(1,458)	(3,372)	(2,081)	(4,897)	
Gross proceeds from sale of assets	474	640	655	7,721	689	709	547	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>21,458</b>	<b>20,761</b>	<b>14,343</b>	<b>6,973</b>	<b>7,673</b>	<b>7,091</b>	<b>3,834</b>	<b>974</b>	<b>(1,193)</b>	<b>212</b>	<b>(1,748)</b>	
<b>Applications of capital funding</b>												
Capital expenditure												
- to meet additional demand	3,568	2,347	2,227	848	1,555	2,062	2,323	1,175	1,040	3,362	601	
- to improve the level of service	16,861	16,270	13,140	6,857	7,861	6,562	4,825	2,286	2,623	2,426	3,147	
- to replace existing assets	9,285	12,800	10,353	9,988	10,136	11,045	9,911	11,538	9,975	11,519	12,995	
Increase (decrease) in reserves	262	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) of investments	(1,648)	(1,744)	(1,904)	80	64	32	16	(16)	(48)	(32)	(80)	
<b>Total applications of capital funding (D)</b>	<b>28,328</b>	<b>29,673</b>	<b>23,816</b>	<b>17,773</b>	<b>19,616</b>	<b>19,701</b>	<b>17,075</b>	<b>14,983</b>	<b>13,590</b>	<b>17,275</b>	<b>16,663</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,870)</b>	<b>(8,912)</b>	<b>(9,473)</b>	<b>(10,800)</b>	<b>(11,943)</b>	<b>(12,610)</b>	<b>(13,241)</b>	<b>(14,009)</b>	<b>(14,783)</b>	<b>(17,063)</b>	<b>(18,411)</b>	
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Depreciation	12,518	11,619	12,109	12,970	13,236	13,497	14,796	14,773	14,856	16,210	16,345	

## Indicative Rates on Select Properties (GST inclusive)

Indicative 2015/16 RATES ON SELECTED PROPERTIES																	
GST Inclusive																	
Locality	Existing Differential Category	Land Value \$	Capital Value \$	2014/15 Total \$	Proposed Differential Category	Indicative Rates 2015/16										Total Increase	
						General \$	Roading \$	Library \$	Rep & Gov \$	Pools \$	Solid Waste \$	Stormwater \$	Water \$	Sewer \$	IndicTotal \$	Total \$	Total %
Hokio Bch	Township	58,000	89,000	764	District Wide Other	241	69	209	185	142	23	36	-	-	905	141	18.4%
Waikawa Bch	Township	155,000	260,000	1,312	District Wide Other	644	200	209	185	142	23	104	-	-	1,507	195	14.9%
Waikawa Bch	Township	240,000	355,000	1,794	District Wide Other	997	273	209	185	142	23	142	-	-	1,971	177	9.9%
Ohau	Township	146,000	385,000	1,578	District Wide Other	607	297	209	185	142	23	154	383	-	2,000	422	26.7%
Manakau	Township	220,000	490,000	1,681	District Wide Other	914	377	209	185	142	23	196	-	-	2,046	365	21.7%
						-											
Waitarere Bch	Township	78,000	180,000	1,415	District Wide Other	324	139	209	185	142	23	72	-	573	1,667	252	17.8%
Waitarere Bch	Township	108,000	220,000	1,584	District Wide Other	449	169	209	185	142	23	88	-	573	1,838	254	16.0%
Waitarere Bch	Township	295,000	315,000	2,643	District Wide Other	1,226	243	209	185	142	23	126	-	573	2,727	84	3.2%
						-											
Foxton Bch	Township	64,000	137,000	1,728	District Wide Other	266	106	209	185	142	23	55	305	573	1,864	136	7.9%
Foxton Bch	Township	90,000	155,000	1,875	District Wide Other	374	119	209	185	142	23	62	305	573	1,992	117	6.2%
Foxton Bch	Township	310,000	555,000	3,122	District Wide Other	1,288	427	209	185	142	23	222	305	573	3,374	252	8.1%
Foxton Bch	Township	68,000	195,000	1,751	District Wide Other	283	150	209	185	142	23	78	305	573	1,948	197	11.2%
						-											
Tokomaru	Township	53,000	195,000	1,589	District Wide Other	220	150	209	185	142	23	78	383	573	1,963	374	23.5%
Tokomaru	Township	70,000	240,000	1,685	District Wide Other	291	185	209	185	142	23	96	383	573	2,087	402	23.9%
						-											
Vacant lifestyle	Rural Business	102,000	107,000	681	District Wide Other	157	82	209	185	142	16	-	-	-	791	110	16.2%
Rural	Rural Business	660,000	1,150,000	2,058	Business	1,014	758	209	185	142	16	-	-	-	2,324	266	12.9%
Rural	Rural Business	410,000	420,000	1,441	Business	630	277	209	185	142	16	-	-	-	1,459	18	1.2%
Rural	Rural Business	960,000	1,150,000	2,799	Business	1,475	758	209	185	142	16	-	-	-	2,785	(14)	-0.5%
Rural business	Rural Business	500,000	1,420,000	1,663	Business	768	935	209	185	142	16	-	-	-	2,255	592	35.6%
Rural	Rural Business	1,930,000	2,110,000	5,194	Business	2,965	1,390	209	185	142	16	-	-	-	4,907	(287)	-5.5%
Rural	Rural Business	2,800,000	2,900,000	7,342	Business	4,301	1,910	209	185	142	16	-	-	-	6,763	(579)	-7.9%
Rural	Rural Business	5,975,000	6,970,000	16,466	Business	9,178	4,592	836	740	568	64	-	-	-	15,978	(488)	-3.0%
						-											
Lifestyle	Rural Residential	147,000	270,000	1,181	District Wide Other	568	208	209	185	142	16	-	-	-	1,328	147	12.4%
Lifestyle	Rural Residential	310,000	510,000	2,331	District Wide Other	1,197	393	209	185	142	16	-	383	-	2,525	194	8.3%
Lifestyle	Rural Residential	155,000	750,000	1,538	District Wide Other	599	578	209	185	142	16	-	383	-	2,112	574	37.3%
						-											
Utility	Rural Business	0	12,470,000	429	Business	-	8,215	209	185	142	16	-	-	-	8,767	8,338	1943.6%
						-											
Levin - business	Urban	29,000	75,000	1,692	Business	171	49	209	185	142	21	30	383	573	1,763	71	4.2%
Levin Vacant	Urban	88,000	91,000	2,229	District Wide Other	519	70	209	185	142	21	36	192	287	1,660	(568)	-25.5%
Levin	Urban	57,000	160,000	1,947	District Wide Other	336	123	209	185	142	21	64	383	573	2,036	89	4.6%
Levin	Urban	79,000	180,000	2,147	District Wide Other	466	139	209	185	142	21	72	383	573	2,190	43	2.0%
Levin	Urban	94,000	195,000	2,283	District Wide Other	554	150	209	185	142	21	78	383	573	2,295	12	0.5%
Levin - business	Urban	265,000	1,000,000	3,837	Business	1,563	659	209	185	142	21	400	383	573	4,135	297	7.7%
Levin - business	Urban	210,000	580,000	3,338	Business	1,238	382	209	185	142	21	232	383	573	3,365	27	0.8%
Levin - business	Urban	250,000	730,000	3,701	Business	1,474	481	209	185	142	21	292	383	573	3,760	59	1.6%
						-											
Foxton	Urban	40,000	94,000	1,793	District Wide Other	236	72	209	185	142	21	38	383	573	1,859	66	3.7%
Foxton	Urban	55,000	145,000	1,929	District Wide Other	324	112	209	185	142	21	58	383	573	2,007	78	4.0%
Foxton	Urban	86,000	210,000	2,210	District Wide Other	507	162	209	185	142	21	84	383	573	2,266	56	2.5%
						-											
Shannon	Urban	33,000	116,000	1,589	District Wide Other	195	89	209	185	142	21	46	383	573	1,843	254	16.0%
Shannon	Urban	59,000	96,000	1,825	District Wide Other	348	74	209	185	142	21	38	383	573	1,973	148	8.1%
Shannon	Urban	48,000	149,000	1,725	District Wide Other	283	115	209	185	142	21	60	383	573	1,971	246	14.2%

## Financial Statements

### Forecast Statement of Comprehensive Revenue and Expense

	Notes	Annual Plan 2014/2015 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
<b>Revenue</b>												
Rate revenue	1	31,116	33,300	35,134	37,758	39,246	40,875	42,741	44,742	46,840	48,962	50,413
Grants & subsidies		2,034	5,479	5,320	3,026	3,609	3,359	3,442	4,049	3,830	3,977	4,989
Finance revenue		96	150	154	158	162	167	172	177	183	189	196
Other revenue		7,823	7,523	7,904	7,416	7,648	7,868	8,115	8,112	8,464	8,959	9,273
Development contributions		646	-	-	-	-	-	-	-	-	-	-
Gain disposal of assets		174	180	184	189	194	199	154	-	-	-	-
Gain on revaluations		146	142	110	68	74	84	92	101	115	127	140
Vested assets		887	-	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>		<b>42,922</b>	<b>46,774</b>	<b>48,806</b>	<b>48,615</b>	<b>50,933</b>	<b>52,552</b>	<b>54,716</b>	<b>57,181</b>	<b>59,432</b>	<b>62,214</b>	<b>65,011</b>
<b>Expenditure</b>												
Employee benefit expenses		8,142	9,382	9,894	10,316	10,541	10,783	11,028	11,293	11,584	11,883	12,207
Finance costs		3,405	3,300	4,379	4,787	4,999	5,274	5,773	5,854	5,994	5,775	5,639
Depreciation & amortisation		12,518	11,619	12,109	12,970	13,236	13,497	14,796	14,773	14,856	16,210	16,345
Other expenses		21,565	20,891	20,717	20,726	20,978	21,677	22,451	23,490	24,778	25,074	25,466
Loss disposal of assets		-	-	-	1,053	-	-	-	393	-	-	-
Loss on revaluations		-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in landfill provision		102	(13)	(13)	(13)	19	19	84	84	95	95	95
<b>Total expenses</b>		<b>45,732</b>	<b>45,179</b>	<b>47,086</b>	<b>49,839</b>	<b>49,773</b>	<b>51,250</b>	<b>54,132</b>	<b>55,887</b>	<b>57,307</b>	<b>59,037</b>	<b>59,752</b>
<b>Operating surplus/(deficit) before taxation</b>		<b>(2,810)</b>	<b>1,595</b>	<b>1,720</b>	<b>(1,224)</b>	<b>1,160</b>	<b>1,302</b>	<b>584</b>	<b>1,294</b>	<b>2,125</b>	<b>3,177</b>	<b>5,259</b>
Income tax expense		-	-	-	-	-	-	-	-	-	-	-
<b>Operating surplus/(deficit) after taxation</b>		<b>(2,810)</b>	<b>1,595</b>	<b>1,720</b>	<b>(1,224)</b>	<b>1,160</b>	<b>1,302</b>	<b>584</b>	<b>1,294</b>	<b>2,125</b>	<b>3,177</b>	<b>5,259</b>
<b>Other comprehensive revenue and expense</b>												
Gain/(loss) fixed assets valuation		-	-	33,037	-	-	46,660	-	-	60,846	-	-
Gain/(loss) financial assets		-	-	-	-	-	-	-	-	-	-	-
<b>Total net other comprehensive revenue and expense/(deficit) for the year</b>		<b>-</b>	<b>-</b>	<b>33,037</b>	<b>-</b>	<b>-</b>	<b>46,660</b>	<b>-</b>	<b>-</b>	<b>60,846</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense/(deficit) for the year attributable to Horowhenua District Council</b>		<b>(2,810)</b>	<b>1,595</b>	<b>34,757</b>	<b>(1,224)</b>	<b>1,160</b>	<b>47,962</b>	<b>584</b>	<b>1,294</b>	<b>62,971</b>	<b>3,177</b>	<b>5,259</b>
Note 1 - Water by meter rates included in the rates revenue		934	1,138	1,215	1,251	1,291	1,334	1,380	1,431	1,486	1,545	1,610

## Reconciliation between Forecast Funding Impact Statement and the Forecast Statement of Comprehensive Revenue and Expense

	Annual Plan 2014/2015 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
<b>Revenue</b>											
<b>Prospective statement of comprehensive revenue and expense</b>											
<b>Total operating revenue</b>	<b>42,922</b>	<b>46,774</b>	<b>48,806</b>	<b>48,615</b>	<b>50,933</b>	<b>52,552</b>	<b>54,716</b>	<b>57,181</b>	<b>59,432</b>	<b>62,214</b>	<b>65,011</b>
<b>Summary funding impact statement</b>											
<b>Sources of operating funding</b>											
Total operating funding	39,983	42,484	44,463	46,628	48,460	50,344	52,494	54,648	57,137	59,795	61,723
<b>Add sources of capital funding</b>											
Subsidies and grants for capital expenditure	1,087	3,968	4,049	1,730	2,205	1,925	1,976	2,432	2,179	2,292	3,148
Development and financial contributions	646	-	-	-	-	-	-	-	-	-	-
Gain disposal of assets	146	180	184	189	194	199	154	-	-	-	-
Gain on changes in fair value of investment property and revaluation of financial assets	887	142	110	68	74	84	92	101	115	127	140
Vested assets	174	-	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>42,922</b>	<b>46,774</b>	<b>48,806</b>	<b>48,615</b>	<b>50,933</b>	<b>52,552</b>	<b>54,716</b>	<b>57,181</b>	<b>59,431</b>	<b>62,214</b>	<b>65,011</b>
<b>Expenditure</b>											
<b>Prospective statement of comprehensive revenue and expense</b>											
<b>Total operating expenditure</b>	<b>45,732</b>	<b>45,179</b>	<b>47,086</b>	<b>49,839</b>	<b>49,773</b>	<b>51,250</b>	<b>54,132</b>	<b>55,887</b>	<b>57,307</b>	<b>59,037</b>	<b>59,752</b>
<b>Summary funding impact statement</b>											
<b>Application of operating funding</b>											
Total application of operating funding	33,113	33,572	34,990	35,828	36,519	37,734	39,252	40,638	42,354	42,731	43,314
Loss on disposal of asset	102	-	-	1,053	-	-	-	393	-	-	-
Loss on changes in fair value of investment property and revaluation of financial assets		-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in provisions		(13)	(13)	(13)	19	19	84	84	95	95	95
Depreciation & amortisation expense	12,518	11,619	12,109	12,970	13,236	13,497	14,796	14,773	14,856	16,210	16,345
<b>Total expenditure</b>	<b>45,732</b>	<b>45,178</b>	<b>47,086</b>	<b>49,838</b>	<b>49,774</b>	<b>51,250</b>	<b>54,132</b>	<b>55,888</b>	<b>57,305</b>	<b>59,036</b>	<b>59,754</b>

## Forecast Statement of Financial Position

	Annual Plan 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>											
<b>Current assets</b>											
Cash & cash equivalents	3,940	6,536	6,512	6,559	6,378	6,411	6,512	6,631	6,760	6,766	6,916
Debtors & other receivables	6,481	6,481	6,347	6,210	6,010	5,814	5,610	5,364	5,087	4,822	4,512
Assets held for sale	393	393	393	393	393	393	393	-	-	-	-
Other financial assets	10	10	10	10	10	10	10	10	10	10	10
<b>Total current assets</b>	<b>10,824</b>	<b>13,420</b>	<b>13,262</b>	<b>13,172</b>	<b>12,791</b>	<b>12,628</b>	<b>12,525</b>	<b>12,005</b>	<b>11,857</b>	<b>11,598</b>	<b>11,438</b>
<b>Non-current assets</b>											
Biological assets	575	680	696	714	733	755	780	806	836	870	907
Intangible assets	1,911	1,672	1,682	1,557	1,537	1,438	1,414	1,411	1,602	1,702	1,917
Commercial property	6,188	3,946	2,753	3,176	3,568	3,800	3,940	4,259	4,541	4,646	4,763
Council controlled organisations	116	116	117	118	119	120	121	122	123	124	125
Other financial assets	1,786	2,042	2,185	2,264	2,327	2,358	2,373	2,356	2,307	2,274	2,193
Operational assets	48,397	45,068	49,859	41,592	42,004	44,230	44,538	44,794	47,347	47,952	47,828
Infrastructural assets	479,072	402,884	439,350	444,045	450,184	496,506	496,454	496,855	548,953	550,108	551,183
Restricted assets	45,302	41,055	45,204	44,666	43,616	47,320	48,886	48,215	52,804	52,030	51,247
<b>Total non-current assets</b>	<b>583,347</b>	<b>497,463</b>	<b>541,846</b>	<b>538,132</b>	<b>544,088</b>	<b>596,527</b>	<b>598,506</b>	<b>598,818</b>	<b>658,513</b>	<b>659,706</b>	<b>660,163</b>
<b>TOTAL ASSETS</b>	<b>594,171</b>	<b>510,883</b>	<b>555,108</b>	<b>551,304</b>	<b>556,879</b>	<b>609,155</b>	<b>611,031</b>	<b>610,823</b>	<b>670,370</b>	<b>671,304</b>	<b>671,601</b>

## Forecast Statement of Financial Position (cont)

<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Creditors & other payables	8,438	8,441	8,282	8,192	7,999	7,837	7,733	7,607	7,459	7,201	7,040	
Employee benefit liabilities	585	585	585	585	585	585	585	585	585	585	585	
Provisions	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	
Borrowings	2,000	-	11,000	-	14,000	-	19,000	5,000	5,000	5,000	5,000	
<b>Total current liabilities</b>	<b>12,026</b>	<b>10,029</b>	<b>20,870</b>	<b>9,780</b>	<b>23,587</b>	<b>9,425</b>	<b>28,321</b>	<b>14,195</b>	<b>14,047</b>	<b>13,789</b>	<b>13,628</b>	
<b>Non-current liabilities</b>												
Employee benefit liabilities	224	224	224	224	224	224	224	224	224	224	224	
Provisions	3,004	2,991	2,979	2,966	2,985	3,003	3,087	3,171	3,266	3,362	3,457	
Borrowings	74,000	76,153	74,791	83,313	73,903	92,361	74,672	87,213	83,842	81,761	76,864	
Other	-	-	-	-	-	-	-	-	-	-	-	
<b>Total non-current liabilities</b>	<b>77,228</b>	<b>79,368</b>	<b>77,994</b>	<b>86,503</b>	<b>77,112</b>	<b>95,588</b>	<b>77,983</b>	<b>90,608</b>	<b>87,332</b>	<b>85,347</b>	<b>80,545</b>	
<b>TOTAL LIABILITIES</b>	<b>89,254</b>	<b>89,397</b>	<b>98,864</b>	<b>96,283</b>	<b>100,699</b>	<b>105,013</b>	<b>106,304</b>	<b>104,803</b>	<b>101,379</b>	<b>99,136</b>	<b>94,173</b>	
<b>NET ASSETS</b>	<b>504,917</b>	<b>421,486</b>	<b>456,244</b>	<b>455,021</b>	<b>456,180</b>	<b>504,142</b>	<b>504,727</b>	<b>506,020</b>	<b>568,991</b>	<b>572,168</b>	<b>577,428</b>	
<b>EQUITY</b>												
Rate payers equity	266,527	267,349	268,893	266,870	267,739	268,842	269,157	270,340	272,458	275,521	280,693	
Revaluation reserves	231,405	147,447	180,484	180,484	180,484	227,144	227,144	227,144	287,990	287,990	287,990	
Other reserves	6,985	6,690	6,867	7,667	7,957	8,156	8,426	8,536	8,543	8,657	8,745	
<b>TOTAL EQUITY</b>	<b>504,917</b>	<b>421,486</b>	<b>456,244</b>	<b>455,021</b>	<b>456,180</b>	<b>504,142</b>	<b>504,727</b>	<b>506,020</b>	<b>568,991</b>	<b>572,168</b>	<b>577,428</b>	



## Forecast Cashflow Statement

	Annual Plan 2014/2015 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
<b>Cashflow from operating activities</b>											
<b>Cash was provided from:</b>											
Revenue from rates	31,116	33,300	35,267	37,896	39,446	41,071	42,945	44,989	47,117	49,227	50,723
Finance revenue	96	150	154	158	162	167	172	177	183	189	196
Other revenue	10,503	13,003	13,224	10,443	11,256	11,227	11,557	12,160	12,294	12,936	14,263
	<b>41,715</b>	<b>46,453</b>	<b>48,645</b>	<b>48,497</b>	<b>50,864</b>	<b>52,465</b>	<b>54,674</b>	<b>57,326</b>	<b>59,594</b>	<b>62,352</b>	<b>65,182</b>
<b>Cash was disbursed to:</b>											
Payments staff & suppliers	29,706	30,273	30,768	31,132	31,710	32,624	33,582	34,910	36,510	37,215	37,834
Finance costs	3,405	3,300	4,379	4,787	4,999	5,274	5,773	5,854	5,994	5,775	5,639
Net GST movement		-	-	-	-	-	-	-	-	-	-
	<b>33,111</b>	<b>33,573</b>	<b>35,147</b>	<b>35,919</b>	<b>36,709</b>	<b>37,898</b>	<b>39,355</b>	<b>40,764</b>	<b>42,504</b>	<b>42,990</b>	<b>43,473</b>
<b>Net cashflow from operating activity</b>	<b>8,604</b>	<b>12,880</b>	<b>13,498</b>	<b>12,578</b>	<b>14,155</b>	<b>14,567</b>	<b>15,319</b>	<b>16,562</b>	<b>17,090</b>	<b>19,362</b>	<b>21,709</b>
<b>Cashflows from investing activities</b>											
<b>Cash was provided from:</b>											
Proceeds from asset sales 1	474	640	655	7,721	689	709	547	-	-	-	-
Proceeds from investments	10	2,000	2,048	-	-	-	-	16	48	32	80
	<b>484</b>	<b>2,640</b>	<b>2,703</b>	<b>7,721</b>	<b>689</b>	<b>709</b>	<b>547</b>	<b>16</b>	<b>48</b>	<b>32</b>	<b>80</b>
<b>Cash was disbursed to:</b>											
Purchase of assets	29,714	31,417	25,720	17,693	19,551	19,669	17,059	15,000	13,638	17,307	16,742
Purchases of investments	272	256	144	80	64	32	16	-	-	-	-
	<b>29,986</b>	<b>31,673</b>	<b>25,864</b>	<b>17,773</b>	<b>19,615</b>	<b>19,701</b>	<b>17,075</b>	<b>15,000</b>	<b>13,638</b>	<b>17,307</b>	<b>16,742</b>
<b>Net cashflow from investing activity</b>	<b>(29,502)</b>	<b>(29,033)</b>	<b>(23,161)</b>	<b>(10,052)</b>	<b>(18,926)</b>	<b>(18,992)</b>	<b>(16,528)</b>	<b>(14,984)</b>	<b>(13,590)</b>	<b>(17,275)</b>	<b>(16,662)</b>
<b>Cashflows from financing activities</b>											
<b>Cash was provided from:</b>											
Loans raised	30,000	18,153	9,639	8,522	4,589	18,458	1,311	17,542	1,628	2,919	103
	<b>30,000</b>	<b>18,153</b>	<b>9,639</b>	<b>8,522</b>	<b>4,589</b>	<b>18,458</b>	<b>1,311</b>	<b>17,542</b>	<b>1,628</b>	<b>2,919</b>	<b>103</b>
<b>Cash was disbursed to:</b>											
Loan repayments	10,750	2,000	-	11,000	-	14,000	-	19,000	5,000	5,000	5,000
	<b>10,750</b>	<b>2,000</b>	<b>-</b>	<b>11,000</b>	<b>-</b>	<b>14,000</b>	<b>-</b>	<b>19,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Net cashflow from financing activity</b>	<b>19,250</b>	<b>16,153</b>	<b>9,639</b>	<b>(2,478)</b>	<b>4,589</b>	<b>4,458</b>	<b>1,311</b>	<b>(1,458)</b>	<b>(3,372)</b>	<b>(2,081)</b>	<b>(4,897)</b>
Net increase/(decrease) in cash held	(1,648)	-	(24)	48	(182)	33	102	120	128	6	150
Add opening cash bought forward	5,588	6,536	6,536	6,512	6,559	6,378	6,411	6,512	6,631	6,760	6,766
<b>Closing cash balance</b>	<b>3,940</b>	<b>6,536</b>	<b>6,512</b>	<b>6,560</b>	<b>6,377</b>	<b>6,411</b>	<b>6,513</b>	<b>6,632</b>	<b>6,759</b>	<b>6,766</b>	<b>6,916</b>
Closing balance made up of cash and cash equivalents	3,940	6,536	6,512	6,559	6,378	6,411	6,512	6,631	6,760	6,766	6,916

## Forecast Statement of Changes in Net Assets/Equity

Prospective Statement of changes in Net Assets/Equity	Annual Plan 2014/2015 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Equity balance at 1 July	507,727	419,891	421,487	456,245	455,020	456,180	504,143	504,726	506,020	568,991	572,169
Total comprehensive revenue and expense for the year	(2,810)	1,595	34,757	(1,224)	1,160	47,962	584	1,294	62,971	3,177	5,259
<b>Equity balance at 30 June</b>	<b>504,917</b>	<b>421,486</b>	<b>456,244</b>	<b>455,021</b>	<b>456,180</b>	<b>504,142</b>	<b>504,727</b>	<b>506,020</b>	<b>568,991</b>	<b>572,168</b>	<b>577,428</b>

1: The increase in cash flow amount in 2017/2018 is due to the estimated proceeds from assets sales as a result of the proposed transfer of social housing to a CHP.

## Capital Expenditure

Summary of Capital Projects by Primary Type and Activity	Annual Plan		Forecast								
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Regulatory Services</b>											
to replace existing assets	16	66	2	36	72	2	39	78	3	43	86
to improve the level of service	-	44	1	1	8	31	1	9	1	35	10
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
<b>Community Facilities and Services</b>											
to replace existing assets	1,096	2,076	2,201	751	412	1,402	718	677	515	498	498
to improve the level of service	2,444	2,018	3,678	326	184	187	195	196	196	212	217
to meet additional demand	60	174	201	9	9	9	9	9	10	10	10
<b>Land Transport</b>											
to replace existing assets	2,432	3,315	3,332	3,342	4,154	3,659	3,681	4,412	3,893	4,016	5,471
to improve the level of service	970	1,891	1,605	811	963	767	788	809	833	860	888
to meet additional demand	263	160	160	161	170	175	179	184	190	196	202
<b>Properties</b>											
to replace existing assets	28	282	727	518	715	349	521	441	131	754	141
to improve the level of service	165	165	63	5	57	209	2,591	6	6	6	6
to meet additional demand	-	11	513	12	12	12	13	13	13	14	14
<b>Stormwater</b>											
to replace existing assets	232	155	77	60	62	72	51	53	55	57	59
to improve the level of service	230	588	423	770	879	645	603	595	888	522	505
to meet additional demand	293	249	981	67	239	224	60	61	77	59	59
<b>Solid Waste</b>											
to replace existing assets	26	92	3	66	10	79	4	89	4	101	4
to improve the level of service	813	446	10	11	11	289	11	12	12	12	13
to meet additional demand	2	420	71	146	15	85	1,168	531	37	2,692	258
<b>Water Supply</b>											
to replace existing assets	1,544	1,914	1,329	1,584	2,309	2,480	2,433	3,314	3,412	3,536	3,925
to improve the level of service	2,633	4,423	3,945	192	527	201	207	210	215	224	920
to meet additional demand	1,104	926	123	24	699	864	161	27	337	365	29

Summary of Capital Projects by Primary Type and Activity	Annual Plan					Forecast					
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Wastewater</b>											
to replace existing assets	3,549	4,402	2,493	3,345	1,720	2,919	2,049	2,048	1,598	2,000	2,342
to improve the level of service	9,401	6,423	3,270	4,654	5,186	4,081	380	400	420	451	435
to meet additional demand	1,847	407	177	429	410	692	732	350	377	26	27
<b>Council Support</b>											
to replace existing assets	361	525	268	368	767	168	504	457	397	548	503
to improve the level of service	204	270	144	84	43	150	46	47	49	101	150
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Projects</b>	<b>29,714</b>	<b>31,442</b>	<b>25,797</b>	<b>17,772</b>	<b>19,633</b>	<b>19,751</b>	<b>17,144</b>	<b>15,028</b>	<b>13,669</b>	<b>17,338</b>	<b>16,772</b>
<b>Make up of above projects by type:</b>											
to replace existing assets	9,285	12,827	10,432	10,070	10,221	11,130	10,000	11,569	10,008	11,553	13,029
to improve the level of service	16,860	16,268	13,139	6,854	7,858	6,560	4,822	2,284	2,620	2,423	3,144
to meet additional demand	3,569	2,347	2,226	848	1,554	2,061	2,322	1,175	1,041	3,362	599
<b>Total</b>	<b>29,714</b>	<b>31,442</b>	<b>25,797</b>	<b>17,772</b>	<b>19,633</b>	<b>19,751</b>	<b>17,144</b>	<b>15,028</b>	<b>13,669</b>	<b>17,338</b>	<b>16,772</b>

# 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 14 reserves, with 3 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 Plan:

	Activity	Annual Plan Closing Balance 30 June 2015	Forecast Opening Balance 1 July 2015	Deposits for the period of the LTP	Withdrawals for the period of the LTP	Forecast Closing Balance 30 June 2025
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Restricted Reserves – Purpose Of The Fund</b>						
<b>Foxton Beach Freeholding Fund</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.	Endowment Property	3,459	2,606	4,777	4,064	3,318
<b>Reserve Land Reserve</b> To hold funds derived from the sale of surplus reserve land to be spent on the future development of reserves under the Reserve Act.	Community Facilities and Services Activity	96	95	46	-	141

	Activity	Annual Plan Closing Balance 30 June 2015	Forecast Opening Balance 1 July 2015	Deposits for the period of the LTP	Withdrawals for the period of the LTP	Forecast Closing Balance 30 June 2025
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Road Upgrade Reserve</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.	Land Transport/ Roads and Footpaths Activity	715	710	341	-	1,051
<b>Council created Reserves – Purpose of the Fund</b>						
<b>Financial and Capital contributions for Roading</b> To fund transport network improvements, from the accumulated funds from financial and capital contributions under the District plan prior to Development contributions regime.	Land Transport/ Roads and Footpaths Activity	187	186	89	-	275
<b>Financial and Capital contributions for Water Supplies</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.	Water Supply Activity	520	516	248	-	764

	Activity	Annual Plan Closing Balance 30 June 2015	Forecast Opening Balance 1 July 2015	Deposits for the period of the LTP	Withdrawals for the period of the LTP	Forecast Closing Balance 30 June 2025
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Financial and Capital contributions for Wastewater Schemes</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.	Wastewater Activity	310	127	61	-	188
<b>Financial and Capital contributions for Parks and Reserves</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.	Community Facilities and Services Activity	519	610	293	-	903
<b>Election Fund</b> To smooth the rating impact of election costs and fund any by-election	Representation and Governance Activity	27	22	276	208	90
<b>Hockey Turf Replacement Fund</b> To fund the replacement of the water turf at Donnelly Park on behalf of the Turf trust.	Community Facilities and Services Activity	165	164	379	-	543

	Activity	Annual Plan Closing Balance 30 June 2015	Forecast Opening Balance 1 July 2015	Deposits for the period of the LTP	Withdrawals for the period of the LTP	Forecast Closing Balance 30 June 2025
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Shannon Rail Station.</b> Set aside from grants to preserve the historic Shannon Railway Station.	Properties Activity	23	23	11	-	34
<b>Esplanade Fund</b> To provide a fund to construct or provide for possible public access ways to esplanade reserves created under the Resource Management Act.	Community Facilities and Services Activity	122	121	58	-	179
<b>Capital Projects Fund</b> To provide funds for strategic capital projects with the last \$250,000 as a disaster relief working capital fund.	All Activities	839	833	400	-	1,233
<b>Foxton Citizens Fund</b> To provide a fund for awards in recognition of community service in Foxton.	Community Support Activity	4	3	2	-	5
<b>Driscoll Reserves Fund</b> To fund Manakau parks and reserves development projects.	Community Facilities and Services Activity	0	14	6	-	20
<b>Total</b>		<b>6,985</b>	<b>6,030</b>	<b>6,987</b>	<b>4,272</b>	<b>8,745</b>

The opening balances as at 1 July 2015 differ from the Closing balances of the Annual Plan due to lower interest received than was expected due to the lower interest rates experienced than was assumed.

In the case of the Foxton Beach Freeholding account the Annual Plan did not have the \$500,000 grant to the Foxton Medical Centre Trust. The Annual Plan also anticipated settlement of the sale of the Foxton Beach Motorcamp that has been held up due to land tenure issues.



# Benchmarks Disclosure Statement

## For the 10 years 2015-25

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks - rates affordability, debt affordability, balanced budget, essential services and debt servicing.

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

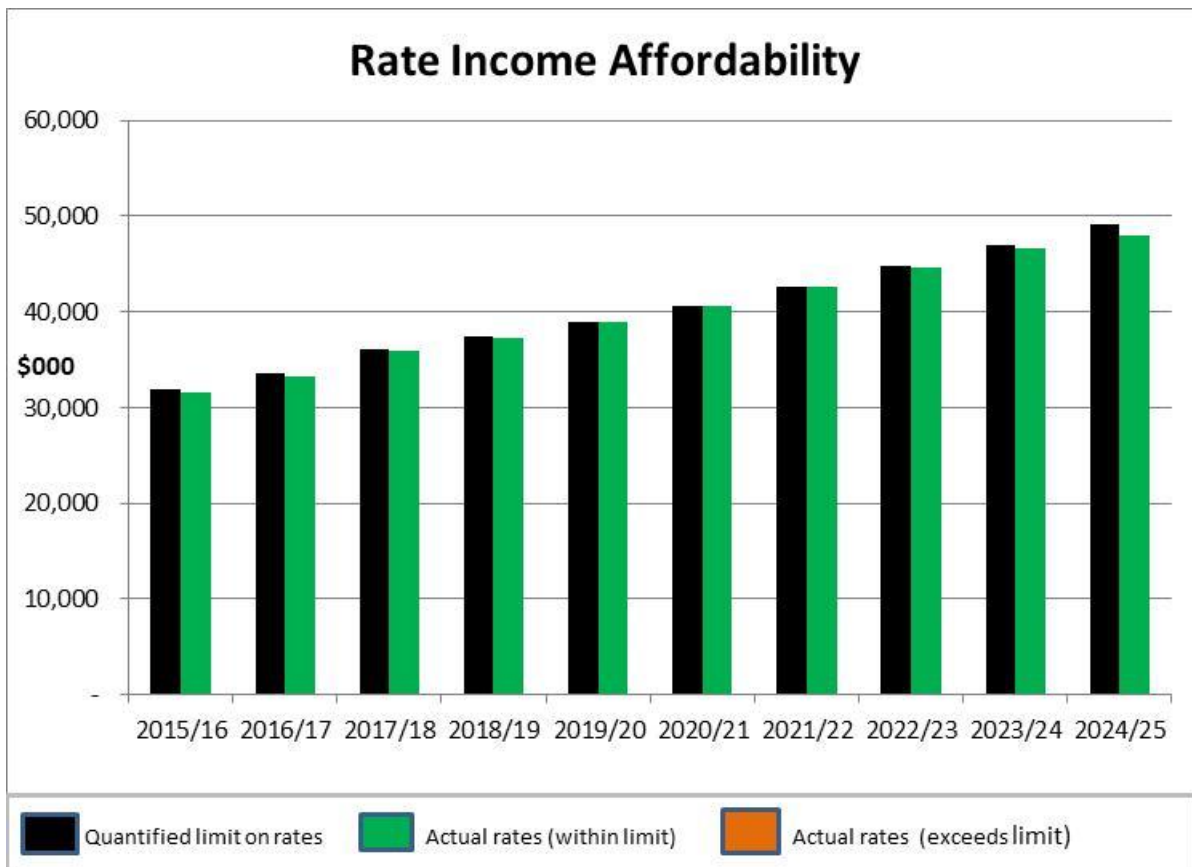
### Rates Affordability Benchmarks

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

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

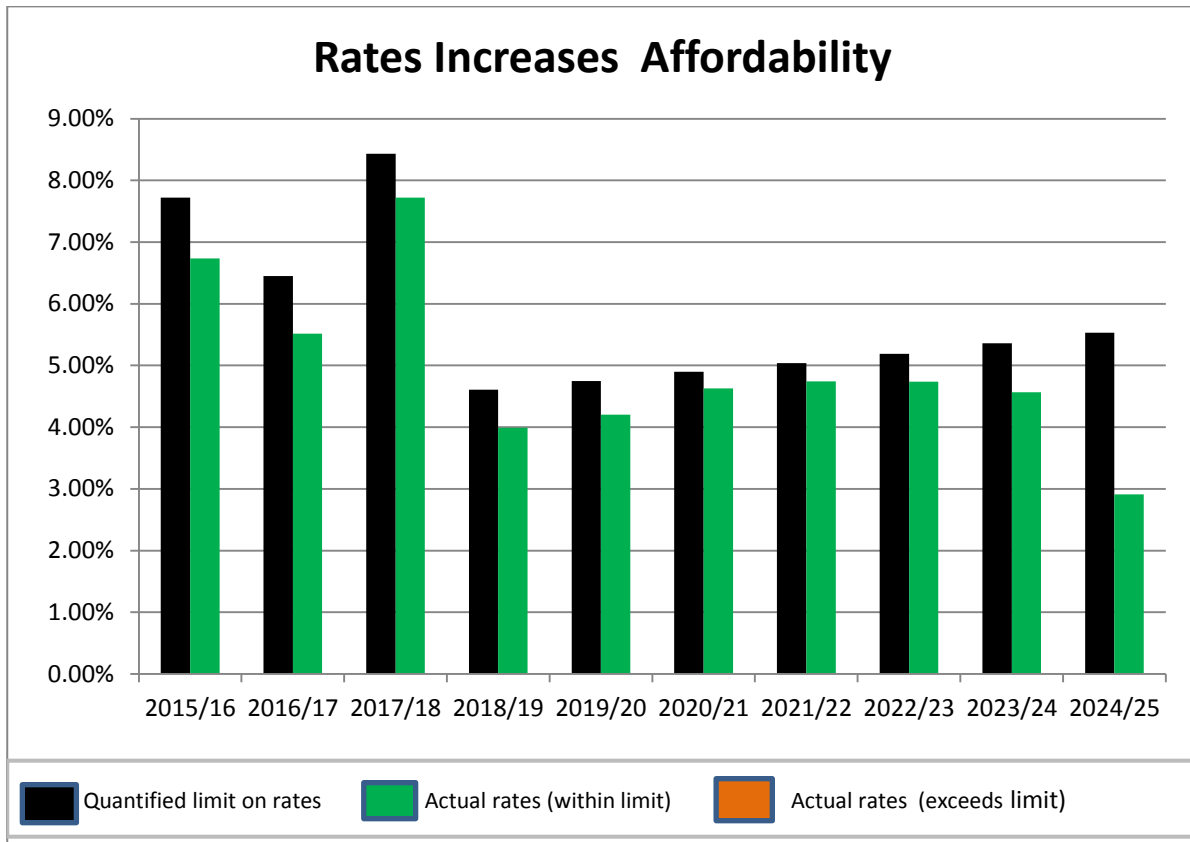
### Rates (Income) affordability

The following graph compares the Council's proposed rates income for the years 2015-25 with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plan 2015-2025. All limits are based on the previous year's proposed rates income adjusted for the projected maximum rates increases noted in the Rates Increases Affordability benchmark.



### Rates Increases Affordability

The following graph compares the Council's proposed rate increase for the years 2015-25 with a quantified limit on rates increases contained in the Financial Strategy included in the Council's Long Term Plan 2015-2025.



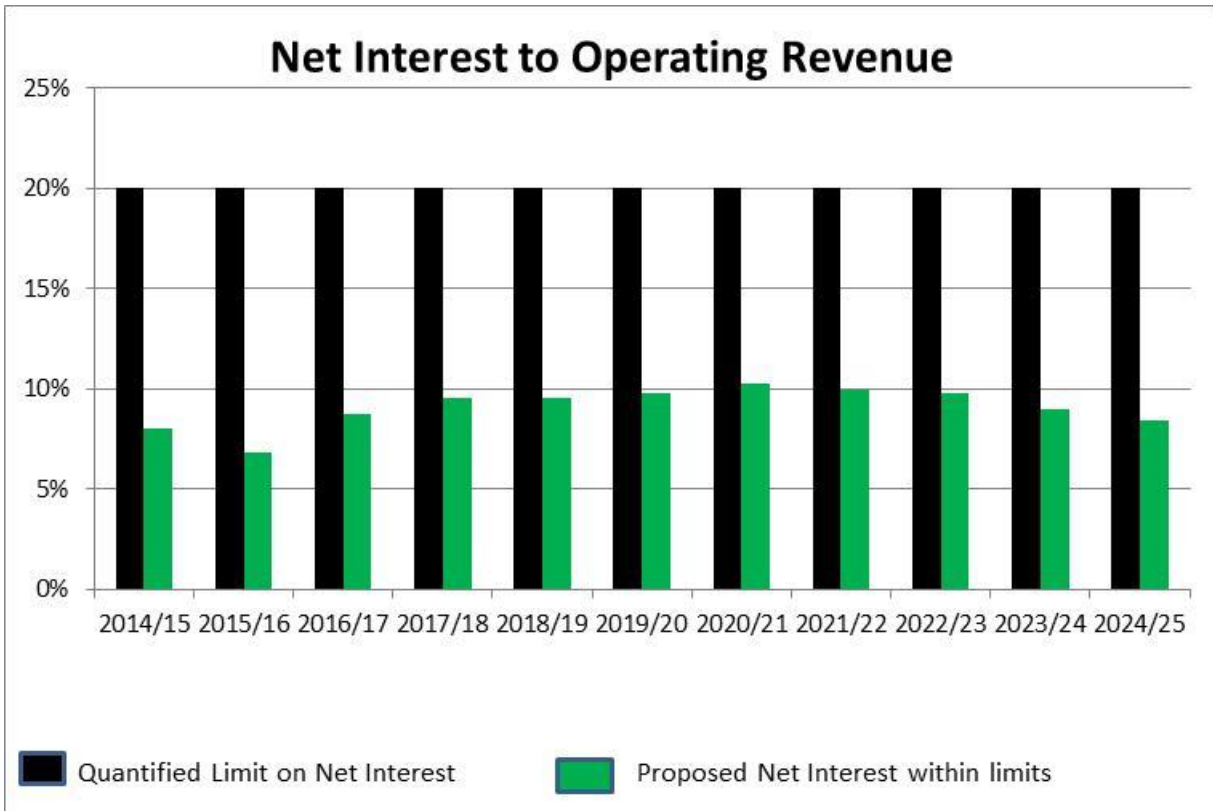
### Debt Affordability Benchmarks

The Council meets the debt affordability benchmarks if actual or planned borrowing for the year is within each quantified limit on borrowing.

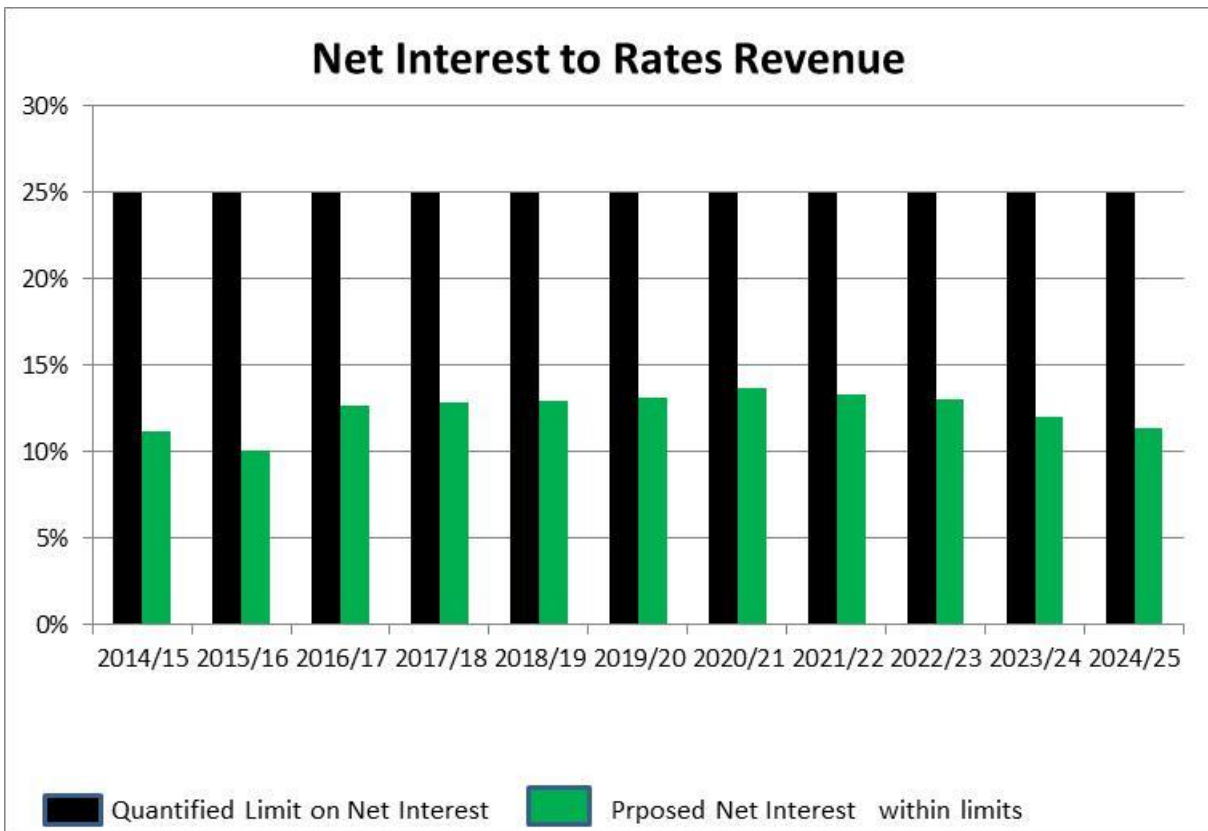
The Council quantified limits on borrowing are found in the Liability Management Policy in this Long Term Plan. The limits are as follows:

- Net annual interest costs do not exceed 20% of the total annual operating revenue
- Net annual interest costs do not exceed 25% of total annual rates revenue
- Net debt does not exceed 175% of operating revenue.

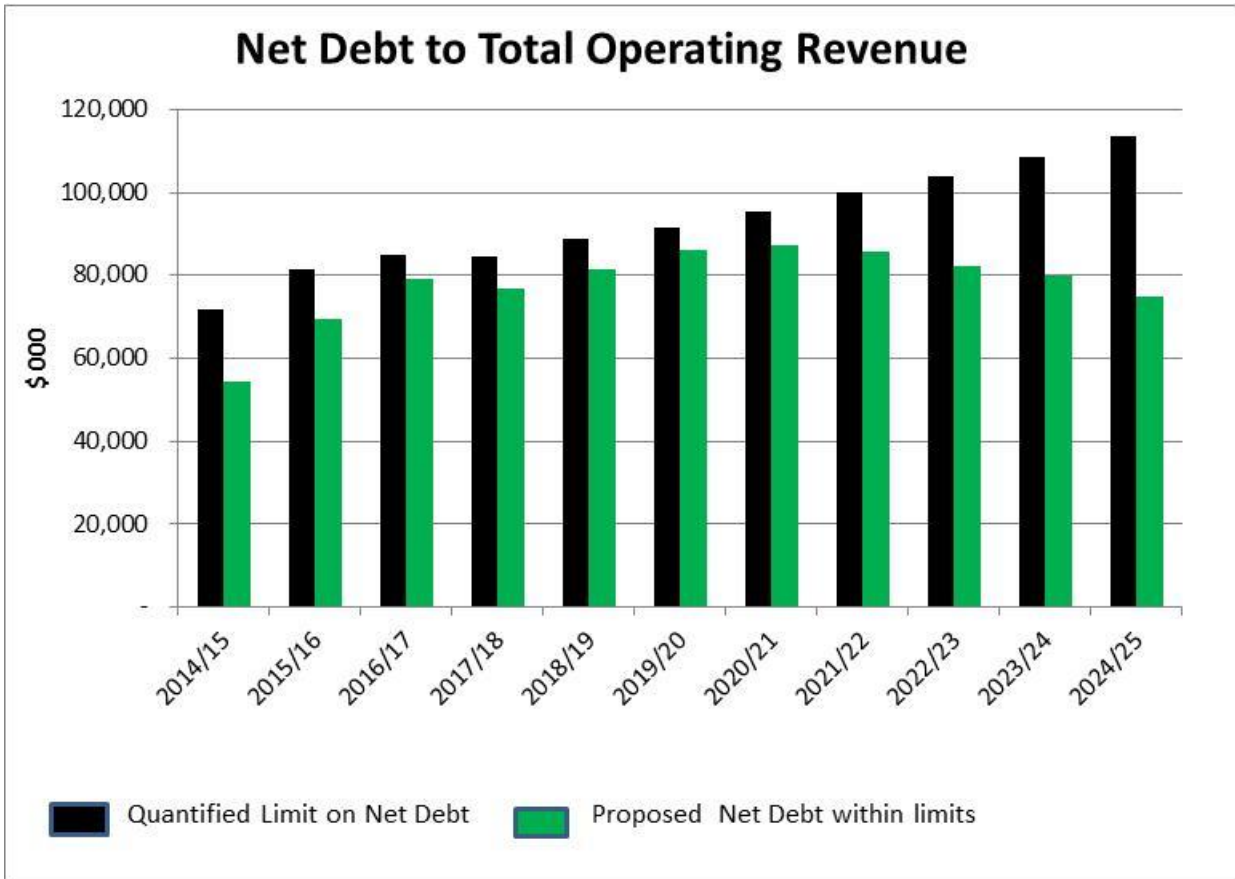
The following graph compares the Council's forecast net annual interest costs to total operating revenue.



The following graph compares the Council's forecast net annual interest costs to total annual rates revenue.



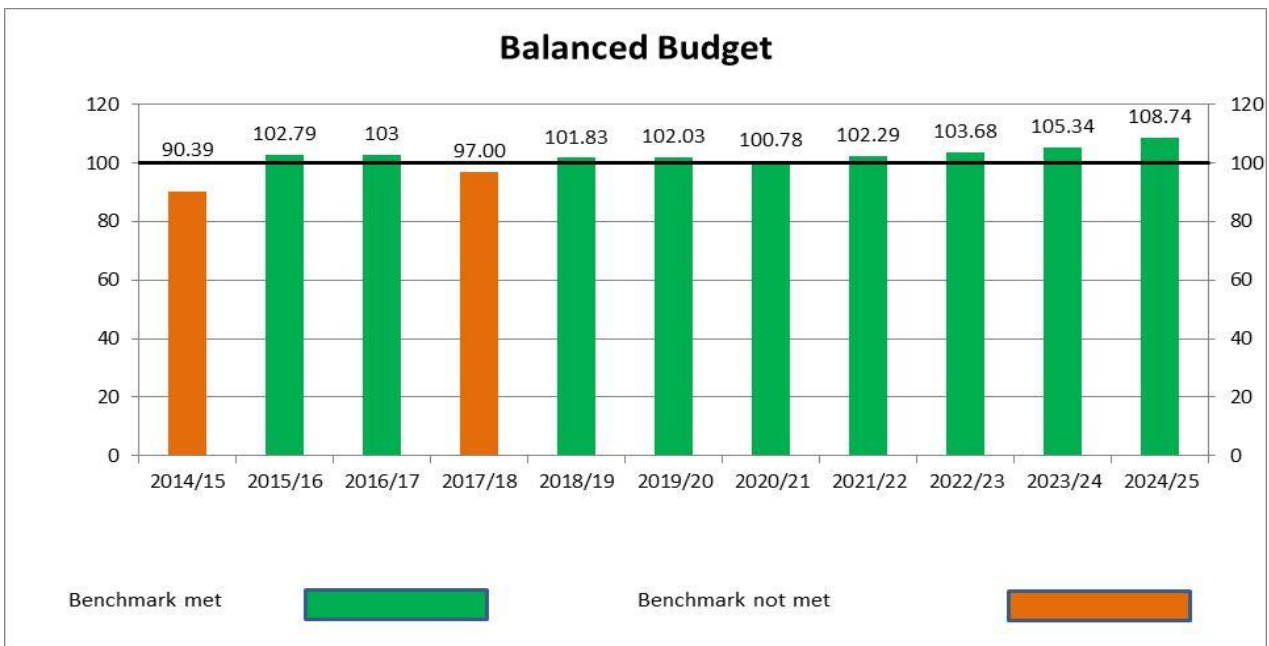
The following graph compares the Council's forecast net debt to total operating revenue.



**Balanced Budget Benchmark**

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

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

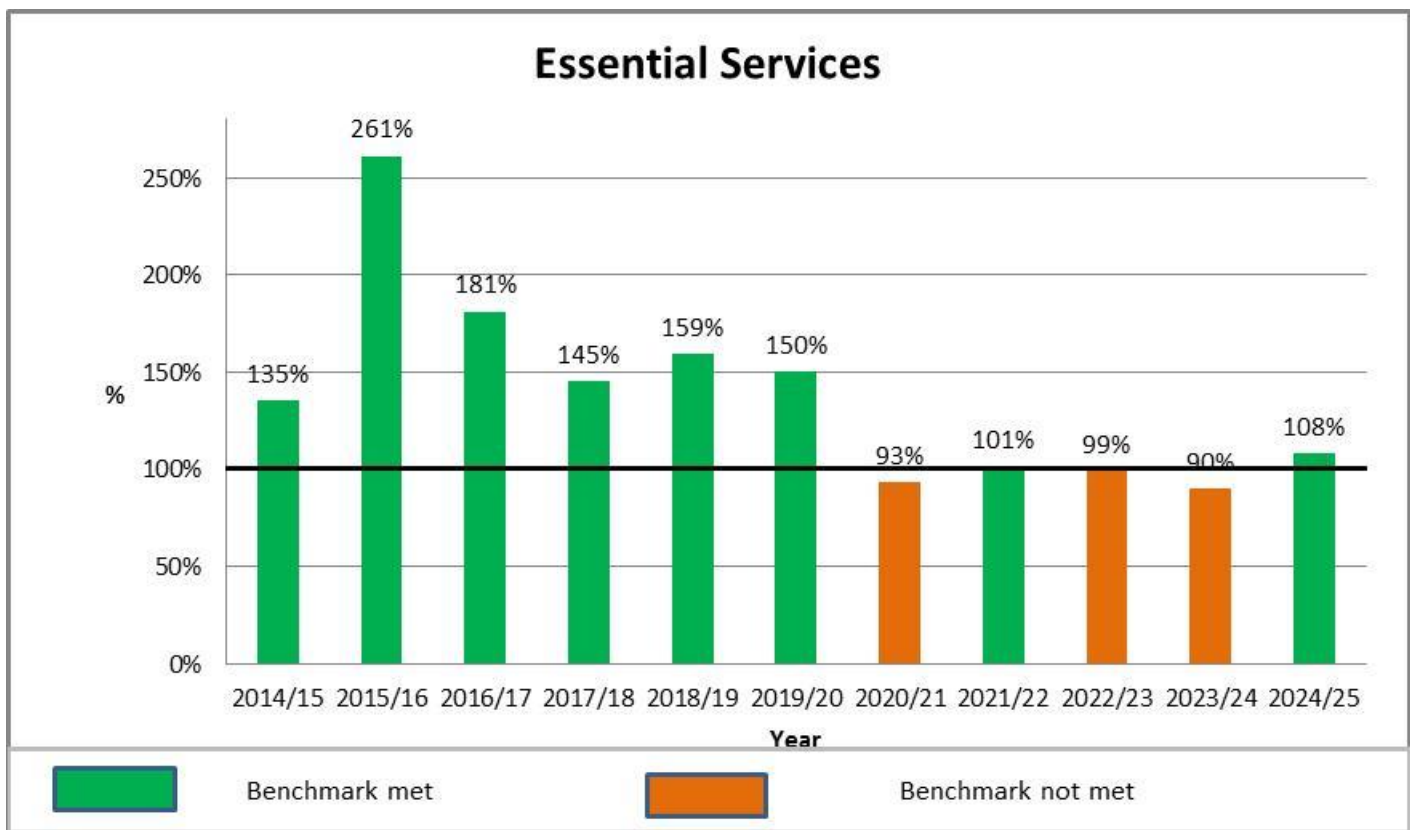


## **Essential Services Benchmark**

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

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

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

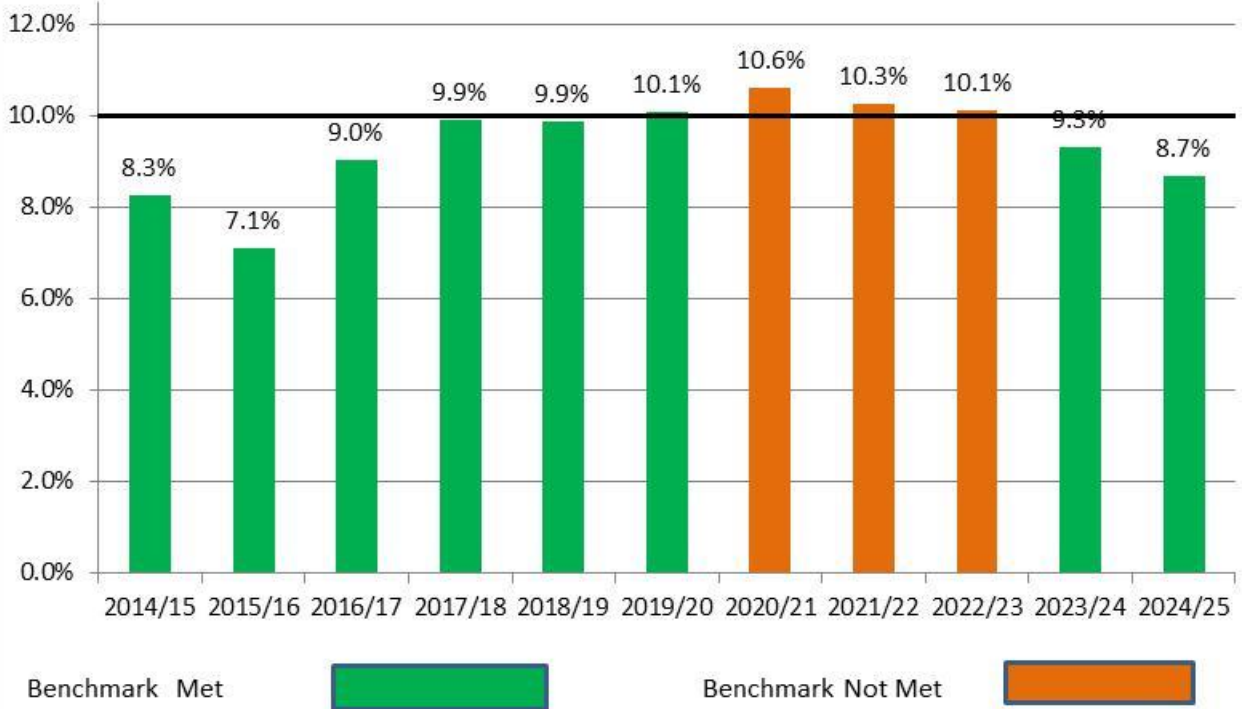


## **Debt Servicing Benchmark**

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

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

## Borrowing Costs as a % of Revenue



# Balancing of the Operating Budget

## Legislative context

In accordance with section 100(1) of the Local Government Act (LGA) 2002 the Council *must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.*

However, section 100(2) of the LGA allows Council to resolve that it is financially prudent to set projected operating revenues at levels less than would be required to meet projected operating costs, having regard to the following:

- (a) *The estimated expenses of achieving and maintaining the predicted levels of service provision set out in this LTP, including the estimated expenses of maintaining the service capacity and integrity of assets throughout their useful life;*
- (b) *The projected revenue available to fund those expenses;*
- (c) *The equitable allocation of responsibility for funding the provision of and maintenance of assets throughout their useful life; and*
- (d) *The funding and financial policies adopted under section 102 of the Local Government Act 2002.*

## Balancing the budget for this LTP period

For the 10 year period of this LTP the Council will be working towards achieving a surplus by year 4 (2018/19). Council considers that in the long term operating revenues should be set at levels to cover all operating costs, as this is a necessary condition for prudent financial management.

However, the Council considers (and has resolved) that for the purposes of this LTP, pursuant to section 100(2) of the LGA, it is financially prudent to set projected operating revenues at levels:

- In some cases less than what would be required to meet projected operating costs, where such costs are being met from reserves and where the full funding of depreciation may be phased in without compromising the service capacity or integrity of assets throughout their useful life; and
- In some cases more than what would be required to meet projected operating costs where operating revenues are also required to set aside incomes tagged for special purposes, to meet the costs of capital expenditure, to build up reserves for future loan repayments, and to contribute to asset replacement funds.

The specific circumstances in which projected operating costs have not been funded by operating revenues have been in year 3; using the Balanced Budget benchmark under the Local Government (Financial Reporting and Prudence) Regulations 2014:

- 1) where it is planned to fund particular operating costs from existing reserves rather than from rates or other revenue; and
- 2) where it has been decided to phase in the funding of increased levels of depreciation on infrastructural assets.

There is no compromise to the replacement, restoration or renewal of assets during the whole term of this LTP.

In all cases the reason for not balancing the operating budget has been to keep projected rate increases within reasonable bounds to ensure that the increases are affordable for our Community.

The implication of Council's decision is that it will fund some renewals of assets using debt instead of rates. This will increase debt and subsequently interest costs on that debt as discussed in the Financial Strategy.



# Prospective Accounting Policies

## 1. Reporting Entity

The prospective financial statements of the Horowhenua District Council are for the year ended 30 June 2016 and for the subsequent nine years, ending 30 June 2025.

The Horowhenua District Council is a territorial Local Authority governed by the provisions of 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, Council have designated themselves as PBE for financial reporting purposes.

The prospective financial statements contained in the ten year plan are in full compliance with FRS 42 Prospective Financial Statements.

The operations of HDC have been divided into the following activities:

- Land Transport (Roads and Footpaths)
- Stormwater
- Water Supply
- Wastewater Disposal
- Solid Waste
- Regulatory Services
- Community Facilities and Services
- Property
- Community Support

HDC also advise caution that the information in these statement may not be appropriate for purposes other than those described.

The prospective financial statements were authorised by issue by Council on 24 June 2015. The Mayor and Chief Executive that authorise the issue of the prospective financial statements by HDC are responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual results have been incorporated in these prospective financial statements. It is not intended to update the prospective financial statements subsequent to presentation.

### *Measurement Base*

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

### *Accounting Policies*

The following accounting policies which materially affect the measurement of results and financial position have been applied consistently to all years presented from 1 July 2015 unless otherwise stated.

## 2. Basis of Preparation

The prospective financial statements have been prepared in accordance with the requirement of the Local Government Act 2002: Part 6, Sec 93 and Part 1 of Schedule 10, which includes the requirements to comply with New Zealand accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ PBE IPSAS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. HDC is a tier 1 reporting entity using the public sector Public Benefit Entity Accounting Standards, as it has expenses greater than \$30m, and is not publicly accountable.

### *Basis of Consolidation*

The consolidated financial statements are prepared by adding together the items as assets, liabilities, equity, revenue, and expenses of entities in the group on a line-by-line bases. All intragroup balances, transactions, revenues and expense are eliminated on consolidation.

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 one thousand dollars.

## Budget Figures

The budget figures have been prepared in accordance with NZ GAAP and comply with NZ PBE IPSAS, and other applicable Financial Reporting Standards, using accounting policies that are consistent with those adopted in preparing these financial statements. Then as a tier 1 reporting entity HDC uses the public sector Public Benefit Accounting Standards.

HDC has not presented group prospective financial statements because it believes that the parent financial statements are more relevant to users. The main purpose of prospective financial statements is to provide users with information about the core services that the HDC intends to provide ratepayers, the expected cost of those services and as a consequent how much HDC requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries except to the extent that HDC obtains distribution from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statement of HDC.

## 3. Revenue

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

### *Rates Revenue*

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rate remissions are recognised as a reduction of rates revenue when the Council has

received an application that satisfies its rates remission policy.

#### *Infringement Fees Revenue*

Revenue from infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The Council recognises revenue at an amount based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2 year period.

#### *Subsidises Revenue*

HDC receives revenue 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.

#### *Grants Revenue*

Revenue from other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

#### *Rendering of Services Revenue*

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.

#### *Sale of Goods Revenue*

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.

#### *Vesting of Assets Revenue*

Revenue from vesting of physical assets is recognised for assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.

#### *Commission Revenue*

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

#### *Interest Revenue*

Revenue from interest is recognised using the effective interest method.  
Revenue from dividends is recognised when the right to receive payment has been established.

#### *Financial Contributions Revenue*

Revenue from Financial Contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

## **4. Borrowing Costs**

All borrowing costs are recognised as an expense in the period in which they are incurred.

## 5. Income Tax

Income tax expense includes components relating to both current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit 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.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 revenue and expense or directly in equity.

## 6. 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.

The Council's grants awarded have no substantive conditions attached.

## 7. 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 finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

## **8. 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.

## **9. 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.

## **10. 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 revenue and expenses. 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 in which case 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*

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

#### *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. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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.

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. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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 Revenue and Expenses*

Financial assets at fair value through other comprehensive revenue and expenses are those that are designated as fair value through other comprehensive revenue and expenses or are not classified in any of the other categories above. They are included in non-current assets, unless management intends to dispose of, or realise, the investment within 12 months of balance date. After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in other comprehensive revenue and expenses 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 revenue and expenses*

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 revenue and expenses, 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 revenue and expenses 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.

## 11. 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.

## 12. 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 accumulated funds.

### *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. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.



### 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:

<b>OPERATIONAL ASSETS</b>	<b>Useful Life</b>	<b>Depreciation Rate</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 (Land Transport):</b> (average lives and depreciation rates of major components)	N/A	N/A
Land	N/A	N/A
Formation	N/A	N/A
Berms	110 years	0.91%
Surface water channels	90 years	1.1%
Bridges and culverts	40-100 years	1.12%
Drainage	88 years	1.13%
Sealed pavement	78 years	1.29%
Basecourse	60 years	1.66%
Footpaths	57 years	1.76%
Crossings	41 years	2.43%
Streetlights	12 years	8.57%
Surfacing	1-25 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%

OPERATIONAL ASSETS	Useful Life	Depreciation Rate
Pumps	10 years	10%
<b>Water:</b>		
Land	N/A	N/A
Buildings		
Structure	50 to 100 years	2% to 1%
Roofing	40 years	2.5%
Electricals	40 years	2.5%
Treatment facilities	8 to 100 years	12.5% - 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%
<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.

#### *Revaluation*

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

#### *Operational Land and Buildings:*

At "fair value" was determined from market-based evidence by an independent valuer. The most recent valuation was performed by B D Lavender (ANZIV, SNZPI) of Blackmore Associates and the valuation is effective as at 30 June 2014.

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

At "fair value" was determined from market-based evidence by an independent valuer. The most recent valuation was performed by B D Lavender (ANZIV, SNZPI) of Blackmore Associates and the valuation is effective as at 30 June 2014.

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

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

*Valuations completed by:*

The roading infrastructure, Wastewater assets, Water Supply assets and Stormwater assets were valued as at 30 June 2014 using unit rates reviewed by Robert Berghuis (NZCE, REA) of Beca and Harrison Grierson. The valuation calculations were performed by Council. Land and buildings associated with the Water Supply and Wastewater activities was valued by B D Lavender (ANZIV, SNZPI) of Blackmore Associates and the valuation is effective as at 30 June 2014.

Land under the roads is valued at deemed cost. The Landfill infrastructure was valued in two parts, both as at 30 June 2014. The land and buildings were valued by B D Lavender (ANZIV, SNZPI) of Blackmore Associates. The remainder of the Asset was valued by Phil Landmark (BScEng (Civil) CP Eng) of MWH New Zealand Ltd, and reviewed by Brian Smith (BCom (Acc & Eco.), CA) of MWH New Zealand Limited.

*Accounting for Revaluations:*

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually 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.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

## **13. 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% HDC

## **14. 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.

## **15. 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.

## **16. 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.

## **17. 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 after the end of the period in which the employee renders the related service, 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 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, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that HDC will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee. 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 higher of:

- the estimated amount determined if it is probable there will be an outflow to settle the guarantee; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

## 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.

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.

## **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. 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.

## **25. 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**

The Statement of Financial Position discloses the exposure of HDC in relation to 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.  
HDC

### **Re-Classification on Report in Current Years**

Where reclassifications have been required for current reporting standards, the comparatives will be adjusted.

### **Critical Judgements in Applying Accounting Policies**

#### **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 re-measured 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.



# Significant Forecasting Assumptions

- Significant Forecasting Assumptions



## Significant Forecasting Assumptions:

The tables below identify the significant forecasting assumptions that Council has made and the risks and the level of uncertainty associated with each assumption as well as the potential effects/impact of this uncertainty.

### Population Growth

<b>Assumption</b>	Low level of population growth has been assumed at a rate of less than 1% per year for the 10 year period of this Long Term Plan (LTP).																																																
<b>Detailed Forecasts</b>	<p>The 2013 Census results provide the latest detailed population count for the District. Council has assumed a 0.1% per year growth rate for period between the 2013 Census and 1 July 2015, based on the historical growth rate from the 2001 Census to the 2013 Census. This equates to an increase of 67 people and means that as at 1 July 2015 the population of the Horowhenua District is forecast to be 30,163.</p> <p>From 1 July 2015 to 30 June 2025 Council has assumed 0.4% per year population increase resulting in:</p> <ul style="list-style-type: none"> <li>• 120 people per year;</li> <li>• 1200 people over the 10 year period; and</li> <li>• As at 30 June 2025 the population forecast is 31, 363.</li> </ul> <p>The 0.4% growth rate is based on the 'Medium population projection' of the Infometrics review of the Horowhenua District population projections.</p> <p>The below table shows the forecasted population growth annually for the life of this LTP.</p> <table border="1"> <thead> <tr> <th>Census</th> <th>Last Year</th> <th>This Year</th> <th>Yr 1</th> <th>Yr 2</th> <th>Yr 3</th> <th>Yr 4</th> <th>Yr 5</th> <th>Yr 6</th> <th>Yr 7</th> <th>Yr 8</th> <th>Yr 9</th> <th>Yr 10</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>13/14</td> <td>14/15</td> <td>15/16</td> <td>16/17</td> <td>17/18</td> <td>18/19</td> <td>19/20</td> <td>20/21</td> <td>21/22</td> <td>22/23</td> <td>23/24</td> <td>24/25</td> </tr> <tr> <td>30,096</td> <td>30,133</td> <td>30,163</td> <td>30,283</td> <td>30,403</td> <td>30,523</td> <td>30,643</td> <td>30,763</td> <td>30,883</td> <td>31,003</td> <td>31,123</td> <td>31,243</td> <td>31,363</td> </tr> </tbody> </table>										Census	Last Year	This Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	2013	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	30,096	30,133	30,163	30,283	30,403	30,523	30,643	30,763	30,883	31,003	31,123	31,243	31,363
Census	Last Year	This Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10																																					
2013	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25																																					
30,096	30,133	30,163	30,283	30,403	30,523	30,643	30,763	30,883	31,003	31,123	31,243	31,363																																					
<b>Risk</b>	Population growth across the Horowhenua District is at a significantly different rate (much higher or lower) than assumed or does not occur at a steady and consistent rate.																																																
<b>Level of Uncertainty</b>	Low																																																

<b>Financial impact</b>	<p>A lower level of growth would result in less demand for services and facilities than the Council has anticipated. This could mean that some of the planned upgrade and/or replacement of assets may be able to be delayed and this could result in a reduction in Council's projected expenditure which could have flow on effects for rates. It could also mean that the costs of undertaking projects or providing services (e.g. swimming pools) would need to be spread across fewer ratepayers.</p> <p>A higher level of growth would increase demand for services and could mean that services may need replacing or upgrading earlier than anticipated. The Council may have to increase rates or borrow more than assumed to fund the replacement and/or upgrade of these services and facilities. Council may also need to use other funding sources such as Financial Contributions to fund growth related development. For some services or facilities, such as swimming pools, a higher level in population growth could result in an increase in the number of people using those services or facilities and therefore the Council would collect a higher amount of user fees and charges.</p>
<b>Data Source</b>	<p>'Usual Residential Population Counts' from the 2013 Census by Statistics New Zealand.  Horowhenua District Council - based on an analysis of trends and indicators to identify an expected growth rate over the 10 year period of this LTP.  Infometrics Report, July 2014 – Review of population projections for the Horowhenua District.</p>
<b>Ageing Population</b>	
<b>Assumption</b>	<p>It is assumed that Horowhenua District's population is ageing, with high growth predicted in the over 65 years plus age range in the next 10 years but with little growth occurring in the 20 years and 30 years age ranges.</p>
<b>Detailed Forecasts</b>	<p>It is anticipated that by 2026 31.4% of the District's population will be aged 65 years or older. The 2013 Census confirmed that 23.7% of the Horowhenua District's population is aged 65 years or older, which is much higher than the national comparison in which the 65 years or older age range makes up 14.3% of the population. This is based on Statistics NZ High growth rate (Assuming a High fertility, Low Mortality and High Migration) which closely approximates the Medium population projection rate from the Infometrics review. (Noting that 31.4% is more conservative than the Low or Medium Growth projections). The median age is assumed to increase from 46.1 years in 2013 to 49.8 years in 2026.</p>
<b>Risk</b>	<p>Population growth for different age groups is substantially different from what is anticipated e.g. there is less of an increase in the age range of 65 years or older and a greater increase in younger age ranges.</p>
<b>Level of Uncertainty</b>	<p>Low</p>

<b>Financial impact</b>	<p>If there was a less of an increase in the 65 years or older age range and more of an increase in the younger age ranges (20 year olds to 40 year olds) then this could place more demand on Council's infrastructure. This is because the younger age groups are likely to have larger households (i.e. parents with children) whereas people in the 65 years or older age range are likely to have small households consisting of one or two people. A higher level of demand on infrastructure could result in Council needing to replace or upgrade assets faster than anticipated and this may mean an increase in rates or in Council's level of borrowing.</p> <p>If there was a greater increase in the 65 years or older range than anticipated then this could increase pressure for facilities or services that are targeted more specifically to the needs of an ageing population (e.g. the provision of a hydrotherapy pool) which would mean that Council would either need to reprioritise funds for other projects, increase rates, or borrow to pay for these facilities or services.</p>
<b>Data Source</b>	2013 Census by Statistics New Zealand. Statistics New Zealand – 2006 Base Populations Projections extended to 2046.

### Household Growth

An increase of 135 additional dwellings per year is assumed which will be 1,350 additional dwellings over the 10 year period of this LTP. The majority of this growth is anticipated to occur in the rural (or rural lifestyle) sector. Of the urban settlements the Levin residential area would have the highest household growth. It is also assumed that household occupancy rates (the number of houses in the District occupied) will increase slightly while the average number of occupants per dwelling will decrease slightly to 2.2 people.

**Number of dwellings:**  
According to the 2013 Census there were a total of 15,048 dwellings (occupied and unoccupied) in the Horowhenua District in 2013. The building records for 2013/14 indicate an increase of 108 dwellings for the 2013/2014 year and for the 2014/15 year an increase of 120 dwellings (new builds and relocated buildings) is anticipated. This means that as at 1 July 2015 there is forecast to be 15,276 dwellings in the Horowhenua District.

Census	Last Year	This Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
2013	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
15,048	15,156	15,276	15,411	15,546	15,681	15,816	15,951	16,086	16,221	16,356	16,491	16,626

The Horowhenua Development Plan forecasts a range of 120 to 150 new households per annum. The median level



of this range is 135 additional households per year or a total of 1,350 households over 10 years. The change in number of dwellings between 2001 and 2013 is an increase of 1,653 dwellings which is equal to an average annual increase of 137 dwellings. As such 135 additional dwellings per year is considered to be a consistent and realistic assumption for the period of 2015 to 2025. The below table shows the forecasted increase in the total number of dwellings over the next 10 years.

*Where will the growth occur?*

The table below sets out the assumption of where the growth in dwellings would occur on an annual basis.

	<b>Residential Areas</b>	<b>Rural Areas</b>
Levin	16	20
Foxton	2	7
Foxton Beach	10	12
Waitare	8	10
Shannon	1	2
Tokomaru	1	2
Manakau	1	4
Hokio Beach	1	1
Ohau	1	7
Waikawa	1	8
Rural		20
<b>Totals</b>	<b>42</b>	<b>93</b>

*Household occupancy rates:*

It is assumed that the household occupancy rate will have increased by 1.75% from 84% in 2013 to 85.75% in 2025 due to some of those people who have built dwellings in the District as holiday homes over the last 10 years now moving here to reside in them permanently as they retire. As such, of the 16,626 total forecast dwellings (x 85.57%) there is anticipated to be 14,257 occupied dwellings in 2025.

*Average Number of Occupants:*

There was an average of 2.5 people per house in the Horowhenua District in 2006 (Census 2006) and this declined to 2.3 in 2013 (Census 2013). It is assumed that the average number of occupants within each dwelling will continue

	<p>to decline to 2.2 in 2025 due to the ageing population and in particular the high percentage (31.6%) of single person households in the District (3,849 Households).</p> <p>14,257 (Occupied dwellings) x 2.2 (people per house) = 31,365 people. <b>Note:</b> this is 2 more people than the assumed growth in population which is 31,363 in 2025. However this is considered to be a consistent and appropriate assumption. Overall we assume the population will be 31,363.</p>
<b>Risk</b>	<p>That future growth of dwellings, occupancy rates, and the average number of occupants varies substantially (much higher or lower) than the assumed rates. That the growth becomes more highly concentrated in one or two areas rather than across the District as assumed.</p>
<b>Level of Uncertainty</b>	<p>Low to Moderate</p>
<b>Financial impact</b>	<p>A lower level of growth in the number of households would result in less income from rates than predicted. This would have a flow on effect of either increasing the cost of rates per ratepayer for the delivery of services, or the Council would need to fund some services and/or planned projects through loans, or it would need to cut back on some planned projects and/or possibly consider reducing the levels of service.</p> <p>A lower level of occupancy or a lower average number of occupants per dwelling could result in there being a reduction in the demand for services and facilities. This could mean that some of the planned upgrade or replacement of assets may be able to be delayed and this could result in a reduction in rates or Council borrowing less.</p> <p>A higher level of growth would increase demand for services and could mean that services need replacing or upgrading earlier than anticipated, however, the Council would have a larger rate base to collect rates from to fund the replacement/upgrade of services. Higher than anticipated growth in one part of the District could require upgrading and renewal projects to be prioritised over other parts of the District.</p> <p>A much higher level of occupancy or a higher average number of occupants per dwelling would result in an increase in demand for services and could mean that services may need replacing or upgrading earlier than anticipated. The Council may have to increase rates or increase borrowing more than assumed to fund the replacement and/or upgrade of these services and facilities.</p>
<b>Data Source</b>	<p>The Horowhenua Development Plan (June 2008).  Horowhenua District Council – Building Consent Records.  Census 2013 - Statistics New Zealand.</p>

## Natural Hazards

<p><b>Assumption</b></p>	<p>It is assumed that Council has the capacity to borrow any funds it may require to respond to and to recover from a natural hazard event, should such an event occur during the 10 year period covered by this LTP.</p>
<p><b>Detailed Forecasts</b></p>	<p>The Horowhenua District is susceptible to a range of natural hazards including flooding and river erosion, coastal erosion, extreme wind events, and inundation (storm surges and tsunami), land instability (slips, slumps and runoff), seismic activity (ground rupture, shaking and liquefaction) and volcanic activity.</p> <p>Council must have the capacity to borrow funds to respond to a natural hazard event quickly and to be able to provide necessary relief. Council received an A+ credit rating from Standard and Poors in early May 2015. This enables Council's current debt limit, which is set by the Local Government Funding Agency (LGFA), to increase from 175% of our operating income to 250%. Prior to receiving the credit rating Council would have come within \$1 million of the 175% limit set by the LGFA in year 5 of this LTP (2019/20). This does not give Council a sufficient buffer to adequately deal with implications if a major natural hazard event was to occur, however, the 250% limit will provide Council with a far more adequate buffer.</p>
<p><b>Risk</b></p>	<p>Some natural hazards are more likely to occur than others in the Horowhenua District. However, there is a relatively high level of uncertainty around when or what type of natural hazard event may occur.</p> <p>There is a risk that a natural hazard event could occur and that cost of recovering from the damage caused by this event would be greater than the funds that are available to Council if it was to stay within its current debt limit set by the LGFA.</p>
<p><b>Level of Uncertainty</b></p>	<p>Low-Moderate</p>
<p><b>Financial impact</b></p>	<p>If Council required more funds to recover from a natural hazard event then what would be available to Council if it was to stay within its current debt limit then the Council would have to borrow funds at a higher interest rate. This could potentially result in Council having to increase rates to cover the loans.</p> <p>It is noted that the New Zealand Transport Agency (NZTA) provides funding for emergency works required to be done on roads as a result of damage caused by qualifying (natural hazard) events. The NZTA provides assistance at the Council's normal Funding Assistance Rate (FAR) for cumulative claims for the costs of emergency works up to 10% of the Council's approved maintenance programme for the year. For the portion of cumulative claims of the total costs of emergency works that exceed 10% of the Council's approved maintenance programme for the year, the NZTA will provide funding at the normal FAR plus an additional 20%.</p> <p>For example in 2015/16 the Council's approved maintenance programme is approximately \$6 million and the</p>

	<p>Council's normal FAR will be 50% which means the NZTA would provide funding at a rate of 50% for cumulative claims for emergency works of up to \$600,000 and at a rate of 70% for anything beyond \$600,000.</p> <p>An increase in the frequency of natural hazards that has occurred in recent history as well as the severity of these natural hazard events (most notably the Christchurch Earthquake 2011) has resulted in an increase in the cost of insurance.</p>
<b>Data Source</b>	<p>Horowhenua District Council.          NZTA – Planning and Investment Knowledge Base.</p>

## Climate Change

<b>Assumption</b>	<p>It is assumed that although Horowhenua District may be affected by climate change in the long term (in parallel with predicted national change), that climate change will not impact on this District during the life of this LTP.</p>
<b>Detailed Forecasts</b>	<p>The Ministry for the Environment (MfE) has predicted the following changes in temperature, rainfall, sea level rise, and flood risks:</p> <ul style="list-style-type: none"> <li>• Temperatures in the Manawatu–Wanganui Region could increase between 0.2°C and 2.2°C (projected on a seasonal and annual mean) by 2040;</li> <li>• Rainfall in the Manawatu–Wanganui Region could potentially decrease by 3% or increase by 10% (projected on a seasonal and annual mean) by 2040 depending on the season or the location.</li> <li>• Sea levels in New Zealand have risen on average 1.6 mm per year over the 20<sup>th</sup> century. Sea levels are expected to continue to rise in the future. The MfE recommends planning for future sea level rise of at least 0.5m (baseline recommendation) for planning and decision timeframes out to 2090–2099.</li> <li>• More heavy rainfall could increase the risk of flooding. This could have an impact for areas prone to flooding such as the Manawatu flood plains.</li> </ul>
<b>Risk</b>	<p>Climate change occurs at a different rate to what has been projected with greater or lesser implications for the Region and the District.</p>
<b>Level of Uncertainty</b>	<p>Low to Moderate</p>
<b>Financial impact</b>	<p>If climate change results in changes that are more significant or which occur sooner than currently predicted then this could place strain on some of Council's core infrastructure e.g. less rain may mean that some water supplies may not be sufficient in the driest months of the year or if there is an increase in heavy rainfalls than this could place additional pressure on Council's stormwater system. If infrastructure needs to be upgraded then this may result in</p>



	unbudgeted expenditure which could result in an increase in borrowing, the use of Council reserves or an increase in rates.
<b>Data Source</b>	MfE - 'Climate change effects and impacts assessment: A guidance manual for local government in New Zealand' (May 2008). MfE – 'Preparing for Coastal Change: A guide for local government in New Zealand' (March 2009).

## Legislative Changes

<b>Assumption</b>	Changes in legislation will not result in a significant effect on Council's finances or levels of service.
<b>Detailed Forecasts</b>	Key areas that could potentially be affected by changes in legislation are in the regulatory and compliance areas of Council including Health, Building and Planning. Possible changes to the Building Act, the Food Act and the Resource Management Act could result in Council having to increase its levels of service or may result in business owners having more responsibility. The changes are as yet unqualified; however, Council officers will closely monitor the situation. Changes to the Resource Management Act and the National Policy Statement for Freshwater Management may impact on Wastewater and Stormwater levels of service depending on the method by which Horizons Regional Council gives effect to those changes. This is not expected to happen until the end of the life of this LTP.
<b>Risk</b>	There are changes proposed to the Building Act in relation to earthquake prone buildings; the Food Act in relation to food safety including giving businesses the tools to manage food safety themselves; and the Resource Management Act around potentially introducing a national template for District/Regional Plans and reducing consent processing timeframes. Given the clear mandate of the current Government there is a high level of certainty that legislative changes will be made. Such reforms could require Council to implement the legislative changes to its plans, bylaws and regulatory processes. There is uncertainty around the likely cost implications and timing to undertake such changes although there is high expectation that the implementation requirements would fall within the 10 year life of this LTP.
<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	Changes in legislation may result a requirement to increase levels of service, implement policy and

regulatory changes which may not have been foreseen or accurately budgeted for. Such changes could require additional funding from rates or an increase in fees and charges to implement the legislative changes as directed and within the required timeframes.

Horowhenua District Council.

## Asset Management Plans

### Assumption

Council's confidence in the underlying data for the Council's Water, Wastewater, Stormwater, Land Transport (Roads and Footpaths), Solid Waste, and Parks and Property Asset Management Plans is as identified in the table below:

Asset class	Data confidence grade ("A" means little or no assumption in asset and condition data, "E" means all data is assumed).	Method of assessment
Water	C - Data based on sound records, analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.	Register analysis
Wastewater	C - Data based on sound records, analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.	Register analysis
Stormwater	C - Data based on sound records, analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.	Register analysis
Land Transport (Roads & Footpaths)	B - Data based on sound records, procedure, investigations and analysis, documented properly but has minor shortcomings, e.g. some data is missing	Register analysis
Solid Waste	C - Data based on sound records, analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.	Register analysis
Parks and Property	C - Data based on sound records, analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.	Register analysis

### Detailed Forecasts

Forecasts for Capital and Operational expenditure in Wastewater, Water, Stormwater and Roading Activities are based on the information in the Asset Management Plans and summarised in the Infrastructure Strategy. Forecasts for Capital and Operational expenditure in Property, Parks, and Solid Waste Activities are based on the information in the Asset Management Plans.

### Risk

The Roading and Wastewater Activities have a high degree of certainty in long term expenditure projections. The Water, Solid Waste and Parks Activities have a reasonable degree of certainty but are subject to better

	<p>understanding of asset condition.</p> <p>The Property and Solid Waste Activities have a fair degree of certainty but are subject to impending decisions on future of ownership, management and operation.</p> <p>The Asset Management Plans are based on the best information currently available to Council. However, Council's information on the condition of its underground assets is continually improving and as this information improves Council will have a better understanding of what assets require renewal and replacement and by when.</p>
<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	More certainty on the condition of underground assets may result in changes to planned replacement programmes and changes to funding requirements.
<b>Data Source</b>	<p>Water, Wastewater, Stormwater data is from Geographical Information System (GIS) based registers (Horowhenua District Council).</p> <p>Roading data and some Stormwater data is from the Road Assessment and Maintenance Management (RAMM) system.</p> <p>Solid Waste, Parks and Property data is in spreadsheet registers (Horowhenua District Council).</p>

## Asset Revaluations

<b>Assumption</b>	<p>Council is assuming that the impact of the periodic revaluation of assets will be in line with the assumed rates of inflation relevant to local government goods and services and cost fluctuations relevant to each infrastructure sector.</p> <p>Council is also assuming that the expected useful lives of significant assets will remain the same.</p>
<b>Detailed Forecasts</b>	<p>Asset revaluations take place every three years with the last revaluation occurring in 2014. This is done in accordance with the accounting standards applicable to each class of asset and is shown in the financials as an annual adjustment to asset values and equity equivalent to the inflation rate applied to the opening asset values.</p> <p>Infrastructure asset valuations are based on Council's own recent contract prices where relevant work has been undertaken, otherwise inflation adjustments have been made to reflect regional cost changes, or construction cost indices applicable to each Activity.</p>
<b>Risk</b>	Asset valuations could be higher or lower than assumed. Key impacts on valuation of infrastructure assets are oil prices and regional economic activity within each relevant sector.
<b>Level of Uncertainty</b>	Moderate

<b>Financial impact</b>	Increases in valuations would require a higher level of depreciation funding as the cost of renewals would increase and this would impact on other Council spending or would require the Council to increase rates. A change in asset valuation would also impact on the long term renewals and capital addition expenditure projections. Decreases in valuations would require less in depreciation funding as the cost of renewals would decrease and this would have a flow on effect for rates.
<b>Data Source</b>	Horowhenua District Council.

### Useful Lives of Assets

<b>Assumption</b>	Asset lives are based on the National Asset Management Steering Group “Valuation and Depreciation Guidelines” 2002 and have been used in the Council’s Asset Management Plans and Asset Valuation report 2014. As such it is assumed that assets will last as long as estimated in Council’s Asset Management Plans and Infrastructure Strategy which is reflected in the Accounting Policies.
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The useful lives of Council’s assets are as estimated in the below tables:

Asset Description	Life (YEARS)	Asset Description	LIFE (YEARS)
<b>ROADING</b>		<b>WASTEWATER</b>	
Crossing	100	Treatment	1-100
Bridge	40-100	Airvalve	25
Crossing	50	Cleaning Eye	80
Drainage	50-100	Junction	80
Footpath	20-100	Lac	80
Marking	1	Lateral	60-100
Minor Structure	60	Lateral Cleaning Eye	80
Railing	15-50	Manhole	80
Shoulder	40	Meter	20
Sign	12	Pipe	40-100
Street Light Lamp	10-25	Pump Station	60
Street Light Pole	25-50	Pump Station Mechanicals	15
Sw Channel	10-100	Storage	50
Traffic Facility	8	Valve	60

Road Surface	3-25		<b>STORMWATER</b>
Basecourse	60		Airvalve
Formation	100		Catchpit
<b>WATER</b>			Channel
Treatment	1-100		Culvert
Airvalve	25		Detention Area
Borehole	40		Inlet/Outlet
Hydrant	60		Junction
Intake	60		Lateral
Junction	60		Manhole
Lateral	30-100		Pipe
Meter	20		Pump Station
Pipe	30-100		Pump Station Mechanicals
Pump Station	100		Soak Pit
Pump Station Me	15		Soak Trench
Backflow Preventer	20		Valve
Service Meter	20		<b>PARKS</b>
Sprinkler	10		Playground Equipment
Storage	50		Surfaces
Valve	60		Buildings
<b>PROPERTY</b>			Aquatics Mechanical Plant
Structure	50-80		Aquatics Treatment
Roof	40		<b>SOLID WASTE</b>
Fitout	20-40		Buildings And Minor Structures
Building Services	40		Roading
Minor Structures	50-80		Landfill Cells
			Electrical Service

### Risk

Council has estimated the useful lives of its assets on the best information available to it currently. As Council's information improves over time these estimates will become more certain. There is a risk that assets could deteriorate at a faster or slower rate than anticipated and this would mean that they may need to be replaced earlier or later than currently forecast.

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

### Sources of funds for replacement of significant assets

<b>Assumption</b>	It is assumed that funding for the replacement of significant assets will be in accordance with the Council’s Revenue and Finance Policy and Financial and Infrastructure Strategies.
<b>Detailed Forecasts</b>	<p>Funding sources used to finance capital expenditure (i.e. replacement of significant assets) are as per the Revenue and Finance Policy (in order of hierarchy):</p> <ol style="list-style-type: none"> <li><u>Third party sources</u>: These are sources that relieve the burden on ratepayers generally. These are not commonly available, but include any government subsidies for water and wastewater schemes and third party donations.</li> <li><u>Rates</u>: This reflects a prudent propensity on the Council's part to ensure that special purpose reserves are only utilised on a selective basis on relatively significant works in the context of long term planning, rather than on minor works over a shorter term, and a prudent reluctance to increase loan indebtedness unless necessary.</li> <li><u>Reserves</u>: In particular funds that may be held for larger capital works in specific activities. An example includes water, wastewater, roading and property works financed from the Foxton Beach Freeholding Fund.</li> <li><u>Borrowing</u>: This reflects a prudent reluctance to increase loan indebtedness unless necessary.</li> </ol>

	<p>Although it is the last option considered, the LTP provides for substantial new borrowing to achieve an element of intergenerational equity in the financing of a range of major capital expenditure works. Note - loan funding is also used for infrastructural asset renewals where the rate generated reserves are inadequate due to the level of renewals in any one year.</p> <p>That there are insufficient funds available for the replacement of significant assets.</p>
<b>Risk</b>	Low
<b>Level of Uncertainty</b>	Low
<b>Financial impact</b>	If the assumed funding sources were not available and a significant asset needed to be replaced then Council would either have to borrow funds and incur higher than usual interest on this loan or defer other planned works that are of lower priority and use the funds that were initially allocated to them to replace the significant asset.
<b>Data Source</b>	Horowhenua District Council.

## Interest Costs

<b>Assumption</b>	Council is assuming for the 10 year period of this LTP that the interest rate for new borrowing will be between 5.50% and 6.50%.																				
<b>Detailed Forecasts</b>	<p>The table below identifies the assumed interest costs over the 10 year life of this LTP.</p> <table border="1"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>5.50%</td> <td>5.75%</td> <td>6.00%</td> <td>6.00%</td> <td>6.00%</td> <td>6.25%</td> <td>6.25%</td> <td>6.50%</td> <td>6.50%</td> <td>6.50%</td> </tr> </tbody> </table>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	5.50%	5.75%	6.00%	6.00%	6.00%	6.25%	6.25%	6.50%	6.50%	6.50%
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025												
5.50%	5.75%	6.00%	6.00%	6.00%	6.25%	6.25%	6.50%	6.50%	6.50%												
<b>Risk</b>	Interest rates can vary subject to market conditions and could fluctuate beyond what is anticipated, however, 5.50% to 6.50% is considered to be a conservative projection. The lower interest rates projected for years 1 and 2 of this LTP are based on prevailing market conditions as well as Council having recently obtained an A+ credit rating.																				
<b>Level of Uncertainty</b>	Moderate																				
<b>Financial impact</b>	Higher interest rates will have an impact on Council's interest expense and consequently the affordability of services provided and the ability to afford capital improvements which are funding from borrowing.																				
<b>Data Source</b>	Horowhenua District Council.																				

## Depreciation

<b>Assumption</b>	Council is assuming that by 2018 depreciation funds will be adequate to fund asset renewal expenditure.
<b>Detailed Forecasts</b>	Council has estimated future depreciation on the basis of recent asset valuations and planned capital expenditure, using straight line percentage calculations of depreciation as laid out in the Accounting Policies.
<b>Risk</b>	The actual cost of renewals may be higher or lower than depreciation.
<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	Underfunding of depreciation would result in increased borrowing requirements to fund asset renewals or potentially not undertaking some renewals as early as initially anticipated. Overfunding of depreciation would result in Council surpluses that could be used to reduce debt.
<b>Data Source</b>	Accounting Policies - Horowhenua District Council.

## Resource Consents

<b>Assumption</b>	That Council will obtain any resource consents that are required to ensure that it's Water, Wastewater, Stormwater and Solid Waste Activities (and any other activity) can continue to operate. Also that these consents are granted within required timeframes and within anticipated expenditure.
<b>Detailed Forecasts</b>	Expenditure estimates for resource consents have been prepared based on experience with and observations of trends of previous resource consent processes and standards. These costs have been built into the overall costs of each specific project.
<b>Risk</b>	It may cost more than anticipated to obtain the required resource consents or conditions that are imposed on the consents may be more stringent than expected. The time taken to obtain a consent could be longer than anticipated and delay the implementation or construction of the project associated with the consent.
<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	Levels of rating, debt, and capital maintenance expenditures would be higher than expected and/or a reorganisation of other expenditure would need to be undertaken. If the consent process takes longer than anticipated then the costs for the project may need to be extended beyond the anticipated timeframe for the project. If the consent conditions impose are more onerous on Council (particularly conditions with ongoing costs such as monitoring) than



	<p>anticipated or the legal processes involved with the consent are more protracted, these factors could result in the overall cost of the project being higher. This would require additional funding from borrowing, rates, user fees and charges, or other sources.</p>
<b>Data Source</b>	Horowhenua District Council.
<b>Local Government Funding Agency (LGFA)</b>	
<b>Assumption</b>	That the Local Government Funding Agency (LGFA) remains in existence and is Council's preferred source of debt funding. Also that the deed guarantee obligations on default of any Council under the deed will not occur.
<b>Detailed Forecasts</b>	Council is a shareholder of the LGFA and each of the shareholders are party to a deed of guarantee, whereby the parties to the deed guarantee have obligations to the LGFA in the event of default.
<b>Risk</b>	The risk of a local authority borrower defaulting is extremely low and highly unlikely especially given that all of the borrowings by a local authority from the LGFA are secured by rates.
<b>Level of Uncertainty</b>	Low
<b>Financial impact</b>	Given the extremely low likelihood of the event of default by a local authority borrower, Council has insufficient information to reliably forecast any potential impact of its shareholding.
<b>Data Source</b>	Horowhenua District Council.
<b>Asset Sales</b>	
<b>Assumption</b>	Council is assuming that it will sell approximately \$5 million of its non-core assets within the first 3 years of this LTP period and that these assets will be sold during the year that they are identified for sale. Council assumes that revenue from these asset sales will be used to pay off some of Council's debt. Council is also assuming that it will sell 6 sections per year at its Foxton Beach subdivision and that these sections will be sold in the year they are identified for sale.
<b>Detailed Forecasts</b>	Council is currently putting together a Property Strategy and as part of this Strategy it will identify which of its non-core assets will be sold.
<b>Risk</b>	That Council sells more or less than \$5 million of its non-core assets or more or less sections at its Foxton Beach subdivision.

<b>Level of Uncertainty</b>	Moderate
<b>Financial impact</b>	If Council sells less than \$5 million of non-core assets or less sections at its Foxton Beach subdivision then it would pay off its debt at a slower rate than anticipated and would accumulate a higher level of interest. If Council sells more than \$5 million in non-core assets or more sections at its Foxton Beach subdivision then it could pay off debt faster and would incur less interest than anticipated.
<b>Data Source</b>	Horowhenua District Council.

### **Investment Revenue**

<b>Assumption</b>	Council is assuming that dividends will be zero (or immaterial) and that the rate of interest earned on all future investments for the life of this LTP will be between 4% and 4.5%.
<b>Detailed Forecasts</b>	Most of Council's interest revenue is tagged to special funds and is not a direct supplement to rating revenue or offset against rates requirements. The proposed utilisation of these special funds does not rely unduly on accumulations of interest earnings.
<b>Risk</b>	The assumed rate is in the range of rates experienced in recent and current prevailing economic environments. There is potential for interest earned to be higher or lower than estimated.
<b>Level of Uncertainty</b>	Low to Moderate
<b>Financial impact</b>	Lower interest rates on Council's investments would lead to lower revenue. However, investment revenue is not significant and as such there would be only a minimal financial impact for Council if these rates were lower than anticipated.
<b>Data Source</b>	Horowhenua District Council

## Inflation

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

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

### Adjustors: % per annum change

Year ending	Roading %	Property, Parks & Reserves %	Water %	Staff %	Other %
June 2016	1.2	2.2	5.2	1.8	2.3
June 2017	1.4	2.4	3.8	1.9	2.5
June 2018	2.2	2.5	3.0	2.0	2.6
June 2019	2.4	2.6	3.2	2.1	2.7
June 2020	2.5	2.8	3.3	2.2	2.9
June 2021	2.7	2.9	3.5	2.3	3.0
June 2022	2.8	3.0	3.7	2.4	3.1
June 2023	3.0	3.2	3.8	2.5	3.3
June 2024	3.1	3.3	4.0	2.6	3.4
June 2025	3.3	3.4	4.2	2.7	3.6

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

Level of Uncertainty: Low to Moderate

Financial impact: Rates of inflation greater than those assumed would impact on future cost estimates and the ability of the Community to afford the consequential rate increases.

Data Source: The inflation adjusters have been provided by BERL and have been endorsed for use by the SOLGM.

## NZTA subsidy (Funding Assistance Rates)

<b>Assumption</b>	It is assumed that the roading subsidies (Funding Assistance Rates) that the Council currently receives from the NZTA will increase from 50% in 2015/16 to 59% by 2025.															
<b>Detailed Forecasts</b>	<p>Council works closely with its co-investment partner, the NZTA, to undertake its Land Transport (Roads and Footpaths) activities. An increase in funding from previous years is required from both Council and the NZTA for maintenance and renewals to prevent degradation of the District's roading network.</p> <p>Currently Council receives a subsidy of 47% from the NZTA. This subsidy will increase to 50% in 2015/16 and the Council is assuming that this will increase to 59% over the ensuing 9 years and shown in the table below:</p> <table border="1"> <thead> <tr> <th colspan="3">Normal Funding Assistance Rates for the 2015-18 NLTP and at end of transition</th> </tr> </thead> <tbody> <tr> <td>2015/16</td> <td>2016/17</td> <td>2017/18</td> </tr> <tr> <td>50%</td> <td>51%</td> <td>52%</td> </tr> <tr> <td></td> <td></td> <td>End of transition 2023/24</td> </tr> <tr> <td></td> <td></td> <td>59%</td> </tr> </tbody> </table>	Normal Funding Assistance Rates for the 2015-18 NLTP and at end of transition			2015/16	2016/17	2017/18	50%	51%	52%			End of transition 2023/24			59%
Normal Funding Assistance Rates for the 2015-18 NLTP and at end of transition																
2015/16	2016/17	2017/18														
50%	51%	52%														
		End of transition 2023/24														
		59%														
<b>Risk</b>	Subsidies for roading are calculated annually so it is possible that in the later years of the LTP that the NZTA may not approve as much of a subsidy as Council requests or there may be a variation in the criteria for inclusion in the subsidised works programme.															
<b>Level of Uncertainty</b>	Moderate															
<b>Financial impact</b>	If NZTA does not approve the requested subsidy in any one year then the Council will have to either increase the funds available for non-subsidised road works which would result in an increase in rates or an increase in borrowing to what Council has initially predicted. Alternatively the Council would have to reduce the amount of road works that it had intended to undertake.															
<b>Data Source</b>	Transport Activity Management Plan – Horowhenua District Council.															

## Development Contributions

<b>Assumption</b>	On Tuesday, 26 May 2015 Council decided to cancel its Development Contributions Policy and to no longer charge Development Contributions from 1 July 2015. As such Council assumes that Development Contributions will not be charged for the 10 year period covered by this LTP and that Council will rely on alternative funding sources, such as borrowing and potentially charging Financial Contributions, to cover the costs associated with the growth component of development.
<b>Detailed Forecasts</b>	Capital expenditure to service additional demands caused by growth will no longer be funded by Development Contributions but instead will be funded by rates or borrowing. Council is also planning to re-introducing Financial Contributions in the next 18 months.
<b>Risk</b>	There is a risk that growth could be higher than anticipated which could have financial implications with Development Contributions no longer being charged. If growth is higher than anticipated then Council could also decide to reintroduce Development Contributions within the next 10 years.
<b>Level of Uncertainty</b>	Low
<b>Financial impact</b>	With Development Contributions no longer being charged, if growth was higher than anticipated or occurring outside the identified new growth areas then Council would need to borrow more to fund the growth aspects of capital projects.
<b>Data Source</b>	Horowhenua District Council.

## Financial Contributions

<b>Assumption</b>	Council has adopted a Financial Contributions Policy and will be implementing it within the next 18 months which will enable Council to charge Financial Contributions for development in new growth areas (as identified by Council in its Policy). For this LTP period Council is not anticipating that any development would occur in the new growth areas and as such it is assumed that no revenue will be collected from Financial Contributions.
<b>Detailed Forecasts</b>	In accordance with section 106(2)(f) of the Local Government Act 2002 a Financial Contributions Policy must, if Financial Contributions will be required, <i>summarise the provisions that relate to financial contributions in the District Plan</i> . The Horowhenua District Plan does not currently include any specific provisions for Financial Contributions. Therefore Council's Financial Contributions Policy will not be able to be implemented until such time as a Plan Change to the District Plan providing for Financial Contributions to be charged has been initiated and become

	<p>operative. Development of the Plan Change will commence in the new financial year starting 1 July 2015. The time taken for the Plan Change to be made operative could be potentially 18 months.</p> <p>That the Financial Contributions Policy takes more or less than 18 months to become operative. That development (whether it be a low level or a high level) occurs within the 100% growth areas.</p>
<b>Risk</b>	
<b>Level of Uncertainty</b>	Low-Moderate
<b>Financial impact</b>	<p>If the Financial Contributions Plan Change takes longer than 18 months to become operative then the Council would not be able to charge these contributions for longer. If it takes less time to become operative then the Council would be able to charge these contributions earlier. Either way the financial impact should be minimal given that Council has not budgeted on any development incurring Financial Contributions occurring in the new growth areas during this LTP period.</p> <p>If development occurs within the new growth areas prior to the Financial Contributions Plan Change becoming operative then the costs of providing services to these areas may be recouped (to some extent) through other mechanisms e.g. charges to connect to Council services. Any costs not recovered through these mechanisms will need to be covered by Council from other funding sources such as rates. Once the Financial Contributions Plan Change is operative if development occurs within the new growth areas then Council will be able to charge Financial Contributions to cover the cost of extending services to areas where development is occurring.</p>
<b>Data Source</b>	Horowhenua District Council.

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# Development of Maori Capacity to Contribute to Decision Making

- Development of Maori Capacity to Contribute to Decision Making





## Development of Māori Capacity to Contribute to Decision Making

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

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

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

Through its decision making processes Council recognises the principles of the Treaty of Waitangi and kaitiakitanga. Council's Significance and Engagement Policy sets out what the Community including Māori can expect from Horowhenua District Council regarding consultation and ways they can influence and participate in Council's decision making processes. The Council endeavours to provide for the relationship of Māori and their traditions with their ancestral lands, water sites, waahi tapu and other taonga, when it is considering a significant decision (as per Council's Significance and Engagement Policy, December 2014) in relation to land or a body of water and this is consistent with the requirements of section 77 of the LGA.

Council is also developing and entering into Memorandums of Partnership to help facilitate Māori involvement in local decision making processes. Memorandums of Partnership are enabling documents which have already provided significant benefit to the respective parties and their ongoing communication on a number of matters of mutual interest. These documents are becoming increasingly important as Council seeks closer and meaningful working relationships with the Māori community, to achieve effective consultation and engagement on a wide range of issues affecting the Horowhenua District.

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

- Muaūpoko Tribal Authority
- Ngāti Tukorehe
- Rangitaane O Manawatu
- Te Kotahitanga o Te Iwi o Ngāti Wehi Wehi

Council is committed to encourage, develop and enter in to formal relationships with other Iwi, hapū or marae. Council is currently exploring a formal relationship with Ngati Whakaterere. Ngāti Raukawa ki te Tonga is another local iwi with strong ties to the Horowhenua District. While Council does not have an official Memorandum of Partnership with Ngāti Raukawa, they are a key stakeholder in our District and are often involved in consultation with them.

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

- Council will support representatives from local Iwi becoming accredited Commissioners.
- Council will consider using independent accredited Māori Commissioners to sit on the Council Hearing Committee for notified consent applications or plan change hearings.
- Council will facilitate the establishment of a forum for the discussion of resource management issues of mutual concern to Tangata Whenua and Council. This forum will be developed through relationship agreements between Council and Tangata Whenua.

Māori see people and the environment as closely interrelated and share with Council a strong interest in maintaining and protecting the environment as well as developing the economic future of the area. The Council is committed over the period covered by this LTP and beyond to continuing the process of consultation and engagement with local Māori. To date Council has worked with Iwi on a number of collaborative projects including our prestigious Culture and Community Centre, Te Takeretanga o Kura-Hau-Pō, and the Council looks forward to their continued engagement in other significant projects in the future.

# Council Controlled Organisations

- Council Controlled Organisations



## Council Controlled Organisations

### Legislative context

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

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

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

Horowhenua District Council has one organisation which fits within the definition which is Te Horowhenua Trust.

### Te Horowhenua Trust

#### Nature and scope of activities

Te Horowhenua Trust (the Trust) is contracted by Council to deliver a diverse range of functions from the Levin Culture and Community Centre (Te Takeretanga o Kura-Hau-Pō or Te Takere for short) and to maintain a comprehensive library service in Shannon and Foxton. The Trust also acts as Council's general service centre in Shannon as well as delivering Visitor Information Services in Levin.

#### Policies and Objectives on Ownership and Control

The Council set up the Trust in 1997 by vesting its library assets in the Trust, transferring its library staff to the employ of the Trust and entering into contractual arrangements whereby the Trust receives an annual operating grant from Council. The Trust sets its policies, employs its staff, and sets its budget. While historically Te Horowhenua Trust has engaged in its activities without reference to Council, since the opening of Te Takere, Horowhenua District Council and Te Horowhenua Trust work much more closely together.

The Council appoints all of the Trustees; two of which are Councillors. The Council and the Trust negotiate an annual management agreement, which specifies the annual operational grant from Council, as well as a service agreement for Council to provide specific services to the Trust.

#### Monitoring and Performance

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

Key performance targets relate to the following:

- Number of visitors to Te Takere;
- Participation in Te Takere events and activities;
- Use of Te Takere;
- Library performance measures (including internet);
- Revenue; and
- Visitor Information and bookings.

The Trust's annual accounts are audited by Audit NZ. The Council receives the Trust's audited annual reports.

## **Council Controlled Organisations (Exempt)**

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

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

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

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

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

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

MW LASS Ltd provides for the Councils in this Region (excluding Palmerston North City Council) to work together on mutually beneficial joint projects to ensure consistent levels of service throughout the Region and to reduce the individual costs of delivering these services incurred by each Council. The projects that have been developed through MW LASS Ltd to date include (but are not limited to):

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

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

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

## **Shannon Community Development Trust**

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

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

- Educational activities including scholarships for educational purposes;
- The alleviation of hardship;
- The provision of training and equipment for the protection of the Community; and
- The provision of financial assistance for events recognising the involvement of community members.

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

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

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# Appendices

- Glossary





## **Glossary**

### **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 include bank accounts, amounts owing by debtors, roads, land, buildings, vehicles, computers, and the water, wastewater and Stormwater networks.

### **Asset Management Plan (AMP)**

This is a strategic 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 land transport, 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 include 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.

### **Capital Value**

This is the value of a piece of land plus any improvements that have been made to it such as the construction of a dwelling.

### **Community Outcomes**

These are 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 1991 that manages, through objectives, policies, and rules, potential adverse impacts of subdivisions and land use on the environment.

## **Financial Year**

Council's financial year starts on 1 July in each year and ends on 30 June of the following year.

## **Funding Impact Statement**

An explanation of how Council's funding requirements are planned to be met through various mechanisms such as rates.

## **Governance**

The way that Council engages with the community, how it makes decisions and the way in which citizens can influence these processes.

## **Infrastructure**

Assets that form physical links between, or within, communities. Examples include the roading network, water supply systems, wastewater disposal systems and stormwater drainage systems.

## **Land Value**

The value of land excluding any improvements (e.g. a house). For rating purposes, Council contracts Quotable Value New Zealand to assess the land value of all properties every three years.

## **Level of Service (LOS)**

What Council will provide to the community. A defined service quality for a particular activity, such as roads, against which service performance may be measured.

## **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 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. Previously referred to as 'Long Term Council Community Plan' (LTCCP).

## **Operating Costs**

The costs of running Council in the short-term. Examples include 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.

## **Projected Financial Statement**

The 10 year plan for Council's revenue and expenditure, cash flows and borrowing.

## **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. For example the replacement of old water mains and the resealing of roads.

## **Revenue**

Council's income e.g. 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 wellbeing of the community.

## **Stormwater**

Surface water that runs off properties and roads.

## **Sustainability**

The use of natural, social and physical resources in such a way that takes care of our current needs while allowing for the ongoing use of those resources by future generations.

## **Targeted Rates**

Any rate (other than a general rate) targeted at users or beneficiaries of a particular service. Targeted rates are used for solid waste, water supply, swimming pools, library and representation and community leadership.

## **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 and solid waste (i.e. sewage, grey water and trade waste) carried away from a property by drains.