



Summary Annual Report

For the year ended 30 June 2018

Te Pūrongo Whakarāpopoto ā-Tau
a Te Kaunihera ā-Rohe o Horowhenua

Mō te tau ki te 30 o Pipiri 2018





About This Summary

Mō tēnei pūrongo whakarāpopoto

The Council adopted the audited annual report for 2017/18 on 24 October 2018 and authorised it for issue.

The report details Council's achievements against the measures and budgets for the year. The full report received an unmodified audit opinion. Copies are available from the Council on request (refer to back page for contact details).

This summary provides the key points extracted from the full annual report. As a summary it cannot be expected to provide a complete understanding of the performance of the Council for the year.

Contents

Introduction Kupu Whakataki	4
Our Performance at a Glance Hei Rarapa atu ki ā Mātou Mahi	8
Summary of the Financial Statements Whakarāpopoto Tauākī Ahumoni	10
Summary Statement of Comprehensive Revenue and Expense Te Tauākī Whakarāpopoto Whānui mō te Moni Whiwhi me te Moni Whakapau	12
Statement of Changes in Ratepayers' Equity Ngā Panonitanga Whaipānga Kaiutu Reiti	13
Statement of Financial Position Tauākī Ahumoni	13
Statement of Cash Flows Tauākī Kapewhiti Moni	13
Funding Impact Statement for Whole of Council Te Tauākī Pānga Tahua mō te Katoa o te Kaunihera	14
Explanations for variances between the Council's actual results and the Council's budget for 2017-18 Hei whakamārama i ngā tangongitanga i waenga i ngā hua tahua tūturu a te Kaunihera me tana mahere pūtea mō te tau 2017-2018	15
Statement of Comprehensive Revenue and Expense	15
Statement of Financial Position	16
Statement of Cash Flows	17
Other Disclosures Whākinga Kē Atu	17
Key Performance Measures Overview Tirohanga Whānui ki ngā Paetohu Aromatawai Mātāmua	18
Regulatory Services	18
Community Facilities and Services	19
Property	19
Community Support	20
Representation and Community Leadership	20
Land Transport	21
Solid Waste	21
Stormwater	22
Wastewater	22
Water Supply	23



Introduction from Elected Members and Chief Executive

Te kupu whakataki a ngā Kaikaunihera me te Tumu Whakarae



Horowhenua is better prepared for the future and for growth following a fast-paced year of planning and projects.

The 2017/18 financial year resulted in a deficit of \$2.15 million, against a budgeted surplus of \$978,000 for Horowhenua District Council. Council's revenue was \$52.43 million, and its expenditure was \$54.58 million.

The last financial year was busy and the current financial year will be no different as we prepare our district for growth, improve the wellbeing of our people and strengthen our infrastructure.

Depreciation was \$2.33 million higher than budgeted. This came about after a revaluation of our fixed assets totalling \$45 million in the previous financial year. During the year there was a further revaluation of our infrastructural assets that informed the Long Term Plan 2018-38 and increased our asset value by \$7.7 million.

The value of Council infrastructure is affected by factors such as increased costs of materials and increased labour and machinery costs.

The increase in value means it will cost more to replace worn out infrastructure when we need to, and as a result, we needed to increase depreciation funding to \$11.1 million.

In addition, Council received less revenue from grants than was budgeted for. Roading subsidies were higher by \$1 million because of an LED lighting subsidy and other unbudgeted roading improvements. However, that was more than offset by two items that were removed from the budget. The \$1 million fit-out of Te Awahou Nieuwe Stroom has now been attributed to the two Trust partners that operate within the facility and not Council, and \$500,000 worth of grants for community centres were received in the previous financial year.

Council's total capital expenditure in the 2017/18 financial year was \$5.933 million below budget. The main reasons for this were delays to planned work such as the Foxton

Wastewater Treatment Plant, desludging of the Foxton Wastewater Pond, Levin Wastewater Treatment Plan renewals, North East Levin stormwater improvements, stormwater development planning for Foxton Beach and district-wide stormwater improvements.

Many of the delays were outside Council's control e.g. resource consents; and the work will be completed in the coming financial year.

Fees and charges were higher than expected because of:

- pensioner housing rental of \$343,000 that was not budgeted for because of the sale of social housing was delayed
- interest of \$91,000 from a new \$5 million liquidity investment
- lower interest rates meaning interest payments were \$365,000 below the budgeted amount.



Over the year, Council has completed many projects that have better prepared our communities for the future. Our team has led significant planning projects that will lead to the transformation of our District and futureproof our services. They include:

Consents: The high levels achieved in 2016/17 continued throughout the 2017/18 financial year. There were 183 resource consents lodged for the year ending 30 June 2018 and the value of building consents was \$97,816,985 compared to \$94,089,281 for the same period in the year prior.

Independent economic reports suggest our District will grow by a third in the next 20 years and that more than 5,100 new homes will need to be built and more than 5,800 new jobs created.

Water: Investments in improvement to the quality of water in Foxton / Te Awahou and Foxton Beach has resolved the issues that caused

problems for many years. Alongside this, Council constructed a 500 cubic metre reservoir in Foxton to improve community resilience, and upgraded the Levin Water Treatment Plant. This upgrade provided Levin with a six million litre reservoir, new water clarifier, new chemical dosing system, new ultraviolet treatment system, new chlorine shed and electrical and telemetry work.

As well as this, IANZ-accredited Environmental Laboratory Services tested drinking water in Levin, Foxton, Foxton Beach, Shannon and Tokomaru and found all are within the safe drinking water limits allowed by the Drinking Water Standards of New Zealand.

Stormwater: Upgrading of stormwater infrastructure in North East Levin was completed. It includes larger pipes and pumps for Kennedy Drive and Okarito Avenue and a larger pipe along Fairfield Road between Kennedy Drive and Roslyn Road.

LED lighting: To reduce electricity spend on street lighting and to reduce our communities' carbon footprint, about 1,800 LED street lights have been installed across the district. This project will continue.

Jack Allen Community Hub: This much-loved community hub is home to many organisations that aid our most vulnerable residents. During the year, the land it was on and adjacent carparks were sold to allow for the construction of a large new medical centre. Council officers worked with the trust that runs the hub to find a new home in the Levin RSA, and to help with funding requests to refurbish the new site. An added benefit to the community is that Levin RSA has secured a long-term tenant, which will aid the RSA to continue to operate locally.

Te Awahou Nieuwe Stroom: This new community facility and visitor experience opened to much acclaim both in Aotearoa and internationally. It



is home to the Piriharakeke Generation Inspiration Centre, the Oranjerhof Museum and a culture and community centre – and is one of the few bi-culturally run facilities of its type in New Zealand. The project won the NEC Project of the Year in London, the Public Architecture Award at the New Zealand Institute of Architects Western Architecture Awards, and the Museum Project Excellence Award at the New Zealand Museum Awards. It was also a finalist in the Local Government New Zealand Excellence Awards.

Punahau / Lake Horowhenua: Council and Lake Accord partners have continued to invest in the improvement of the lake, however, this has at times been hampered and progress is often challenged. Native plantings have continued, thousands of eels/tuna have been bred, and progress continues on land management plans. We support a proposed 12 kilometre shared pathway around the lake. This year, Council approved studies to consider how to improve stormwater quality before it enters the lake and a programme of works will be developed from that work.

Wastewater: Funding was secured to create a purpose-made native eco-system where Levin's treated wastewater will be discharged.

Meanwhile Council is finalising plans to discharge wastewater to land for Foxton / Te Awahou and Tokomaru. Once this is completed Horowhenua will lead Aotearoa because all our treatment plants will discharge to land as opposed to waterways.

Foxton / Te Awahou Main Street

Upgrade: This transformational project was a significant investment in the future of our oldest town. Delays were experienced, and more engagement was undertaken to determine how the town's war memorial and the roads around it should be treated. This was resolved, and the project is nearing completion.

2018-38 Long Term Plan: For the first time, Council created a 20-year Long Term Plan (LTP) and carried out pre-engagement to inform the Consultation Document. The Council's LTP Consultation Document was a finalist in the Society of Local Government Managers (SOLGM) awards, and Horowhenua was one of four councils held up as a model for others by the Office of the Auditor-General in its report to Parliament.

Transforming Taitoko – the draft Levin Town Centre Strategy:

More than 600 people took part in

conversations about how we can transform Levin's town centre. The input from the public is now being used to form the strategy, which will go to Council for adoption, and from there a number of projects will begin.

Social Housing: The agreement to sell Council's social housing to Compassion Horowhenua was made in the previous financial year. However, the sale was finalised this financial year. Compassion Housing bought the properties for \$5.25 million and a \$5 million suspensory loan was transferred to Compassion Housing. Council's former tenants now receive an increased level of support from Compassion Housing, including regular visits by a nurse.

Horowhenua New Zealand Trust:

Following a unanimous Council decision the Trust was established to improve the welfare of Horowhenua residents, drive investment and communicate economic and social data. Established as a charity it is owned by the people of Horowhenua and it will be similar to the successful Eastland Trust in Gisborne.

Online Portal: Connect Horowhenua offers the public a new and convenient way to interact with Council online.



Through the portal anyone who is registered can log enquiries, request services and lodge complaints. They can also update their details through the portal if they move house and link Council accounts, such as rates and dog renewal licences, to their profile.

Building Consents: GoShift, a single online portal for building consent applications, use of standard templates and checklists, aligned information and single best-practice quality management, was introduced.

The Cloud: This year, Council became one of the first in New Zealand to move its digital data from a land-based storage option to the Cloud to improve the regularity of our systems and help ensure our website is accessible during an emergency. The project roll out will continue into the coming financial year.

Shared Pathways: A new Shared Pathway along Arapaepae Road in Levin was constructed. It runs from Queen Street to Meadowvale Drive and is the first stage of a project that will eventually form a network of shared pathways throughout Horowhenua. Work has begun on an eight kilometre loop shared pathway at Foxton Beach.

Wellington Northern Motorway: The expressway, being built north of

Wellington, has begun to transform Horowhenua. Our population is growing at a faster rate than predicted and population growth is expected to continue for the next 20 years. Two sections of the motorway are nearing completion, and by 2020 the district will be a short 55-minute drive from downtown Wellington.

During the past financial year NZTA placed the proposed Ōtaki to North of Levin project – the last section of the Wellington Northern Motorway – on hold and is reviewing the project. Since the end of the financial year, NZTA has confirmed the Ōtaki to north of Levin project will be built.

Growth Areas: During the year, Council carried out public engagement on the location of growth areas adjacent to our towns and settlements across the district. Seismic testing of the proposed growth areas is being undertaken and Council will use the result of that and feedback from the engagement process will formalise the strategy, which will lead to District Plan changes in the next financial year.

Credit rating: We retained our A+ rating for long-term foreign currency and local currency. The ranking is awarded by Standard & Poor's

Global – an internationally recognised organisation – and the credit rating process takes into account whether the organisation can service its debt.

The 2017/18 financial year has been busy for our District and while we celebrate the big achievements we should also make note of a smaller achievements that will have a profound effect on the lives of some of our most vulnerable citizens. One such project was the installation of a waterproof wheelchair access machine at the Levin Aquatic Centre's hydrotherapy pool. By providing those with disabilities the opportunity to access the therapy pool we are improving the wellbeing of our residents.



Regulatory Services

Ngā Ratonga Whakariterite ā-Ture

A delivery arm of Council that provides advice, consenting services, assessment, education, compliance, and enforcement. 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 we live in.

Capital
Expenditure

\$0k

0% of total

Operating
Expenditure

\$4,758k

12% of total

Source of operating funding

Rates

Non-rates

44%

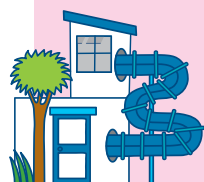
56%

Performance measure results

Achieved



Not achieved



Community Facilities and Services

Ngā Taiwhanga
ā-Rēhia me ngā Ratonga Hapori

We provide 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 causal participation through to clubs and associations organised on a national level.

Capital
Expenditure

\$4,944k

20% of total

Operating
Expenditure

\$10,761k

28% of total

Source of operating funding

Rates

Non-rates

88%

12%

Performance measure results

Achieved



Not achieved



Our Performance at a Glance

Hei Rarapa
atu ki ā Mātou
Mahi



Community Support

Te Tautāwhi i te Hapori

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.

Capital
Expenditure

\$7k

0% of total

Operating
Expenditure

\$2,359k

6% of total

Source of operating funding

Rates

Non-rates

97%

3%

Performance measure results

Achieved



Not achieved



Did not measure - Rural Fire - now provided nationally
Visitor Information - contract ended

Property

Ngā Rawa



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.

Capital
Expenditure

\$770k

3% of total

Operating
Expenditure

\$2,057k

5% of total

Source of operating funding

Rates

Non-rates

15%

85%

Performance measure results

Achieved



Did not measure - Endowment property sections for sale measure as all the sections have been sold



Representation and Community Leadership

Te Whakakanohi me te Hautū i te Hapori

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.

Capital
Expenditure

\$0k

0% of total

Operating
Expenditure

\$4,251k

11% of total

Source of operating funding

Rates

Non-rates

100% Rates

Performance measure results

Achieved



Not achieved



Did not measure - No election held during the year

Land Transport

Ngā Ara Whenua



Land Transport 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 allows 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.

Capital
Expenditure

\$7,815k

33% of total

Operating
Expenditure

\$3,325k

9% of total

Source of operating funding

Rates

71%

Non-rates

29%

Performance measure results

Achieved



Not achieved



Solid Waste

Te Para Totoka

We 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.

Capital
Expenditure

\$133k

1% of total

Operating
Expenditure

\$2,228k

6% of total

Source of operating funding

Rates

15%

Non-rates

85%

Performance measure results

Achieved



Not achieved



Treasury and Support

Te Ahumoni me te Mahi Whakahaere

Administrative, management and support functions that are necessary to keep Council running.



Capital
Expenditure

\$683k

3% of total

Net
Surplus

\$524k

1% of total

Source of operating funding

Rates

47%

Non-rates

53%

External borrowing costs were lower than internal borrowing charges and the surplus was used to offset rates.



Stormwater

Te Pūnaha Wai Ua

Stormwater is collected from roads and is diverted 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.

Capital
Expenditure

\$2,147k

9% of total

Operating
Expenditure

\$662k

2% of total

Source of operating funding

Rates

94%

Non-rates

6%

Performance measure results

Achieved



Not achieved



Water Supply

Te Whakarato Wai Māori

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.



Capital
Expenditure

\$4,175k

18% of total

Operating
Expenditure

\$4,433k

12% of total

Source of operating funding

Rates

96%

Non-rates

4%

Performance measure results

Achieved



Not achieved



Did not measure - hydrant checks held over 5 year average



Wastewater

Te Pūnaha Wai Para

The collection of 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.

Capital
Expenditure

\$3,498k

15% of total

Operating
Expenditure

\$3,823k

10% of total

Source of operating funding

Rates

82%

Non-rates

18%

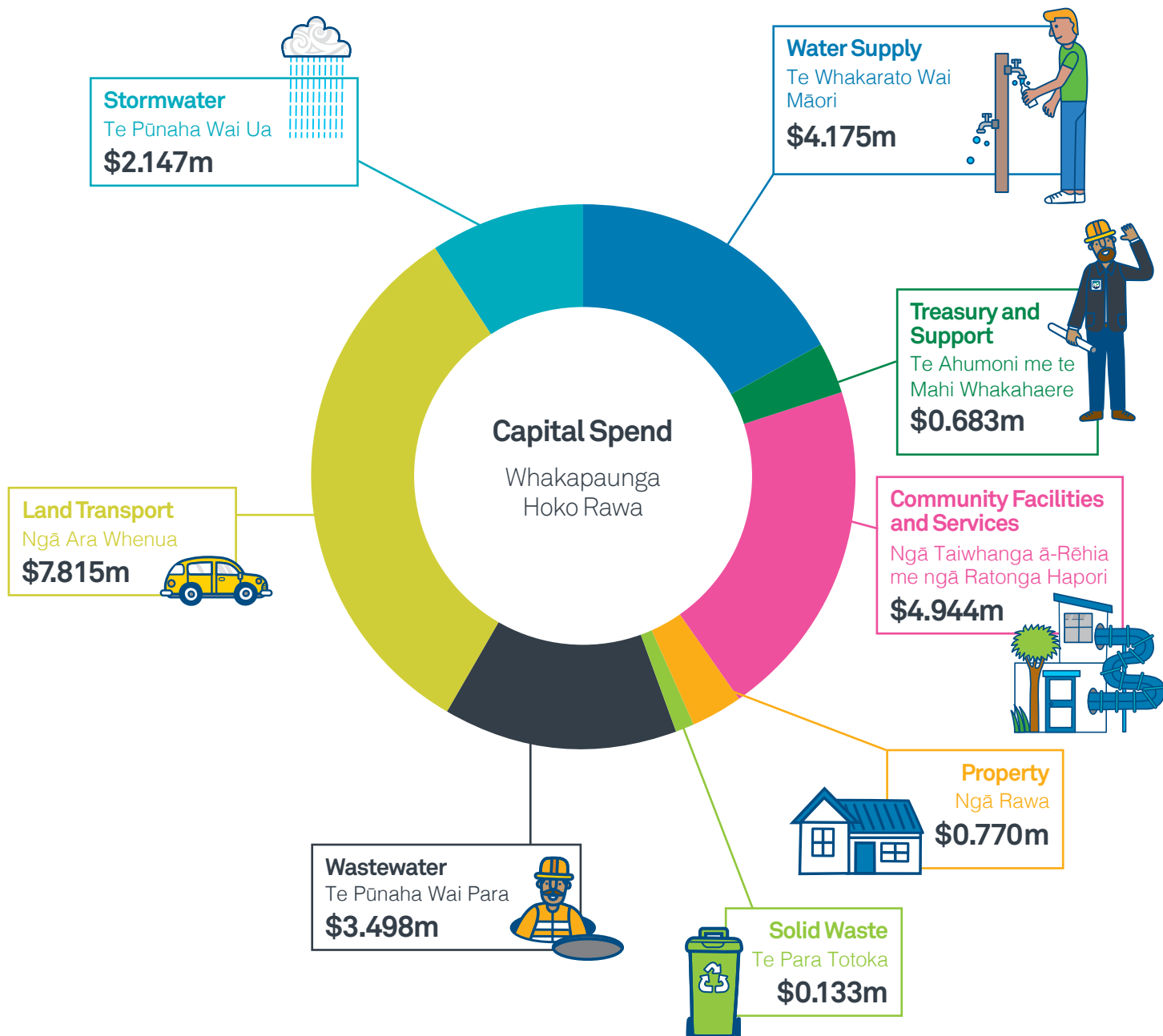
Performance measure results

Achieved



Not achieved





Summary of the Financial Statements

Whakarāpopoto Tauākī Ahumoni

These summary statements cover the Horowhenua District Council (Council) and the Horowhenua District Council Group comprising the Council and Shannon Community Development Trust (Group).

The primary objective of Horowhenua District Council is to provide local infrastructure, local public service, and perform regulatory functions for the community for social benefit rather than making a financial return.

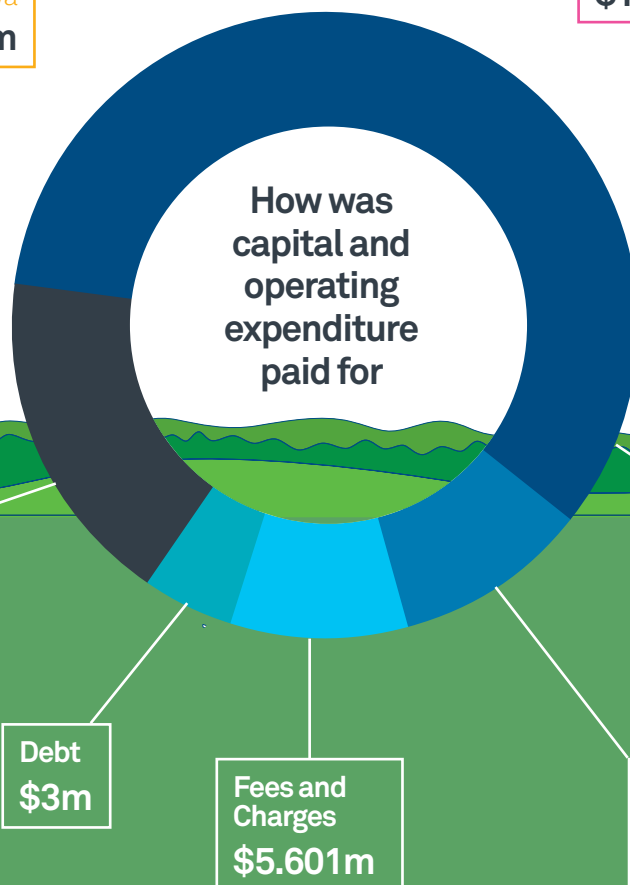
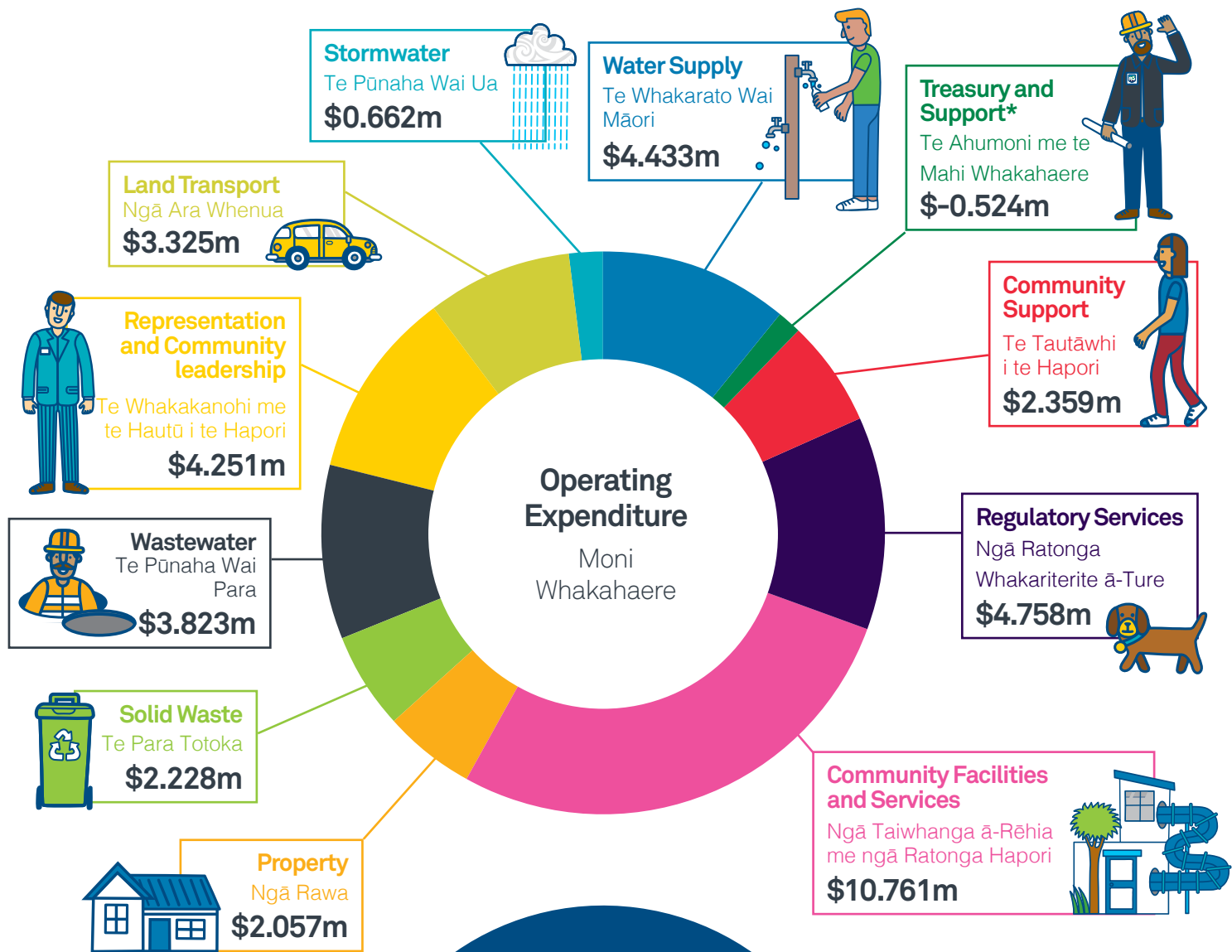
Accordingly, Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The full financial statements of Council and the Group have been prepared in accordance with and are fully compliant with Tier 1 PBE accounting standards.

Council's summary annual report complies with PBE FRS 43 Summary Financial Statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

The summary financial statements of Council are for the year ended 30 June 2018. The full annual report was authorised for issue by Council on 24 October 2018.



* - expenditure means this activity earned more than it spent

Summary Statement of Comprehensive Revenue and Expense

Te Tauākī Whakarāpopoto Whānui mō te Moni Whiwhi me te Moni Whakapau

For the year ended 30 June 2018

	Note	Council Actual \$ 30 June 2018 \$000	Council Budget \$ 30 June 2018 \$000	Council Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2018 \$000	Group Actual \$ 30 June 2017 \$000
Revenue						
Rates revenue		36,381	36,790	34,498	36,381	34,498
Other revenue	1	16,050	16,103	16,691	16,063	16,480
Total revenue		52,431	52,893	51,189	52,444	50,978
Expenditure						
Finance costs	2	3,291	3,658	3,106	3,291	3,106
Other expenses	3	51,290	48,257	49,025	51,299	49,048
Total expenses		54,581	51,915	52,131	54,590	52,154
Operating surplus / (deficit) before tax		(2,150)	978	(942)	(2,146)	(1,176)
Income tax expense		-	-	-	-	-
Operating surplus / (deficit) after tax		(2,150)	978	(942)	(2,146)	(1,176)
Write back of revaluation losses on land and buildings		-	-	2,963	-	2,963
Surplus / (deficit) attributable to: Horowhenua District Council		(2,150)	978	2,021	(2,146)	1,787
Expense						
Gain / (loss) on infrastructural assets revaluations		7,713	5,963	29,272	7,713	29,272
Gain / (loss) on operational assets revaluation		60	-	6,418	60	6,418
Gain / (loss) on restricted assets revaluation		19	-	6,091	19	6,091
Total other comprehensive revenue and expense for the year		7,792	5,963	41,781	7,792	41,781
Total comprehensive revenue and expense (deficit) for the year		5,642	6,941	43,802	5,646	43,568

Statement of Changes in Ratepayers' Equity

Ngā Panonitanga Whaipānga Kaiutu Reiti

For the year ended 30 June 2018

	Council Actual \$ 30 June 2018 \$000	Council Budget \$ 30 June 2018 \$000	Council Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2018 \$000	Group Actual \$ 30 June 2017 \$000
Balance at 1 July	461,544	416,282	417,742	461,911	418,343
Total comprehensive revenue and expense for the year	5,642	6,941	43,802	5,646	43,568
Balance at 30 June	467,186	423,223	461,544	467,557	461,911
Equity is represented by:					
Retained earnings	256,775	261,439	263,895	257,146	264,262
Revaluation reserves	201,312	153,411	189,230	201,312	189,230
Other reserves	9,099	8,373	8,419	9,099	8,419
Total equity	467,186	423,223	461,544	467,557	461,911

Statement of Financial Position

Tauākī Ahumoni

For the year ended 30 June 2018

	Note	Council Actual \$ 30 June 2018 \$000	Council Budget \$ 30 June 2018 \$000	Council Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2018 \$000	Group Actual \$ 30 June 2017 \$000
Assets						
Current assets	4	12,444	11,283	19,737	12,456	19,768
Non-current assets	5	551,370	513,901	535,607	551,370	535,607
Total assets		563,814	525,184	555,344	563,826	555,375
Liabilities and ratepayers' equity						
Current	6	31,551	27,917	26,863	31,192	26,527
Non-current	7	65,077	74,044	66,937	65,077	66,937
Total liabilities		96,628	101,961	93,800	96,269	93,464
Ratepayers' equity	8	467,186	423,223	461,544	467,557	461,911
Total liabilities and ratepayers' equity		563,814	525,184	555,344	563,826	555,375

Statement of Cash Flows

Tauākī Kapewhiti Moni

For the year ended 30 June 2018

	Note	Council Actual \$ 30 June 2018 \$000	Council Budget \$ 30 June 2018 \$000	Council Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2018 \$000	Group Actual \$ 30 June 2017 \$000
Net cash flows from:						
Operating activities	9	14,066	14,196	10,222	14,051	10,236
Investing activities	10	(21,180)	(22,506)	(24,548)	(21,180)	(24,548)
Financing activities	11	3,000	6,000	12,000	3,000	12,000
Net increase in cash and bank		(4,114)	(2,310)	(2,326)	(4,129)	(2,312)
Add opening cash bought forward		5,074	7,263	7,400	5,100	7,412
Closing cash balance		960	4,953	5,074	971	5,100

Funding Impact Statement for Whole of Council

Te Tauāki Pānga Tahua mō te Katoa o te Kaunihera

For the year ended 30 June 2018

	Annual Plan Forecast 2017 \$000	Annual Report Actual 2017 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	9,259	8,978	9,635	9,374	(261)
Targeted rates	25,821	25,520	27,155	27,006	(149)
Subsidies and grants for operating purposes	1,342	1,488	1,585	1,454	(131)
Fees and charges	5,234	6,321	5,155	5,601	446
Interest and dividends from investments	154	53	70	161	91
Local authorities fuel tax, fines, infringement fees, and other receipts	2,817	3,857	3,293	3,209	(84)
Total operating funding (A)	44,627	46,217	46,893	46,805	(88)
Applications of operating funding					
Payments to staff and suppliers	32,466	33,917	34,680	34,842	162
Finance costs	3,570	3,106	3,658	3,291	(367)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	36,036	37,023	38,338	38,133	(205)
Surplus (deficit) of operating funding (A-B)	8,591	9,194	8,555	8,672	117
Sources of capital funding					
Subsidies and grants for capital expenditure	5,854	2,412	5,641	4,870	(771)
Development and financial contributions	-	488	-	197	197
Increase (decrease) in debt	18,000	12,000	8,310	3,000	(5,310)
Gross proceeds from sale of assets	2,640	2,023	6,890	7,306	416
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	26,494	16,923	20,841	15,373	(5,468)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	5,382	2,306	4,425	2,359	(2,066)
- to improve the level of service	18,128	13,290	10,583	9,318	(1,265)
- to replace existing assets	13,290	9,819	14,308	12,495	(1,813)
Increase (decrease) in reserves	(600)	1,485	-	(375)	(375)
Increase (decrease) of investments	(1,115)	(783)	80	248	168
Total applications of capital funding (D)	35,085	26,117	29,396	24,045	(5,351)
Surplus (deficit) of capital funding (C-D)	(8,591)	(9,194)	(8,555)	(8,672)	(117)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	11,471	14,154	11,604	13,860	2,256

Loans	External \$000
Loans as at 1/07/2017	77,000
Raised during year	14,240
Repaid during year	(11,240)
Net increase in cash and bank	80,000
Interest expense	3,291



Explanations for variances between the Council's actual results and the Council's budget for 2017-18

Hei whakamārama i ngā tangongitanga i waenga i ngā hua tahua tūturu a te Kaunihera me tana mahere pūtea mō te tau 2017-2018

Statement of Comprehensive Revenue and Expense

Te tauākī whānui mō ngā moni whiwhi me ngā whakapaunga

1. Other revenue

A breakdown of the revenue included under this heading is provided in Note 2 along with explanations of variances in section C in the full annual report.

Grants and subsidies lower than budget due to:

- Subsidised Roding increased due to LED lighting and extra capital projects \$1m, offsetting lower than budget grants below.
- Community Centres \$1.52m:
 - \$1m of the budget was for the Iwi and Dutch museum fit-outs. This was initially recognised in the budget as Council revenue. However, as the fit-out asset is not a Council asset the grant was received on behalf of the partners and not Council income and therefore not recognised as Council revenue.
 - \$500k was in the budget for 2017/18 but was actually recognised last financial year (2016/17) as an accrual.

Fees and charges – This is higher than budgeted due to pensioner housing rental \$343k that was not budgeted for due to sale, which occurred 27 November 2017 instead of early July 2017 as was originally anticipated.

Finance revenue – is above budget due to Council's decision in November to increase cash reserves by an extra \$5m to enhance Council's liquidity and reduce the refinancing risk on Commercial Paper identified by Standard & Poor's.

Vested assets – There was no budget as subdivision activity not expected to be as busy at the time of setting the budgets.

Development contributions – There was no budget for development contributions as they are no longer charged; however, the majority of the actual development contributions received are the result of development contributions being paid out on the sale of the Forbes Road subdivision. This subdivision was done when development contributions were being charged.

2. Finance costs

Finance costs – This is below budget by \$367k reflecting the lower interest rates on loans; 4.12% cost of funds against the Annual Plan assumption of 4.75%.

3. Other expenses

Depreciation and amortisation – The increase of \$2.33m higher than budget due to the revaluations of assets last year that were not reflected in the Annual Plan budgets. \$8.7m (63%) of the \$13.9m of depreciation has been rate funded to provide for future asset renewals.

Increase in landfill provision – The higher than budget figure is the result of increased monitoring requirements agreed to during the review of the consent conditions by Horizons.

Other expenses – A breakdown of the expenditure included under this heading is provided in Note 5 along with explanations of variances in section C in the full annual report.



Statement of financial position

Tauāki Ahumoni

4. Current assets

Cash and cash equivalents – Cash and cash equivalents balances are difficult to anticipate over 18 months out but the balance of \$5m is enough to maintain Council's liquidity in the short-term.

Debtors and other receivables – GST receivable was higher than expected due to an increase spend in the last month of the year as more work was done as a result of more resources employed to catch up with delayed projects.

Other financial assets – Other financial assets are greater than budget as the budget didn't include the increase in Local Government Funding Authority (LGFA) borrowers notes that increases as LGFA borrowings increase

5. Non-current assets

Non-current assets for sale – The surplus farm house for sale adjacent to the Shannon wastewater disposal field.

Plant, property and equipment assets – More than budget as a result of the revaluation work completed.

Commercial property – More than budget as the budget included a \$1m sale that did not happen this year.

6. Current liabilities

Current borrowings – Higher than budget due to Council taking the advantage of the lower rates on shorter term borrowing.

7. Non-current liabilities

Total borrowings – The combination of current and non-current borrowing is lower than budget due to delays in a number of projects. Such as North East Levin stormwater project, Foxton wastewater treatment plant upgrade mitigated by borrowing \$5m to increase Council's liquidity.

Derivative financial instruments – This is the result of interest rates dropping from the time derivative financial instrument contracts were entered into. This is unbudgeted because at the time the contracts are entered into it is expected the value over the life of the contracts is zero.

Other non-current liabilities – The amortisation reserve for fixed rate LGFA bonds which reduce every year but the reduction was not budgeted for. The previous year included unrealised development contributions which have been recognised in this financial year but again the reduction was not budgeted for.

8. Equity

Retained earnings – Less than budget partly due to a \$2.15m deficit made in comprehensive revenue and expense as opposed to a budgeted surplus of \$0.98m.

Revaluation reserves – Larger than budget due to a larger than expected increase in asset valuations for infrastructure asset.

Other reserves – Larger than budget due to a larger number of Forbes Road subdivision sales than expected which has increased the Foxton Beach Freeholding Fund.



Statement of cash flows

Tauāki Kapewhiti Moni

9. Operating activities

Other revenues – Less than budget due to \$1m of the budget was for the Iwi and Dutch museum fit-outs. This was initially recognised in the budget as Council income. However, as the fit-out asset is not a Council asset the grant was received on behalf of the partners and not Council income and therefore not recognised as Council revenue.

Interest paid – Less than budgeted due to lower loan balances as a result of delayed capital projects as well as lower actual interest rates from what was assumed.

10. Investment activities

Proceeds from assets sales – More than budget due to more sales of the Forbes Road subdivision properties than expected.

Purchase of assets – Lower expenditure on infrastructural projects as a result of delays.

11. Financing activities

Net cashflow from financing activity – Lower than budget due to lower borrowing as a result of lower expenditure on infrastructural projects largely due to consenting issues and other delays.

Other Disclosures

Whākinga Kē Atu

Events after balance date

There were no events after balance date.

Capital commitments

Council has capital contract commitments of \$0.59m (2016-17: \$3.07m).

Contingent assets

If any third party that have constructed facilities on Council-owned land vacates the facility Council gain control of those assets. As of 30 June 2018 there were 24 facilities with an approximate value of \$18.7m (2016-17: 24 facilities, \$18.7m). This estimate has been based on district rating valuations.

Contingent liabilities

Contingent liabilities are dependent on future events and are summarised as:

- Joint guarantor with other shareholder councils for all New Zealand Local Government Funding Agency borrowing of \$8,272m
- Guarantor of suspensory loan transferred to Sisters of Compassion valued at \$5.219m
- On-going legal proceedings with maximum financial exposure of \$220,000
- Lease provisions: Buyback of fixtures and improvements included in leases with Waitārere Beach Motor Camp and Levin Holiday Park estimated at \$945,000
- Weathertight home claims: Council has two live claims, one has a quantified liability of \$58,052 and is listed in our accounts as a liability. The other can't be reliably quantified and therefore not included in the accounts.

Related party transactions

Council transacted with Manawatū Whanganui Local Authority Shared Services Limited to the value of \$0.14m (2017: \$0.13m).

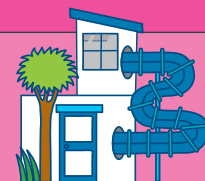
Key Performance Measures Overview

Tirohanga Whānui ki ngā Paetohu Aromatawai Mātāmua



Regulatory Services Ngā Ratonga Whakariterite ā-Ture		
	Target	Achieved/ Not achieved
Applications under the Resource Management Act will be processed within statutory timeframes.	100%	<div>✓</div> 183 applications have been received. 176 have been approved. 100% of applications completed within statutory timeframes.
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 two working days	<div>✓</div> 63 complaints were received.
Percent of building consent applications granted within 20 working days or less.	100% of applications	<div>✗</div> 732 consents were granted. 99.8% were granted <21 days.
Consent applications for new residential dwellings are processed in 18 days or less.	95% of applications	<div>✗</div> 223 new residential dwelling consents were granted. 79.8% have been granted within 18 days.
Reported cases of illegal building work will be responded to within three working days.	100% of cases	<div>✓</div> 10 reported instances were received by Council. 100% have been responded to within three working days.
Percent of private swimming pools on register inspected annually for compliance.	33% of private swimming pools are inspected	<div>✓</div> 256 pools are on the register, (1/3rd = 86 inspections to be conducted before 30 June 2018). 92 pools were inspected during the year.
Council will maintain its accredited status as a Building Consent Authority.	100%	<div>✓</div> The latest assessment was held 26-28 April 2017 and the BCA received re-accreditation with one Corrective Action Requirement which has been subsequently cleared. The next assessment is due in 2019.
Food businesses operating under the Food Act 2014 are verified at the frequency determined by the Food Regulations 2015.	100%	<div>✓</div> 100% of businesses operating under the Food Act 2014 have been verified as required by regulation.
Percent of premises that are inspected annually to check for compliance with their licence conditions.	100%	<div>✓</div> 72 licensed premises. 73 operative licences exist. 100% were inspected.
Percent of reported instances of non-compliance and dog nuisance will be responded to.	100%	<div>✓</div> 1,031 complaints were received. 100% were responded to.
Percent of reported non compliances and complaints that are responded to within five working days.	100%	<div>✓</div> 220 complaints were received. 100% were responded to within five working days.

Community Facilities and Services Ngā Taiwhanga ā-Rēhia me ngā Ratonga Hapori



	Target	Achieved/ Not achieved	
Playground facilities comply with relevant standards.	100%	✓	100% of playground facilities complied.
Number of uses per fortnight for the Levin, Foxton and Shannon Halls.	10	✓	Total = 355 times (an average of 13.65 times per fortnight).
Percent of time that sport grounds are available for use during their opening hours.	95%	✓	100% of sports grounds were available for use during their opening hours.
All arrangements and interments at Council cemeteries are made satisfactorily before 24 hours from interment.	100%	✓	All 188 interment arrangements were completed satisfactorily before 24 hours from interment.
Compliance with relevant standards including Pool Safe Accreditation.	100%	✓	Both pools have received "Pool Safe" accreditation. "Pool Safe" certification for the year 2018/2019 was received in March 2018 and lasts until April 2019.
Percent of customer satisfaction, based on the Annual Customer Satisfaction Survey.	90% satisfied	✓	10% dissatisfied. 90% satisfied.
Percent of residents and non-residents satisfied with library and community services.	>85%	✓	8% dissatisfied. 92% satisfied.
Number of booking counts for community facilities.	380	✓	1,098 bookings have been made for community facilities.
Number of visitor counts to Horowhenua District Council libraries and service centres.	650,000 people across all sites annually	✗	555,455 people have visited across all sites.

Property Ngā Rawa



	Target	Achieved/ Not achieved	
Residential housing occupancy rate (Percent).	95%	✓	99.19% achieved. Note: Council's Community Housing portfolio was fully transferred to the new owner on 27 November 2017.
All buildings with compliance schedules will have current building warrant of fitness (BWOFF).	100%	✓	All Council buildings with Compliance Schedules have current BWOFF's. All specified systems including fire alarms have been maintained and inspected in accordance with the compliance schedule. This meets the requirement of the Building Act 2004
Facilities availability (hrs) and hire charges by annual review.	8 hours per day and reviewed annually	✓	Council had three Memorial Hall facilities available for hire. As at 30 of June 2018, all were available for at least eight hours per day.

Community Support Te Tautāwhi i te Hapori



	Target	Achieved/ Not achieved	
There are to be five Community Wellbeing Executive meetings per year.	5	✓	5 Community Wellbeing Committee meetings were held.
Number of Education Horowhenua meetings per year.	4	✓	6 Education Horowhenua meetings were held.
Percent of funds distributed through contestable Community Grants and Funding schemes that comply with grant criteria.	100%	✓	100% of funds distributed over two funding rounds.
Percent of satisfaction with Capacity and Capability Building Programme workshops or training.	80%	✓	0% dissatisfied. 100% satisfied.
Number of individuals participating in Capacity and Capability Building Programme workshops or training over the year.	100 people	✓	256 individuals have participated in Capacity and Capability Building Programme workshops or training.
Council's economic development function will meet performance indicators and objectives as defined in the Horowhenua Economic Development Strategy.	90% of annual work plan is completed	✓	100% of the annual work plan has been completed.
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%	✗	33% dissatisfied. 67% satisfied.

Representation and Community Leadership Te Whakakanohi me te Hautū i te Hapori



	Target	Achieved/ Not achieved	
Number of complaints upheld against the election process.	0	✓	0 complaints were upheld following the October 2016 election.
Percent of residential and non-residential ratepayers who are satisfied with the way the Council involves the public in its decision making.	>50%	✗	39% dissatisfied. 34% satisfied. 27% neither.
The LTP is completed within statutory timeframe.		✓	The 2018/38 Long Term Plan was adopted 27 June 2018.
The Annual Report will include an unmodified audit opinion.		✓	The 2016/17 and 2017/18 Annual Reports received an unqualified audit opinion.

Land Transport Ngā Ara Whenua



	Target	Achieved/ Not achieved	
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	✗	The increase in the number of fatalities and serious injury crashes on the local road network from the previous financial year is three. There were four fatalities and 14 serious injuries for the 2017/18 year.
The average quality of ride on a sealed local road network measured by smooth travel exposure.	85% minimum	✓	94.7% of travel on roads smoother than the threshold for all traffic groupings is.
The percentage of the sealed local road network that is resurfaced annually.	5% minimum of total area	✓	5.4% or 186,716 m² of the sealed local road network that was resurfaced in the 2017/18 Annual Reseal Programme.
Target footpath condition rating (% compliant with Councils standards).	30% minimum in excellent condition and maximum of 10% in poor condition	✗	Not measured - The system for assessing footpath condition is based over a five year rotating cycle. The condition rating of the entire footpath network will not be completed until 2021.
The percentage of customer service requests relating to roads and footpaths to which Council responds within 15 working days.	>95%	✓	1,989 Customer service requests were received. 95% of requests responded to within 15 working days.



Solid Waste Te Para Totoka

	Target	Achieved/ Not achieved	
To ensure no reported incidences of injury or illness attributable to use of the Council's waste transfer or recycling station facilities.	Nil	✓	No reported incidences.
To ensure the number of odour complaints and reports of solid waste are minimal in or around the waste transfer stations and recycling stations.	Less than 3 a month	✓	1 odour complaint and 6 reports of solid waste in or around waste transfer/recycling stations during the financial year.
To ensure that all requests are responded to within three days.	100%	✗	355 service requests received. 231 (65%) of these were responded to within three days.
The Levin Landfill will be fully compliant with the annual resource consent inspection report.	100%	✗	Council received one abatement notice and one infringement from Horizons regarding one of the consent conditions.
Kerbside recycling shall be offered to 91% of all serviceable households.	91%	✓	We are currently servicing approximately 95% of households based on the serviceable areas within the District
To ensure the number of complaints about non-collection of kerbside recycling and kerbside refuse are less than five per month.	Less than 5 a month	✓	86 complaints were received regarding Kerbside recycling or 7.2 per month. 39 complaints were received regarding Kerbside refuse or 3.63 per month.
To ensure the percentage of customers satisfied with their solid waste service, based on the Annual Customer Satisfaction Survey is at least 75%.	at least 75%	✓	22% dissatisfied. 78% satisfied.



	Target	Achieved/ Not achieved	
The number of flooding events that occur in the District is less than five per year.	5 or less a year	✓	0 reported flooding events.
For each flooding event the number of habitable floors affected per 1,000 connections to Council's stormwater networks.	2 or less	✓	0 habitable floors affected, which equates to 0 per 1,000 connections.
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	✓	No flooding events were recorded during this period.
The number of complaints received by Council about the performance of its stormwater system expressed per 1,000 properties connected to the system.	<10 a year	✓	6 complaints were received, which equates to 0.48 per 1,000 connections regarding the performance of our stormwater system.
Percentage of customers satisfied with the stormwater service. As per the Annual Customer Satisfaction Survey.	80%	✗	40% dissatisfied. 60% satisfied.
To have 100% compliance with Horizons Regional Council's resource consents for discharge from its Stormwater system measured by receiving none of the below: • Abatement notices; • Infringement notices; • Enforcement orders; and Convictions.	100%	✓	For the period 1st July to 30th June 2018: 0 Abatement Notices. 0 Infringement Notices. 0 Enforcement Orders. 0 Convictions.

Wastewater Te Pūnaha Wai Para



	Target	Achieved/ Not achieved	
To ensure the number of dry weather overflows from the wastewater system is less than two per 1,000 connections.	less than 2 per 1,000 connections	✓	12,312 Total number of connection as of 30 June 2018. 8 Dry weather overflows. 0.65 Overflows per 1,000 connections.
To ensure the median time (hours) 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 is less than one hour.	less than 1 hour	✓	11 min Median time for overflows. 27 min Median time for blockages.
To ensure the median time (hours) from the time that Council receives a notification to the time that services personnel confirm resolution of the blockage or other fault within the wastewater system will be no more than 12 hours.	no more than 12 hours	✓	2:22hrs Median time for overflows. 2:05hrs Median time for blockages.
To ensure the total number of complaints received (expressed per 1,000 connections to the wastewater system) is less than 29.	less than 29	✓	12,312 Total number of connections as of 30 June 2018. 93 Complaints. 7.56 Complaints per 1,000 connections.
To ensure Council's compliance in relation to Horizons Regional Council resource consents for discharge from its wastewater systems measured by receiving no abatement notices, infringement notices, enforcement orders; or convictions.	0	✓	0 Abatement Notices. 0 Infringement Notices. 0 Enforcement Orders. 0 Convictions.



	Target	Achieved/ Not achieved	
To ensure the percentage in which the local authority's drinking water supply complies with: a) part 4 of the Drinking Water Standards for New Zealand 2005 (revised 2008) bacterial compliance criteria complies 100% of the time.	100%	✗	99.85% compliance. As of 30 June 2018 1,335 of 1,337 of analysed samples complied with the New Zealand Drinking Water Standards (NZDWS) requirements of <1 E.coli.
To ensure the percentage in which the local authority's drinking water supply complies with: b) part 5 of the Drinking Water Standards for New Zealand 2005 (revised 2008) protozoa compliance criteria complies 100% of the time.	100%	✗	80.5%* Levin 100% Foxton 99.2% Shannon 100% Foxton Beach 89.3% Tokomaru * Protozoa compliance for Levin included the time that commissioning and handover processes were being completed. The next financial year's results will not have these disruption.
To ensure the average consumption of drinking water per day per resident within the water supply areas is 300lt per day (target based on One Plan Section 6.4.3.1).	within 300lt per day	✗	482 l/day Levin. 456 l/day Foxton. 332 l/day Foxton Beach. 269 l/day Tokomaru. 681 l/day Shannon/Mangaore.
The total number of complaints received about, clarity, taste, odour, pressure, continuity of supply or response to these issues (expressed per 1,000 connections) is no more than 4 complaints.	Less than 4	✗	13,000 Total number of connections as of 30 June 2018. 121 Total number of complaints. 9.31 Complaints per 1,000 connections.
The median time from the time that Council received notification to the time that service personnel resolve the issue. 8 hours for urgent call outs and three days or less for non urgent call outs	100%	✓	Received 28 urgent call outs (1hr 51mins) and 582 non-urgent call outs (17hr 13mins). Urgent - 8 hours or less Non urgent - 3 days of less
To ensure the total number of unplanned water shutdowns is less than 30 per year.	Less than 30	✓	13 unplanned water shut downs for the year-to-date.
To ensure 100% compliance with water take limits of resource consents.	100%	✓	100% of water take which complied with limits of resource consent.

Independent Auditor's Report

To the readers of Horowhenua District Council and group's summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of the Horowhenua District Council and group (the District Council and group) for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 12 to 23:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in ratepayers' equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary description used for the summary statement of service performance.

Opinion

In our opinion:

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

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2018 in our auditor's report dated 24 October 2018.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the summary annual report and full annual report, we have audited the District Council's 2018-28 long term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in the District Council or its subsidiaries and controlled entities.



Debbie Perera,
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
23 November 2018



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