

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

Date: Wednesday 30 January 2019
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Subcommittee

OPEN AGENDA

MEMBERSHIP

Chairperson	Mr Philip Jones	
Deputy 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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Website: www.horowhenua.govt.nz

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

Full Agendas are also available to be collected from:
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, 12 December 2018

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.

Health & Safety - Quarterly Report

File No.: 19/3

1. Purpose

To provide an update to Elected Members on health and safety matters at Horowhenua District Council for the previous three months.

2. Recommendation

- 2.1 That Report 19/3 Health & Safety - Quarterly Report 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 H&S report for the October to December 2018 quarter.

Attachments


No.	Title	Page
A	Quarterly HS Report 1 October 31 December 2018.docx	8


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)	Jill Dallinger Senior Health & Safety Advisor	
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Approved by	Toni Magi People & Capability Manager	
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Horowhenua District Council
Health & Safety Quarterly Report 1 October 2018 – 31 December 2018
Quarter 2

Executive Summary

Health and Safety for the second quarter, was fairly consistent in terms of incidents with no significant areas of concern identified. Improvement around the H&S framework moved forward with Worker Participation procedures approved by the Leadership Team and successful consultation with the Health and Safety Committee on the process for Health and Safety provision by way of written agreement.

Key Updates for this quarter:

Horowhenua Council (the Council), along with six (6) other participating MW LASS Councils, agreed to participate in a health and safety gap analysis with the purpose of understanding where current H&S performance capability sat within the region against current legislative parameters as well as identifying potential collaborative work programmes. The methodology for assessment chosen was the Worksafe NZ approved behavioural model called SafePlus. This is normally a process reserved for large organisations, but due to the make-up of the MW LASS agreements, it was able to be applied to each individual Council as a collective agreement.

The SafePlus framework defines ten performance requirements under three key elements: Leadership, Worker Engagement & Risk Management. Each performance requirement has 5 indicators that explore how the business performs against requirement. The aim is that organisations will grow in maturity through the three performance maturity levels. MW Lass are at the beginning of their journey in terms of health and safety maturity and are seeking clarity on direction they need to take that is specific and time framed to help them grow.

The Council completed their assessment at the end of November with the remaining MW LASS participating Council assessments taking place in December. Each Council will receive their individual reports on January 18 and these will include suggested work programme for the 2019 year. In addition there will be an overarching summary report presented to the MW LASS Directors that will consider the possibility of any future collaborative work programmes for the participating Councils.

LEAD INDICATORS

1. Health & Safety training

Training	Attendees Q2	Attendees Annual
Lifeguard First Aid	10	13
First Aid Training	1	19
Lifeguard Induction & Emergency Procedures	5	9
Anti-Armed Robbery Training		
• Te Awahou	12	N/A
• Te Takere	16	N/A
	14	N/A

• Civic Building		
Te Awahou Emergency Drill Training	15	N/A

2. Risk Management Emergency Evacuation Drills

Te Awahou Community Hub

Te Awahou

13/11/2018

3. Employee H&S Inductions

	Q2	Running Total
Lifeguards	7	16
Civic Building	25	112
Contract for Services	TBC	TBC

4. Wellness Initiatives

	Q2	Annual Total
Ergonomic Workstation Assessments	0	6
EAP Services (attendees)	9	17
Combined Group Session (post traumatic event)	23	N/A

5. Risk Management

	Q2	Running Total
• D&A Testing		
○ Pre- employment Tests	32	128
○ Reasonable Grounds		
○ Post Critical Incident Testing		
• Audits		
○ Aquatics	3	6
○ Rooding	6	12

6. H&S Contractor Register Process

	Approved	Pending	Expired
67	3	64	TBC*

*Implementation process recently commenced so data not relevant at this time.

7. Health & Safety Committee (HSC)

- Monthly Meetings x 3 this quarter
- HSC agreed they had been consulted with regarding the Worker Participation Proposals.
- HSC elected to support the retention of a HSC as the main format for Worker Participation & Representation

- Consultation to begin Jan 2019 leading to election of new H&S representatives – completed by February 2019.
- Consultation on work group’s options which are based on work type and location will take place Jan 2019 as agreed by current HSC.

8. H&S Policy Document Review/Progress

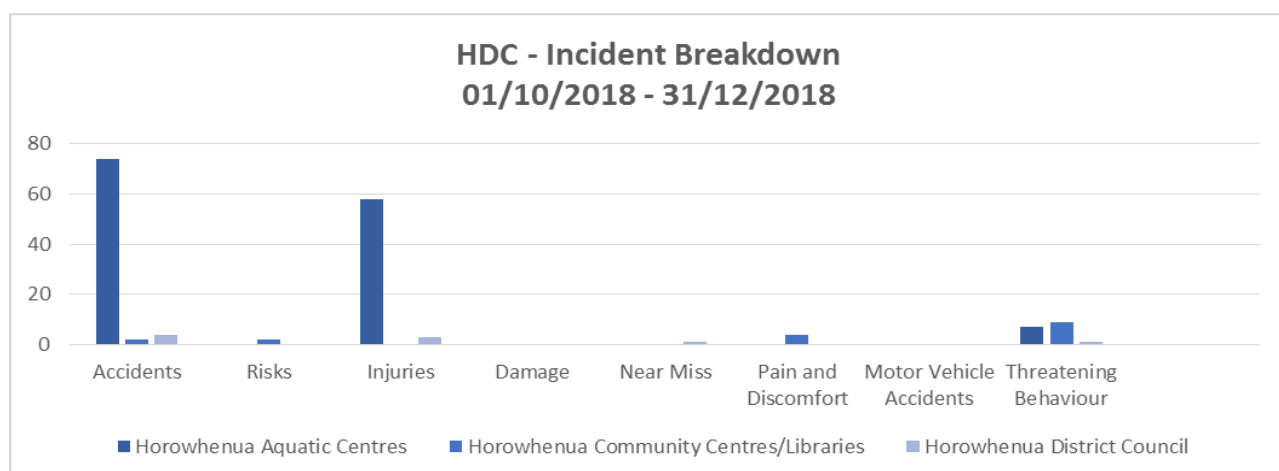
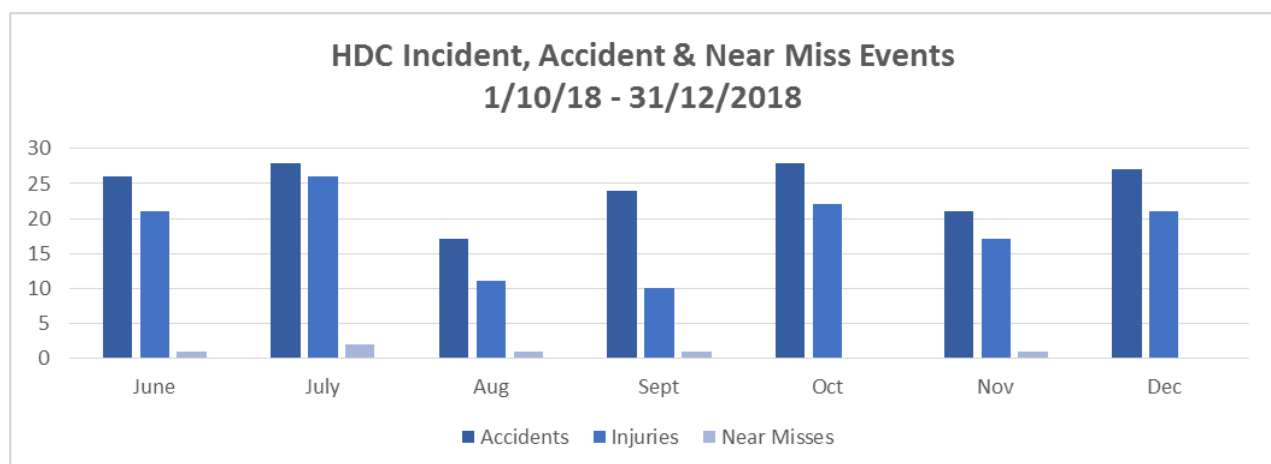
- Worker Participation Practices Agreement – Completed
- Working Alone Draft Policy – Draft Completed – Present to LT next quarter
- Contractor Management Draft Policy – Trial continues – present to LT next quarter

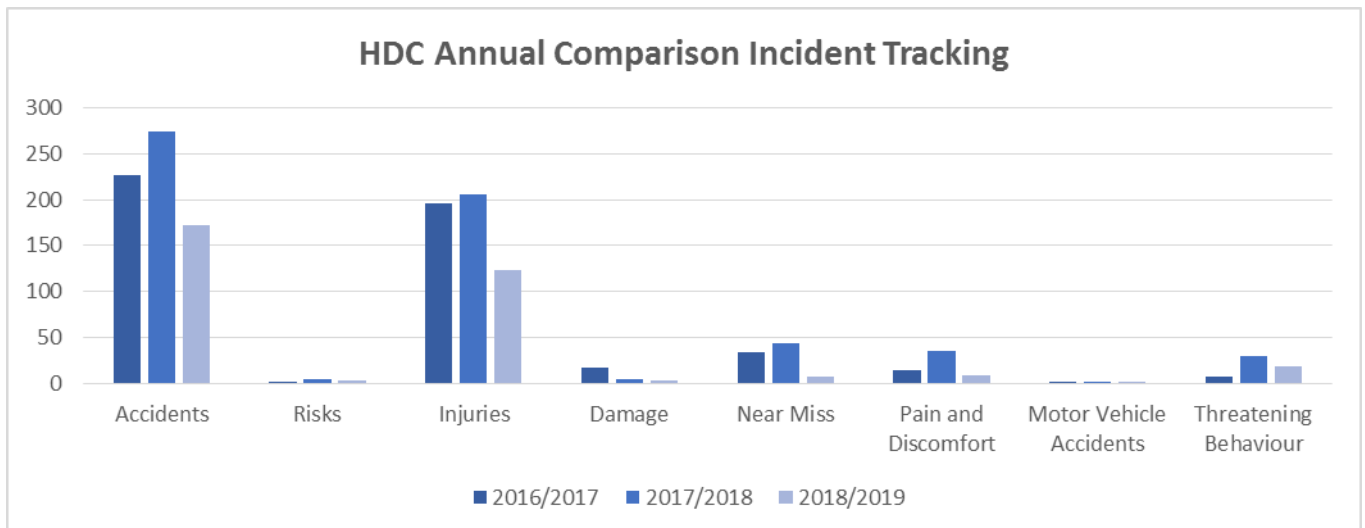
9. MW LASS Update

- Individual Council SafePlus assessment reports to be considered final 28 Jan 2019
- MWLASS overarching summary report presented 11 February 2019
- If approved – work programme implementation will commence late February 2019

LAG INDICATORS

10. Incident Analysis





11. Incident Data Analysis

Graph 10a - Accidents are slightly higher this quarter as are injuries resulting from those reported accidents. This is not of significant concern. It is considered normal and can be contributed to the seasonal changes which brings increased third party patronage in the aquatics area as evidenced in graph 2. It will however continue to be an area to monitor.

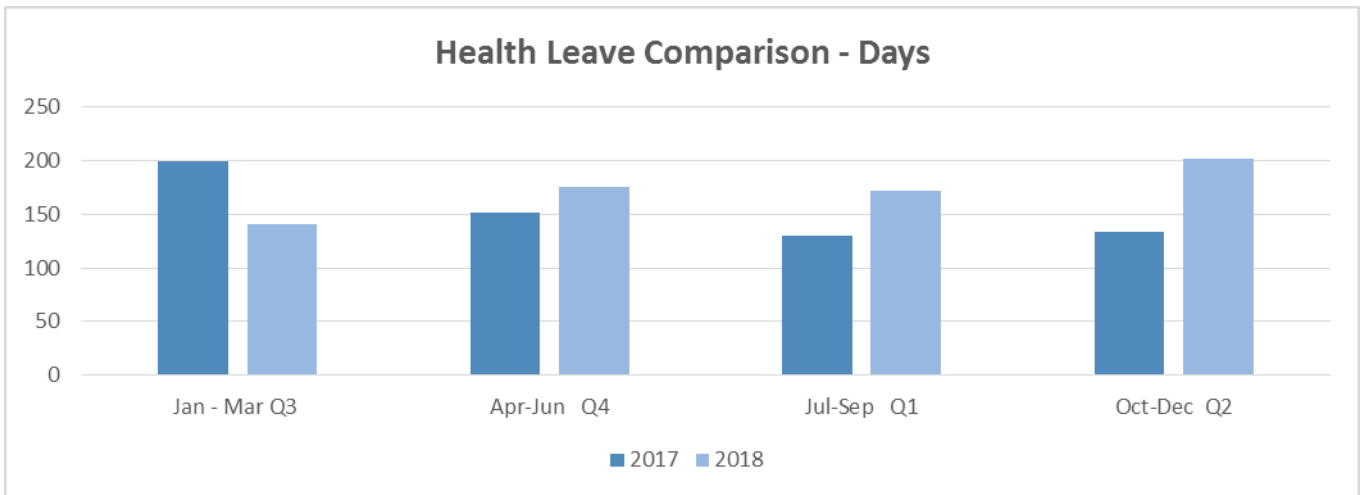
Graph 10b - Near Miss reporting continues to be low throughout the organisation this quarter and is an issue that will continue to be challenged by Managers and the Health and Safety Committee as a key work focus for the 2019 year. Council’s focus will be to increase awareness on this subject and improve near miss reporting data throughout the 2019 year.

Graph 10b & c - record threatening behaviour events, incidents of inappropriate behaviour towards staff or where staff are called to intervene with inappropriate behaviour between third party members. Reported events are predominantly from the Aquatics and Community Hub centres and correspond to the level of visitors that attend those sites in the main. This is an area that Council has worked hard to improve throughout the 2018 year and has undertaken employee resilience workshops, security site specific assessments to ensure all building security provisions are up to date, and review of internal procedures to ensure all aspects of employee safety have been addressed. This area continues to be actively monitored.

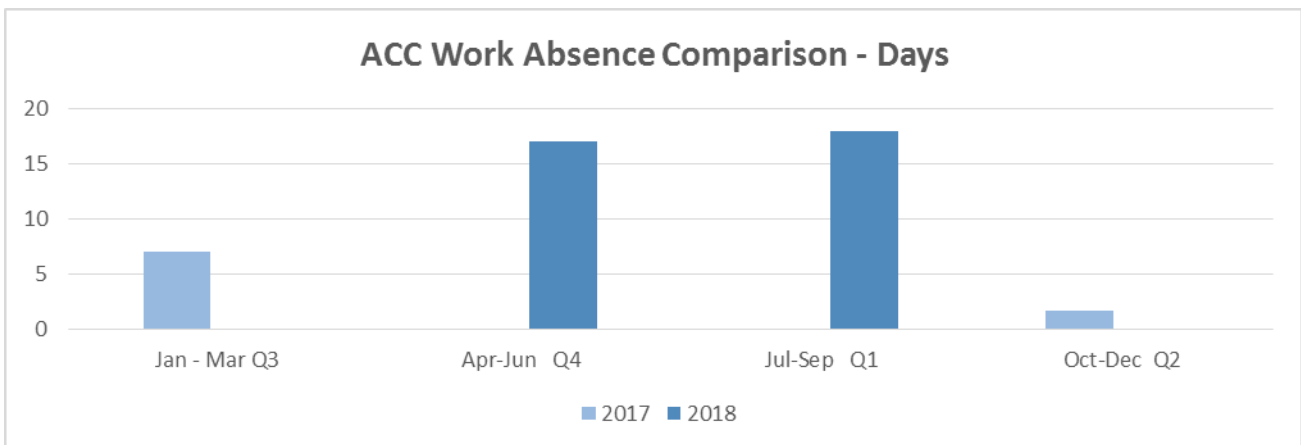
Graph 10 c - There have been no notifiable events this quarter with most recorded events minor in nature and resolved with little intervention. In addition Third Party events make up the majority of all recorded events and result primarily from the Aquatics and Community Hub sites.

Finally, H&S metric reporting will be a focus area for improvement over the coming 12 months. The aim is to more clearly and concisely convey incident management progress within the Council.

12. Health Leave Data



- The above graph provides a view of annual and quarterly health leave usage in Days against comparison to the previous year. On the surface it appears there is a visible increase in leave usage during the 2018 year; however in reality the increase rise is from 2.63 days sick leave per employee per year to 3.49 days sick leave per employee per year, a figure that is more than 50% below the annual employee sick leave entitlement granted per year.
- A focus for 2019 will be to develop more detailed health metric data with which to better understand the health and wellness impact on council employees so as to develop robust health initiatives.



- ACC leave for this quarter was nil with full resolution of rehabilitation requirements from the previous quarter. No additional ACC leave claims submitted.
- Further work is underway to re-define ACC data for reporting purposes in order to provide a high level over view of rehabilitation, treatment and cost impacts.

Six Month Report 1 July - 31 December 2018

File No.: 18/711

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the Six months to 31 December 2018.

2. Recommendation

- 2.1 That Report 18/711 Six Month Report 1 July - 31 December 2018 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** report.

Attachments



No.	Title	Page
A	Six Month Quarterly Financial Report	14

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	
Approved by	David Clapperton Chief Executive	



Six Month Report

1 July 2018 - 31 December 2018



Executive Summary

A. Trends and Activity of Interest

1. Resource Consenting

- 124 consents have been lodged as at 31 December 2018, compared to 96 at the same time last year.
- 53 subdivision consents approved as at 31 December 2018, compared to 36 at the same time last year.
- As at 31 December 2018 a total of 89 new allotments have been created as a result of s223 (approval of title plan) & 49 new allotments have been created as a result of s224 (completion of physical works) certificates being issued for subdivisions.

2. Building Consents

- Value of consents issued as at 31 December 2018 is \$57,296,531 compared to \$43,849,884 for the same period last year
- 372 consents issued as at 31 December 2018, compared to 326 for the same period last year.
- 134 new dwelling consents at 31 December 2018 against 109 for the same period in the 2017/2018 year.
- 332 building consents were lodged as at 31 December 2018 compared to 334 for the same period in the 2017/18 year.

Resource Consent and Building Consent numbers, and the level of enquiries have risen this month with a slightly higher level of activity that was experienced in 2017/18.

B. Financial Performance – Operational Expenditure

Council shows a \$884k deficit against a budgeted surplus of \$(1,047)k. It is 50% through the year and Council has spent 53% of the full year's budgeted expenditure and received 49% of the full year's budgeted income.

C. Financial Performance - Financial Position

Council has borrowed a net \$20m in the first half of the financial year, \$12m of this has been invested as it is effectively prefunding the loans that mature this year in March (\$12m). Once these repayments have occurred the gross debt will reduce by \$12m. We have also increased the cash reserves in anticipation of capital expenditure in the next 6 months.

Council has purchased \$11.74m in fixed assets in the first 6 months against an initial capital budget of \$17.26 for the first months and \$34.5m for the year. Managers have spent some time re-evaluating these capital budgets to show what is realistically possible. These results will be analysed and reported to the Committee at a future meeting.

Doug Law

Chief Financial Officer

22 January 2019

SUSTAINABILITY

Rates to operating revenue 69%

Rates revenue	\$18.59m
Operating revenue	\$26.88m

69% 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 97%

Operating revenue	\$26.88m
Operating expenditure	\$27.76m

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 97% of operating expenditure.

Essential services ratio 184%

Capital expenditure	\$10.34m
Depreciation	\$5.62m

Capital expenditure should be equal or more than depreciation for essential services, for year to date capex is 184% of depreciation. Essential Services are Water Supply, Wastewater, Stormwater and Roading.

Net Debt to total projected revenue 148%

Total net borrowing	\$79.91m
Total projected operating revenue	\$54.00m

With net borrowing of \$79.91m 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.) 9%

Net Interest	\$1.72m
Rates revenue	\$18.59m

9% 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.) **6%**

Net Interest	\$1.72m
Operating revenue	\$26.88m

6% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received.

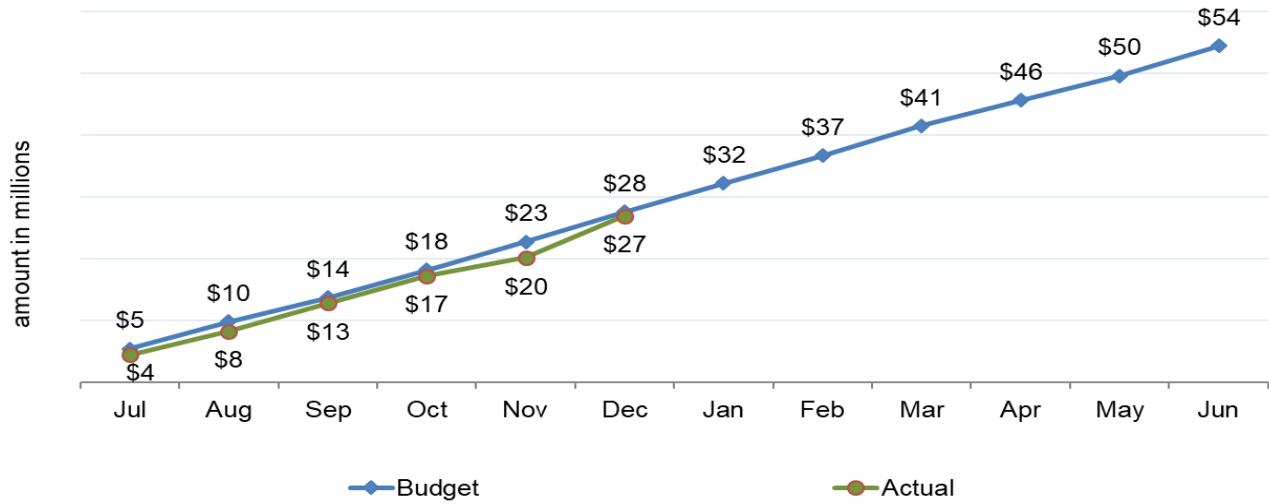
Available financial accommodation to external indebtedness (LGFA Cov.) **113%**

Net debt	\$79.91m
Undrawn committed facilities	\$10.00m

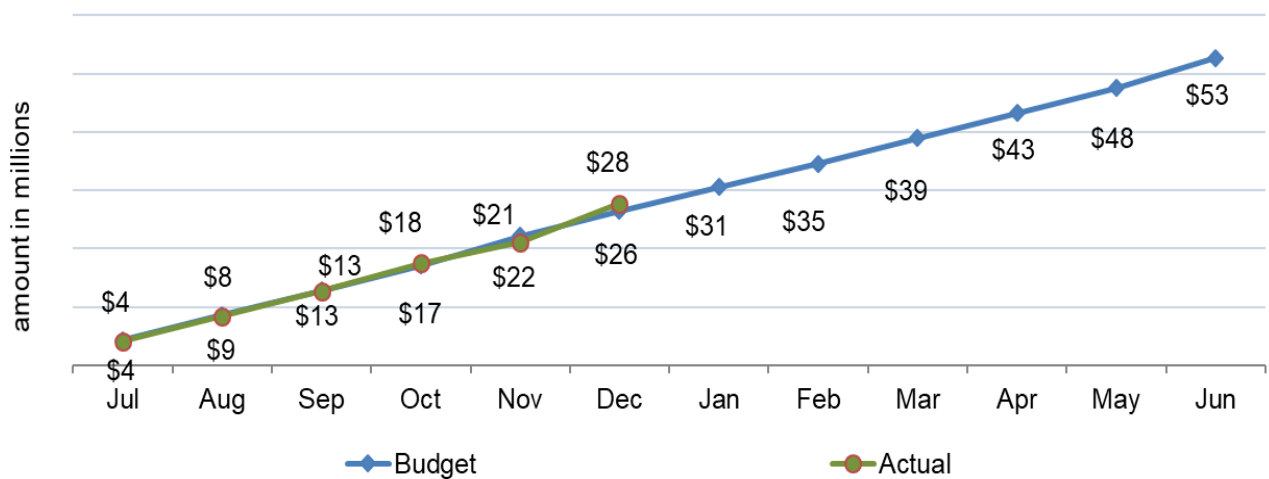
The committed bank facility enables us to borrow up to 113% of our current external debt immediately. The LGFA covenant minimum is 110%.

Operational Summary

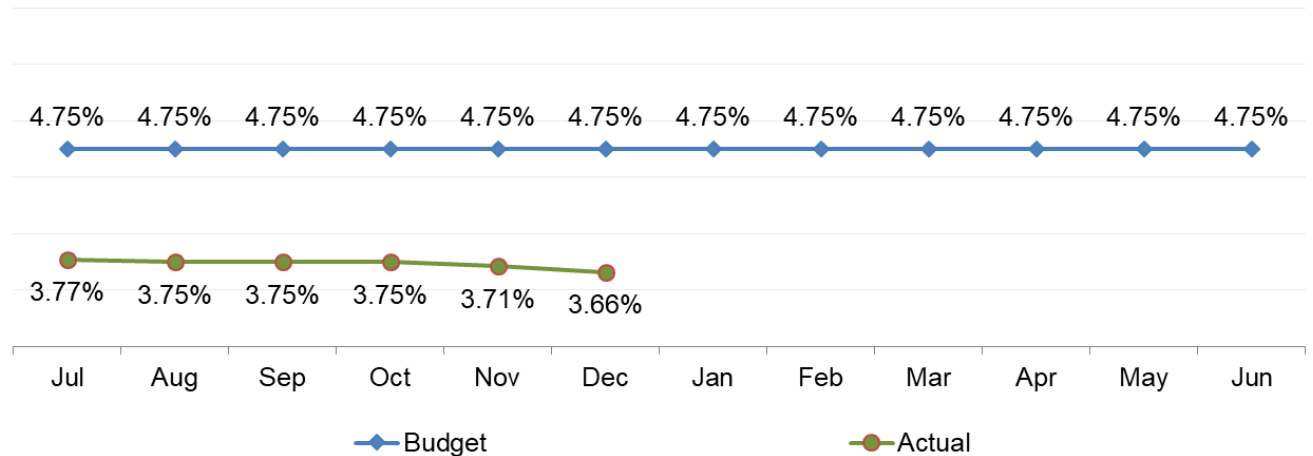
Total Revenue \$m



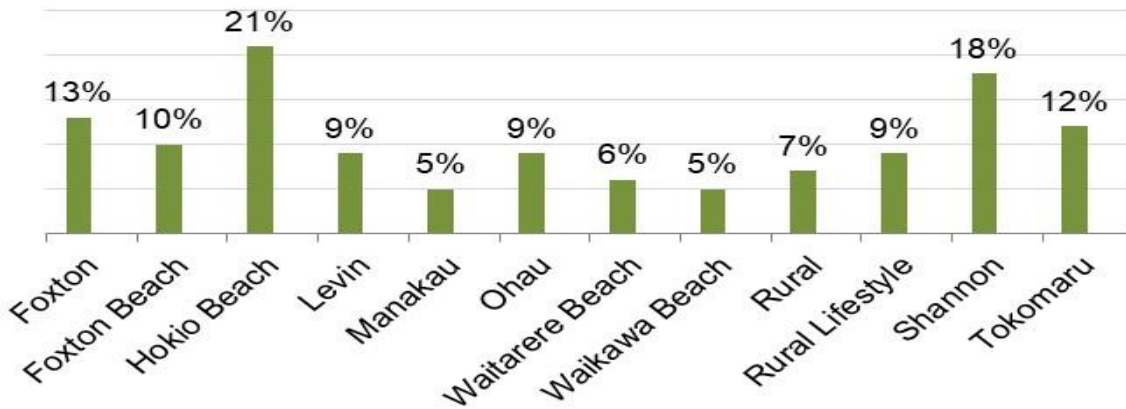
Total Expenditure \$m



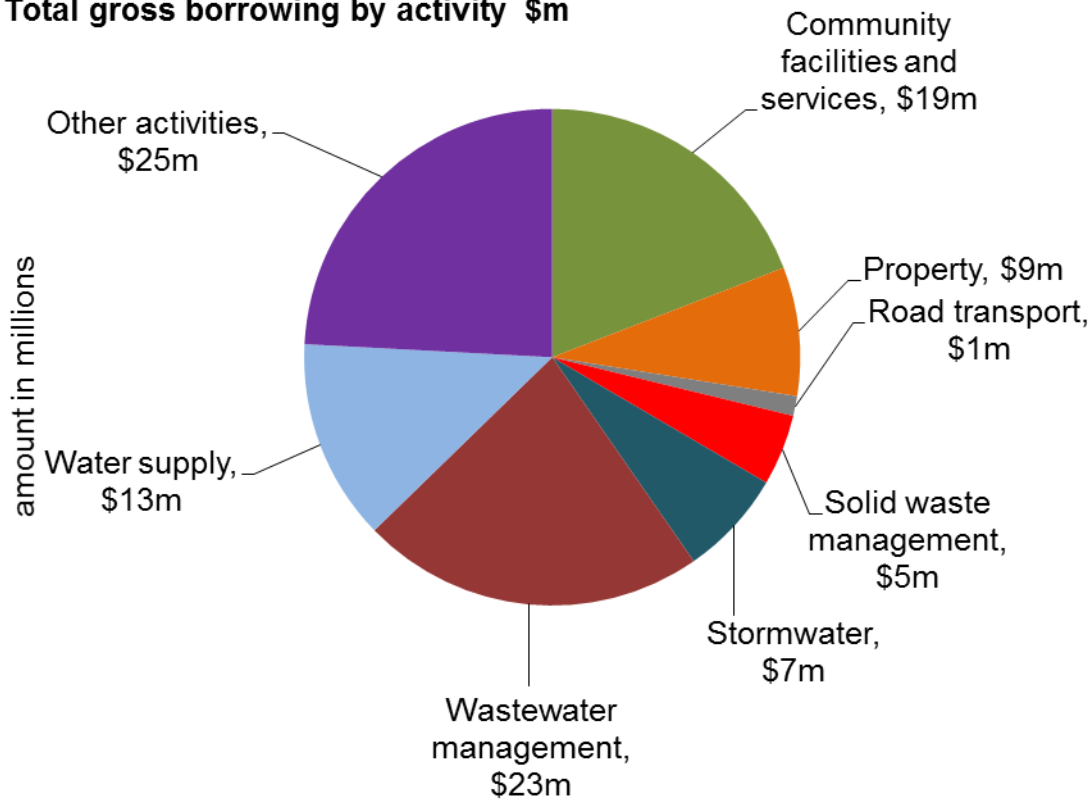
Interest rate movement



Rates debtors % with arrears over \$99



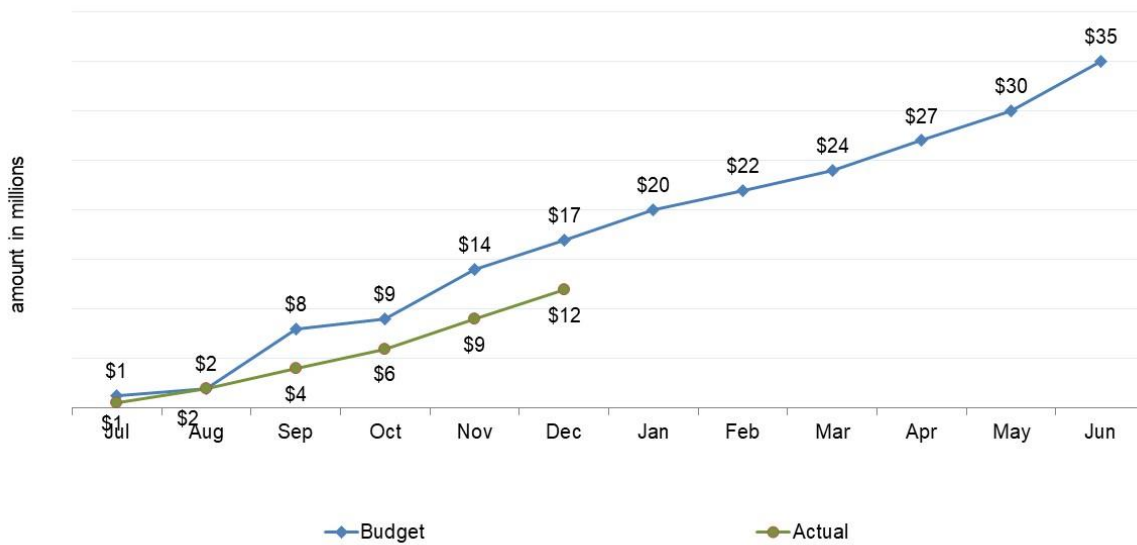
Total gross borrowing by activity \$m



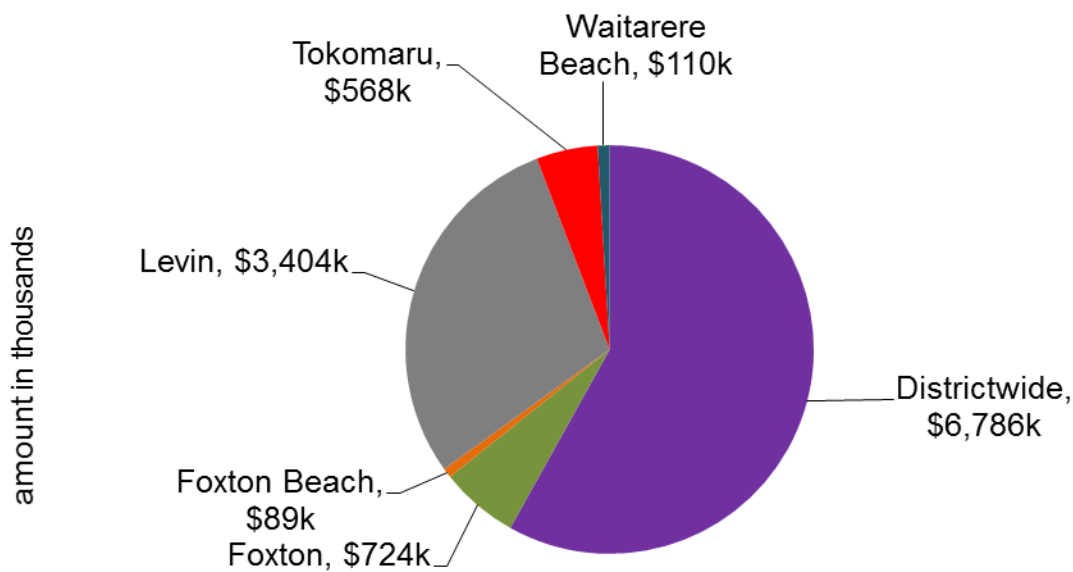
Capital Summary

To meet growth	To improve service	To replace
\$0.43m	\$4.41m	\$6.91m
is 78% less than the YTD budget of \$1.97m	is 40% less than the YTD budget of \$7.43m	is 21% less than the total budget of \$7.85m

Total Capital Expenditure



District View - Capital Expenditure \$000



Statement of Comprehensive Revenue and Expense

As at 31 December 2018										
	Year End Projection 2019 \$000	Annual Plan 2019 \$000	Annual Plan YTD Dec-18 \$000	Actual YTD Dec-18 \$000	C/A % Actual to Budget	Variance YTD 2018 \$000	Var/Bud %	% of Total Bud %	Notes	
Revenue										
Rates Revenue	(38,359)	(38,362)	(18,926)	(19,069)	49.7%	⊕ (143)	1%	0.3%		
Grants & Subsidies	(6,460)	(6,460)	(3,634)	(3,182)	49.3%	⊕ 452	-12%	-0.8%	1	
Finance Income	(205)	(205)	(141)	(53)	25.9%	⊕ 88	-62%	-0.2%		
Fees, charges,	(6,121)	(5,664)	(2,808)	(2,642)	46.6%	⊕ 166	-6%	-0.3%		
Other Revenue	(2,731)	(3,560)	(2,007)	(1,911)	53.7%	⊕ 96	-5%	-0.2%		
Development Contributions	-	-				-		0.0%		
Gain on Derivatives								0.0%		
Gain Disposal of Assets				(22)		⊕ (22)		0.0%		
Investment (Gains)/Losses	(120)	(120)	-	-		-		0.0%		
Vested Assets		-	-	-		-		0.0%		
Total Revenue	(53,996)	(54,371)	(27,516)	(26,879)	49.44%	⊕ 637	-2%	-1.2%		
Expenditure										
Employee Benefit Expenses	14,024	13,975	6,972	7,342	52.5%	⊕ 370	5%	0.7%		
Finance costs	3,577	3,800	1,760	1,769	46.6%	⊕ 9	1%	0.0%		
Depreciation and Amortisation	13,489	13,489	6,744	6,822	50.6%	⊕ 78	1%	0.1%		
Other Expenses	22,484	21,453	10,993	11,830	55.1%	⊕ 837	8%	1.6%	2	
Loss on disposal of assets		-				-		0.0%		
Revaluation losses		-				-		0.0%		
Loss on Derivatives						-		0.0%		
Total Expenses	53,575	52,717	26,469	27,763	52.66%	⊕ 1,294	5%	2.5%		
Operating (surplus) deficit before taxation	(421)	(1,654)	(1,047)	884	-53.4%	1,931	-184%	3.7%		

Note 1

Roading subsidies are lower by \$348k from the budget prediction resulting from lower than expected operational and capital costs. This will rectify during the year as the summer season progresses.

A subsidy to cover Wastewater capital has been phased over the year \$117k but will be received after the qualifying capital expenditure is completed.

Note 2	Year End Projection 2019 \$000	Annual Plan 2019 \$000	Annual Plan YTD Oct-18 \$000	Actual YTD Oct-18 \$000	% Actual to Budget	Variance YTD 2018 \$000	% Var/Bud %	% of Total Bud %	Notes
Professional Services	4,095	3,158	1,247	2,403	76.1%	⊕ 1,156	93%	2.2%	2A
Materials	109	109	53	45	41.3%	⊕ (8)	-15%	0.0%	
Maintenance	12,880	13,176	6,600	6,023	45.7%	⊕ (577)	-9%	-1.1%	
Grants Paid	753	793	270	364	45.9%	⊕ 94	35%	0.2%	
Utilities	1,198	1,083	536	597	55.1%	⊕ 61	11%	0.1%	
Communications	263	268	136	126	47.0%	⊕ (10)	-7%	0.0%	
Other Expenses	5,124	5,289	3,320	3,129	59.2%	⊕ (191)	-6%	-0.4%	
Vehicle Expenses	168	159	88	79	49.7%	⊕ (9)	-10%	0.0%	
Treasury Expenses	164	70	69	63	90.0%	⊕ (6)	-9%	0.0%	
Labour Recoveries for Capex projects	(2,269)	(2,652)	(1,326)	(958)	36.1%	⊕ 368	-28%	0.7%	2B
Total Other Exepenses	22,484	21,453	10,993	11,871	55.3%	⊕ 878	8%	1.7%	

Note 2A – Professional services – unfavourable variance

- \$312k timing difference relating to Economic Development.
- Growth response projects totalling \$525k – refer to explanation under Representation and Community Leadership in the Activity variance section.

Note 2B – Labour recoveries for labour posted to capex projects – Unfavourable variance \$368k

- reflects the lower capital project expenditure than budgeted for in infrastructure.

Statement of Comprehensive Revenue and Expense by Activity

50.0%	A	Projected to	C		D	E	F	G	H	I	J
REVENUE	Annual Plan 2018/2019 \$000	30/06/2019 \$000	Year to date (YTD)		Budget \$000	% Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts
Significant Activities											
Regulatory Services	(4,762)	(4,641)	(2,518)	(2,564)		52.9%	⊗ (46)	-1.8%	-0.1%		
Community Facilities and Ser	(12,976)	(12,854)	(6,326)	(6,465)		48.8%	⊗ (139)	-2.2%	-0.3%		
Road Transport	(10,356)	(10,355)	(5,301)	(5,634)		51.2%	⊗ (333)	-5.9%	-0.6%		
Water Supply	(6,683)	(6,683)	(3,395)	(3,286)		50.8%	⊙ 109	3.3%	0.2%		
Wastewater Disposal	(8,353)	(8,352)	(4,128)	(4,176)		49.4%	⊗ (48)	-1.1%	-0.1%		
Solid Waste	(2,457)	(2,458)	(1,059)	(1,229)		43.1%	⊗ (170)	-13.8%	-0.3%		
Stormwater	(1,051)	(1,051)	(527)	(526)		50.1%	⊙ 1	0.2%	0.0%		
Treasury	(4,432)	(3,813)	(1,890)	(2,257)		42.6%	⊗ (367)	-16.3%	-0.7%	1	
Property	(1,549)	(1,549)	(779)	(729)		50.3%	⊙ 50	6.9%	0.1%		
Community Support	(2,550)	(2,426)	(1,236)	(1,273)		48.5%	⊗ (37)	-2.9%	-0.1%		
Representation & Com. Leade	(3,936)	(3,936)	(1,973)	(1,968)		50.1%	⊙ 5	0.3%	0.0%		
Total Activity Revenue	(59,105)	(58,118)	(29,132)	(30,107)		49.3%	⊗ (975)	-3.2%	-1.8%		
Business Units	(21,832)	(21,807)	(12,039)	(10,952)		55.1%	⊙ 1,087	9.9%	2.0%		
Total Operating Revenue	(80,937)	(79,925)	(41,171)	(41,059)		50.9%	⊙ 112	0.3%	0.2%		
50.0%											
EXPENDITURE	Annual Plan 2018/2019 \$000	Projected to 30/06/2019 \$000	Year to date		Budget \$000	% Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts
Significant Activities											
Regulatory Services	4,761	4,763	2,438	2,399		51.2%	⊗ (39)	-1.6%	-0.1%		
Community Facilities and Ser	12,918	12,885	6,111	6,479		47.3%	⊙ 368	5.7%	0.7%		
Road Transport	9,034	8,923	4,366	4,560		48.3%	⊙ 194	4.3%	0.4%		
Water Supply	6,683	6,562	3,434	3,419		51.4%	⊗ (15)	-0.4%	0.0%		
Wastewater Disposal	7,038	7,257	3,839	3,604		54.5%	⊗ (235)	-6.5%	-0.4%		
Solid Waste	2,128	2,093	1,444	1,009		67.9%	⊗ (435)	-43.1%	-0.8%	2	
Stormwater	1,321	1,308	601	679		45.5%	⊙ 78	11.5%	0.1%		
Treasury	5,045	4,942	2,573	2,627		51.0%	⊙ 54	2.1%	0.1%		
Property	1,764	1,597	812	902		46.0%	⊙ 90	10.0%	0.2%		
Community Support	2,597	3,142	1,797	1,316		69.2%	⊗ (481)	-36.6%	-0.9%	3	
Representation & Com. Leade	4,111	4,336	2,637	1,970		64.1%	⊗ (667)	-33.9%	-1.3%	4	
Total Activity Expenditure	57,400	57,808	30,052	28,964		52.4%	⊗ (1,088)	-3.8%	-1.4%		
Business Units	21,883	21,816	12,003	11,048		54.9%	⊗ (955)	-8.6%	-1.2%		
Total Operating Expenditure	79,283	79,624	42,055	40,012		53.0%	⊗ (2,043)	-5.1%	-2.6%		
Operating (Surplus)/Deficit	(1,654)	(301)	884	(1,047)			⊗ (1,931)	-184.4%	-2.44%		

Note 1

Treasury income Unfavourable variance \$367k;

- Interest received from internal borrowing is \$275k lower due to lower external borrowing costs, this trend will continue for the rest of the year.
- External interest received is \$88k lower due in part to timing differences on investment maturities due in March 2019.

Note 2 – Solid Waste – Unfavourable variance \$435k

- The new recycling contract - \$258k
- Consultants costs on strategy etc \$125k

Note 3 Community Support – Unfavourable variance \$481k

- \$362k timing difference relating to Economic Development.

Note 4 Representation and Community Leadership – unfavourable variance \$667k

- Growth response projects totalling \$525k
 - These projects are vital to Council's vision of being prepared for the growth that we will and are experiencing. Some of the costs are recoverable from NZTA while others will be funded from anticipated savings elsewhere.
- Iwi Liaison \$60k
- Consultancy costs \$49k
 - Relating to the representation review and the CE's performance plan

Statement of Financial Position as at 31 December 2018

	Note	Council Actual 31 Dec 2018 \$000	Council Budget 31 Dec 2018 \$000	Council Actual 30 June 2018 \$000
Assets				
Current assets				
Cash and cash equivalents		20,093	11,024	960
Debtors and other receivables	1	5,862	6,172	6,354
Other financial assets		375	-	5,375
Non-current assets held for sale		542	-	542
Total current assets		26,872	17,196	13,231
Non-current assets				
Plant, property and equipment				
- Operational assets		54,964	53,713	53,494
- Infrastructural assets		445,190	462,103	441,611
- Restricted assets		45,196	48,951	45,146
Intangible assets		1,705	1,784	1,756
Forestry assets		1,018	1,575	1,108
Commercial property		5,879	-	5,879
Other financial assets:				
- Investments other entities		220	220	220
- Other		1,577	1,264	1,369
Total non-current assets		555,749	569,610	550,583
Total assets		582,621	586,806	563,814
Liabilities				
Current liabilities				
Payables and deferred revenue		10,464	9,962	10,718
Provisions		1,114	1,129	1,114
Employee benefit liabilities		723	1,155	723
Borrowings and other financial liabilities		27,000	5,000	20,000
Total current liabilities		39,301	17,246	32,555
Non-current liabilities				
Provisions		2,429	2,367	2,429
Employee benefit liabilities		137	166	137
Borrowings and other financial liabilities		73,000	87,494	60,000
Derivative financial instruments		1,222	-	1,222
Other	2	231	1,499	285
Total non-current liabilities		77,019	91,526	64,073
Total liabilities		116,320	108,772	96,628
Net assets		466,301	478,034	461,186
Equity				
Retained earnings		255,890	260,215	256,775
Revaluation reserves		201,312	209,464	201,312
Other reserves		9,099	8,355	9,099
Total equity		466,301	478,034	467,186

Notes

1. Debtors and other receivables:

Sundry Debtors	\$912k
Rates	\$3,490k
Water Billing	\$675k
<u>Infringements and Other</u>	<u>\$785k</u>
Total	\$5,862k

A breakdown of Current Sundry Debtors is shown on the Statement of Sundry Debtors.

Rates debtors include arrears and prepayments.

Rates debtors owing as at 31 December 2018 over \$99 (refer page 14)	\$2,491k
Rates under \$99 per assessment	<u>\$ 999k</u>
Total Rates Debtors disclosed in Debtors and Other receivables	<u>\$3,490k</u>

2. Non-current liabilities – Other

LGFA Amortisation Reserve	\$231k
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Funding Impact Statement for Whole of Council

	LTP Forecast 2019 \$000	Annual Report Actual 2018 \$000	LTP YTD Forecast Dec 2018 \$000	Actual YTD 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	9,533	9,374	4,567	4,617	50
Targeted rates	28,828	26,835	14,359	14,452	93
Subsidies and grants for operating purposes	1,688	1,455	869	1,079	210
Fees and charges	5,664	5,601	2,808	2,642	(166)
Interest and dividends from investments	205	161	141	53	(88)
Local authorities fuel tax, fines, infringement fees, and other receipts	3,660	3,736	2,007	1,912	(95)
Total operating funding (A)	49,578	47,162	24,751	24,755	4
Applications of operating funding					
Payments to staff and suppliers	35,426	35,659	17,941	19,172	1,231
Finance costs	3,800	3,291	1,760	1,769	9
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	39,226	38,950	19,701	20,941	1,240
Surplus (deficit) of operating funding (A-B)	10,352	8,212	5,050	3,814	(1,236)
Sources of capital funding					
Subsidies and grants for capital expenditure	4,672	4,870	2,765	2,102	(663)
Development and financial contributions	-	197	-	-	-
Increase (decrease) in debt	12,494	3,000	6,247	20,000	13,753
Gross proceeds from sale of assets	7,000	7,306	3,500	137	(3,363)
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	24,166	15,373	12,512	22,239	9,727
Applications of capital funding					
Capital expenditure					
- to meet additional demand	3,933	2,328	1,967	428	(1,539)
- to improve the level of service	14,882	8,899	7,433	4,407	(3,026)
- to replace existing assets	15,703	12,156	7,858	6,905	(953)
Increase (decrease) in reserves	0	202	306	3,141	2,835
Increase (decrease) of investments	0	-	-	11,172	11,172
Total applications of capital funding (D)	34,518	23,585	17,562	26,053	8,491
Surplus (deficit) of capital funding (C-D)	(10,352)	(8,212)	(5,050)	(3,814)	1,236
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	12,970	13,489	6,744	6,822	78
Loans as at 31 December 2018					
				External	
				\$000	
Loans as at 1/07/2018		80,000			
Raised during period		40,000			
Repaid during period		(20,000)			
Loans as at 31/12/2018		100,000			
Interest expense		1,769			

Statement of Cashflow

	Council Budget 30 June 2019 \$000	Council Actual 31 Dec 2018 \$000
Cashflow from operating activities		
Cash was provided from:		
Revenue from rates	38,362	19,069
Other revenue	15,684	11,640
Interest received	205	49
Net GST movement	-	-
Total cash provided	54,251	30,758
Cash was disbursed to:		
Suppliers, services and employees	35,428	20,546
Interest paid	3,800	1,823
Net GST movement	-	(1,015)
Total cash disbursed	39,228	21,354
Net cash flow from operating activity	15,023	9,404
Cashflows from investing activities		
Cash was provided from:		
Proceeds from asset sales	7,000	159
Proceeds from investments	-	4,807
Total cash provided	7,000	4,966
Cash was disbursed to:		
Purchases of investments	-	-
Purchase of assets	34,517	15,237
Total cash disbursed	34,17	15,237
Net cash flow from investing activity	(27,517)	(10,271)
Cashflows from financing activities		
Cash was provided from:		
Loans raised	26,494	40,000
Total cash provided	26,494	40,000
Cash was disbursed to:		
Repayment of public debt	14,000	20,000
Total cash disbursed	14,000	20,000
Net cash flow from financing activity	12,494	20,000
Net increase (decrease) in cash held	-	19,133
Add opening cash bought forward	11,024	960
Closing cash balance	11,024	20,093
Closing balance made up of cash and cash equivalents	11,024	20,093

Statement of Rates Debtors

Rate Zone	Assessment Count	Assessments Matching Criteria	% Matching Criteria	Total Rates Due (Ahead)	Year to Date Rates Due (Ahead)	Instalment 1 Due (Ahead)	Instalment 2 Due (Ahead)	Penalties Arrears	Prior Year Arrears
Foxton	1,272	163	13%	\$241,869	\$105,967	\$27,717	\$65,192	\$13,059	\$135,902
Foxton Beach	1,588	154	10%	\$144,544	\$97,534	\$19,396	\$65,896	\$12,242	\$47,010
Hokio Beach	199	41	21%	\$509,301	\$17,011	\$7,276	\$8,940	\$795	\$492,290
Levin	7,419	643	9%	\$695,258	\$435,325	\$101,252	\$281,387	\$52,686	\$259,933
Manakau	86	4	5%	\$1,257	\$1,257	\$158	\$1,066	\$34	\$0
Non Rateable	127	3	2%	\$5,236	\$1,532	\$391	\$665	\$476	\$3,703
Ohau	151	13	9%	\$10,797	\$6,985	\$899	\$5,266	\$820	\$3,812
Rural	2,245	149	7%	\$355,119	\$74,295	\$16,634	\$45,310	\$12,351	\$280,824
Rural Lifestyle	2,657	247	9%	\$233,468	\$148,656	\$36,816	\$96,346	\$15,493	\$84,812
Shannon	675	120	18%	\$211,889	\$89,324	\$24,351	\$48,127	\$16,846	\$122,565
Tokomaru	164	19	12%	\$17,895	\$14,100	\$4,396	\$8,086	\$1,618	\$3,795
Utilities	17		0%						
Waikawa Beach	231	12	5%	\$8,451	\$6,706	\$1,355	\$4,534	\$817	\$1,746
Waitarere Beach	968	62	6%	\$55,831	\$35,463	\$8,124	\$22,690	\$4,649	\$20,368
As at 7 January 2019 Total	18721	1630	9%	\$2,490,916	\$1,034,155	\$248,764	\$653,505	\$131,886	\$1,456,761
As at 31 December 2017 Total	17,722	1,443	8%	\$2,637,560	\$949,882	\$240,820	\$599,470	\$110,443	\$1,687,678

- This report excludes assessments with total arrears under \$99 and assessment with credit balances.
- The total arrears of \$2,490,916 are for total arrears over \$99 as at 31 December 2018. Assessments with total arrears under \$99 total \$999,265.

Statement of Sundry Debtors

Category	Total Outstanding	Current Outstanding	31 - 60 days Outstanding	61 - 90 days Outstanding	Over 90 days Outstanding	Notes
Current debtors						
Aquatic Centre	8,661	7,437	1,089	0	136	
Building - Exempt Work	140	140	0	0	0	
Building Consents	93,064	51,587	32,796	0	8,681	1
Building Fee - BWOF	1,790	525	600	75	590	
Cemeteries	20,695	11,875	5,820	0	3,000	
Dogs - Debt Collection	2,215	0	30	111	2,075	
Dogs Arrange to pay	1,366	116	514	201	535	
Dogs Pre Payments	28	0	0	0	28	
Fines	2,621	0	0	0	2,621	
General	186,161	131,641	5,160	44,254	5,106	3
Health Accreditation Renewals	13,935	0	5,915	1,225	6,795	
Hire	5,775	1,413	418	78	3,866	
On Charges	183,107	149,754	14,376	415	18,562	3
Resource Consent Fees	15,795	3,265	3,320	150	9,061	4
Rubbish Bags	17,100	0	15,200	0	1,900	
Staff Account	3,695	1,540	250	55	1,850	
Swimming Pools	1,350	300	600	300	150	
Te Awahou	2,441	2,441	0	0	0	
Te Takere	14,985	12,468	806	866	845	
Waste Transfer Station	468	0	43	16	409	
Water & Trade Waste	227,612	0	304	103,136	124,171	
Water Septage - Septic Tank	621	0	254	156	212	
Total current debtors	803,624	374,501	87,494	151,038	190,591	
Non current debtors						
Dev Cont New Policy	26,180	0	0	0	26,180	5
Develop Cont Old Policy	9,748	0	0	0	9,748	5
Rental Income Monthly	72,516	1,410	14,961	640	55,504	
Total non-current debtors	108,444	1,410	14,961	640	91,433	
Total as at 31 December 2018	912,068	375,911	102,456	151,678	282,023	
Total as at 31 December 2017	794,660	299,146	195,009	10,462	290,042	

Notes and Comments

1. Amongst the Building Consents category, there are some damage deposit bonds in here, as well as extensions of time for a number of the older aged consents.
2. In this category there are charges for grazing leases, new connections, car access way and HR charges. This also includes the Alliance Contract recharge which has increased current period debtors.
3. In the On Charges category, the majority of the 90+ Days debtors have been provided for as Doubtful Debts.
4. Amongst the Resource Consent category, there are some land use bonds. The debtors in this category are being actively pursued, and some of the 90+ Days debtors have been provided for as Doubtful Debts.
5. These Development Contribution debtors are being actively pursued. The batch of debt letters sent had a positive effect with several payments being made. Most of the Development Contributions – Old Policy are with the Debt Collection Agency, with the balance of them either being paid off or having an arrangement to pay when the sections sell.

Statement of Loans by Parcel

Loan parcels	Maturity Date	Interest Rate	Opening balance	Raised	Repaid	Closing balance
Due within a year						
Stock	15 Nov 18	5.5950%	2,000,000		2,000,000	0
LGFA Bond	15 Mar 19	4.4500%	4,000,000			4,000,000
LGFA Bond	15 Mar 19	4.7064%	5,000,000			5,000,000
LGFA FRN	15 Mar 19	3.0125%	3,000,000			3,000,000
LGFA CP	20 Mar 19	2.0764%	0	15,000,000		15,000,000
LGFA CP	07 Jul 18	1.9800%	6,000,000		6,000,000	0
LGFA CP	06 Dec 18	2.0972%		12,000,000	12,000,000	0
Total due within a year			20,000,000	27,000,000	20,000,000	27,000,000
Due within 2 - 5 years						
LGFA Bond	15 Apr 20	2.6324%	5,000,000			5,000,000
LGFA FRN	15 Apr 20	2.2298%		4,000,000		4,000,000
LGFA FRN	15 May 21	2.9125%	4,000,000			4,000,000
LGFA Bond	15 May 21	4.5650%	5,000,000			5,000,000
LGFA Bond	15 May 21	5.9852%	5,000,000			5,000,000
LGFA Bond	15 May 21	5.8516%	5,000,000			5,000,000
LGFA FRN	14 Apr 22	2.3898%		9,000,000		9,000,000
LGFA FRN	18 May 22	2.4750%	3,000,000			3,000,000
LGFA FRN	13 Apr 23	2.4750%	6,000,000			6,000,000
LGFA Bond	15 Apr 23	5.1336%	4,000,000			4,000,000
Total due within 2 - 5 years			37,000,000	13,000,000		50,000,000
Due after 5 years						
LGFA BOND	15 Mar 24	3.7200%	4,000,000			4,000,000
LGFA BOND	15 May 24	3.7600%	4,000,000			4,000,000
LGFA Bond	15 Apr 25	4.2046%	3,000,000			3,000,000
LGFA FRN	19 May 25	2.5400%	7,000,000			7,000,000
LGFA Bond	15 Jul 26	3.3700%	5,000,000			5,000,000
Total due after 5 years			23,000,000			23,000,000
Total			80,000,000	40,000,000	20,000,000	100,000,000

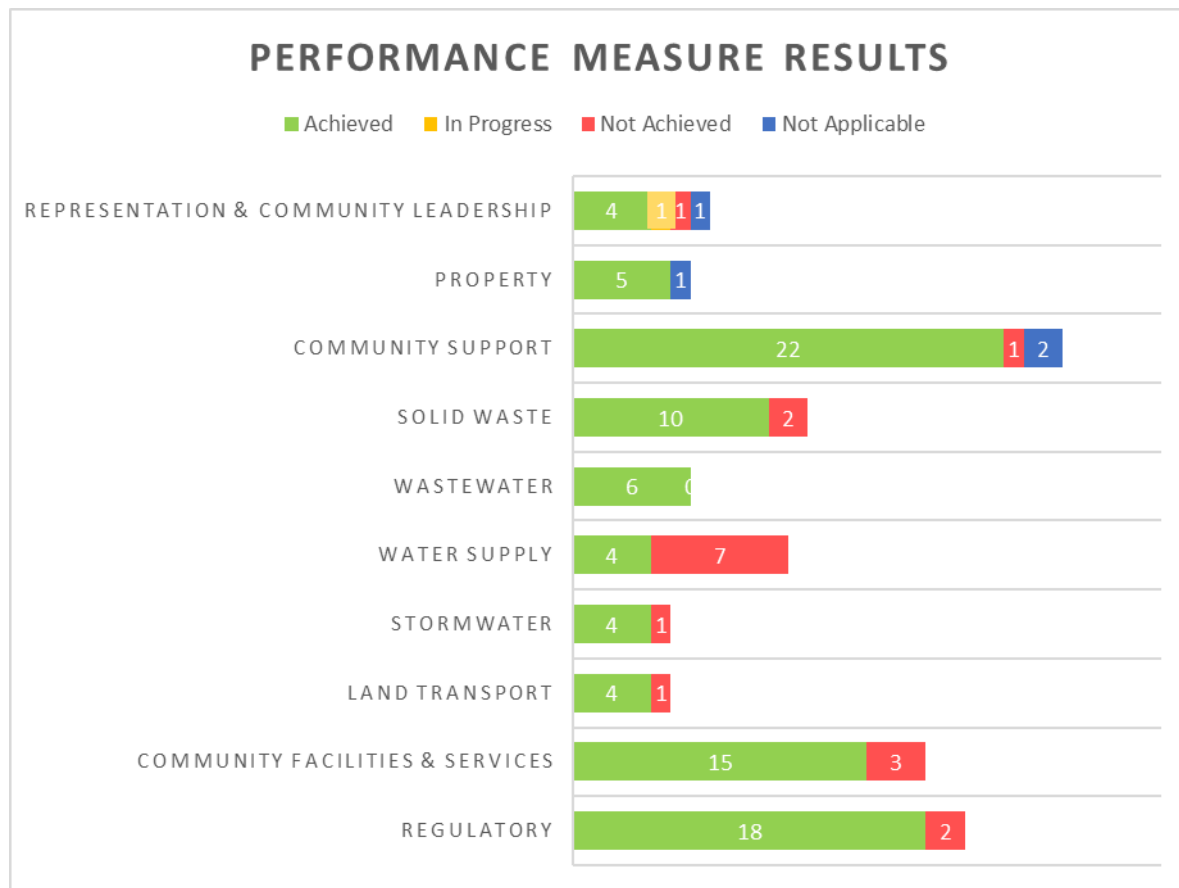
Notes and Comments

Our weighted average interest rate has decreased to 3.66% at 31 December 2018. This is a predicted saving of \$1,090K in interest payable over a year with loans of \$100m, compared to the Long Term Plan interest rate assumption of 4.75% for 2018/19.

Statement of Loans and Interest by Activity

Activity	External Loans as at 31/12/2018 \$000	Internal Loans as at 31/12/2018 \$000	Total Loans as at 31/12/2018 \$000	Interest Allocated YTD \$000	Loans as at 30/06/2018 \$000
Land Transport	1,200	142	1,342	24	1,182
Shared Pathways	500	46	546	0	0
Stormwater	7,000	9	7,009	137	6,644
Water supply					
Water Levin	10,100	37	10,137	205	9,898
Water Shannon	1,200	67	1,267	27	1,287
Water Foxton	1,200	80	1,280	22	1,058
Water Foxton Beach	300	17	317	6	274
Water Tokomaru	300	79	379	8	370
Total for water supply	13,100	280	13,380	268	12,887
Wastewater Disposal					
Wastewater Levin	9,200	21	9,221	183	8,834
Wastewater Shannon	8,200	47	8,247	174	8,406
Wastewater Foxton	3,700	98	3,798	96	3,671
Wastewater Foxton Beach	100	30	130	2	101
Wastewater Tokomaru	1,100	43	1,143	12	577
Wastewater Waitarere	100	63	163	2	87
Total for wastewater disposal	22,400	302	22,702	469	21,676
Solid Waste	4,700	11	4,711	99	4,774
Community Facilities & Services					
Pools	4,500	12	4,512	95	4,576
Reserves	1,700	9	1,709	30	1,473
Sports grounds	1,300	53	1,353	28	1,378
Cemeteries	500	64	564	10	485
Beautification	0	49	49	1.0	50
Libraries/ Community Centres	10,500	30	10,530	222	10,731
Halls	200	42	242	5	247
Toilets	400	81	481	10	490
Total for Community Facilities & Services	19,100	340	19,440	401	19,430
Properties					
Commercial properties	900	70	970	20	977
General properties	1,900	21	1,921	37	1,774
Council building	5,600	11	5,611	118	5,725
Total for Properties	8,400	102	8,502	175	8,476
Other activities					
Information Technology	1,500	70	1,570	32	1,566
District plan	1,800	85	1,885	40	1,923
Treasury	20,300	300	20,600	66	5,000
Total for other	23,600	455	24,055	138	8,489
Total	100,000	1,687	101,687	1,711	83,558

Performance Measure Results



Not applicable measures relate to;
Representation and Community Leadership –
Property -
Community Support -

Elections
Pensioner housing
Rural Fire
Visitor Information contract

In progress measure relates to Council's Community Engagement Strategy.

PLANNING AND REGULATORY Funding Impact Statement

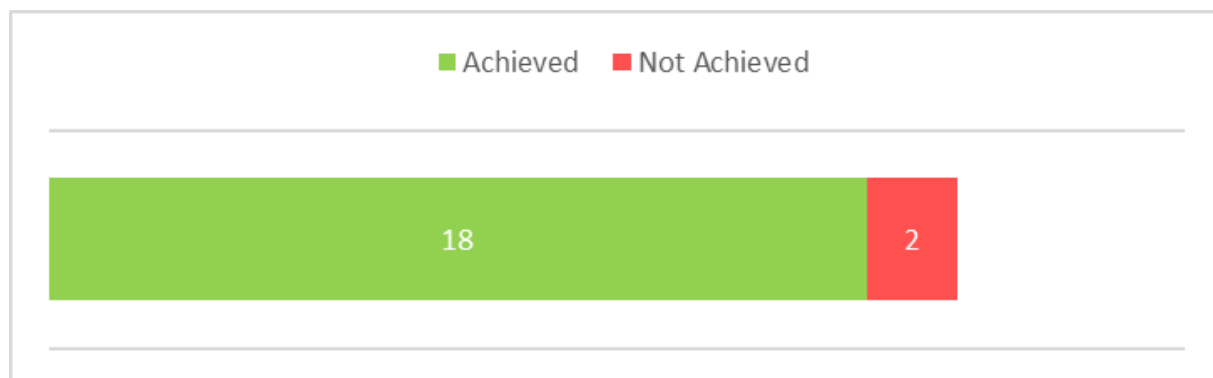
	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Dec YTD 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	1,974	1,905	952	955	3
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	3	9	4	6	2
Local authorities fuel tax, fines, infringement fees, and other receipts	2,395	2,849	1,608	1,557	(51)
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	4,372	4,763	2,564	2,518	(46)
Applications of operating funding					
Payments to staff and suppliers	403	449	244	136	(108)
Finance costs	149	-	-	-	-
Internal charges and overheads applied	3,632	4,235	2,117	2,263	146
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,184	4,684	2,361	2,399	38
Surplus (deficit) of operating funding (A-B)	188	79	203	119	(84)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(65)	(31)	(16)	-	16
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(65)	(31)	(16)	-	16
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	1	25	13	-	(13)
- to replace existing assets	36	23	12	-	(12)
Increase (decrease) in reserves	86	0	164	119	(45)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	123	48	188	119	(69)
Surplus (deficit) of capital funding (C-D)	(188)	(79)	(203)	(119)	84
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	81	79	39	39	-

Loans as at 31 December 2018	External \$000	Internal \$000	Total \$000
Loans as at 1/07/2017	-	-	-
Raised during year	-	-	-
Repaid during year	-	-	-
Loans as at 31/12/2018	-	-	-
Interest expense	-	-	-

Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Animal Control	239	253	127	137	10
Building Consents	812	1,119	571	550	(21)
Building Policy	202	289	145	152	7
Dog Control	600	608	307	314	7
Environmental Health	239	278	139	178	39
Environmental Health Policy	51	91	45	52	7
Liquor Licensing	214	224	112	133	21
Liquor Policy	20	60	30	28	(2)
Parking	508	577	293	240	(53)
Planning Policy	581	320	160	156	(4)
Resource Management	570	687	343	375	32
Safety Licensing	229	256	128	123	(5)
Total Expenditure	4,265	4,762	2,400	2,438	38

Performance Measures – LTP/Annual Plan Summary



REGULATORY SERVICES – Performance Measures – LTP/Annual Plan Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (18/19)	Actual Performance
Building Control				
RS1	Processing of applications under the Resource Management Act (RMA) 1991.	Applications under the RMA will be processed within statutory timeframes.	Achieve	Not Achieved As at 31 December 2018, 110 consents approved YTD. Two (2) consents were processed outside statutory timeframes.
RS2	Carry out Building Consent Authority accreditation functions including enforcement of legislation relating to construction of buildings and structures.	Percent of building consent applications granted within 20 working days or less.	100% of applications	Not Achieved As at 31 December 2018, 372 consents were granted. Three (3) consents were processed in >20 days. One (1) consent in July, one (1) in September and one (1) in October were processed over the 20 day timeframe. Processes have been reviewed and amended as a result of this and additional monitoring systems have been put in place.

COMMUNITY FACILITIES AND SERVICES

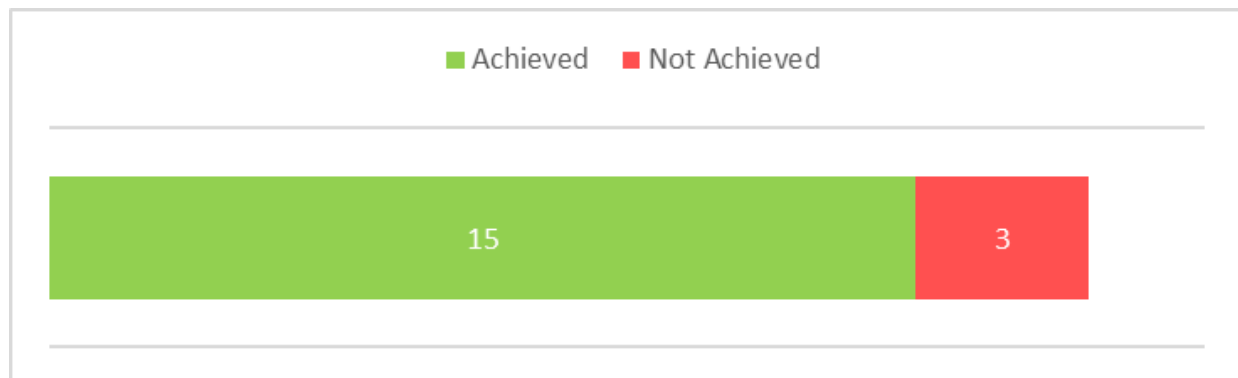
Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	4,974	4,900	2,450	2,456	6
Targeted rates	5,916	6,396	3,198	3,205	7
Subsidies and grants for operating purposes	8	14	7	4	(3)
Fees and charges	747	1,604	780	624	(156)
Local authorities fuel tax, fines, infringement fees, and other receipts	201	229	31	37	6
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	11,846	13,143	6,466	6,326	(140)
Applications of operating funding					
Payments to staff and suppliers	7,794	8,598	4,318	3,849	(469)
Finance costs	1,026	960	480	402	(78)
Internal charges and overheads applied	1,654	2,243	1,121	1,224	103
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	10,474	11,801	5,919	5,475	(444)
Surplus (deficit) of operating funding (A-B)	1,372	1,342	547	851	304
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(47)	1,547	774	9	(765)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(47)	1,547	774	9	(765)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	9	111	56	5	(51)
- to improve the level of service	326	1,086	543	393	(150)
- to replace existing assets	751	1,925	963	426	(537)
Increase (decrease) in reserves	239	(233)	(241)	36	277
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	1,325	2,889	1,321	860	(461)
Surplus (deficit) of capital funding (C-D)	(1,372)	(1,342)	(547)	(851)	(304)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	1,151	1,115	557	635	78
Loans as at 31 December 2018	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	18,000	1,430	19,430		
Raised during year	1,440	4	1,444		
Repaid during year	(340)	(1,095)	(1,435)		
Loans as at 31/12/2018	19,100	339	19,439		
Interest expense	353	49	402		

Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Cemeteries	369	415	207	201	(6)
Public Toilets	353	338	170	163	(7)
Beautification	534	688	344	312	(32)
Reserves	2,109	1,948	1,049	945	(104)
Sportsgrounds	1,204	1,149	582	631	49
Halls	341	242	131	131	-
Libraries	3,493	2,697	1,361	1,474	113
Community Centres	-	2,159	1,004	646	(358)
Aquatic Centres	2,888	2,897	1,436	1,437	1
Urban Cleaning	335	385	192	170	(22)
Total Expenditure	11,626	12,918	6,476	6,110	(366)

Performance Measures – LTP/Annual Plan Summary



COMMUNITY FACILITIES AND SERVICES – Performance Measures – LTP/Annual Plan (Library Services) – Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (18/19)	Actual Performance												
CF17	Customers have access to a range of current information in both print and digital format.	Percent of increase in use of website.	+>1%	<p>Not Achieved</p> <p>As at 31 December 2018:</p> <table border="1"> <thead> <tr> <th></th> <th>2018/19 YTD</th> <th>2017/18 YTD</th> <th>% change</th> </tr> </thead> <tbody> <tr> <td>Unique users</td> <td>30,247</td> <td>42,103</td> <td>-28%</td> </tr> <tr> <td>Sessions</td> <td>46,774</td> <td>63,116</td> <td>-26%</td> </tr> </tbody> </table> <p>Note: These numbers include statistics for Te Takeretanga o Kura-hau-pō website, OPAC, and Kete Horowhenua.</p>		2018/19 YTD	2017/18 YTD	% change	Unique users	30,247	42,103	-28%	Sessions	46,774	63,116	-26%
	2018/19 YTD	2017/18 YTD	% change													
Unique users	30,247	42,103	-28%													
Sessions	46,774	63,116	-26%													

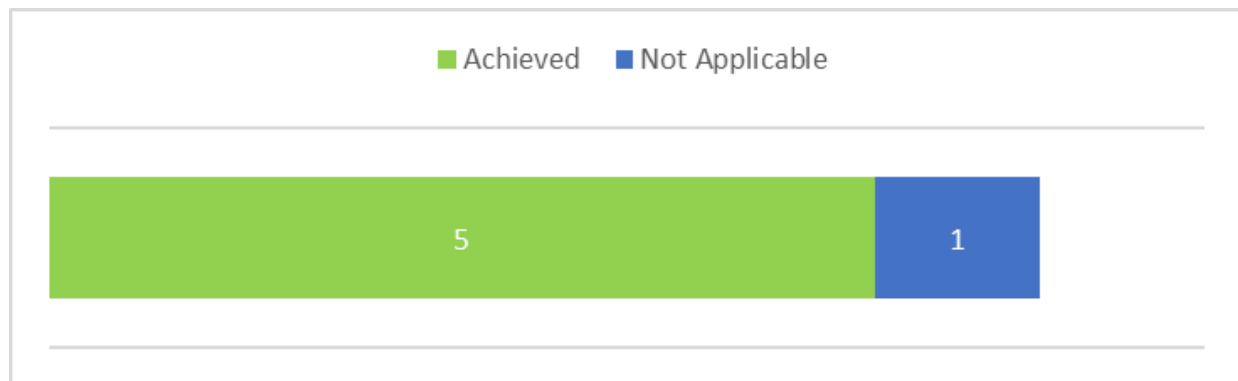
PROPERTY Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	523	702	351	352	1
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	797	728	363	396	33
Local authorities fuel tax, fines, infringement fees, and other receipts	140	140	1	14	13
Internal charges and overheads recovered	530	459	230	230	-
Total operating funding (A)	1,990	2,029	945	992	47
Applications of operating funding					
Payments to staff and suppliers	817	1,441	664	593	(71)
Finance costs	475	409	204	175	(29)
Internal charges and overheads applied	422	290	145	170	25
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,714	2,140	1,013	938	(75)
Surplus (deficit) of operating funding (A-B)	276	(111)	(68)	54	122
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(6,960)	(5,537)	(2,769)	22	2,791
Gross proceeds from sale of assets	7,721	7,000	3,500	137	(3,363)
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding ©	761	1,463	732	159	(573)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	12	143	72	12	(60)
- to improve the level of service	5	60	30	182	152
- to replace existing assets	435	1,331	666	83	(583)
Increase (decrease) in reserves	585	(182)	(104)	(64)	40
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	1,037	1,352	664	213	(451)
Surplus (deficit) of capital funding (C-D)	(276)	111	68	(54)	(122)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	268	211	106	106	-
Loans as at 31 December 2018	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	8,300	176	8,476		
Raised during year	250	-	250		
Repaid during year	(150)	(78)	(228)		
Loans as at 31/12/2018	8,400	98	8,401		
Interest expense	169	6	175		

Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Council Building	361	307	175	151	(24)
Camping Grounds	15	6	3	2	(1)
Commercial Properties	254	317	172	178	6
Endowment Property	255	555	186	142	(44)
General Property	567	709	353	338	(15)
Residential Housing			-	3	3
Total Expenditure	1,452	1,894	889	814	(75)

Performance Measures – LTP/Annual Plan Summary



REPRESENTATION AND COMMUNITY LEADERSHIP Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	431	215	216	1
Targeted rates	3,166	3,505	1,752	1,756	4
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	3	-	1	1
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	3,166	3,939	1,967	1,973	6
Applications of operating funding					
Payments to staff and suppliers	1,089	1,207	493	1,013	520
Finance costs	-	99	49	40	(9)
Internal charges and overheads applied	2,035	2,855	1,428	1,583	155
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	3,124	4,161	1,970	2,636	666
Surplus (deficit) of operating funding (A-B)	42	(222)	(3)	(663)	(660)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(2)	367	184	(38)	(222)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(2)	367	184	(38)	(222)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	144	72	-	(72)
- to improve the level of service	-	-	-	1	1
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	42	1	109	(702)	(811)
Increase (decrease) of investments	(2)	-	-	-	-
Total applications of capital funding (D)	40	145	181	(701)	(882)
Surplus (deficit) of capital funding (C-D)	(42)	222	3	663	660
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	-	-	-	-	-
Loans as at 31 December 2018					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	1,900	23	1,923		
Raised during year	-	-	-		
Repaid during year	(30)	(8)	(38)		
Loans as at 31/12/2018	1,870	15	1,885		
Interest expense	(1)	1	-		

Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Community Board	170	211	105	105	-
Elections	8	3	1	1	-
Governance	1,695	1,874	940	1,060	120
External Reporting	1,252	1,420	667	677	10
Growth Response	-	654	-	525	525
District Strategic planning	-	654	257	268	11
Total Expenditure	3,125	4,816	1,970	2,636	666

Notes and Comments

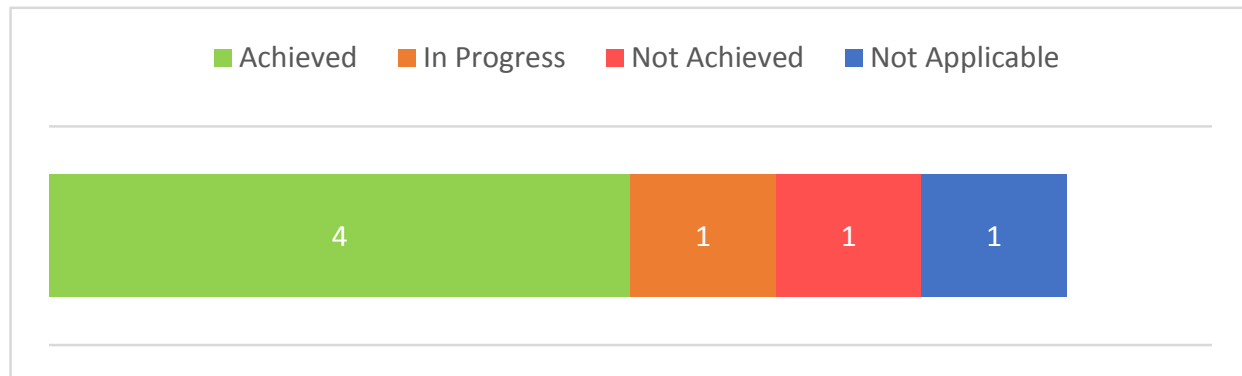
Growth response projects totalling \$525k

- These projects are vital to Council's vision of being prepared for the growth that we will and are experiencing. Some of the costs are recoverable from NZTA while others will be funded from anticipated savings elsewhere.

Governance unfavourable variance of \$120k

- Iwi Liaison \$60k
- Consultancy costs \$49k
- Relating to the representation review and the CE's performance plan

Performance Measures – LTP/Annual Plan Summary



COMMUNITY SUPPORT Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	1,922	2,393	1,197	1,199	2
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	28	27	14	25	11
Fees and charges	-	-	-	1	1
Local authorities fuel tax, fines, infringement fees, and other receipts	16	130	63	12	(51)
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,966	2,550	1,274	1,237	(37)
Applications of operating funding					
Payments to staff and suppliers	956	1,201	619	976	357
Finance costs	-	-	-	-	-
Internal charges and overheads applied	975	1,337	669	814	145
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,931	2,538	1,288	1,790	502
Surplus (deficit) of operating funding (A-B)	35	12	(14)	(553)	(539)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	23	12	-	(12)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding ©	-	23	12	-	(12)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	5	3	4	2
- to replace existing assets	-	18	9	20	11
Increase (decrease) in reserves	35	12	(14)	(577)	(563)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	35	35	(3)	(553)	(551)
Surplus (deficit) of capital funding (C-D)	(35)	(12)	14	553	539
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	33	12	6	6	-
Loans as at 31 December 2018	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	-	-	-		
Raised during year	-	-	-		
Repaid during year	-	-	-		
Loans as at 31/12/2018	-	-	-		
Interest expense	-	-	-		

Activity Expenditure

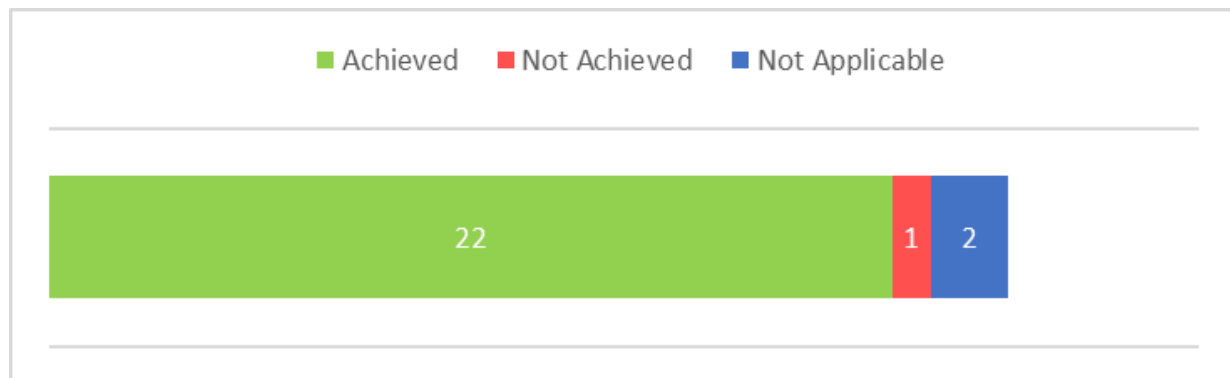
Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Community Development	299	251	122	159	37
Economic Development	537	953	500	924	424
Visitor Information	-	152	76	41	(36)
Community Grants and Funding	361	394	210	263	53
District Communication	188	319	198	201	3
Rural Fire	239	0	0	0	0
Emergency Management	339	481	211	211	0
Total Expenditure	1,963	2,550	1,316	1,797	481

Notes and Comments

Community Support – Unfavourable variance \$481k

- \$362k timing difference relating to Economic Development.

Performance Measures – LTP/Annual Plan Summary



COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan (Emergency Management) – Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (18/19)	Actual Performance
CS2	Council maintains a functional EOC and trained staff.	Civil defence and emergency management assessment of readiness and capability.	100% of Council staff with EOC roles	Not Achieved As at 31 December 2018, due to cyclic training schedules and new staff appointments.

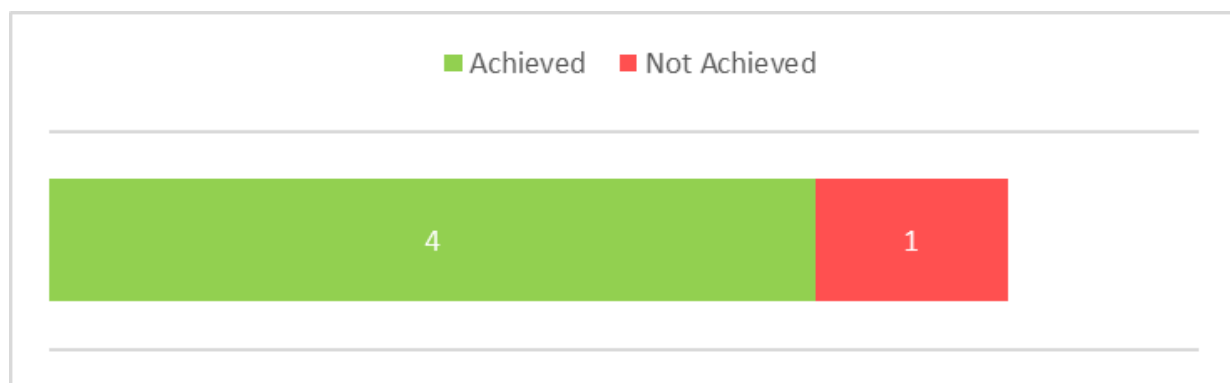
LAND TRANSPORT Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	4,754	4,110	2,055	2,060	5
Subsidies and grants for operating purposes	1,260	1,647	849	1,046	197
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	325	340	117	127	10
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	6,339	6,097	3,021	3,233	212
Applications of operating funding					
Payments to staff and suppliers	2,635	2,949	1,520	1,431	(89)
Finance costs	185	91	45	24	(21)
Internal charges and overheads applied	935	1,001	500	415	(85)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	3,755	4,041	2,065	1,870	(195)
Surplus (deficit) of operating funding (A-B)	2,584	2,056	956	1,363	407
Sources of capital funding					
Subsidies and grants for capital expenditure	1,730	4,368	2,612	2,068	(544)
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	558	1,891	946	706	(240)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	2,288	6,259	3,558	2,774	(784)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	161	-	-	-	-
- to improve the level of service	811	4,062	2,031	1,386	(645)
- to replace existing assets	3,342	3,784	1,892	2,590	698
Increase (decrease) in reserves	558	469	591	161	(430)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	4,872	8,315	4,514	4,137	(377)
Surplus (deficit) of capital funding (C-D)	(2,584)	(2,056)	(956)	(1,363)	(407)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	4,801	4,993	2,496	2,496	-
Loans as at 31 December 2018					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	700	482	1,182		
Raised during year	1,010	46	1,056		
Repaid during year	(10)	(340)	(350)		
Loans as at 31/12/2018	1,700	188	1,888		
Interest expense	7	17	24		

Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Subsidised Roding	7,097	7,700	3,893	3,769	(124)
Footpaths	1,004	1,051	526	539	13
Shared Pathways	-	-	-	-	-
Unsubsidised Roding	456	283	142	58	(84)
Total Expenditure	8,557	9,034	4,561	4,366	(195)

Performance Measures – LTP/Annual Plan Summary



LAND TRANSPORT – Performance Measures

Ref	Service	How will we measure our performance	Target (2018/19)	Actual Performance
LT5	Good response to service requests*.	The percentage of customer service requests relating to roads and footpaths to which Council responds within 15 working days.	> 95%	<p>Not Achieved</p> <p>As of 31st December 2018, Year to date 962 CRMs have been received with 82% closed within 15 working days.</p> <p>This is probably as a result of the impact of the Contractor's Christmas and New Year shutdown with their administration staff and HDC staff away on leave. It will correct itself next month.</p>

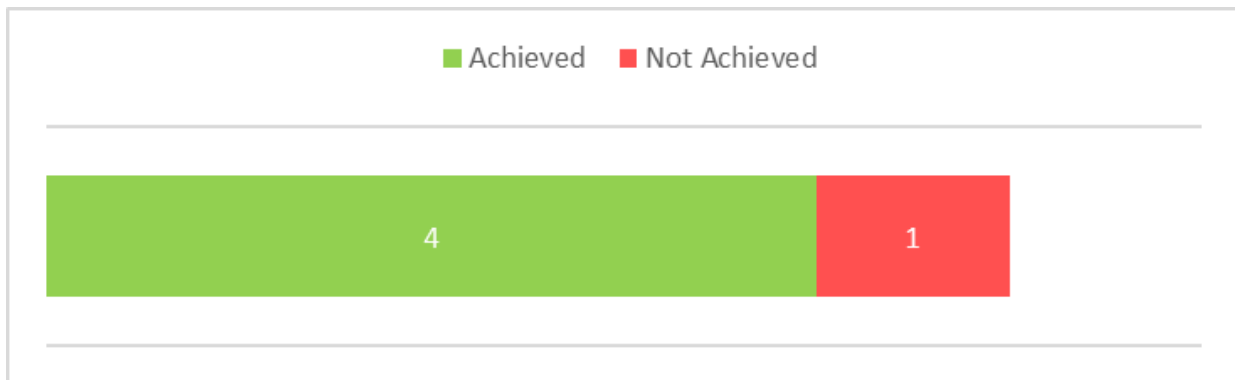
STORMWATER Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	1,470	1,051	526	527	1
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	104	89	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,574	1,140	526	527	1
Applications of operating funding					
Payments to staff and suppliers	408	410	224	107	(117)
Finance costs	283	254	127	137	10
Internal charges and overheads applied	152	94	47	76	29
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	843	758	398	320	(78)
Surplus (deficit) of operating funding (A-B)	731	382	128	207	79
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	649	3,143	1,572	364	(1,208)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	649	3,143	1,572	364	(1,208)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	67	1,274	637	312	(325)
- to improve the level of service	770	2,073	1,037	186	(851)
- to replace existing assets	60	86	43	21	(22)
Increase (decrease) in reserves	483	92	(17)	52	69
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	1,380	3,525	1,700	571	(1,129)
Surplus (deficit) of capital funding (C-D)	(731)	(382)	(128)	(207)	(79)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	673	562	281	281	-
Loans as at 31 December 2018					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	6,600	44	6,644		
Raised during year	530	-	530		
Repaid during year	(130)	(36)	(166)		
Loans as at 31/12/2018	7,000	8	7,008		
Interest expense	135	2	137		

Activity Expenditure

Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Stormwater Drainage	1,515	1,321	679	601	(78)
Total Expenditure	1,515	1,321	679	601	(78)

Performance Measures – LTP/Annual Plan Summary



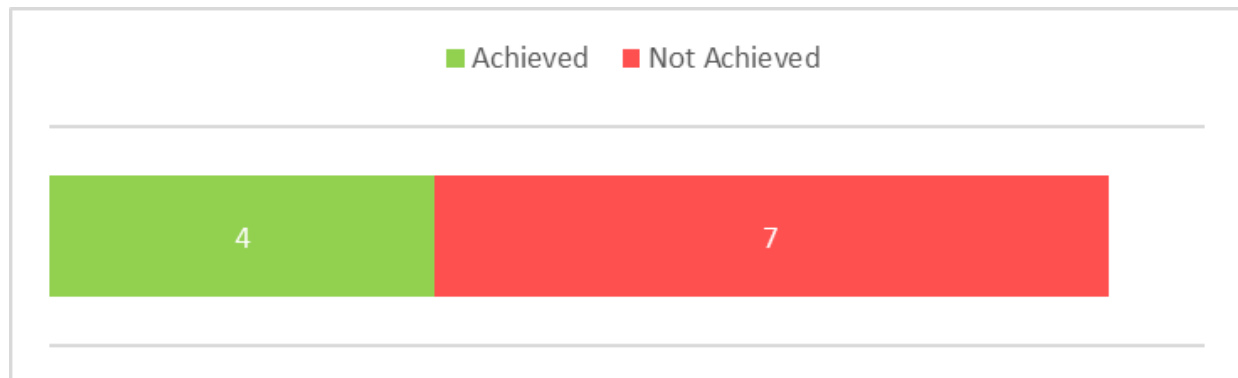
WATER SUPPLY Funding Impact Statement

Note	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	6,230	6,561	3,225	3,291	66
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	123	61	98	37
Local authorities fuel tax, fines, infringement fees, and other receipts	170	136	-	6	6
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	6,400	6,820	3,286	3,395	109
Applications of operating funding					
Payments to staff and suppliers	2,120	2,999	1,578	1,410	(168)
Finance costs	859	640	320	267	(53)
Internal charges and overheads applied	1,002	479	239	474	235
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	3,981	4,118	2,137	2,151	14
Surplus (deficit) of operating funding (A-B)	2,419	2,702	1,149	1,244	95
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(356)	685	343	492	150
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(356)	685	343	492	150
Applications of capital funding					
Capital expenditure					
- to meet additional demand	24	439	220	-	(220)
- to improve the level of service	192	758	379	750	371
- to replace existing assets	1,584	2,672	1,336	2,894	1,558
Increase (decrease) in reserves	263	(482)	(443)	(1,908)	(1,465)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	2,063	3,387	1,492	1,736	245
Surplus (deficit) of capital funding (C-D)	(2,419)	(2,702)	(1,149)	(1,244)	(95)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	2,250	2,566	1,283	1,283	-
Loans as at 31 December 2018					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	12,000	887	12,887		
Raised during year	1,330	23	1,353		
Repaid during year	(230)	(631)	(861)		
Loans as at 31/12/2018	13,100	279	13,379		
Interest expense	237	30	267		

Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Foxton Water	727	1,059	544	476	(68)
Foxton Beach Water	731	823	420	424	4
Levin Water	3,748	3,625	1,855	1,947	92
Shannon Water	744	750	386	426	40
Tokomaru Water	280	426	215	161	(54)
Total Expenditure	6,230	6,683	3,420	3,434	14

Performance Measures – LTP/Annual Plan Summary



WATER SUPPLY – Performance Measures – LTP/Annual Plan Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (18/19)	Actual Performance																		
WS7	Water supply is sustainable.	Average consumption of drinking water per person per day (lpcd) within the water supply areas (target based on Horizons One Plan - Section 5.4.3.1). lpcd – litres per capita per day.	≤ 350 lpcd	<p>Not Achieved for Levin and Shannon</p> <p>The commercial water consumption readings required for this calculation are not currently available.</p> <p>The average consumption for December 2018 = 337 L/capita/day. This drop in consumption is due to the incorporation of the June 2018 population estimate for Levin and the district, which is an increase of about 50% from figures previously used.</p> <p>For the period from July 2018 to December 2018, the average consumption is 376 L/capita/day.</p> <p>Individual supplies are shown in table below:</p> <table border="1"> <thead> <tr> <th>Supply</th> <th>YTD</th> <th>December 2018</th> </tr> </thead> <tbody> <tr> <td>Foxton</td> <td>299</td> <td>287</td> </tr> <tr> <td>Foxton Beach</td> <td>314</td> <td>259</td> </tr> <tr> <td>Levin</td> <td>433</td> <td>351</td> </tr> <tr> <td>Shannon/Mangaore</td> <td>653</td> <td>450</td> </tr> <tr> <td>Tokomaru</td> <td>180</td> <td>183</td> </tr> </tbody> </table>	Supply	YTD	December 2018	Foxton	299	287	Foxton Beach	314	259	Levin	433	351	Shannon/Mangaore	653	450	Tokomaru	180	183
Supply	YTD	December 2018																				
Foxton	299	287																				
Foxton Beach	314	259																				
Levin	433	351																				
Shannon/Mangaore	653	450																				
Tokomaru	180	183																				

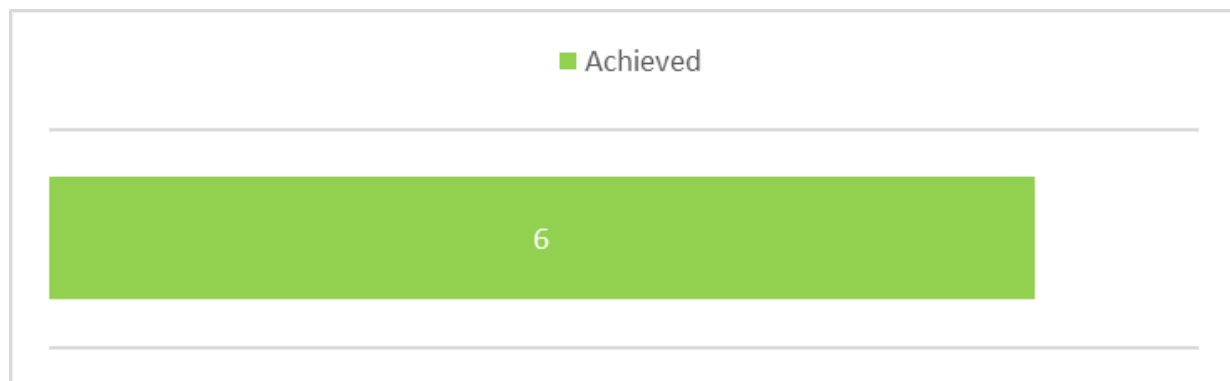
WASTEWATER MANAGEMENT Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	6,721	6,890	3,445	3,453	8
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,275	1,058	529	618	89
Local authorities fuel tax, fines, infringement fees, and other receipts	56	177	50	17	(33)
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	8,052	8,125	4,024	4,088	64
Applications of operating funding					
Payments to staff and suppliers	2,495	2,411	1,291	1,327	36
Finance costs	1,649	1,072	536	468	(68)
Internal charges and overheads applied	711	435	218	486	268
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,855	3,918	2,045	2,281	236
Surplus (deficit) of operating funding (A-B)	3,197	4,207	1,979	1,807	(172)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	304	152	34	(118)
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	5,506	8,030	4,015	1,028	(2,987)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	5,506	8,334	4,167	1,062	(3,105)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	429	1,823	912	99	(813)
- to improve the level of service	4,654	5,237	2,619	1,364	(1,255)
- to replace existing assets	3,345	5,389	2,695	741	(1,954)
Increase (decrease) in reserves	275	92	(79)	665	744
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	8,703	12,541	6,146	2,869	(3,277)
Surplus (deficit) of capital funding (C-D)	(3,197)	(4,207)	(1,979)	(1,807)	172
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	2,956	3,118	1,559	1,559	-
Loans as at 31 December 2018	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	21,300	376	21,676		
Raised during year	1,550	40	1,590		
Repaid during year	(410)	(152)	(562)		
Loans as at 31/12/2018	22,440	264	22,704		
Interest expense	4555	13	468		

Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Foxton Wastewater	1,045	661	336	360	24
Foxton Beach Wastewater	638	617	316	316	-
Levin Wastewater	4,158	3,936	2,028	2,219	191
Shannon Wastewater	1,329	1,175	599	638	39
Tokomaru Wastewater	191	210	107	96	(11)
Waitarere Beach Wastewater	450	439	218	211	(7)
Total Expenditure	7,811	7,038	3,604	3,840	236

Performance Measures – LTP/Annual Plan Summary



SOLID WASTE MANAGEMENT Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	342	315	158	158	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,832	2,142	1,071	898	(173)
Local authorities fuel tax, fines, infringement fees, and other receipts	17	10	-	3	3
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	2,191	2,467	1,229	1,059	(170)
Applications of operating funding					
Payments to staff and suppliers	1,454	1,521	705	1,117	412
Finance costs	316	238	119	99	(20)
Internal charges and overheads applied	227	83	41	85	44
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,997	1,842	865	1,301	436
Surplus (deficit) of operating funding (A-B)	194	625	364	(242)	(606)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(58)	964	482	(63)	(545)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(58)	964	482	(63)	(545)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	146	-	-	-	-
- to improve the level of service	11	1,153	577	32	(545)
- to replace existing assets	66	18	9	40	31
Increase (decrease) in reserves	(87)	418	261	(377)	(638)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	136	1,589	846	(305)	(1,151)
Surplus (deficit) of capital funding (C-D)	(194)	(625)	(364)	242	606
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	328	286	143	143	-
Loans as at 31 December 2018	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	4,700	74	4,774		
Raised during year	90	-	90		
Repaid during year	(90)	(63)	(153)		
Loans as at 31/12/2018	4,700	11	4,711		
Interest expense	96	3	99		

Activity Expenditure

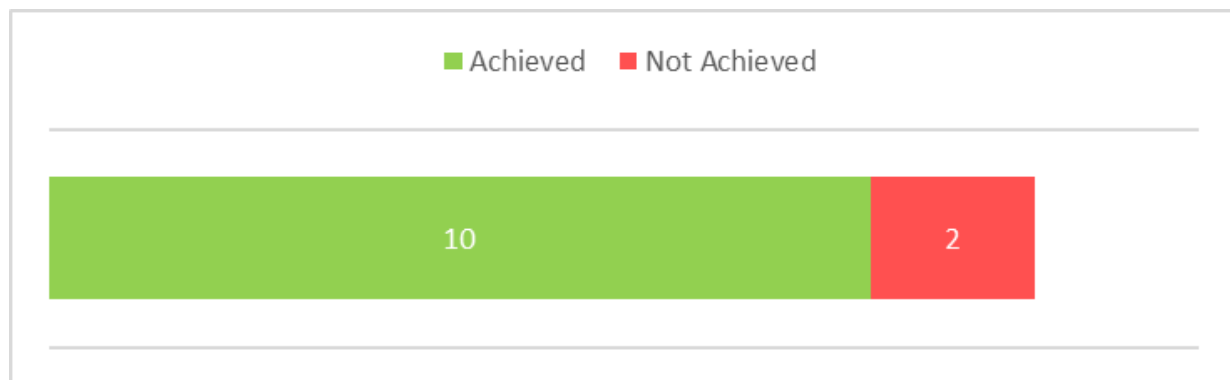
Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Roadside Collection Bags	206	192	96	97	1
Landfill	1,115	978	432	530	98
Recycling Centres	707	643	321	643	322
Waste Transfer Stations	297	315	159	174	15
Total Expenditure	2,325	2,128	1,008	1,444	436

Notes and Comments

Solid Waste – Unfavourable variance \$436k

- The new recycling contract - \$258k
- Consultants costs on strategy etc \$125k

Performance Measures – LTP/Annual Plan Summary



SOLID WASTE – Performance Measures – LTP/Annual Plan Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (18/19)	Actual Performance									
SW4	Response to service requests regarding Council's Solid Waste Activities is timely.	Time all requests are responded to.	Within 3 working days	<p>Not Achieved As at 31 December 2018:</p> <table border="1"> <thead> <tr> <th>For the Month</th> <th>Year to Date</th> <th>Still Open</th> </tr> </thead> <tbody> <tr> <td>26/55</td> <td>234/321</td> <td>37/321</td> </tr> </tbody> </table>	For the Month	Year to Date	Still Open	26/55	234/321	37/321			
For the Month	Year to Date	Still Open											
26/55	234/321	37/321											
SW5	Recycling and refuse is collected on time and in a sanitary manner.	Number of complaints per-month about non collection of: Kerbside recycling Kerbside refuse	< 6 per month < 6 per month	<p>Not Achieved As at 31 December 2018:</p> <table border="1"> <thead> <tr> <th></th> <th>For the Month</th> <th>Year to Date</th> </tr> </thead> <tbody> <tr> <td>Kerbside recycling</td> <td>8</td> <td>62</td> </tr> <tr> <td>Kerbside refuse</td> <td>17</td> <td>99</td> </tr> </tbody> </table> <p>The new contractors have undertaken the rubbish bag collections hence the high number of non-collections in October. This will throw the entire year out but was expected, and will decrease over the coming months.</p>		For the Month	Year to Date	Kerbside recycling	8	62	Kerbside refuse	17	99
	For the Month	Year to Date											
Kerbside recycling	8	62											
Kerbside refuse	17	99											

Treasury and Support Activities Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Dec 2018 \$000	Actual Dec YTD 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	(234)	(798)	(599)	(560)	39
Targeted rates	-	-	-	2	2
Subsidies and grants for operating purposes	-	-	-	4	4
Fees and charges	-	-	-	-	-
Interest and dividends from investments	158	205	141	53	(88)
Local authorities fuel tax, fines, infringement fees, and other receipts	(662)	(445)	139	139	-
Internal charges and overheads recovered	20,459	19,774	10,825	11,900	1,075
Total operating funding (A)	19,721	18,736	10,506	11,538	1,032
Applications of operating funding					
Payments to staff and suppliers	12,513	12,628	7,611	8,159	548
Finance costs	(155)	38	(121)	156	277
Internal charges and overheads applied	7,602	6,789	3,204	3,597	393
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	19,960	19,455	10,694	11,912	1,218
Surplus (deficit) of operating funding (A-B)	(239)	(719)	(188)	(374)	(186)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(1,705)	1,410	705	17,479	16,774
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(1,705)	1,410	705	17,479	16,774
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	84	407	204	109	(95)
- to replace existing assets	368	471	236	90	(146)
Increase (decrease) in reserves	(2,476)	(187)	78	5,734	5,656
Increase (decrease) of investments	80	-	-	11,172	11,172
Total applications of capital funding (D)	(1,944)	691	517	17,105	16,588
Surplus (deficit) of capital funding (C-D)	239	719	188	374	186
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	429	546	273	273	-
Loans as at 31 December 2018					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	6,500	66	6,566		
Raised during year	15,330	306	15,636		
Repaid during year	(30)	(1)	(31)		
Loans as at 31/12/2018	22,800	371	22,171		
Interest expense	154	2	156		

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

Treasury Report

File No.: 19/4

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the Bancorp Treasury Report for the December 2018 quarter.

2. Recommendation

- 2.1 That Report 19/4 Treasury Report 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. Background/Previous Council Decisions

This Quarterly Treasury report is produced by our Treasury Advisors, Bancorp Treasury Services Limited, and is produced for the benefit of Senior Management and Council.

4. Issues for Consideration

We live in interesting times, with unusual events like Trump's border wall / government shutdown, Brexit, the trade war between US and China, and the stoush between the UE and its member state of Italy over the latter's budget deficit. This has all lead to gitters in the global markets.

However, in New Zealand inflation is picking up and our unemployment statistics are the best they have been since 2008; even better against a participation rate not seen for 30 years.

The OCR appears to be locked at 1.75% until late 2020 and the Reserve Bank is saying "we will keep the OCR at an expansionary level for a considerable period."

Just recently, however, the Reserve Bank has been forcing Trading banks to strengthen their balance sheets which some pundits are saying will put upward pressure on mortgage interest rates.

From HDC's perspective we have taken the unusual step of taking out a forward start fixed rate bond. (Refer to page 5 of the report). This achieved two ends; it locked in a good interest rate of 3.38% for 7 years and corrected our "technical breach" of the Borrowing Management Policy, Fixed Rate Hedging Profile, as discussed at the last FARS meeting of 2018.

Note the comments in the first paragraph of page 6 about the prefunding of debt achieving a "positive carry" (a gain in investment income over loan interest).

Note we have a lower cost of funds at 3.66%, down from 3.75%; apparently the 4th lowest in New Zealand for the Bancorp client portfolio.

Attachments



No.	Title	Page
A	Bancorp December 2018 Treasury Report	63

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	
Approved by	David Clapperton Chief Executive	

CONFIDENTIAL

TREASURY REPORT

FOR



**HOROWHENUA
DISTRICT
COUNCIL**

AS AT

31 DECEMBER 2018



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

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1.2 NEW ZEALAND MARKET OVERVIEW (AS AT 31 DECEMBER 2018)	2
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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (AS AT 31 DECEMBER 2018)

Heightened volatility was prevalent in a number of markets during the December 2018 quarter, with equities, oil prices and interest rates experiencing some of the biggest movements. These are detailed in the table below which shows the quarterly open, high, low and close across various markets.

Instrument /Index	Open	High	Low	Close
US 2 Year Treasury Bond	2.82%	2.93%	2.49%	2.49%
US 10 Year Treasury Bond	3.06%	3.28%	2.68%	2.68%
Germany 10 Year Bund	0.46%	0.58%	0.22%	0.24%
Japan 10 Year Government Bond	0.13%	0.16%	-0.001%	-0.0005%
S&P 500 Share Index	2,924	2,925	2,347	2,506
Nasdaq Share Index	8,065	8,107	6,190	6,635
WTI Crude Oil (per barrel)	USD74.35	USD76.90	USD42.36	USD45.81

Prior to the December quarter, markets had taken the escalating trade tensions (between the US and China in particular) in their stride. However, confidence started to buckle in early October amid growing fears that rising US interest rates and the escalating US-China trade war would weigh on global growth. Equities and oil prices were the first to fall, in early October, while bond yields followed in early November as markets pared back expectations for future Federal Reserve ("Fed") interest rate hikes in response to a perceived slowdown in economic growth. The downward pressure on these markets intensified in December following a partial shutdown of the US government as President Donald Trump and the Democratic Party failed to reach agreement over funding for the government and the Mexican border wall.

As expected, the Fed's Open Market Committee ("FOMC") raised the Fed Funds rate by 25 basis points to a targeted range of 2.25% to 2.50% at its December meeting, the fourth increase for the year. But the Fed's statement accompanying the hike indicated two interest rate hikes in 2019, down from their previous 'dot plot' projection of three. The markets however are now expecting the Fed Funds rate to remain unchanged throughout 2019.

In Europe, tensions between the European Union ("EU") and Italy intensified during the quarter after the EU had demanded changes to Italy's budget plans because of the country's high debt. Italy initially stood its ground, leading EU officials to threaten disciplinary action and potentially expensive fines. However in late December a deal was reached with Italy agreeing to lower its planned budget deficit from 2.4% to 2.0%, which is still higher than EU officials had originally demanded.

The ongoing saga that is Brexit continued, with British Prime Minister Theresa May reaching an agreement with EU officials but then postponing the British Parliamentary vote necessary for the deal to be ratified as she faced almost certain defeat in the House of Commons. A vote on a slightly revised deal is expected in early January although that too looks like facing opposition within Theresa May's own party.

1.2 NEW ZEALAND MARKET OVERVIEW (AS AT 31 DECEMBER 2018)

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
30-Sep-18	1.75%	1.91%	2.04%	2.15%	2.40%	2.63%	2.92%
31-Dec-18	1.75%	1.97%	1.97%	2.03%	2.21%	2.41%	2.65%
Change	Nil	+0.06%	-0.07%	-0.12%	-0.19%	-0.22%	-0.27%

Two key pieces of economic data released over the December quarter were both positive. Firstly, inflation rose 0.9% in the September quarter, outpacing both market and Reserve Bank of New Zealand ("RBNZ") forecasts. Over the September year, the CPI rose 1.9%, from 1.5% in June. The inflationary culprits were petrol, cigarettes and tobacco (higher excise) and household costs local authority (rates and construction costs). The RBNZ's sectoral factor model of inflation (probably the closest to a core inflation measure) rose 1.7% in the September year - the same as in June.

Secondly, the labour market tightened significantly during the September quarter. The unemployment rate dropped from 4.4% at the end of June to 3.9% by the end of September - its lowest since June 2008. A lift in the participation rate from 70.9% in June to 71.1% in September made the fall in the unemployment rate even more impressive. The employment rate rose to 68.3% at the end of September - its highest since the data series began more than 30 years ago.

Up until the release of the employment data, both short and long term interest rates were largely unaffected by stronger than expected economic data, with the market applying a counterbalancing effect by factoring in the weak business confidence. The stellar employment data caused a rethink with market pricing for the Official Cash Rate ("OCR") moving to imply no chance of an OCR cut in the ensuing twelve month period, this contrasting with an implied 24% chance of a cut prior to the release of the inflation and employment data.

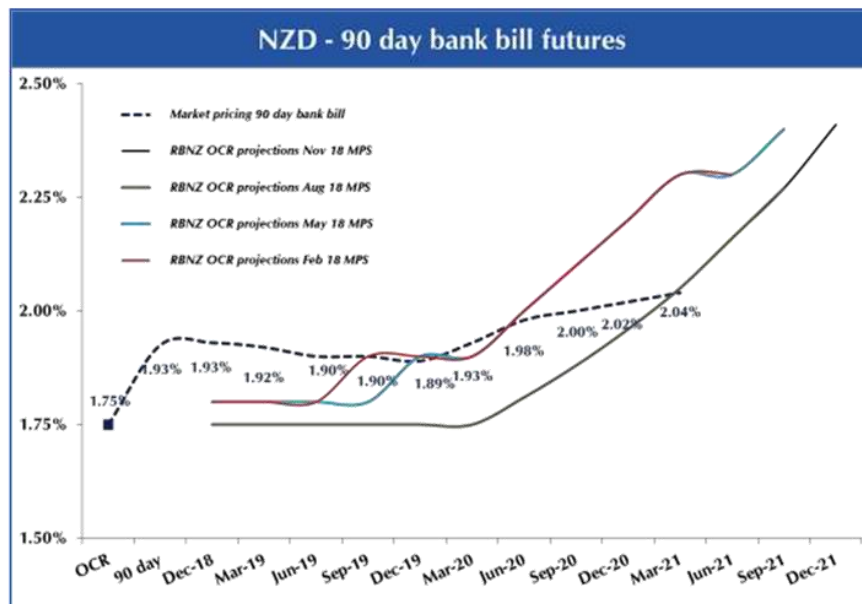
Swap rates too moved higher on the strong data, with the 2, 5 and 10 year swap rates climbing by 17, 26 and 23 basis points respectively within days of the announcement.

By the end of the December quarter all of those interest rate increases were erased and more, with swap rates across the yield curve finishing within a point or two of the quarterly lows, in line with falls in global yields. The fall in local interest rates gained added momentum after the release of the September 2018 quarter GDP data in the week prior to Christmas. This showed that New Zealand's GDP rose a modest 0.3% over the quarter, well down on market consensus and RBNZ forecasts of 0.5% and 0.7% respectively and the lowest quarterly rise since December 2013. On an annual basis GDP eased from 3.1% in June to 3.0% in September.

In November, the RBNZ released its quarterly *Monetary Policy Statement* ("MPS") that was more upbeat about domestic economic growth, employment, and inflation than the August MPS, even though its assessment did not include the stellar September quarter labour market data released the day before. Despite its more upbeat tone, the RBNZ retained its August MPS forecast implying an OCR at 1.75% until late in 2020 and, by way of reinforcement, stated that "we will keep the OCR at an expansionary level for a considerable period."

Referring to inflation, the RBNZ stated that it will 'look through' the first round effects of the increase in fuel prices but will be on the alert for possible second and third round effects, the prospects of which were significantly diminished by the subsequent sharp fall in oil prices.

The chart below shows the futures market pricing for the 90 day bank bill rate and the RBNZ's projections for the OCR from the last four MPSs.

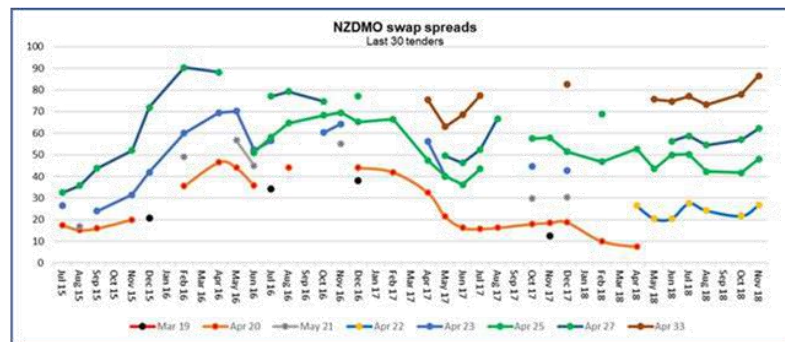


1.3 LOCAL AUTHORITY SECTOR

Listed below are the credit spreads and applicable interest rates for Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Horowhenua District Council (“HDC”) could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Credit Spread	FRN Rate	FRB
April 2020	0.32%	2.24%	2.36%
May 2021	0.42%	2.34%	2.46%
April 2022	0.49%	2.41%	2.63%
April 2023	0.59%	2.51%	2.79%
April 2025	0.69%	2.61%	3.15%
April 2027	0.88%	2.80%	3.46%
April 2033	1.13%	3.05%	4.11%

The chart below illustrates the credit spreads (measured over the applicable swap rate) for all current LGFA debt dating back to July 2015.



2. FUNDING

As at 31 December 2018, HDC had \$100.0 million of external debt, comprising a combination of Commercial Paper ("CP"), FRBs and FRNs, all sourced from the LGFA. Details of HDC's current debt at 31 December 2018 are as follows.

LGFA

Instrument	Inception	Maturity	Rate	Margin	Amount
CP	July-18	Mar-19	2.0764%	9 bps	\$15,000,000
FRB	Dec-12	Mar-19	4.45%	113 bps	\$4,000,000
FRB	Feb-13	Mar-19	4.7164%	92 bps	\$5,000,000
FRN	May-13	Mar-19	2.7381%	77 bps	\$3,000,000
FRB	Nov-17	Apr-20	2.6324%	38 bps	\$5,000,000
FRN	July 18	Apr-20	2.23%	34 bps	\$4,000,000
FRB	May-13	May-21	4.5650%	79 bps	\$5,000,000
FRB	Sep-13	May-21	5.9852%	109 bps	\$5,000,000
FRB	Dec-13	May-21	5.8516%	87 bps	\$5,000,000
FRN	May-13	May-21	2.8425%	84 bps	\$4,000,000
FRN	July 18	Apr-22	2.39%	50 bps	\$9,000,000
FRN	May-15	May-22	2.4217%	42.5 bps	\$3,000,000
FRB	Nov-14	Apr-23	5.1336%	81 bps	\$4,000,000
FRN	Feb-18	Apr-23	2.4650%	57.5 bps	\$6,000,000
FRB	Apr-17	Mar-24	3.72%	63 bps	\$4,000,000
FRB	May-17	May-24	3.76%	58 bps	\$4,000,000
FRB	Mar-17	Apr-25	4.2046%	77 bps	\$3,000,000
FRN	May-15	May-25	2.4867%	49 bps	\$7,000,000
FRB	Jul-16	Jul-26	3.37%	84 bps	\$5,000,000
				TOTAL	\$100,000,000

In addition, HDC has one tranche of forward starting LGFA debt which was transacted in December 2018, details of this is as follows:

Instrument	Inception	Maturity	Rate	Margin	Amount
FRB	Mar-19	Mar-26	3.38%	78 bps	\$9,000,000

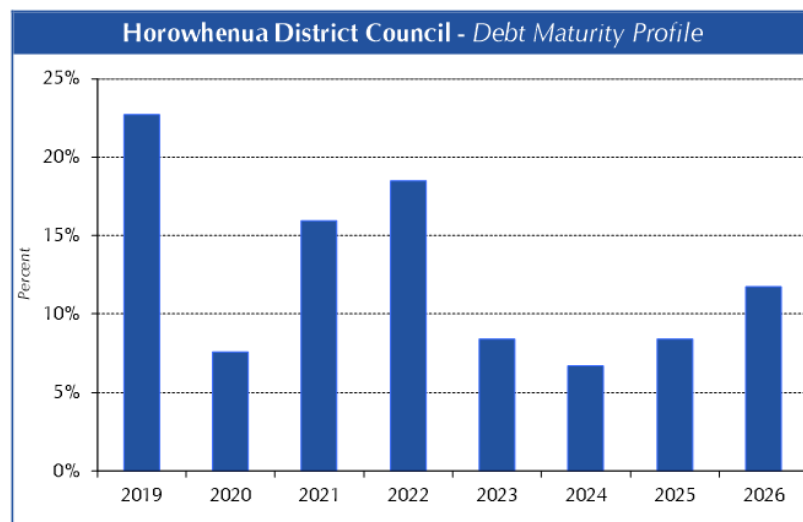
In the September 2018 quarter, transactions involving the pre-funding of debt were entered into and the funds resulting from these were placed on Term Deposit ("TD"). As at 31 December 2018, two TDs relating to the pre-funding debt transactions were still 'live', details as follows:

- \$9.0 million with BNZ maturing on 14 March 2019 at a rate of 3.37%.
- \$5.0 million with BNZ maturing on 25 June 2019 at a rate of 3.42%.

The pre-funding of debt and the attendant placing of funds on deposit produced a 'positive carry'. The \$9.0 million TD is linked to an April 2022 FRN and will produce a gain of approximately \$59,000. The \$5.0 million TD is linked to a \$4.0 million April 2020 FRN and \$1.0 million of CP, and will produce a gain of approximately \$56,000.

As at 31 December 2018, HDC had no drawings under its BNZ \$10.0 million Customised Average Rate Loan facility that expires in November 2022.

HDC's current debt maturity profile is depicted in the following graph, which indicates a good spread of maturities between 2018 and 2026. Additionally HDC is compliant with Section 4.6 of the Liability Management Policy ("LMP"), which governs HDC's funding risk management activities. Included in the funding profile is the \$9.0 million of forward starting debt maturing in March 2026 and the BNZ facility.



3. DEBT AND HEDGING PROFILE

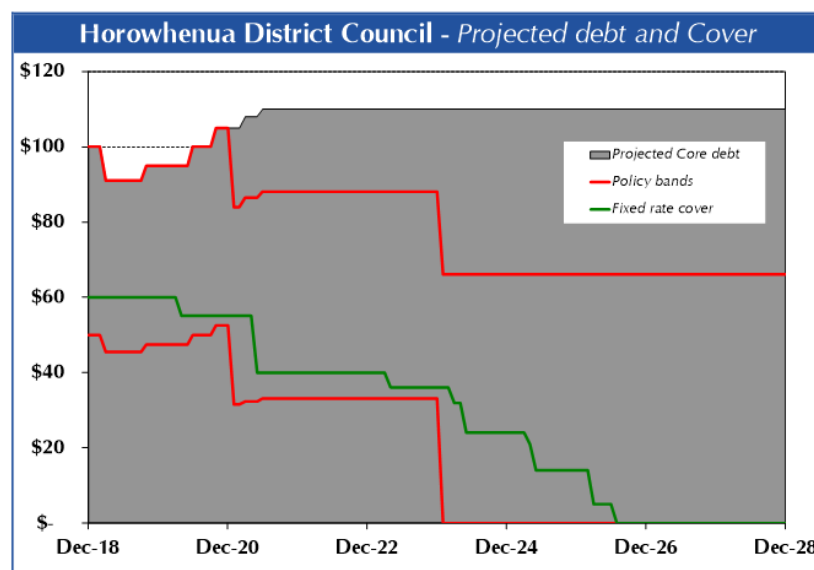
As at 31 December 2018, HDC had \$100.0 million of current fixed and floating rate debt, and two interest rate swaps, as follows:

- \$4.0 million, commenced 18 February 2013, maturing 18 May 2024, at 4.015%.
- \$7.0 million, commenced 18 May 2015, maturing 18 May 2025, at 4.75%.

Section 4.3 of the LMP details the Fixed Rate Hedging Percentages as in the table below:

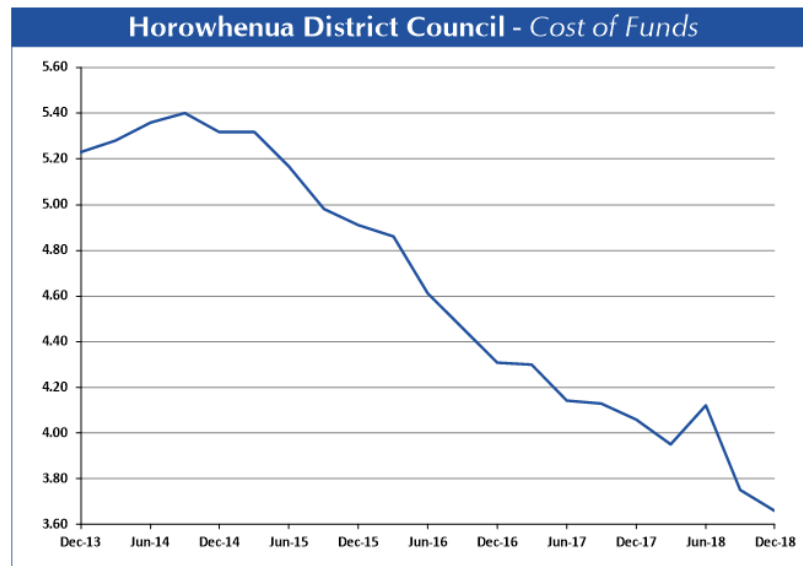
Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0-2 years	50%	100%
2-5 years	25%	80%
5-10 years	0%	60%

The debt and hedging profile incorporating these parameters is depicted in the graph below. Included in the fixed rate hedging percentages are the FRBs (including the forward starting FRB) and the interest rate swaps. The graph indicates that, as at 31 December 2018, HDC was compliant with Section 4.3 of the LMP.



HDC's cost of funds (inclusive of the bank line fee) as at 31 December was 3.66%, down from 3.75% at the end of September 2018. The decline was due to the maturity of 'higher priced' debt and the increase in the amount of 'low priced' CP.

HDC's cost of funds remains lower (in many cases noticeably so) than the large majority of its peers in the local government sector, indicating the success of its funding and interest rate risk management programme over the last several years. The cost of funds dating back to December 2013 is depicted in the following graph.



4. POLICY COMPLIANCE (AS AT 31 DECEMBER 2018)

	Yes/No
<i>Have all transactions been entered into compliance with policy?</i>	√
<i>Are the fixed rate hedging percentages within policy control limits?</i>	√
<i>Is HDC maintaining liquidity within policy control limits?</i>	√
<i>Are all counterparty exposures within policy control limits?</i>	√
<i>Is HDC compliant with the financial covenants contained in the LMP</i>	√

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