

Notice is hereby given that an ordinary meeting of the Finance, Audit & Risk Subcommittee will be held on:

Date: Wednesday 25 September 2019
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Subcommittee

OPEN AGENDA

MEMBERSHIP

Chairperson	Mr Barry Judd	
Members	Mr Wayne Bishop	
	Mr Ross Brannigan	
	Mr Ross Campbell	
	Mayor Michael Feyen	
	Mr Neville Gimblett	
	Mrs Victoria Kaye-Simmons	
	Mrs Jo Mason	
	Mrs Christine Mitchell	
	Ms Piri-Hira Tukapua	
	Mr Bernie Wanden	
Reporting Officer	Mr Doug Law	(Chief Financial Officer)
Meeting Secretary	Mrs Karen Corkill	

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Full Agendas are available on Council's website
www.horowhenua.govt.nz

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Horowhenua District Council Service Centre, 126 Oxford Street, Levin
Te Awahou Nieuwe Stroom, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takeretanga o Kura-hau-pō, Bath Street, Levin

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1 Apologies

2 Public Participation

Notification to speak is required by 12 noon on the day of the meeting. Further information is available on www.horowhenua.govt.nz or by phoning 06 366 0999.

See over the page for further information on Public Participation.

3 Late Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

4 Declarations of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

5 Confirmation of Minutes

5.1 Meeting minutes Finance, Audit & Risk Subcommittee, 28 August 2019

6 Announcements

Public Participation (further information):

The ability to speak at Council and Community Board meetings provides the opportunity for members of the public to express their opinions/views to Elected Members as they relate to the agenda item to be considered by the meeting.

Speakers may (within the time allotted and through the Chairperson) ask Elected Members questions as they relate to the agenda item to be considered by the meeting, however that right does not naturally extend to question Council Officers or to take the opportunity to address the public audience be that in the gallery itself or via the livestreaming. Council Officers are available to offer advice too and answer questions from Elected Members when the meeting is formally considering the agenda item i.e. on completion of Public Participation.

Meeting protocols

1. All speakers shall address the Chair and Elected Members, not other members of the public be that in the gallery itself or via livestreaming.
2. A meeting is not a forum for complaints about Council staff or Council contractors. Those issues should be addressed direct to the CEO and not at a Council, Community Board or Committee meeting.
3. Elected members may address the speaker with questions or for clarification on an item, but when the topic is discussed Members shall address the Chair.
4. All persons present must show respect and courtesy to those who are speaking and not interrupt nor speak out of turn.
5. Any person asked more than once to be quiet will be asked to leave the meeting

Projects Update

File No.: 19/377

1. Purpose

To provide the Finance, Audit and Risk Subcommittee with an update of the projects being undertaken by the Infrastructure Projects Team.

2. Recommendation

- 2.1 That Report 19/377 Projects Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As provided in the **attached** reports.

Attachments

No.	Title	Page
A	Project Report - North East Levin Stormwater - 25 September 2019 FARS Update	8
B	Project Report - Tokomaru Water Supply - Overview - 25 September 2019 - FARS Update	12


Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	David Clapperton Chief Executive	
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Approved by	David Clapperton Chief Executive	
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North East Levin Stormwater (Discharge to Koputaroa Stream Tributary)

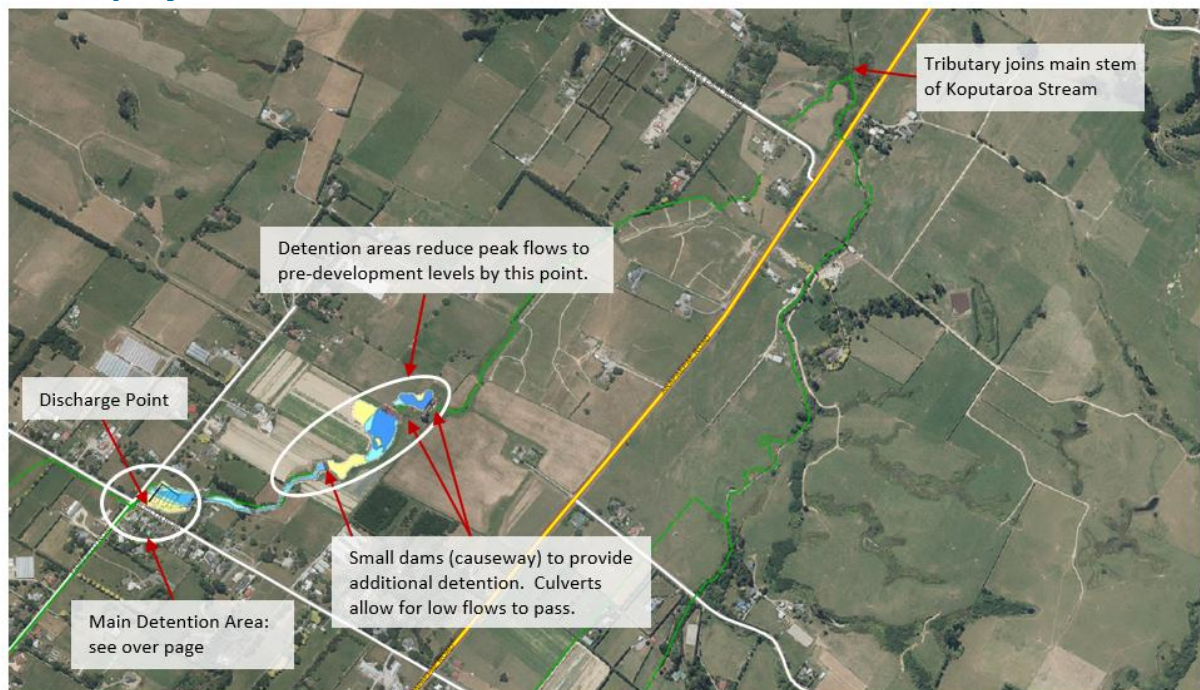
Project Overview Summary

Project objective:

To obtain resource consents for additional stormwater discharge to the Koputaroa Stream tributary by December 2019.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> • Consent required due to increase and change in stormwater that will occur from land use change (residential development). • Application lodged. • Revised AEE submitted 28 June and now being processed by Horizons. • Regional Council draft notification report assessed effects less than minor except for cultural effects which are not yet resolved. 	<ul style="list-style-type: none"> • Ongoing engagement with mana whenua and downstream landowners. • Work with Regional Council (Rivers) to identify/confirm appropriate mitigation. 	<ul style="list-style-type: none"> • Regional Council notification decision expected September 2019.

Overview of project:



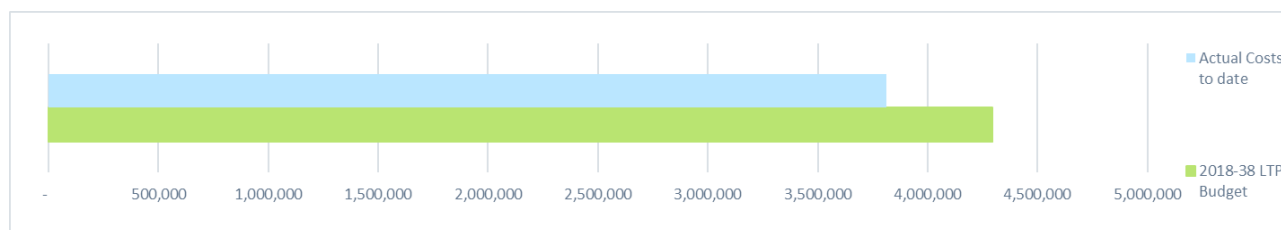
Reason for Consent
Increase in stormwater flows and change in composition due to rezoning and future residential development in North East Levin; redirection of some stormwater away from Lake Horowhenua.
Consent is also required for construction of mitigation measures (detention areas).

Proposed Mitigation
Council has purchased land at discharge point and will create a treatment and detention area (see over page).
Additional detention areas proposed on tributary stream.
Embankments & culverts to be designed for fish passage.
Erosion & Sediment Control Plans for construction of detention areas.

Effects Assessment
Detention areas designed so that there is no increase in flow in the Koputaroa Stream.
Ecological assessment considered effects of discharge to be less than minor. No concerns regarding the construction of the detention areas.
Recommend fish recovery during construction.

associated with capacity and performance of the Koputaroa Drainage Scheme including from receiving stormwater from the existing urban area. This work has been discussed with Regional Council (Rivers) and is in progress.

Financials:



Risk Management:

3C/4L

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	not to be granted. Impact on development in NE sector.	3C/2 L	Moderate	Effects assessment. Clear messaging to the community on the benefits. Costs to be incurred for notification and hearing process if necessary.	3C/2 L	Moderate
Financial	Potential for notification & hearing costs / delays.	3C/4 L	Significant	Manage process and pre-hearing discussions to focus on RMA matters as far as possible.	3C/3 L	Significant

Risks Traffic Light Key

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 -Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Communication and Key Stakeholders:

A draft Cultural Impact Assessment has been completed by Muaūpoko Tribal Authority; concerns raised were potential damage of significant sites, leakage to streams and springs, accidental discovery of taonga, and stream's capacity for additional flow and velocity. MTA recommended that consent be granted with

conditions that address these concerns. HDC has accepted the conditions recommended by MTA and incorporated these into the application.

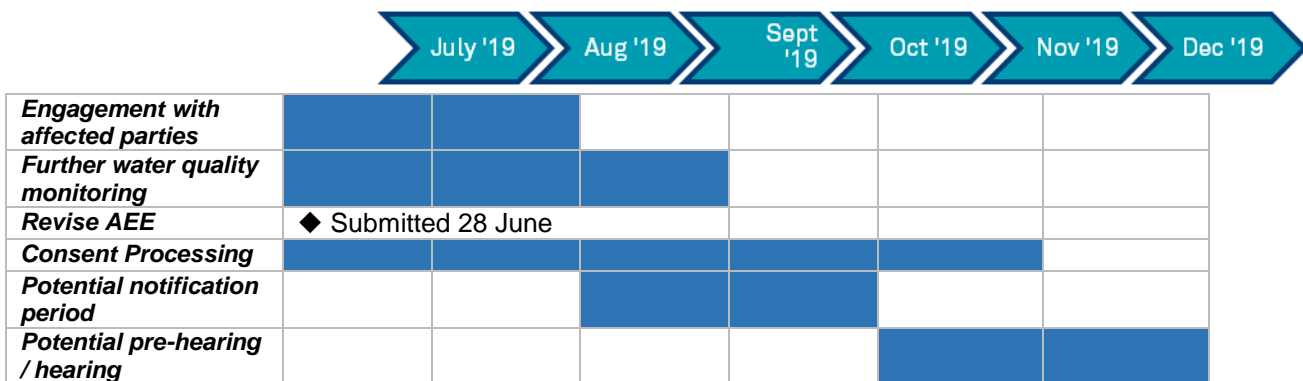
Engagement and high-level discussion with Raukawa. Kereru marae have been engaged to prepare a CIA (2017) but this has not been progressed. This is currently being followed up.

Regional Council has advised they require consultation with Rangitaane o Manawatu as the Koputaroa Stream feeds into the Manawatu River which is within Rangitaane’s Statutory Acknowledgement Area. Consultation with Rangitaane has been undertaken and Rangitaane have provided a written letter of support.

Landowners where works are proposed have previously been consulted with and are generally supportive of the proposals. Further engagement with these landowners as well as downstream parties is currently being carried out. Landowners on Koputaroa Stream have expressed significant concerns with potential downstream flooding effects. This is thought to be due to overall catchment flows and existing urban areas and not directly related to the resource consent application. This notwithstanding, Regional Council (Rivers) have been consulted with and District Council is currently working with Regional Council to identify possible mitigation.

NZTA has advised they have no concerns with the proposal.

Timeline:



Tokomaru Water Supply - Overview

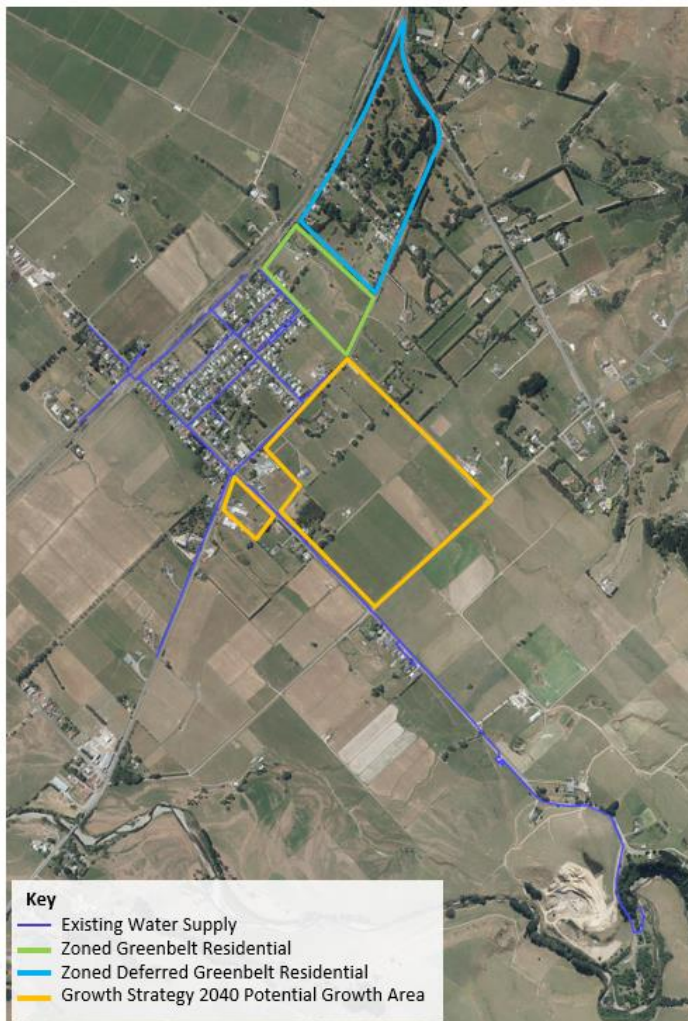
Project Overview Summary

Project objective:

Renew water take consent(s) for Tokomaru Water by 30 March 2020, within budget.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> • Application has been lodged and was notified on 6 September 2019. • CIA by Ngati Whakatere expected end August (not yet received). • Approvals obtained from Department of Conservation, Drinking Water Assessor, TMI Rangitaane and Fish & Game. 	<ul style="list-style-type: none"> • Submission period to close so that issues to be addressed can be confirmed. 	<ul style="list-style-type: none"> • Submissions close 4 October 2019. • Existing consent will continue to be active until new consent is resolved.

Overview of project:



Abstraction from Tokomaru River

Infiltration gallery below bed of the river, Horseshoe Bend. There are no structures in the flowing water.



Treatment & Storage

Membrane filtration treatment plant located on Tokomaru East Road. Approx. 500 m³ (2 days) of storage.



Community Served

Tokomaru Village & some rural residential properties. Properties outside of the village and any non-residential uses are metered.

- 222 connections of which 34 are metered

Growth is projected. There is residential and greenbelt residential land zoned to the north of the village. Council's Growth Strategy 2040 also identified potential additional growth areas.

Existing Consent

- Abstract up to 864 m³/day, at maximum rate of 36 m³/hr
- No conditions for metering of abstraction
- No conditions requiring water conservation measures

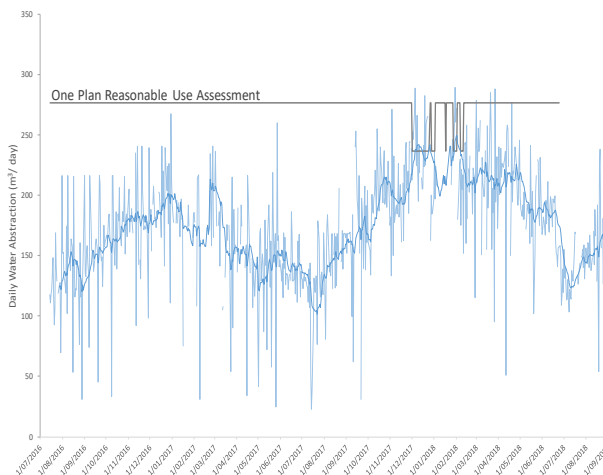
Consent sought

- Reduced consent limits to better match demand, but retain higher abstraction rate when needed to fill up storage
- Abstraction metering & telemetry
- Water conservation measures at times of low flow
- Optimise use of storage to reduce abstraction as much as possible during times of minimum flow

How much water does the community use?

This graph shows the community’s use over the last two years.

The graph shows the water abstracted compared to what would be considered “reasonable and justifiable” under the One Plan policies (grey line). Where the grey line drops down, this is when the River flow was below minimum flow and water conservation measures would be expected to be implemented under the One Plan.

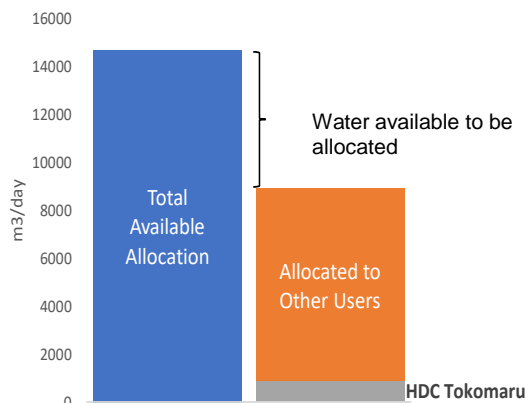


Water Allocation & Ecological Effects

Under the One Plan’s allocation regime, 61% of the cumulative core allocation for the zone is allocated.

HDC’s current allocation for Tokomaru represents 6% of the cumulative core allocation.

The One Plan provides for community takes to continue (with water conservation measures in place) when the River is below minimum flow (240 L/s). An ecological assessment found that the effects of the abstraction when the River is below minimum flow are less than minor.



Work to date:

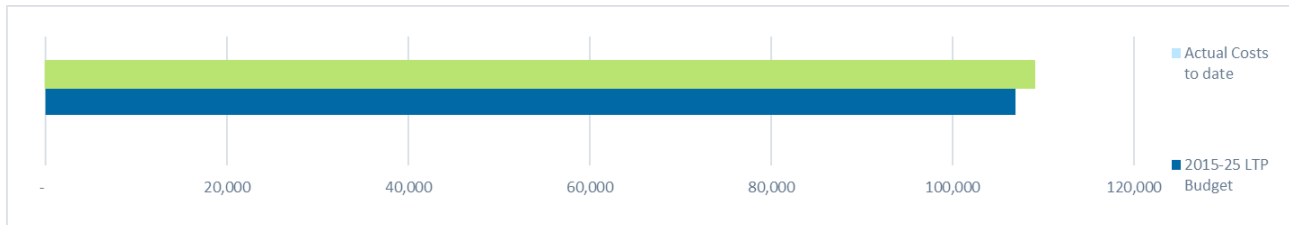
Consent application has been lodged and a s92 request for further information has been responded to. Consultation has been undertaken with key stakeholders as noted below.

The application is currently being processed by Regional Council. The application was publicly notified by Regional Council on 6 September 2019. Submissions close 4 October 2019.

Financials:

The funding arrangements are reserve funded.

The proposed cost of the project is \$106,910 over the expected lifespan of the project.



Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Potential for Quantity of Water allocated to be insufficient for growth.	4C/3 L	Significant	Application proposed consent conditions to be structured to allow for further approval at time of growth in the community. Ensuring water sensitive design.	3C/3 L	Significant
Financial	Notification leading to hearing and appeal costs.	4C/4 L	High	Continue with consultation and engagement with key stakeholders during submission period. Proceed quickly to pre-hearing to focus on RMA issues.	4C/3 L	Significant
Service Delivery	Consent decision may include significant constraints on take at minimum flow.	4C/4 L	High	Interrupted service delivery and extended water restrictions. Significant cost associated with storage to mitigate.	4C/3 L	Significant

Risks Traffic Light Key

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

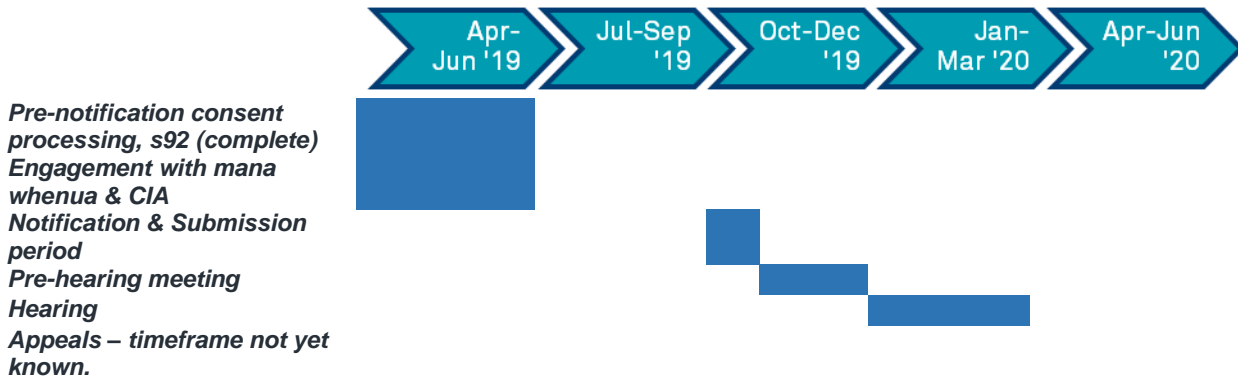
Communication and Key Stakeholders:

Engagement is ongoing with Ngati Whakatere and a Cultural Impact Assessment has been commissioned. This was expected to be completed end of August, but has not yet been received.

TMI Rangitaane have been consulted and have provided a letter of support.

Written approval has been obtained from Department of Conservation, Fish and Game Council and a letter of support has been received from the District Health Board.

Timeline:



Two Month Report 1 July 2019- 31 August 2019

File No.: 19/362

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the two months to 31 August 2019.

2. Recommendation

- 2.1 That Report 19/362 Two Month Report 1 July 2019- 31 August 2019 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As included in the **attached** reports.

Attachments

No.	Title	Page
A	Financial Reporting - Monthly Report - 31 August 2019 - FAR committee	18
B	Growth Dashboard Report for Finance, Audit, Risk Subcommittee (Sept 2019)	27

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Doug Law Chief Financial Officer	
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Approved by	Mark Lester Group Manager - Corporate Services	
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Two Month Report

1 July 2019 - 31 August 2019



Executive Summary

A. Financial Performance – Operational Expenditure

Council shows a \$574k deficit against a budgeted surplus of \$243k. It is 17% through the year and Council has spent 15.8% of the full year's budgeted expenditure and received 15.5% of the full year's budgeted income.

Roading capital expenditure is traditionally later in the construction season so the subsidy income is below budget. The budget phasing of the income stream will be corrected.

Labour charged to capital expenditure (Labour Recoveries) are also below budget due to similar issues with capital projects.

Solid waste operational expenditure is also underspent against budget

Doug Law
Chief Financial Officer

19 September 2019

Operational Summary

Total revenue	Total expenditure	Total surplus/(deficit)
\$8.69m is 4% less than the total budget of \$9.03m	\$9.26m is 0% less than the total budget of \$9.28m	(\$0.57m) is 135% less than the total budget of -0.24m

SUSTAINABILITY

Rates to operating revenue 72%

Rates revenue	\$6.30m
Operating revenue	\$8.69m

72% of operating revenue is derived from rates revenue. Rates revenue excludes penalties, water supply by meter and is gross of remissions. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives.

Balance budget ratio 94%

Operating revenue	\$8.69m
Operating expenditure	\$9.26m

Operating revenue should be equal or more than operating expenditure. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives. Operating expenditure includes depreciation and excludes loss on derivatives, landfill liability and loss on asset revaluations. Year to date revenue is 94% of operating expenditure.

Net Debt to total projected revenue 152%

Total net borrowing	\$85.15m
Total operating revenue	\$55.93m

With net borrowing of \$85.15m we are still under the set limit of 195% of operating revenue. Total net borrowing is external borrowing less cash at bank.

Interest to rates revenue (LGFA Cov.) 6%

Net Interest	\$0.35m
Rates revenue	\$6.30m

6% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue excludes penalties, water supply by meter and gross of remissions.

Interest to operating revenue (LGFA Cov.) **4%**

Net Interest	\$0.35m
Operating revenue	\$8.69m

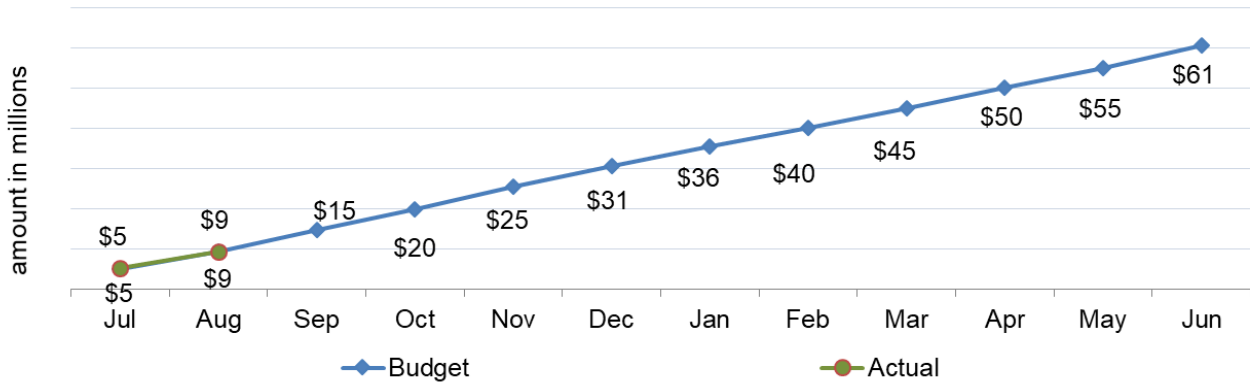
4% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received.

Available financial accommodation to external indebtedness (LGFA Cov.) **112%**

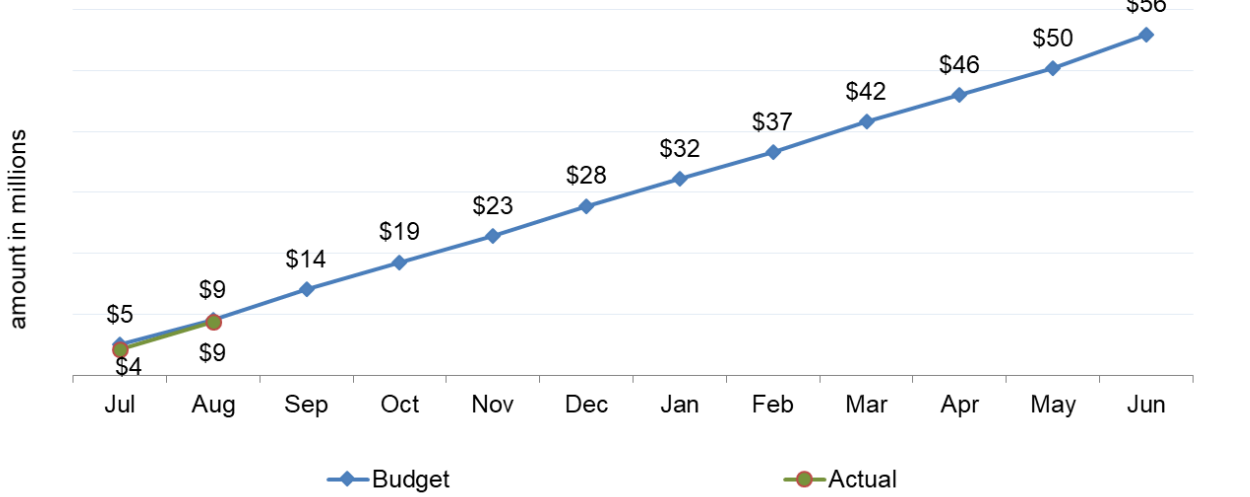
Net debt	\$85.15m
Undrawn committed facilities	\$10.00m

The committed bank facility enables us to borrow up to 112% of our current external debt immediately. The LGFA covenant minimum is 110%.

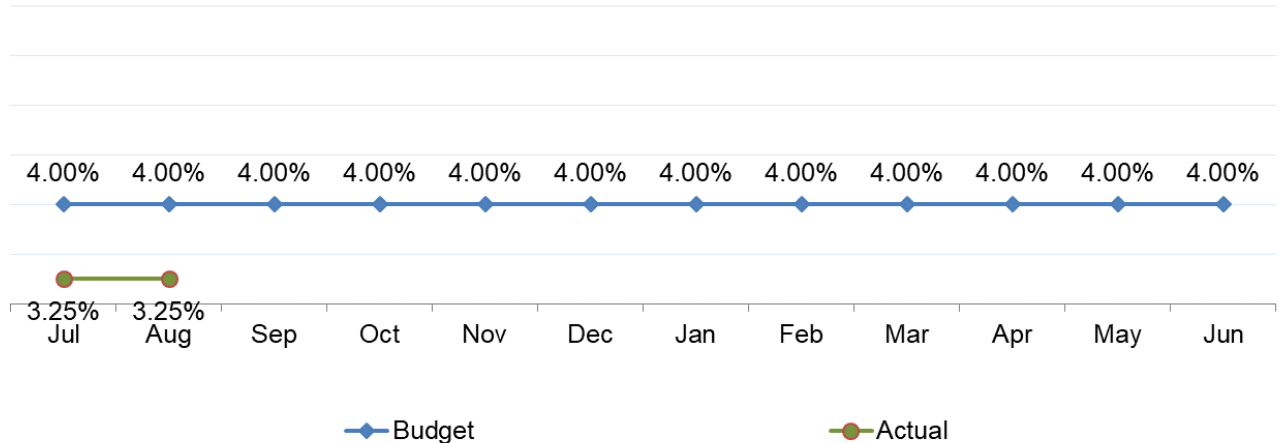
Total Expenditure \$m



Total Revenue \$m



Interest rate movement



Statement of Comprehensive Revenue and Expense

As at 31 August 2019									
	Annual Plan 2020 \$000	Annual Plan YTD Aug-19 \$000	Actual YTD Aug-19 \$000	C/A % Actual to Budget		Variance YTD 2019 \$000	Var/Bud %	% of Total Bud %	Notes
Revenue									
Rates Revenue	(40,099)	(6,149)	(6,301)	15.7%	☺	(152)	2%	1.7%	
Grants & Subsidies	(6,462)	(1,035)	(473)	7.3%	☹	562	-54%	-6.2%	1
Finance Income	(209)	(63)	-	0.0%	☹	63	-100%	-0.7%	
Fees, charges,	(5,110)	(742)	(729)	14.3%	☹	13	-2%	-0.1%	
Other Revenue	(3,926)	(1,045)	(978)	24.9%	☹	67	-6%	-0.7%	
Development Contributions	-					-		0.0%	
Gain on Derivatives								0.0%	
Gain Disposal of Assets			(208)		☺	(208)		2.3%	
Investment (Gains)/Losses	(122)					-		0.0%	
Vested Assets	-	-			☺	-		0.0%	
Total Revenue	(55,928)	(9,034)	(8,689)	15.54%	☹	345	-4%	-0.6%	
Expenditure									
Employee Benefit Expenses	15,017	2,322	2,198	14.6%	☺	(124)	-5%	-1.3%	
Finance costs	3,870	350	350	9.0%	☺	-	0%	0.0%	
Depreciation and Amortisation	14,448	2,408	2,431	16.8%	☹	23	1%	0.2%	
Other Expenses	25,082	4,197	4,284	17.1%	☹	87	2%	0.9%	2
Loss on disposal of assets	-				☺	-		0.0%	
Revaluation losses	-					-		0.0%	
Increase in Landfill provision		-			☺	-		0.0%	
Loss on Derivatives					☺	-		0.0%	
Total Expenses	58,417	9,277	9,263	15.86%	☺	(14)	0%	0.0%	
Operating (surplus) deficit before taxation	2,489	243	574	23.0%		331	136%	0.6%	

Note 1 Grants and Subsidies unfavourable variance of \$562k
Roading subsidies are lower by \$566k from the budget prediction resulting from lower capital expenditure in winter months.

Note 2	Plan 2019 \$000	Annual Plan YTD Jun-19 \$000	Actual YTD Jun-19 \$000	% Actual to Budget		Variance YTD 2019 \$000	% Var/Bud %	% of Total Bud %	Notes
Professional Services	5,296	780	840	15.9%	☹	60	8%	0.6%	
Materials	112	19	34	30.4%	☹	15	79%	0.2%	
Maintenance	16,686	2,565	2,433	14.6%	☺	(132)	-5%	-1.4%	
Grants Paid	611	51	60	9.8%	☹	9	18%	0.1%	
Utilities	1,180	191	201	17.0%	☹	10	5%	0.1%	
Communications	258	45	42	16.3%	☺	(3)	-7%	0.0%	
Other Expenses	5,380	933	912	17.0%	☺	(21)	-2%	-0.2%	
Vehicle Expenses	181	28	18	9.9%	☺	(10)	-36%	-0.1%	
Treasury Expenses	199	11	9	4.5%	☺	(2)	-18%	0.0%	
Labour Recoveries for Capex projects	(2,562)	(426)	(265)	10.3%	☹	161	-38%	1.7%	2
Total Other Expenses	27,341	4,197	4,284	15.7%	☹	87	2%	0.9%	

Note 2. Labour recoveries for labour posted to CAPEX projects – Unfavourable variance \$161k reflects the lower capital project expenditure than budgeted for in infrastructure as well as some yet to be corrected time costed to operational expenditure instead of capital projects.

Statement of Comprehensive Revenue and Expense by Activity

As at 31 August 2019									
16.7%	C	D	E	F	G	H	I	J	
REVENUE	Year to date (YTD)		C/A % Actual to Budget	F	G D-C YTD Variance \$000	H G/D % Var/Bud	I % of Total Bud	J Notes to Accounts	
	This Year \$000	Budget \$000							
Significant Activities									
Regulatory Sevices	(1,162)	(1,118)	25.0%	☺	44	3.9%	0.1%		
Community Facilities and Ser	(2,180)	(2,229)	16.1%	⊗	(49)	-2.2%	-0.1%		
Road Transport	(1,142)	(1,723)	10.7%	⊗	(581)	-33.7%	-1.0%		1
Water Supply	(1,012)	(973)	14.5%	☺	39	4.0%	0.1%		
Wastewater Disposal	(1,282)	(1,259)	15.0%	☺	23	1.8%	0.0%		
Solid Waste	(379)	(387)	16.3%	⊗	(8)	-2.1%	0.0%		
Stormwater	(210)	(221)	15.9%	⊗	(11)	-5.0%	0.0%		
Treasury	(208)	(255)	6.1%	⊗	(47)	-18.4%	-0.1%		
Property	(499)	(306)	33.4%	☺	193	63.1%	0.3%		
Community Support	(517)	(509)	16.6%	☺	8	1.6%	0.0%		
Representation & Com. Leads	(621)	(635)	15.7%	⊗	(14)	-2.2%	0.0%		
Total Activity Revenue	(9,212)	(9,615)	15.4%	⊗	(403)	-4.2%	-0.7%		
Business Units									
	(3,876)	(3,961)	16.7%	⊗	(85)	-2.1%	-0.2%		
Total Operating Revenue	(13,088)	(13,576)	15.7%	⊗	(488)	-3.6%	-0.9%		
16.7%	C	D	E	F	G	H	I	J	
EXPENDITURE	Year to date		C/A % Actual to Budget	F	G D-C YTD Variance \$000	H G/D % Var/Bud	I % of Total Bud	J Notes to Accounts	
	This Year \$000	Budget \$000							
Significant Activities									
Regulatory Sevices	872	807	18.7%	⊗	(65)	-8.1%	-0.1%		
Community Facilities and Ser	2,012	2,109	14.9%	☺	97	4.6%	0.2%		
Road Transport	1,624	1,677	13.5%	☺	53	3.2%	0.1%		
Water Supply	1,128	1,137	16.3%	☺	9	0.8%	0.0%		
Wastewater Disposal	1,319	1,187	17.8%	⊗	(132)	-11.1%	-0.2%		
Solid Waste	596	866	15.1%	☺	270	31.2%	0.5%		2
Stormwater	229	246	15.1%	☺	17	6.9%	0.0%		
Treasury	364	500	8.1%	☺	136	27.2%	0.2%		
Property	150	196	9.7%	☺	46	23.5%	0.1%		
Community Support	573	379	18.4%	⊗	(194)	-51.2%	-0.3%		
Representation & Com. Leads	915	892	16.7%	⊗	(23)	-2.6%	0.0%		
Total Activity Expenditure	9,782	9,996	15.1%	☺	214	2.1%	0.2%		
Business Units									
	3,881	3,824	16.7%	⊗	(57)	-1.5%	-0.1%		
Total Operating Expenditure	13,663	13,820	15.6%	☺	157	1.1%	0.2%		
Operating (Surplus)/Deficit	575	244		⊗	(331)	135.7%	-0.38%		

Note 1 Road Transport Unfavourable variance \$581k
 Rooding subsidies from capital works are lower by \$556k from the budget prediction resulting from lower than expected capital expenditure during the winter months.

Note 2. Solid Waste –favourable variance \$270k
 Landfill operating expenditure - \$218k
 Consultants costs on strategy etc. \$ 25k

APPENDIX

Asset maintenance contract	General contract works, repairs, planned and unplanned maintenance, materials and consumables, cleaning and hygiene, inspections and reporting.
Finance cost	Interest on borrowings and interest on swaps.
Gains	Fair value revaluation gain and gain on sale.
General grants	Grants given to various organisations and individuals like Creative NZ, neighbourhood support, beach wardens, community development and youth scholarships.
Grants and subsidies	Grants and subsidies received from government and other organisations for roading, library, community hubs, cemeteries and aquatic centres.
Infringements and fines	Parking tickets, Prosecutions on WOFs and unregistered vehicles.
Employee benefits	Salaries and wages, training costs, FBT and ACC levies, superannuation, and staff recognition.
Other expenses	Printing, publication, postage, stationery, advertising, food and catering, photocopying, internet and communication and any other office expenses.
Professional services	Consultants, contractors, membership fees, legal fees, lab services, audit fees or any other professional services charges.
Regulatory revenue	Planning fees, building fees, animal fees, liquor fees and health fees.
Rendering of services	Commissions, car income, and any other income received for rendering services.
Rental income	Rent from Halls, residential and commercial properties, grazing land, reserves and other lease income.
Targeted rates	Rates for roading, waste management, representation and governance, stormwater, wastewater, water by meter and water supply.
User charges	Revenue received from admission, shop sale, Cemetery fees, trade waste, utility connection, events and exhibitions.
Utilities	Water use, electricity and gas charges

Growth Dashboard

September 2019



Horowhenua
2040 Vision

Overview of Horowhenua District

The Horowhenua District has had strong growth in value of building consents and health enrolments. Value of consents issued as at 30 June 2019 was \$113,831,925 compared to \$97,306,905 for the same period last year.

With more than 300 residential consents issued in the 12 months to June, this is more than double the 10-year average of 135.

In 2018, 50% of building consents issued had 3 bedrooms and 62% of residential dwellings consented were for standard dwellings.

Over the past few years Horowhenua's population growth

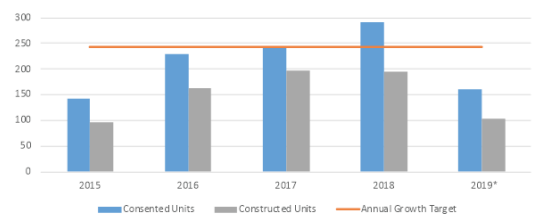
has jumped to record levels. Health enrolments, a broad indicator of population growth, increased by 2.7% in the 12 months to June 2019, which suggests that the population continues to grow strongly.

Population growth is driving demand for housing and pushing up house prices in Horowhenua. Average house values increased by 15% over the year, reducing affordability significantly.

In summary, Horowhenua District remains an attractive option. We can see this through the continued growth in those wanting to build here and new residents increasing enrolments in services.

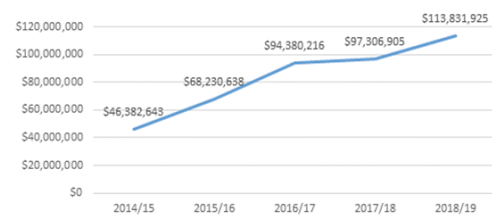
Dwelling units consented vs Dwelling units constructed

Calendar Year to September 2019 (Horowhenua District)



Building Consents Issued (\$)

Financial Year to June 2019 (Horowhenua District)



Resource Consenting

From 1 July 2019

- 72 resource consents have been lodged as at 31 August 2019 compared to 51 at the same time last year.
- 30 subdivision consents approved as at 31 August 2019, compared to 19 at the same time last year.
- As at 31 August 2019 a total of 11 new allotments have been created as a result of s223 (approval of title plan) & 0 new allotments have been created as a result of s224 (completion of physical works) certificates being issued for subdivisions.
- YTD the level of Resource Consenting activity has significantly higher level of activity that was experienced over a similar period in 2018/19.

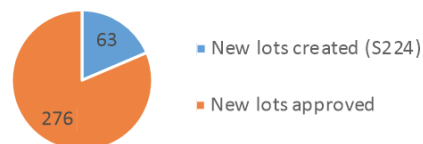
Building Consents

From 1 July 2019

- Value of consents issued as at 31 August 2019 is \$19,141,195 compared to \$22,350,277 for the same period last year
- 130 consents issued as at 31 August 2019, compared to 156 for the same period last year.
- 32 new dwelling consents were issued as at 31 August 2019 compared to 53 for the same period in the 2018/2019 year.
- 132 building consents were lodged as at 31 August 2019 compared to 135 for the same period in the 2018/19 year.
- Consents have been issued for 41 New Residential Dwelling Units as at 31 August 2019.
- YTD the number of Building Consenting activity is slightly lower than the same period in 2018/19.

New lots created vs New lots approved

Financial Year 2018/2019 (Horowhenua District)



Dwellings Consented - Standard vs Retirement Unit

Building Consents in 2018 (Horowhenua District)

	Number	%
Retirement Unit	106	38%
Standard Home	167	62%
Total	273	



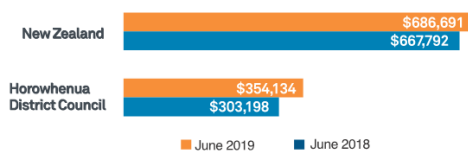
Number of Dwellings by Bedroom Number

Building Consents Issued in 2018 (Horowhenua District)

No Dwellings by Number of Bedrooms	1	2	3	4	5
Standard Homes	8	42	73	37	7
Retirement Unit	12	29	65	0	0
Total	20 (7%)	71 (26%)	138 (50%)	37 (13%)	7 (2%)

Average Current House Value

Average for 12 months to June 2019



Health Enrolments

Annual Average % change June 18 - June 19 (Horowhenua District)



Health enrolments, a broad indicator of population growth, increased by 2.7% in the 12 months to June 2019 which suggests that the population continues to grow strongly.

Chart	Data Source	Timeframe
Average Current House Value	Infometrics - http://www.infometrics.co.nz/	June 18 - June 19
Traffic Volume Growth	Infometrics - http://www.infometrics.co.nz/	June 18 - June 19
Housing Affordability	Infometrics - http://www.infometrics.co.nz/ via Core Logic	June 18 - June 19
Health Enrolments	Infometrics - http://www.infometrics.co.nz/	June 18 - June 19
New lots created vs new lots approved	HDC Reporting	1 July 18 - 30 June 18
Number of dwellings by bedroom number	HDC Reporting	1 January 18 - 31 December 18
Dwelling consented – Standard vs Retirement Unit	HDC Reporting	1 January 18 - 31 December 18
Number of lots potentially eligible for 250m ² subdivision	HDC Reporting	As at 2017
Dwelling units consented vs dwelling units constructed	HDC Reporting	1 July - 30 June
Building consents issued (\$)	HDC Reporting	1 July - 30 June

Number of Lots Potentially Eligible for 250m² Subdivision

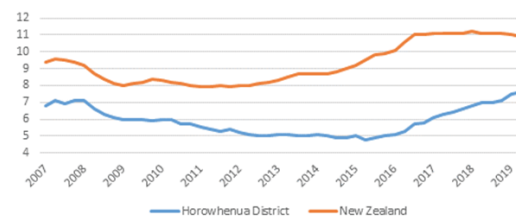
As at 2017 (Horowhenua District)

	Number of Lots 500 - 900m ²
Levin	3,981
Foxton	508
Foxton Beach	834
Shannon	335
Total	5,658

In 2017 Council completed a plan change that increased opportunities for infill residential development. This included reducing the minimum net site area for subdivision down to 250m² in Levin, Foxton, Foxton Beach, and Shannon when the parent title is between 500m² - 900m². The number of sites impacted by this change is shown above.

Housing Affordability

Annual, Year to date June 2019 (Horowhenua District)



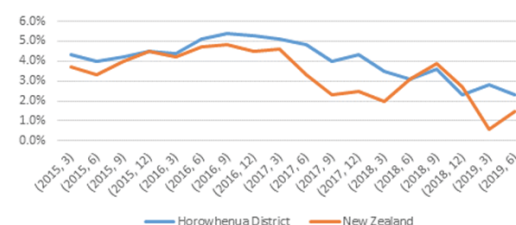
Housing affordability in Horowhenua District has deteriorated on average over the year to June 2019.

During the last 10 years, housing in Horowhenua District was most affordable in September 2014, when the index reached a low of 4.8.

Housing affordability compares average current house values with average annual employment earnings from filled jobs. The index is the ratio of the average current house value to average annual earnings. Please note the four most recent quarters are based on estimated average annual earnings, while earnings data from earlier years are based on actual figures from Linked Employer Employee Data published by Stats NZ.

Traffic Volume Growth

Annual Average % change (Horowhenua District)



Traffic flows in Horowhenua District increased by 2.3% over the year to June 2019. This compares with an increase of 1.5% in New Zealand.



File No.: 19/363

Annual Report for the year ended 30 June 2019

1. Purpose

To recommend the adoption of the Annual Report for the year ended 30 June 2019 to Council.

2. Executive Summary

- 2.1 This report presents a draft copy of Council's Annual Report for the year ended 30 June 2019 that has been attached to this report.
- 2.2 The report is still in the process of being audited and has yet to achieve audit clearance due to issues with the Roding asset valuation methodology which will affect depreciation on Roding as well.
- 2.3 However, the remainder of the report is substantially complete and unlikely to change in any material way. The issues relating to financial performance have been highlighted and discussed with Councillors at the Finance Audit and Risk Subcommittee meeting throughout the latter part of the financial year.

3. Recommendation

- 3.1. That Report 19/315 Annual Report for the year ended 30 June 2019 is received.
- 3.2. That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 3.3. That the Finance, Audit and Risk Subcommittee recommends to the Horowhenua District Council the adoption of the Annual Report ended 30 June 2019 at the Council meeting of 2 October 2019.

4. Background / Previous Council Decisions

Council is required under s98 of the Local Government Act (reproduced below) to produce and adopt an Annual Report within 4 months of the end of the financial year (i.e. by 31 October 2019):

98 Annual Report

- (1) *A local authority must prepare and adopt in respect of each financial year an annual report containing in respect of that year the information required by Part 3 of Schedule 10.*
- (2) *The purposes of an annual report are –*
 - (a) *to compare the actual activities and the actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the long-term plan and the annual plan; and*
 - (b) *to promote the local authority's accountability to the community for the decisions made throughout the year by the local authority.*
- (3) *Each annual report must be completed and adopted, by resolution, within 4 months after the end of the financial year to which it relates.*

The Draft Annual Report is being brought to the Subcommittee to enable Councillors to understand the report and ask any questions of Officers prior to Council adopting the Annual

report at its meeting of 2 October. This is very much a working draft and unfinished at the time of the agenda deadline. A completed Annual Report with all adjustments from Audit will be presented to the Subcommittee at its meeting of 25 September for the Subcommittee to recommend adoption to the full Council meeting in October.

5. Discussion

Financial Performance

5.1 Council's financial performance shows an operating deficit of \$5.83m (previously \$7.05m a reduction of \$1.2m) against a budgeted operating surplus of \$1.655m. The changes from the draft report are as follows;

- Landfill after care provision has been reduced by \$1.4m, by reducing the Trade Waste charge (as this is an internal expense) and review of the compliance costs where they were impacted by increased size of the landfill.
- Depreciation has increased on Roothing \$152k. However this is likely to decrease once the Roothing revaluation is finalised.
- Increased loss on the forestry revaluation \$3k to correctly account for the harvesting of the trees at the Pot.

5.2 Standard and Poors reaffirmed Council's A+ credit rating during the year and recently reaffirmed this rating using their new methodology.. This credit rating increases Council's ability to borrow at favourable interest rates. The weighted average interest rate at 30 June 2019 was 3.54% down from 5.32% at 30 June 2014.

6. Options

There is no option but to adopt the Annual Report with or without an unqualified audit opinion.

6.1. Cost

The cost is the internal cost of producing the report, estimated at \$250k including the Audit cost of \$150k.

6.1.1. Rate Impact

There is no rating impact other than the annual cost of producing and auditing the Annual Report, both of which have been budgeted for.

6.2. Community Well Being

There is no impact on the Community Wellbeing of adopting the Annual Report.

6.3. Consenting Issues

There are no consenting issues related to the adoption of an Annual Report.

6.4. LTP Integration

The cost of the Annual Report is budgeted for in the LTP and Annual Plan.

7. Consultation

No consultation has been conducted or is required in relation to the adoption of the Annual Report.

8. Legal Considerations

Legal considerations are that Council has to adopt the audited Annual Report within four months of the balance date of 30 June 2019.

9. Financial Considerations

The Annual Report was produced in-house, with no external input other than from Audit New Zealand and minimal valuation, treasury and legal costs. The cost of the Annual Report is funded from the General Rate and is costed to the Representation and Governance activity.

10. Other Considerations

- 10.1 These accounts have been prepared under the new Public Benefit Entity (PBE) accounting standards. Some of these requirements add to the already complex nature and length of the annual report.
- 10.2 Council staff are investigating ongoing enhancements to the presentation and format of the Summary Annual Report that hopefully will enable more readers to understand the contents and meaning.
- 10.3 However, there is a limit to these enhancements. Most of the complexity and size of the document are caused by compliance with and complexity of the legislation, regulations and accounting standards that must be met.

11. Next Steps

The Annual Report will need to be adopted by Council on 2 October.2019 to meet the statutory deadline of 31 October. A full Annual Report and audited Summary Annual Report need to be completed and made available to the public within one month of adoption. This will include posting to our website and an article in "Community Connection".

12. Supporting Information

Strategic Fit/Strategic Outcome

There are no implications on Community Outcomes on adopting an Annual Report.

Decision Making

The adoption of an Annual Report does not require consultation prior to its adoption and can only be adopted by a full Council meeting; it cannot be delegated to a Subcommittee.

Consistency with Existing Policy


There is no policy on the adoption of an Annual Report.

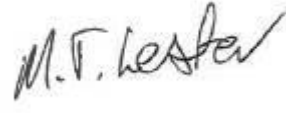
Funding

Funding is through the General Rate.

13. Appendices

No.	Title	Page
A	Draft Annual Report for the year ended 30 June 2019 (<i>Under Separate Cover</i>)	

Author(s)	Doug Law Chief Financial Officer	
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Approved by	Mark Lester Group Manager - Corporate Services	
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