



# Pre-Election Report

Local Government Elections 2016

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*If you are reading this pre-election report it may be that you are interested in standing for Council, the Foxton*

*Community Board, or you may want to be more informed about what Horowhenua District Council does in our community.*

This document has been developed to provide you with an overview of what Horowhenua District Council has achieved over the past three years, what the team are working on this financial year, and the strategic goals we have in place for the next three years.

We are required to produce this for the Local Body Elections to give our community members an understanding of what is happening in our district and it is also a great document for us to share with the entire community to help raise awareness of what we have planned. It provides an overview, and if you would like more detailed information about what is planned read the 2015-2025 Long Term Plan.

As Chief Executive it is my job to lead the Horowhenua District Council on behalf of our community. The Council has a vision to take our district from "good to great". Horowhenua is already a good place to live and do business, and we are committed to making it even better. We have outlined a few opportunities the Council is currently facing. You will find out as you read through it is an exciting time not just for Horowhenua locals, but for those looking for a great place to live, invest or do business. It is now up to us to ensure we have the foundations set to make the next 20 years transformational for Horowhenua.

David Clapperton  
Chief Executive

*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.

*Council is currently completing a piece of work to develop Horowhenua's 2030 Strategic Plan.*

## 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 Hapu 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.)

*“Community Outcomes are a positive way to stimulate thinking about local needs and Council's priorities for today and the future.”*

## District Growth

Over the past 10 years 80% of territorial local authorities (TLAs) grew faster than Horowhenua; with the District also being ranked 62 out of 66 TLAs for slowest growth in employment.

Recently released analysis by the New Zealand Institute of Economic Development (NZIER) has confirmed that this is about to change because of the improved roading connection between Horowhenua and Wellington.

To understand the impacts of the improved roading connection between Horowhenua and Wellington, the New Zealand Institute of Economic Research was asked to provide a scenario of how the Horowhenua economy will likely perform once the upgrade is complete.

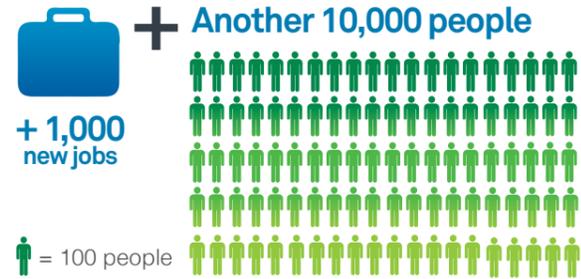
NZIER, which produced the report in early 2016, concluded that Horowhenua is set for a fresh injection of economic growth, by increasing the enabling infrastructure of the economy. The improvements to State Highway 1 between Wellington and Levin are expected to reduce freight costs and travel times and thereby make Wellington and Manawatu-Whanganui more desirable and more productive. The NZIER's analysis shows that the Wellington Northern Corridor (WNC), which is a Roads of National Significance (RoNS) project, will be an "economic catalyst" for the Horowhenua District. This is a 'free hit' to the regional economy – one that Horowhenua District Council needs to work to capitalise on.

The benefits for Horowhenua will be across a number of dimensions:

- Increasing business opportunities further away, as better transport links improve the proximity of customers in previously further away places
- Attracting new investment into the District as Horowhenua integrates better with neighbouring regions
- Attracting people to Horowhenua to live and work as the District becomes more attractive as a place to work (in and from), live and retire.
- Increased productivity following a 'thickening' in local markets for labour and goods and services as better integration with neighbouring regions creates a 'catch-up' in incomes and other economic measures.

If the investment works as intended, population growth, employment and economic activity will be significantly higher than otherwise would occur. The growth is anticipating:

### In 20 years



These gains from improved infrastructure hold great promise for Horowhenua, but are not guaranteed. Local businesses, government and institutions need to work together to realise this opportunity. To do this NZIER recommended that the Horowhenua District Council focus its economic development efforts towards:

- Leveraging comparative advantages (including cheap land and attractiveness to land intensive industry)
- Planning for required infrastructure needs Intensive cooperation with neighbouring districts which, on some issues, are essentially part of the Horowhenua
- Lifting firms' and households' openness to change.

A challenge for Council is to ensure that it is adequately resourced to be able to respond to and support the anticipated growth opportunities. A well thought out and co-ordinated approach is crucial if the District is to fully realise these opportunities. The Council needs the support of businesses and the wider community to help facilitate economic growth and prosperity in Horowhenua.



## Levin Town Centre Re-Development

The Horowhenua District Council (HDC), is currently engaging with the community to understand its aspirations for the future of the town centre with regard to property and business. HDC and NZTA are working together to produce a development strategy for the Levin town centre.

The development strategy will look at where and how investment, policy and other changes can be made so change can be facilitated in the town centre, ensuring that its future is vibrant and prosperous. The document will also identify areas for new development, opportunities for redevelopment, and defining the type of development desired. The development strategy will also identify what public space and amenities are required to support successful businesses and property development.

*"We need to ensure Levin's town centre is ready to capitalise on the opportunity of an improved connection to Wellington and all places in-between."*



# Challenges

*The opportunities also bring with them some challenges.*

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
- provision of affordable funding to maintain Levels of Service, particularly with regard to meeting increased resource consent requirements and meeting quality standards
- To manage debt levels. As at 30 June 2015 Council owed \$60m (approximately \$2,000 per rate payer), with this projected to increase to \$76m by 30 June 2016 as per the 2015-2025 LTP. Through careful management of Council's cashflow, particularly in relation to our major projects where some of the projects were delayed, Council's debt only needed to increase to \$68m, meaning that Council is approximately \$8m below the projected amount for the 2015/2016 year from what was projected in the 2015-2025 LTP. The projected increase is required to construct new assets eg. Water treatment plants and wastewater treatment infrastructure (the largest user of debt over the next 3/4 years). Council will prudently manage the projects requiring debt by ensuring:

- Debt levels are within Council's self imposed debt limits
- Affordable solutions are developed
- The total interest as a percentage of rates revenue is below 25% – this is budgeted not to rise above 15%

- Total debt per year is less than 15% of total assets
- Debt per capita is below \$2500 at our highest projected debt levels
- Loans are set within limits set by the Local Government Funding Agency (LGFA). LGFA is a Bond Bank that Council belongs to with many other councils to manage its borrowing and obtain lower interest rates.

Assets (especially core infrastructural assets such as Roothing (Land Transport), Water and Wastewater networks) need to be maintained so that they continue to deliver the Levels of Service 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 outlined in this report reflects Council's ability to maintain the existing Levels of Service and meet additional demand within its financial limits.

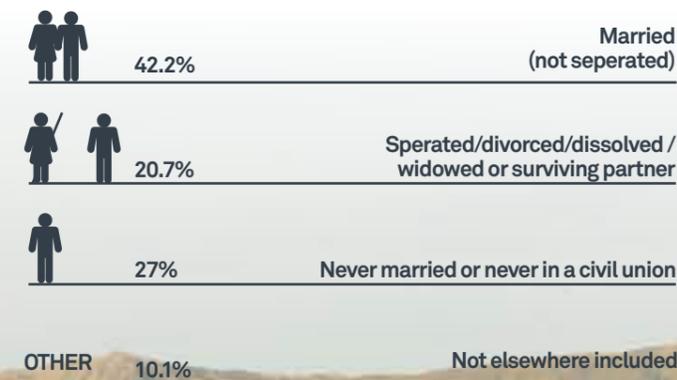
# A Summary of the Horowhenua District

*With unspoilt sandy beaches, melting ocean sunsets, expansive green landscapes and friendly people, the Horowhenua District holds secrets you only dare dream about.*

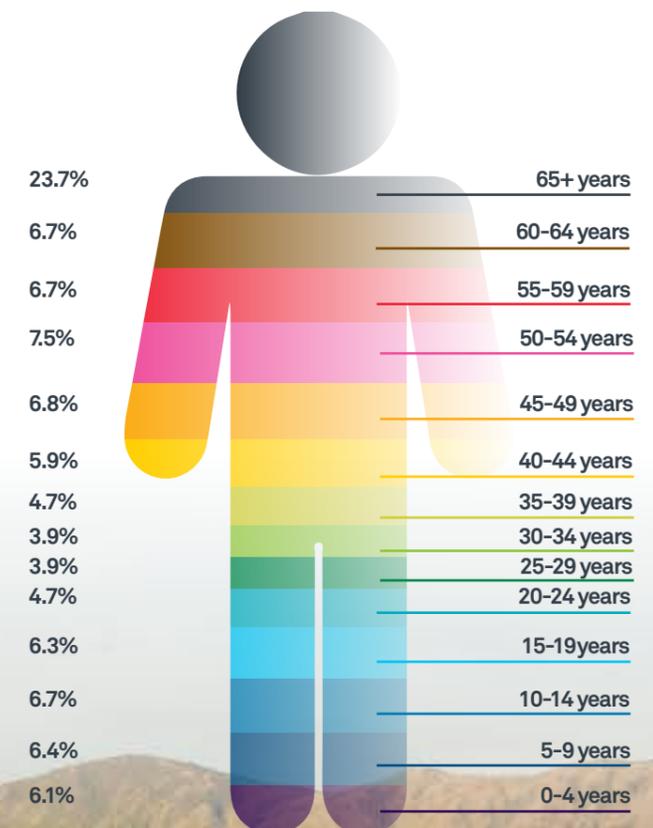
Bordered by the mighty Tararua Ranges to the east and the beaches of the Tasman Sea to the west, down all the side roads on offer you'll find miles of farmland, bushwalks, gardens, rivers, lakes, parks and reserves. And the diverse cultures and history that you will encounter will enrich your life.

Conveniently located on State Highways 1 and 57, Horowhenua is within easy reach of Palmerston North, Wanganui, Kapiti Coast and Wellington; it is a district you can enjoy your lifestyle while being central enough that you are not isolated.

## Horowhenua Population by marital status



## Horowhenua Population by age group



*“The Horowhenua District holds secrets you only dare dream about.”*

# About the Finances

Council is a big business. The total expenditure of the Council in the 2015/2016 year was over \$40 million between 19,150 rateable properties.

What is the money spent on? In the 2016/2017 year Council will spend \$47.6 million across eleven activities with the money generated from six different revenue streams as outlined below:



	Planning and Regulatory Services	\$4,358,000
	Community Support	\$2,258,000
	Community Facilities and Services	\$10,857,000
	Property	\$2,688,000
	Treasury and Support	\$258,000
	Representation and Community Leadership	\$3,098,000
	Land Transport (Roading & Footpaths)	\$8,322,000
	Stormwater	\$1,203,000
	Solid Waste Management	\$2,466,000
	Water Supply	\$5,670,000
	Waste Water Management	\$6,423,000
<b>TOTAL</b>		<b>\$47,601,000</b>

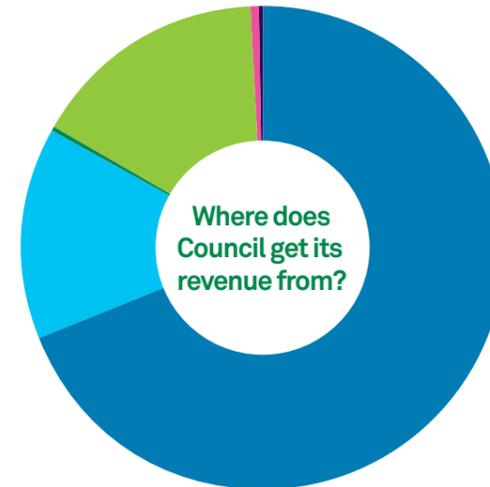
## Audit of Information

While the Pre-Election Report itself has not been audited, much of the information in this has.

The Pre-Election Report has already been audited by independent auditors. In particular:

- the first two years (2013-2015) of the retrospective financial data have been audited as they have been taken directly from the relevant Annual Report.
- The four years (2016-2020) of prospective financial data from the 2015-2025 Ten Year Plan has likewise been audited in conjunction with service performance targets and planned projects.
- The retrospective financial information from the most recent financial year (2015-16) has not been audited, as the timeframes within which councils are required to prepare this report are insufficient to complete an audit process.

The figures shown in the Financial Statements for the 2015/16 financial year are interim only and subject to change. It is important to note that the interim financial results shown in this Pre Election Report may be different from what will be published in the 2015/16 Annual Report that Council will adopt in October of this year. The changes will mainly be in relation to revaluations of infrastructural assets that as at this point in time have not been finalised, and the depreciation impact from those revaluations.



Rate Revenue	\$35,080,000
Grants and Subsidies	\$7,196,000
Finance Revenue	\$154,000
Other Revenue (including fees and charges)	\$8,050,000
Gain Disposal of Assets	\$180,000
Gain on Revaluations	\$123,000
<b>TOTAL</b>	<b>\$50,783,000</b>

The Council has two types of expenditure: operating and capital expenditure.

1. Operating is expenditure undertaken by Council as a result of performing its normal business operations.
2. Capital is money spent on acquiring or upgrading a business asset, such as wastewater treatment plants, and is split into the following three types of expenditure:
  - Renewals – this is expenditure to keep the current services and assets at present levels.
  - Increased service levels – this is additional expenditure to increase or improve a service level.
  - Additional capacity – this is expenditure associated with extending a service or asset to provide for future growth.

## Who pays for what?

Council is limited in terms of how it can fund (or pay for) services and activities.

- Rates are the main form of revenue. Some rates are based on property value while others are spread equally across a group of ratepayers.
- Grants and subsidies are funds received from other agencies particularly the Government.
- User fees and charges are used to target individuals or groups who are directly using a service and therefore directly benefit from or create the need for that service.
- Development contributions are the payments made by developers towards infrastructure projects. It is their 'share' of being able to connect to and use that infrastructure.
- Vested assets are those assets that are given into Council ownership to maintain by developers or third parties..
- Borrowing isn't a source of revenue in itself, but is a bridging mechanism used by councils to assist with funding of long term infrastructure so that the costs are shared by users (present and future) over the life of the assets.

# What is Council's Financial Strategy?

The focus of Council's Financial Strategy (as per the 2015-2025 Long Term Plan) is to balance the budget 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.

A key aspect of Council's Financial Strategy is to try and reach a balance between loan funding and rate funding the purchasing of new, and maintenance of old, assets. In the past Council has not always funded asset renewals from rates and this has meant that at times Council has needed to loan fund some renewals in order to maintain assets which, as we identify in our Financial Strategy, is not sustainable.

To reduce the need to borrow, Council intends to progressively pay for more asset renewals from rates and operating surpluses, with loans being used to fund capital expenditure for new assets required for increases in Levels of Service and growth.

Council signalled higher than normal rates increases in the first 3 years of its 2015-2015 LTP.

## 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 the table below.

## Debt

In May 2016 it was confirmed that Council had retained its A+ credit rating from Standard and Poors. The A+ credit rating contributes to Council's ability to take certain levels of debt. Debt funding is pivotal to the funding of new assets.

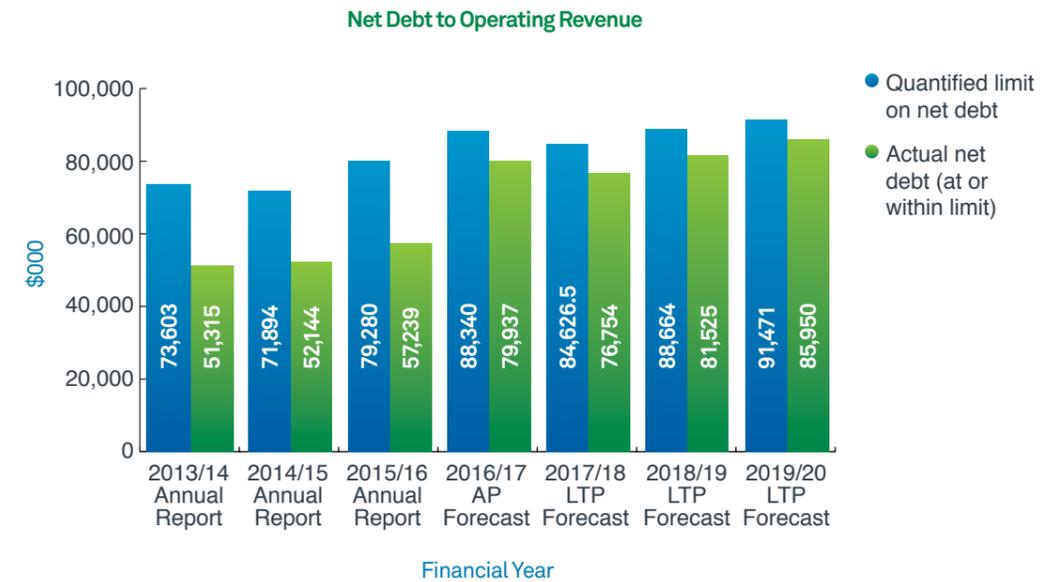
As at 30 June 2015 Council owed \$60m (approximately \$2,000 per rate payer), with this projected to increase to \$76m by 30 June 2016 as per the 2015-2025 LTP. Through careful management of Council's cashflow, particularly in relation to major projects where some of the projects were delayed. Council's debt only needed to increase to \$68m, meaning that Council's is approximately \$8m below the projected amount for the 2015/2016 year from what was projected in the 2015-2025 LTP.

## Capital projects

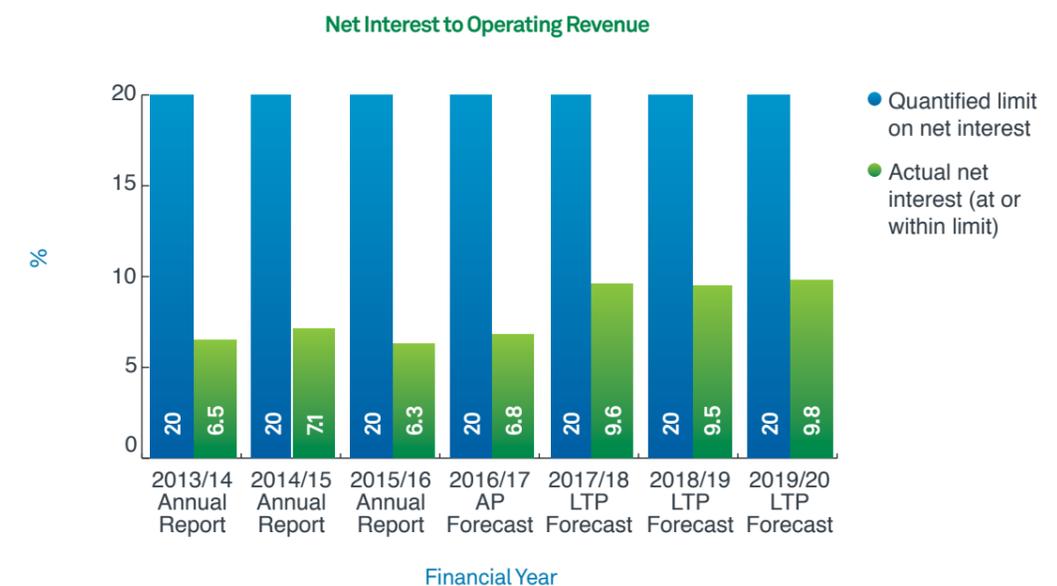
Capital expenditure pays for buying or building new assets and renewing or improving existing assets to deliver a better service. In relation to capital projects, \$8 million has been shifted from the 2015/2016 financial year to the 2016/2017 financial year as a result of the required works on the North East Levin storm water project and the delays Council has experienced for some projects which have largely been a result of resource consent processes. This shift is also to allow for the construction of Te Awahou-Nieuwe Stroom to predominantly occur in 2016/2017.

## Debt affordability benchmarks

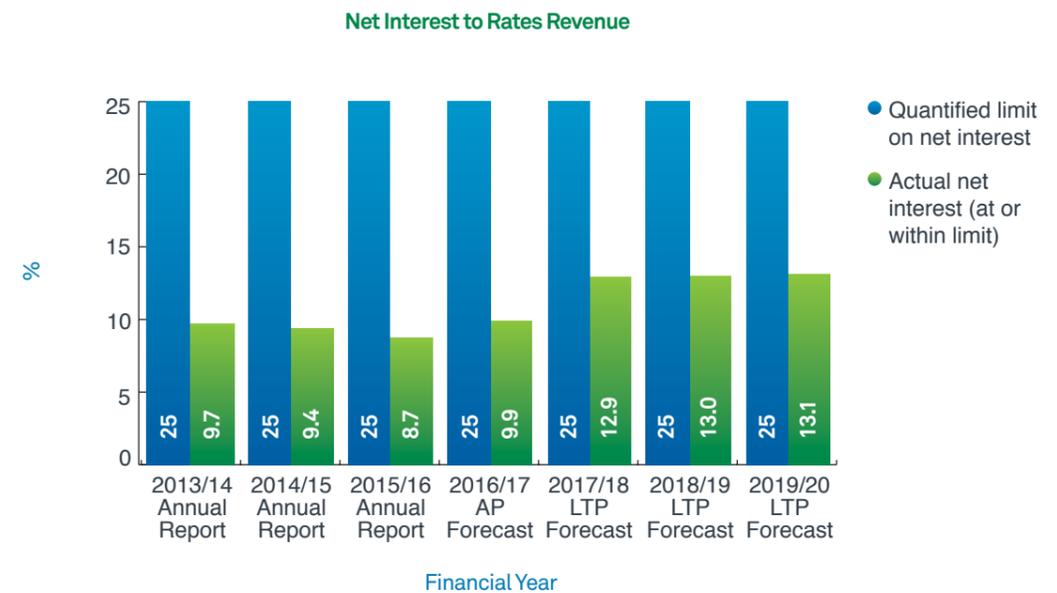
The following graph compares the Council's forecast net debt to total operating revenue. Council meets this benchmark if actual or planned borrowing for the year is within each quantified limit on borrowing found in the Liability Management Policy in the 2015-25 LTP.



The following graph compares the Council's interest to total operating revenue. Council meets this benchmark if actual or planned net interest is less than or equal to 20% of total operating revenue.

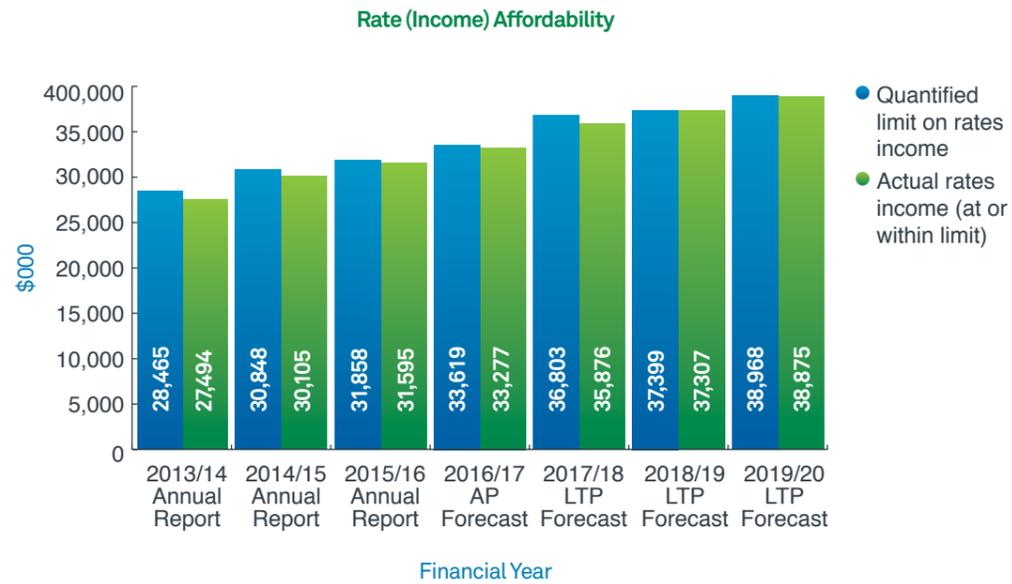


The following graph compares the Council's interest to rates revenue. Council meets this benchmark if actual or planned net interest is less than or equal to 25% of rates revenue.



## Rates affordability benchmarks

The following graph compares the Council's proposed rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plans 2012-22 (2013-15) and 2015-2025 (2015-20). The Council meets the rates income affordability benchmark if its actual or planned rates for the year equals or is less than each quantified limit on rates.



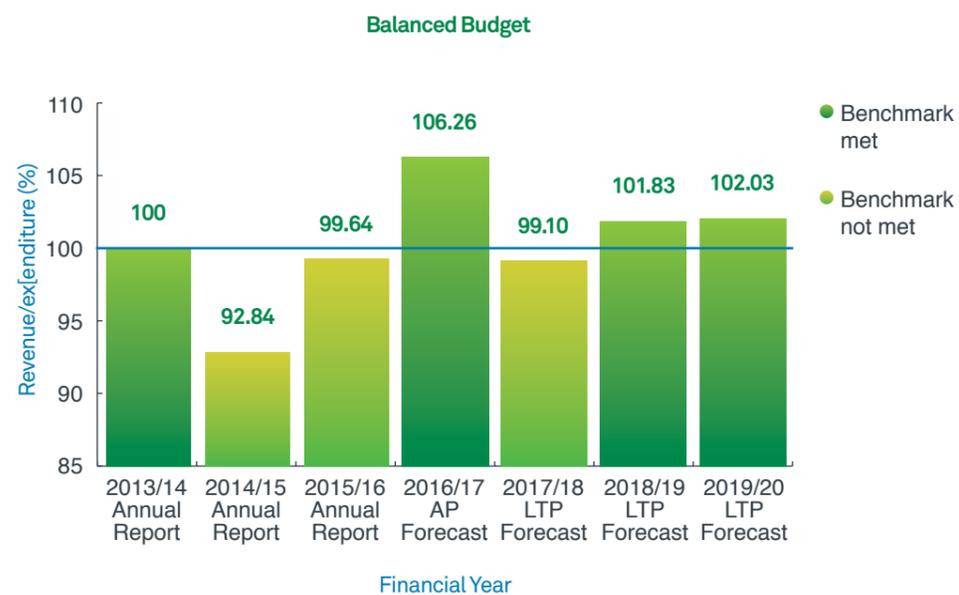
The following graph compares the Council's proposed rates increases with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plans 2012-22 (2013-15) and 2015-2025 (2015-20). The Council meets the rates increase affordability benchmark if its actual or planned rates increases for the year equal or are less than each quantified limit on rates increases. 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.



## Balanced budget benchmarks

The balanced budget measure shows income excluding development contributions, vested assets, asset revaluation gains as a proportion of operating expenses excluding asset revaluation losses.

Council meets the balance budget benchmark if its revenue equals or is greater than its operating expenses.



# Performance to Date - Major Achievements in the Last Three Years

## Long-Term Plan

Council's 2015-2025 Long Term Plan (LTP) was adopted on 24 June 2015. The LTP is the Council's key strategic planning document.

It outlines the Council's financial situation as well as the levels of service Council is committed to for the activities it undertakes and capital projects work programme for the next ten years, with a focus on the first three years.

In preparing its LTP 2015-2025 Council considered at length the major infrastructure investment that has been identified as being required in its recently reviewed asset management plans and the newly developed Infrastructure Strategy. These projects are required to meet a number of consenting processes, national standards and to respond to demand from within the District. The financial impact of the infrastructure programme is quite significant, both in terms of community priorities, our capacity to undertake the projects, the debt servicing operational and replacement costs and, above all, affordability for the residents within our District.

Council received 267 submissions to its Draft LTP 2015-2025. These were received and deliberated on at a series of meetings during May 2015. Council acknowledges the breadth and quality of submissions that it received to the Plan and takes this opportunity to thank all those who participated in the consultation process either through attendance at public open days, verbal engagement with Councillors and key staff, or through formal submissions.

## Shannon Wastewater Treatment Plant

Horowhenua is leading the way with land-irrigated wastewater. The successfully-completed upgrade of the Shannon Wastewater Treatment Plant takes Horowhenua a significant step closer to seeing nearly all of the District's wastewater irrigated to land.

The treatment plant upgrade was celebrated when it was officially opened by Minister for the Environment, the Hon. Dr Nick Smith on 20 April 2016.

The new 10,000 cubic-metre storage capacity and land irrigation system will result in 80 percent of the treated wastewater discharge not entering the nearby waterway. Previously, and ever since 1969 when the plant was built, all the treated wastewater had been discharged to water, via Stansells Drain that fed into the Mangaore Stream and into the Manawatu River.

Now, for approximately 355 days of the year, all the treated wastewater will be irrigated over purpose-bought Council-owned farmland. For the remaining 10 days of the year, on average, when the Manawatu River is in high flow, the treated wastewater will be discharged through two 1 x 6 metre gabion baskets - wire mesh encasing small rocks - to an artificial wetland and gently-sloping channel planted with grass and flax, leading to an adjacent waterway. Council is undertaking a five-year trial to explore if more than the 80 percent can be irrigated to land and subsequently reduce the discharge to water even further.

Horowhenua has six community wastewater discharges. With the completion of the Shannon Treatment Plant's land discharge scheme and the planned upgrade for the Foxton Wastewater Treatment Plant, currently going through the resource consent process, Horowhenua will see 100 percent of the District's wastewater discharged to land and not into waterways.

## Lake Accord

The move to restore Lake Horowhenua's environmental health took another significant step forward with the launch of 34 key tasks to be undertaken over the next two years. The Lake Horowhenua Accord Action Plan 2014 - 2016 was launched in August 2014, commemorating the first anniversary since five signatory partners (the Lake Horowhenua Trust, Horowhenua Lake Domain Board, Horowhenua District Council, Horizons Regional Council, and the Department of Conservation) committed to the Accord. The Action Plan identifies the roles and responsibilities of the five partners, provides detail on the eight key issues impacting Lake Horowhenua, as well as the approaches for its restoration. The Accord highlights 34 tasks that underpin the Plan's 15 management actions



*“Horowhenua’s Pride and Vibrancy Action Plan has helped vitalise and promote the district as a vibrant, beautiful and successful place that residents are proud of and visitors enjoy.”*

## Te Awahou Nieuwe Stroom Funding

The construction of Te Awahou Nieuwe Stroom is now a significant step closer with the project having received grants totalling \$1.92. The funding comes from a Lotteries Significant Projects Fund grant of \$750,000, a Lotteries Community Facilities Fund grant of \$500,000, a \$170,000 grant from Eastern and Central Community Trust and \$500,000 from the Foxton Beach Freeholding Account. This follows Horowhenua District Council adopting recommendations that allowed the Te Awahou Nieuwe Stroom project to start construction with Caldwell builders being given the contract to build and a blessing taking place on 5 June 2016.

## Joint Roothing Contract

Central government is sending strong signals about centralisation of infrastructure services. Keeping up to date with these changes and understanding what is best for the Horowhenua and its communities will continue to be a focus.

A collaborative regional approach taken by the Manawatu, Rangitikei, and Horowhenua District Councils to roading infrastructure will see significant benefits for the three councils.

As a result of this collaboration the three District Councils invited road maintenance contractors to bid for work in each district or across the combined districts. The Councils have approved a single contractor, Higgins Contractors Ltd, to provide roading infrastructure services across their districts. Using a single contractor across the three districts will enable ratepayer contributions to be reinvested in maintaining and improving more of the roading networks in each district.



## Pride and Vibrancy

Horowhenua’s Pride and Vibrancy Action Plan has helped vitalise and promote the District as a vibrant, beautiful and successful place that residents are proud of and visitors enjoy. It set out to turn around negative perceptions held by residents and visitors; to make the district a place that its people could be proud of, with inviting public spaces where talent and culture are showcased.

The project was developed (and continues to be steered) by a community working party, supported by the Horowhenua District Council Community Development leadership mantra of ‘Facilitate, Coordinate, Advocate’. Three key workstreams were developed by the working party in the categories of events, public space vitalisation and community clean-ups. Progress to date includes:

- Tag busting – Levin and Shannon Teams
- Levin Adventure Park Mural
- Morgan Crescent Community Place making
- Waka Walls
- Chorus Cabinets

## Online and Digital Strategy

Horowhenua District Council has implemented an Online and Digital Strategy Action Plan. Part of this action plan aims to look at how we package and distribute our information, gain the attention of our audience, and how we can continue to create two way relationships. We want to ensure our systems and processes are user friendly for our entire community.

In 2016 Council completed a website redevelopment, which will see our digital service delivery channel greatly improved. Customers can now see what is happening in their neighbourhood with a “my Neighbourhood” map which highlights Council, meetings, projects, events happening nearby. We now also have a Community Directory which community groups, and committees can keep up to date so people know how to get involved with them. Another highlight is the website is much more accessible with read speaker functionality so community members with hearing impairments can utilise the website to find out information, make payments and stay up to date with community news.

## Online Land Information Memorandums (LIMS)

In a year we have improved the LIM process and we can now deliver LIMS faster than ever before. Because we have streamlined the system and made it more online, we can turn a LIM report out in a few hours, if all the relevant information is easily found during research. We are able to deliver LIMS much faster than most councils in New Zealand and because of this customer and real estate sector feedback has been overwhelmingly positive.

## Tokomaru Water Treatment Plant

The Tokomaru Water Treatment Plant upgrade was officially opened on 1 April 2015, after a more financially-viable option allowed the project to be brought forward from 2025.

September 2014 Horowhenua District Council approved spending \$350,000 for the upgrade, significantly less expensive than the previously estimated options ranging from \$1.9 million to \$3 million.

## Levin Water Treatment Plant Upgrade

Phase one of the upgrade was completed in early 2016 and features the construction of a new six-million-litre reservoir tank, measuring 31 metres in diameter and nine metres high. It adds to two existing concrete reservoirs - a four-million-litre tank built in 1965, and a 2.5-million-litre tank built in 1943.

This will provide the town with at least 24 hours of water storage capacity. Previously storage capacity had been 19 hours typically, but only 13 hours during peak demand in summer.

Manufactured in the United Kingdom, the components were shipped to New Zealand and then assembled on site at the water treatment plant.

Future phases of the upgrade to be carried out in the next year include a new clarifier and UV treatment system.

## Summary Financial Position 2013-2016

	2013/14 Annual Report \$000	2014/15 Annual Report \$000	2015/16 Annual Report \$000
<b>Assets</b>			
Current assets	13,402	14,182	13,929
Non-current assets	478,235	478,337	487,081
<b>Total assets</b>	<b>491,637</b>	<b>492,519</b>	<b>501,010</b>
<b>Liabilities and ratepayers' equity</b>			
Current	20,595	12,071	29,274
Non-current	49,523	61,880	53,837
<b>Total liabilities</b>	<b>70,118</b>	<b>73,951</b>	<b>83,111</b>
<b>Ratepayers' equity</b>	<b>421,519</b>	<b>418,568</b>	<b>417,899</b>
<b>Total liabilities and ratepayers' equity</b>	<b>491,637</b>	<b>492,519</b>	<b>501,010</b>

Funding Impact Statement	2013/14 Annual Report \$000	2014/15 Annual Report \$000	2015/16 Annual Report \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	7,742	8,310	8,865
Targeted rates	20,613	22,684	24,546
Subsidies and grants for operating purposes	1,245	1,174	1,530
Fees and charges	5,146	4,831	5,283
Interest and dividends from investments	175	222	127
Local authorities fuel tax, fines, infringement fees and other receipts	2,947	2,802	2,903
<b>Total operating funding (A)</b>	<b>37,868</b>	<b>40,023</b>	<b>43,254</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	28,463	29,996	30,968
Finance costs	2,751	3,487	2,986
Other operating applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>31,214</b>	<b>33,483</b>	<b>33,954</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>6,654</b>	<b>6,540</b>	<b>9,300</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,191	1,059	2,050
Development and financial contributions	516	344	381
Increase (decrease) in debt	4,000	3,250	5,000
Gross proceeds from sale of assets	1,403	1,909	1,385
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>10,110</b>	<b>6,562</b>	<b>8,816</b>

<b>Applications of capital funding</b>			
Capital expenditure			
To meet additional demand	1,051	471	1,273
To improve the level of service	7,756	5,122	10,049
To replace existing assets	7,645	6,460	9,661
Increase (decrease) in reserves	(222)	910	(2,998)
Increase (decrease) of investments	533	139	131
<b>Total applications of capital funding (D)</b>	<b>16,764</b>	<b>13,102</b>	<b>18,116</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(6,654)</b>	<b>(6,540)</b>	<b>(9,300)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	10,708	11,483	11,515

## Current Year

*Where are we going? Priorities for our community over the next year.*

We have a significant amount of work on the agenda for 2016 - 2017. There are a number of key projects that we would like to highlight which are outlined below.



## Leadership - Good to Great

Horowhenua District Council has started the internal journey of seeing the organisation going from good to great. An internal strategy was launched providing the organisation with 4 pillars of excellence to work towards. These include Customer Service Excellence, Operations Excellence, Product Excellence and People Excellence. Along with the pillars of excellence, staff are now committed to work towards clear goals and objectives in the focus areas of Service Delivery, Financial Sustainability and Affordability, Alliances and Partnerships and Community Engagement.

The management team was reorganised to ensure our organisation is set up for the anticipated growth:

- **Growth Response Team** - who will take the lead in developing the appropriate responses to ensure upcoming growth opportunities are enabled and are responsible for developing the RONS response, collaboration strategies with our northern neighbours and Kapiti Coast District Council, and any governance changes agreed by Council.
- **Business Excellence Team** - who will develop and implement an innovation framework that helps efficient and effective service delivery, enabling productivity gains. It will also review back office and frontline services to identify opportunities for cost savings, efficiencies and improvements.

## Community Housing

The Government announced in May that it will explore an opportunity to include approximately 250 Housing New Zealand properties and tenancies in the region with Horowhenua District Council's pensioner housing units in a joint transfer to a Community Housing Provider.

In April Council announced its plans to transfer its own 115 pensioner housing units to a Community Housing Provider. Having one provider managing Community Housing in the district will bring many benefits to existing and future tenants.

As part of the condition of sale, any Community Housing Provider will be required to retain all properties as community housing for the district, and to ensure all existing tenants enjoy the same terms and conditions of tenancy.

The level of housing needs in the District will only grow over time and that the service currently being delivered by Council is not sustainable in the medium-to-long term without significant operational and capital expenditure being made.

Central Government, through its social housing reform, no longer allows councils to access capital grant subsidies to develop and deliver new community housing; nor can they access subsidies to help make housing affordable for tenants.

Community Housing Providers can offer much wider wrap-around social services such as meals, outings, social services and health-care, providing even more value to tenants. They are also in a better position than Council, or the private sector, to provide the specialist support required by some elderly tenants. Essentially, Community Housing Providers offer a very safe pair of hands.

“The upgrade of Foxton’s Main Street has been long overdue and Council has committed to this upgrade which will take place during the 2016-2017 financial year.”



## Foxton Main Street

The upgrade of Foxton’s Main Street has been long overdue and Council has committed to this upgrade which will take place during the 2016-2017 financial year. This upgrade will ensure that Main Street is safer and more ‘pedestrian-friendly’. It will involve:

- Widening and resurfacing the footpaths, adding tactile indicators to the footpath to aid visually-impaired people and installing pedestrian refuges to make it safer for pedestrians to cross the road.
- Developing the area around the Cenotaph into a ‘Memorial Plaza’ and providing a better connection between the Plaza and Ihakara Gardens to enable a contemplation space.
- Making the Main Street a greener, more attractive space by planting native trees and low-level shrubs and installing more bike stands to encourage locals and tourists to cycle through town.

# WE KEEP.

Our community safe.

We are. Horowhenua.



## LGNZ Excellence

Local Government New Zealand (LGNZ) is embarking on a new Local Government Excellence Programme, designed to improve the public’s knowledge of the work councils are doing in their communities and to support individual councils to further improve the value they provide to all New Zealanders.

The Programme is underpinned by significant research commissioned by LGNZ, including the New Zealand Local Government Survey of 3,000 citizens and businesses released in May 2015. This provided vital country-wide insights into New Zealanders’ perceptions of local government.

The Programme will encourage councils to consider incentives for growing a culture of performance and includes a strong focus on fiscal strength and financial management.

The four proposed priorities of the Programme are:

- Excellence in governance, leadership and strategy;
- Excellence and transparency in financial decision-making
- High standards of asset management, infrastructure and service provision; and
- Stronger engagement with the public and businesses.

A framework for the Programme has been developed and 22 Councils are currently being selected to embark on this programme. Each council will determine the priority areas for their community and demonstrate their performance and progress. Horowhenua has been selected to be one of the founding Councils.

## Stormwater

North East Levin has been identified as an area for future residential growth and there is potential to develop between 650 and 700 sections in this area in the future. Development has already begun to occur in this area, although currently some residential properties are experiencing issues with storm water during large rainfall events where their soak-pits are not able to discharge the rainwater run-off fast enough. As a result the roads act as flood ponds by holding water. To address this issue investment is required, as identified in both the 2012-2022 and the 2015-2025 Long Term Plans.

Unless significant investment is made by Council into the stormwater network then flooding problems will compound overtime if further development is allowed to occur in this area.

Therefore Council is investing \$4,100,000 into the North East Stormwater Upgrade to alleviate this problem.

## Water Supply

Council has allocated \$3,600,000 to upgrade the Levin Water Treatment Plant and enhance the drinking quality for the town of Levin. These works will complement the recently completed new water reservoir at the Levin Water Treatment Plant site and will ensure that Levin’s water meets the Drinking Water Standards of New Zealand 2005 (Revised 2008).

## Wastewater

Currently, all of the effluent from the Foxton wastewater treatment ponds is discharged into the Foxton Loop of the Manawatu River. Council is committed to doing its part to help improve the quality of the Manawatu River.

In the coming financial year, Horowhenua District Council will be upgrading the Foxton Wastewater Treatment Plan (subject to consent approval). The proposed upgrade will mean that treated wastewater from this plant will be discharged through land rather than into the Foxton Loop of the Manawatu River. This will mean that 100% of the District’s treated wastewater will be discharged through land.

## Regulatory Services

### Customer Focused Council

Horowhenua District Council has recently appointed a Customer & Development Enabler to provide a more personalised service to valued business customers. The role has been designed with our business users in mind and is designed to assist clients to navigate their engagement with Council, guide them through processes and mediate them through any challenges that arise. We enable positive experiences and successful outcomes for our key stakeholders on their journey with us from Good to Great. Read more below about navigating Council processes.

✓ 100%

Building consents granted within statutory timeframes

6.45 days

Average processing time to issue a Code Compliance Certificate - Statutory timeframe is 20 days



All telephone calls to Council are answered within 45 seconds - Average is 21 seconds



Land Information Memorandum (LIMs) Processed within 24 Hours.

### Building Control

To meet the demand of the predicted growth in our District, Council is busy working behind the scenes to make systems and processes easy for our community to complete. This year Council will be working towards processing building consents electronically rather than the current paper based system.

### Environmental Health

Changes in the Food Act mean Council is required to develop a Quality Management System that meets the requirements to allow Council to be recognised as an Inspection Body, accredited to a standard set by the Ministry of Primary Industries (MPI). This allows Council to offer a verification service to businesses on National Food Programmes (such as dairies).

# Community Facilities and Services

## Te Awahou Nieuwe Stroom

The development of Te Awahou-Nieuwe Stroom will be a major project over the coming year, with construction work starting in June 2016. This facility will be unlike anything else in New Zealand. It will serve as a community centre for Foxton and the surrounding area; with a range of services including library, cultural and heritage activities, visitor information, community development as well as bookable community spaces, and on top of this it will be home to the Piriharakeke Generation Inspiration Centre and Dutch Connection Centre. This fantastic new facility is anticipated to open mid-to-late 2017.

## Community Services Review

Recently Council completed a Community Services Review. Throughout 2016/2017 the review findings will be implemented and will see Council working to ensure an enhanced range of well integrated community services are delivered with an extended reach across the district.

## Aquatics Centres and Recreation

The long awaited redevelopment of the Levin Aquatic Centre, which will include a hydrotherapy pool being added as well as general upgrades to the existing facilities, is taking place between May and September 2016. The Foxton Pool will stay open for an extended season over the period May to September 2016.

## Property

Council holds a significant property portfolio of approximately 550 properties, which have a total rateable value (land and buildings) of approximately \$101 million (2014). In 2015 the Council adopted the Property Strategy. This Strategy provides a framework for Council to consider all its property assets across the District and determine their relevance to Council's core business in line with recent amendments to the Local Government Act 2002.

# Summary Financial Position 2016-2017

Summary Financial Position	2016/17 AP \$000
<b>Assets</b>	
Current assets	12,390
Non-current assets	520,789
<b>Total assets</b>	<b>533,179</b>
<b>Liabilities and ratepayers' equity</b>	
Current	13,704
Non-current	86,329
<b>Total liabilities</b>	<b>100,033</b>
Ratepayers' equity	433,146
<b>Total liabilities and ratepayers' equity</b>	<b>533,179</b>

## Funding Impact Statement

2016/17  
AP \$000

### Sources of operating funding

General rates, uniform annual general charges, rates penalties	9,259
Targeted rates	25,821
Subsidies and grants for operating purposes	1,342
Fees and charges	5,234
Interest and dividends from investments	154
Local authorities fuel tax, fines, infringement fees and other receipts	2,817
<b>Total operating funding (A)</b>	<b>44,627</b>

### Applications of operating funding

Payments to staff and suppliers	32,466
Finance costs	3,570
Other operating applications	-
<b>Total applications of operating funding (B)</b>	<b>36,036</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>8,591</b>

### Sources of capital funding

Subsidies and grants for capital expenditure	5,854
Development and financial contributions	-
Increase (decrease) in debt	18,000
Gross proceeds from sale of assets	2,640
Lump sum contributions	-
Other dedicated capital funding	-
<b>Total sources of capital funding (C)</b>	<b>26,494</b>

### Applications of capital funding

Capital expenditure	
To meet additional demand	5,382
To improve the level of service	18,128
To replace existing assets	13,290
Increase (decrease) in reserves	(600)
Increase (decrease) of investments	(1,115)
<b>Total applications of capital funding (D)</b>	<b>35,085</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(8,591)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>
Depreciation	11,471

## Operational Performance 2016-2017.

The 2016/2017 financial year will be similar to what was proposed for Year 2 of the 2015-2025 LTP, although the following minor deviations should be noted:

 **5.75%** to **5.25%** Lower than assumed interest rates - decreasing from 5.75% to 5.25%

 **5.52%** to **5.43%** Rates increase has decreased from a proposed 5.52% to 5.43%

 Reduction of Parks and Property budget, due to the new contract with Recreational Services, creating annual savings of \$250,000

 Increase in spending in areas including Economic Development and Regulatory Services in response to the predicted growth

 Increase in Stormwater expenditure resulting from the additional spend required for the North East Levin Stormwater project

 Increase in Solid Waste expenditure due to the review of resource consent conditions Council has been required to complete for the Levin Landfill which was at the request of the Hokio Neighbourhood Liaison Group.

## Are We Listening?

Each year residents tell us their level of satisfaction with the services they receive from Council as part of our annual resident satisfaction survey.

This survey measures resident's satisfaction of the services, facilities, projects and communication provided by Council. Through this platform you have told us that your overall satisfaction for Council Services:

**Overall 79.96%**

(an increase of 0.84% from the 2014-2015 year)

### What does the community think of our facilities?

We asked for feedback on the satisfaction rating for Council operated facilities throughout the District. The results showed the following satisfaction ratings:



**Parks and Reserves**  
79.08%



**Libraries (including Te Takere)**  
91.62%



**Sports Grounds**  
95.48%



**Swimming Pools**  
87.14%



**Cemeteries**  
95.7%



### How do residents engage with Council?

Residents indicated as part of the survey that their main contact with Council is:



**In person**  
65%



**Phone**  
56%



**Via email**  
22%



**Via website**  
16%

Further to this the Council's website is utilised by just over two thirds (63%) of residents. Council's monthly magazine 'Community Connection' is read by 74% of all respondents.

Council undertakes this Resident Satisfaction Survey each year. The trends and information learnt from these surveys are used to inform our future planning.

We have also continued to engage and listen to you about other key projects we are undertaking such as the Community Housing project and the Levin North East Stormwater development project.

## Looking Ahead

## The Next Three Years 2017/2018 – 2019/2020

### Planning for the Future

- Meeting the needs for expected growth for our Community.
- Continued planning for Te Awahou Nieuwe Stroom

### Economic Development

- To focus on enabling and encouraging economic growth in the District
- Tararua Property Development

### Wastewater

- Levin strategic upgrade pipeline to POT and pump station
- Foxton treatment plant upgrade
- Foxton Beach treatment plant upgrade

### Water

- North East Levin reticulation development

### Stormwater

- North East Levin stormwater development

### Solid waste

- Levin Landfill development
- Levin Landfill energy recovery / flare

### Parks and Recreation

- Foxton Beach Reserves
- Waitarere dune management
- Levin Domain pathways resurfacing
- Levin Aquatic Centre - disabled facilities upgrade, hydrotherapy pool, zero depth pool and playground equipment.

### Roading

- Foxton Townscape development

## Summary Financial Position 2017-2020

Summary Financial Position	2017/18 LTP Forecast \$000	2018/19 LTP Forecast \$000	2019/20 LTP Forecast \$000
<b>Assets</b>			
Current assets	13,172	12,791	12,628
Non-current assets	538,132	544,088	596,527
<b>Total assets</b>	<b>551,304</b>	<b>556,879</b>	<b>609,155</b>
<b>Liabilities and ratepayers' equity</b>			
Current	9,780	23,587	9,425
Non-current	86,503	77,112	95,588
<b>Total liabilities</b>	<b>96,283</b>	<b>100,699</b>	<b>105,013</b>
Ratepayers' equity	455,021	456,180	504,142
<b>Total liabilities and ratepayers' equity</b>	<b>551,304</b>	<b>556,879</b>	<b>609,155</b>

Funding Impact Statement	2017/18 LTP Forecast \$000	2018/19 LTP Forecast \$000	2019/20 LTP Forecast \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	9,159	9,391	9,490
Targeted rates	28,599	29,855	31,385
Subsidies and grants for operating purposes	1,296	1,404	1,435
Fees and charges	4,654	4,786	4,930
Interest and dividends from investments	158	162	167
Local authorities fuel tax, fines, infringement fees and other receipts	2,762	2,862	2,937
<b>Total operating funding (A)</b>	<b>46,628</b>	<b>48,460</b>	<b>50,344</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	31,041	31,518	32,460
Finance costs	4,787	4,999	5,274
Other operating applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>35,828</b>	<b>36,517</b>	<b>37,734</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>10,800</b>	<b>11,943</b>	<b>12,610</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	1,730	2,205	1,924
Development and financial contributions	-	-	-
Increase (decrease) in debt	(2,478)	4,779	4,458
Gross proceeds from sale of assets	7,721	689	709
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,973</b>	<b>7,673</b>	<b>7,091</b>

<b>Applications of capital funding</b>			
Capital expenditure			
To meet additional demand	848	1,555	2,062
To improve the level of service	6,857	7,861	6,562
To replace existing assets	9,988	10,136	11,045
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	80	64	32
<b>Total applications of capital funding (D)</b>	<b>17,773</b>	<b>19,616</b>	<b>19,701</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(10,800)</b>	<b>(11,943)</b>	<b>(12,610)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	12,970	13,236	13,497

## Where to Find Out More

There are a number of publications available that provide additional information on Council.

Please visit our website [www.horowhenua.govt.nz](http://www.horowhenua.govt.nz) or contact our Customer Services Team on 06 366 0999 to find copies of the following documents:



- Horowhenua District Council Long Term Plan 2015 – 2025
- Horowhenua District Council Annual Plan 2016 – 2017
- Horowhenua District Council Annual Report 2014 – 2015
- Horowhenua Development Plan 2015
- Horowhenua Prospectus
- Governance Statement

