

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

**Date:** Wednesday 24 April 2019  
**Time:** 4.00 pm  
**Meeting Room:** Council Chambers  
**Venue:** Horowhenua District Council  
Levin

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## Finance, Audit & Risk Subcommittee

# OPEN AGENDA

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### MEMBERSHIP

<b>Chairperson</b>	Mr Philip Jones	
<b>Deputy Chairperson</b>	Mr Barry Judd	
<b>Members</b>	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	
<b>Reporting Officer</b>	Mr Abraham Chamberlain	(Financial Accountant)
<b>Meeting Secretary</b>	Mrs Karen Corkill	

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Full Agendas are available on Council's website  
[www.horowhenua.govt.nz](http://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 of a request to speak is required by 12 noon on the day of the meeting by phoning 06 366 0999 or emailing [public.participation@horowhenua.govt.nz](mailto:public.participation@horowhenua.govt.nz).

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, 27 March 2019**

**6 Announcements**

Public Participation (further information):

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

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

Meeting protocols

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

# Health & Safety - Quarterly Report

File No.: 19/145

## 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 19/145 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 January to March 2019 quarter.

## Attachments


No.	Title	Page
A	Quarterly H&S Report 1 January to 31 March 2019	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 <b>Senior Health &amp; Safety Advisor</b>	
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Approved by	Toni Magi <b>Senior Manager, People &amp; Culture</b>	
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## Horowhenua District Council

### Health & Safety Quarterly Report 1 January 2019 – 31 March 2019

#### Quarter 3

#### Executive Summary

Health and safety progress for the third quarter of the year sat primarily around developing Worker Participation and Engagement processes to support the principles of health and safety, directed by the Health and Safety at Work Act. This was done through Council wide consultation to define work groups of similar types and risk, seek nominations from interested parties for representation and the successful appointment of 11 new Health and Safety Representatives for each of the approved work groups.

Worker Participation is seen as essential in keeping workplaces healthy and safe and Horowhenua District Council understands that the best health and safety outcomes will be achieved when the organisation and its workers work together to reach outcomes that are real and effective. We are pleased that we have secured these solid foundations and expect to see health and safety gain momentum over the coming months.

#### Key Updates for this quarter:

- Implementation of Worker Participation & Engagement Procedures – (refer to point 7) – Training for Health and Safety Reps will take precedence over the next month to ensure representatives are able to provide informed guidance. First order of the day will be for the Health and Safety Committee so agree to a Working Terms of Reference to work with the Leadership Team to progress matters of health and safety.
- Following on from the Christchurch emergency events in March, Council is now undertaking an internal review of all emergency procedures for each individual site to ensure emergency plans are in place, relative to non-civil defence emergencies, understood and able to be implemented with ease. Aquatics have completed their review in full, Community Hubs are just commencing their review for a site that is particularly large and complex and the HDC Civic building is finalising their procedures currently. All changes to current procedures will be communicated to concerned parties in full.

#### LEAD INDICATORS

##### 1. Health & Safety training

	Attendees Q3	Attendees Annual
Lifeguard First Aid	2	15
First Aid Training	1	19
Emergency Procedures Review – non civil defence Aquatics	All Staff	All Staff
Anti-Armed Robbery Training • Shannon Community Hub/Library	4	N/A



## 2. Risk Management Emergency Evacuation Drills

Levin Aquatic Centre	29/01/2019
Foxton Aquatics	29/01/2019
Te Takere	21/02/2019
HDC Civic Building	22/02/2019

## 3. Employee H&S Inductions

	Q3	Running Total
Lifeguards	1	17
Civic Building	16	128

## 4. Wellness Initiatives

	Q3	Annual Total
Ergonomic Workstation Assessments	9	19
EAP Services (attendees)	5	5

## 5. Risk Management

	Q3	Running Total
D&A Testing		
○ Pre- employment Tests	16	144
○ Reasonable Grounds	1	1
○ Post Critical Incident Testing	0	0
Audits		
○ Aquatics	3	9
○ Rooding	5	17

## 6. H&S Contractor Register Process

	Approved	Pending	Expired
68	3	65	TBC*

- H&S Contractor Management pre-qualification review project is gaining momentum as led by Parks & Property team who are responsible for the majority of Council Contractors under the procurement process. Contact has been established with most contractors who are currently working through the approval process.
- Significant focus for this project is to actively manage the process whilst up skilling and educating regional contractors to meet the legislative requirements.

## **7. Health & Safety Committee (HSC)**

- Monthly Meetings x 2 this quarter
- Successful worker engagement consultation saw the appointment of 11 new health and safety representatives in early April who will host their first H&S Committee meeting on the 17th April 2019.
- First action of the Committee will be to elect a H&S Committee Chair and Deputy, then draft a working Terms of Reference to outline the working parameters of the Committee in partnership with the Leadership Team for the provision of health and safety going forward.
- 20 & 21 May all H&S Representatives will undergo Stage 1 H&S Representative Training as induction to the role of an H&S Representative.
- Following this the HSC will review the recently completed SafePlus report recommendations and have input into the development of a H&S work plan for the next 12 months.

## **8. H&S Policy Document Progress**

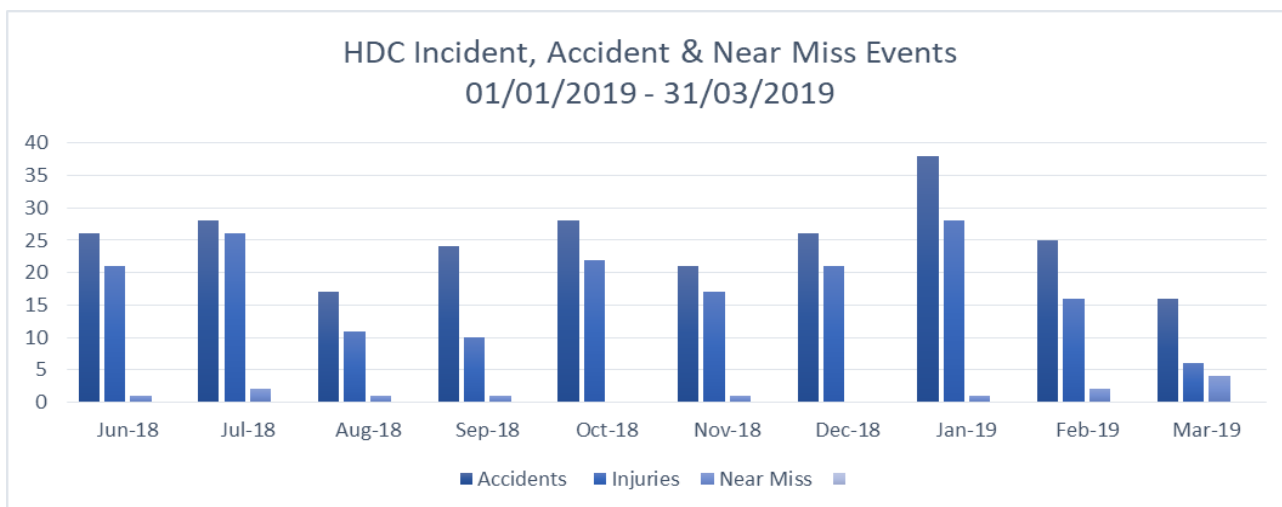
- Worker Participation Practices Terms of Reference – draft completed and to be presented to both Committee and Leadership Team this quarter for consultation
- Working Alone Draft Policy – Present to Leadership Team this quarter
- Contractor Management Draft Policy – Trial continues

## **9. MW LASS Update**

- MWLASS overarching summary report was presented to Directors on 11 February 2019
- Directors requested a H&S Practitioner view on how the SafePlus reports should be addressed. H&S Practitioners requested regional Forums managed by themselves with the aim of facilitating the recommendations within the regional Safeplus report. They also agreed that H&S Contractor Management was a considered priority for the region and agreed that this should be a focus for MW LASS as an individual project.
- A further H&S Practitioner forum is to be arranged to further define the parameters of how they intend to work towards individual and regional SafePlus recommendations and direction on what expertise they are likely to need to do this. Regional meeting to be arranged late April early May.
- HDC have agreed to lead a project regarding the provision of H&S Contractor Management for the region as one process instead of led by individual Councils. Terms of Reference setting out the project parameters are to be drafted for the Director's review.

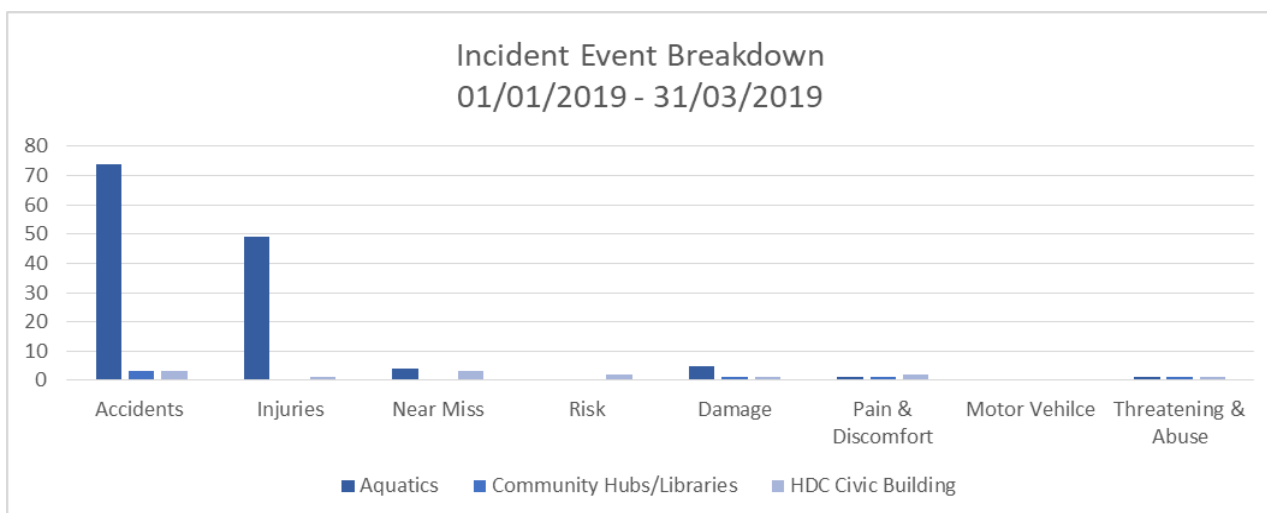
**LAG INDICATORS**

Table 1



- This quarter has seen the highest annual incident reporting which took place in January and coincided with the School holiday period. It is a seasonal spike consistent with previous years with incident reporting mainly for third party events within the Aquatics and Community Hub sites.
- There were no significant incidents of concerns reported.
- Near miss reporting increased marginally. Going forward education, instruction, monitoring, guidance and clarification will be raised with each work group on near miss reporting will take place as a priority project following the completion of training for all new H&S Representatives in May.
- Incidents decreased over the quarter period which again appears consistent with previous recorded data.

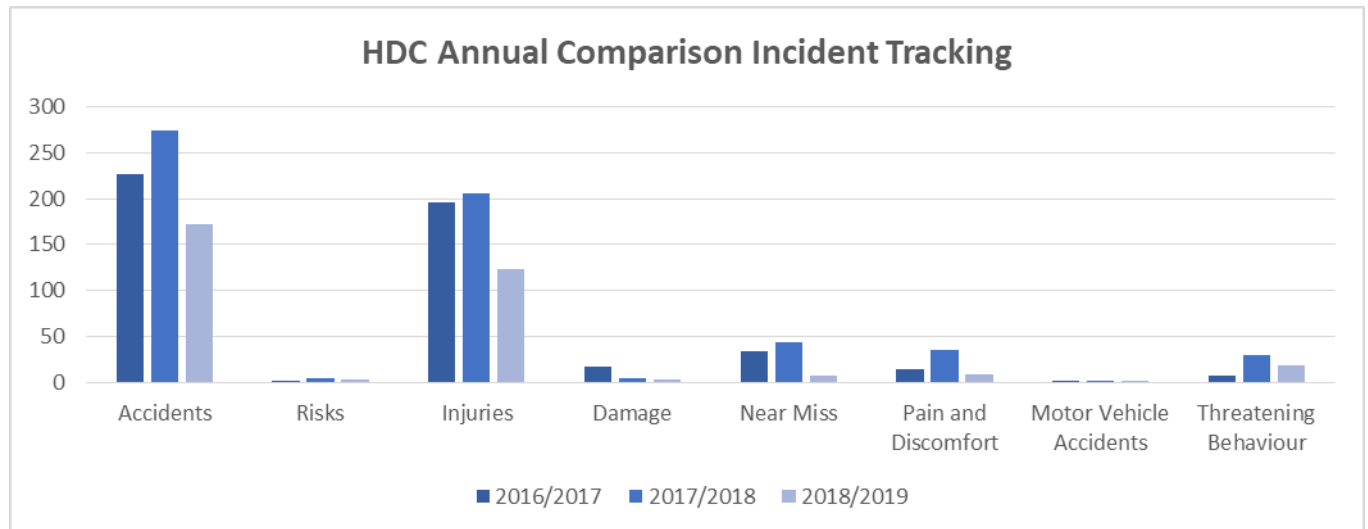
Table 2



- Injuries sustained related to third party events primarily in the aquatics area. All were low level requiring no more than first aid treatment.

- Threatening abuse incidents appear to have decreased slightly which is a positive and thought to be as a result of the increase in staff confidence arising from completing the Keep Yourself Safe training in 2018 and process clarification for dealing with difficult issues.

Table 3



- The above table notes a positive decrease in incident reporting of injuries and accidents over the last three years that is considered to be the result of stronger H&S process, clearer H&S understanding and monitoring and review of health and safety practices.
- Of note however is the failure to increase near miss incident reporting consistently. Council is clear on its understanding that near miss events represents an event where an injury did not occur or damage to property/plant but had the potential to do so. These are the incidents Council is wanting to capture because they are the events that provide the learnings to make change before harm becomes a reality.
- With the recent appointment of 11 new H&S Reps Council will run a targeted campaign over the next 2 quarters with the intention of raising awareness on the importance of near miss reporting.

# Nine Month Report 1 July 2018 - 30 March 2019

File No.: 19/104

## 1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the nine months to 30 March 2019.

## 2. Recommendation

- 2.1 That Report 19/104 Nine Month Report 1 July 2018 - 30 March 2019 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

## 3. Issues for Consideration

As included in the **attached** report.

## Attachments


No.	Title	Page
A	Nine Month Report 1 July 2018 - 30 March 2019	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 <b>Chief Financial Officer</b>	
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Approved by	Mark Lester <b>Acting Chief Executive</b>	
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**Horowhenua**  
DISTRICT COUNCIL

# Nine Month Report

1 July 2018 - 31 March 2019



## Executive Summary

### A. Trends and Activity of Interest

1. Resource Consenting
  - 200 consents have been lodged as at 31 March 2019 compared to 142 at the same time last year.
  - 75 subdivision consents approved as at 31 March 2019, compared to 59 at the same time last year.
  - As at 31 March 2019 a total of 92 new allotments have been created as a result of s223 (approval of title plan) & 59 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 March 2019 is \$78,404,473 compared to \$66,512,415 for the same period last year
  - 507 consents issued as at 31 March 2019, compared to 489 for the same period last year.
  - 174 new dwelling consents at 31 March 2019 against 156 for the same period in the 2017/2018 year.
  - 495 building consents were lodged as at 31 March 2019 compared to 536 for the same period in the 2017/18 year.

Resource Consent activity and the level of enquiries has risen this month with a higher level of activity that was experienced in 2017/18.

The number of Building Consents lodged YTD is lower than the same period in 2017/18, but the value, number of consents, and the number of consents issue, new dwelling consents issued is higher than in 2017/18.

### B. Financial Performance – Operational Expenditure

Council shows a \$1.288m deficit against a budgeted surplus of (\$2.483). It is 75% through the year and Council has spent 78.5% of the full year's budgeted expenditure and received 73.7% 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, The \$12m in debt maturities that occurred in March has decreased our borrowing from \$104m in February to \$96m. We have also \$13.2m the cash reserves in anticipation of capital expenditure in the next 3 months.

Council has purchased \$16.22m in fixed assets in the first 9 months against a capital budget of \$26m and \$34.5m for the year.

**Doug Law**  
Chief Financial Officer

16 April 2019

Total revenue	Total expenditure	Total surplus/(deficit)
<b>\$40.09m</b> is 3% less than the total budget of \$41.46m	<b>\$41.38m</b> is 6% more than the total budget of \$38.94m	<b>(\$1.29m)</b> is 151% less than the total budget of 2.52m

## SUSTAINABILITY

### Rates to operating revenue 70%

Rates revenue	\$27.89m
Operating revenue	\$40.09m

70% 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 98%

Operating revenue	\$40.09m
Operating expenditure	\$40.95m

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 98% of operating expenditure.

### Net Debt to total projected revenue 153%

Total net borrowing	\$82.73m
Total projected operating revenue	\$54.22m

With net borrowing of \$82.73m 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.) 8%

Net Interest	\$2.28m
Rates revenue	\$27.89m

8% 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.



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**Interest to operating revenue (LGFA Cov.)** **6%**

Net Interest \$2.28m

Operating revenue \$40.09m

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

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

Net debt \$82.73m

Undrawn committed facilities \$10.00m

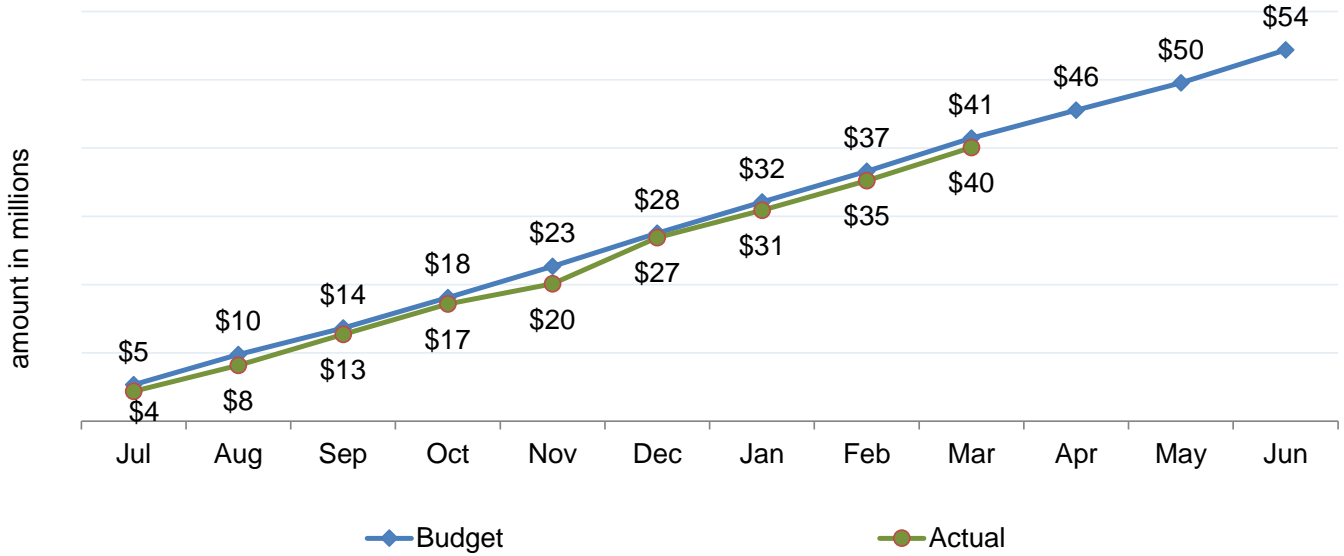
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The committed bank facility enables us to borrow up to 112% of our current external debt immediately. The LGFA covenant minimum is 110%.

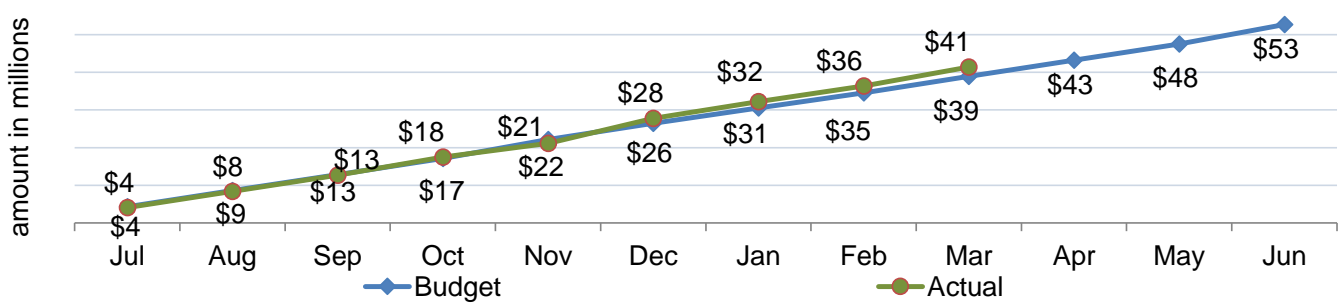
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## Operational Summary

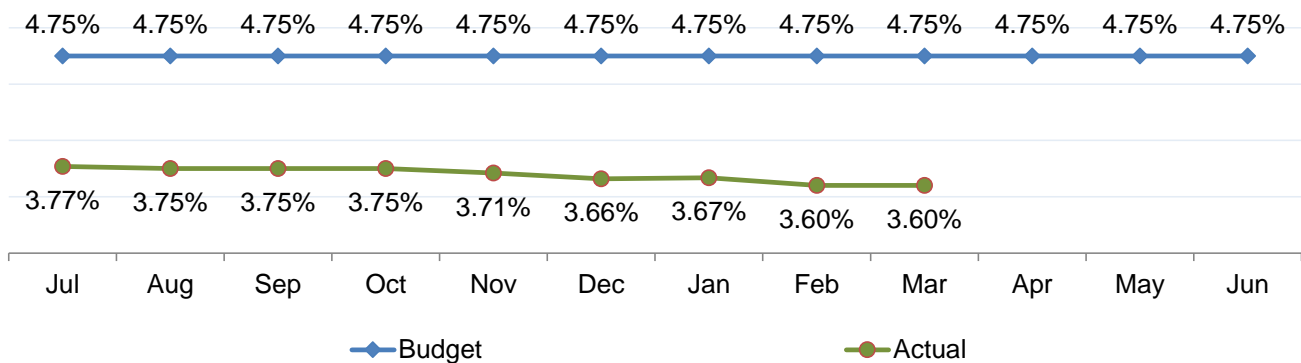
### Total Revenue \$m



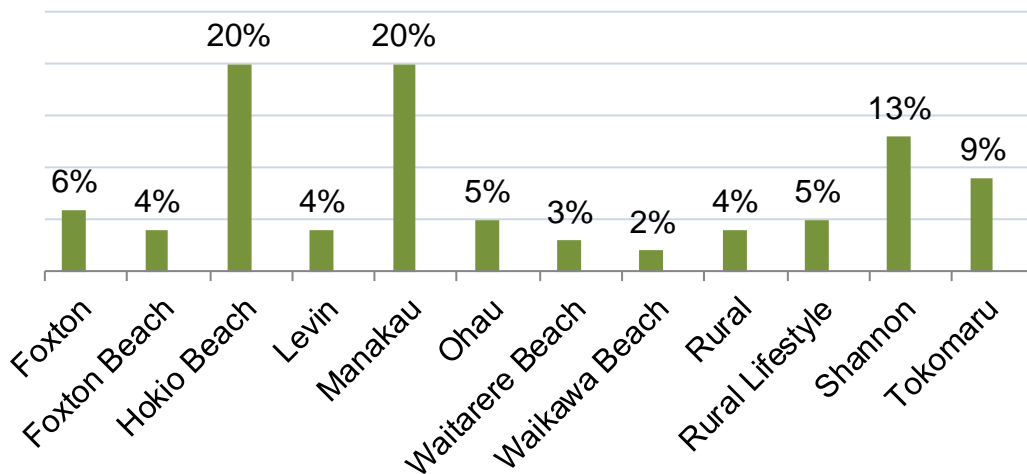
### Total Expenditure \$m



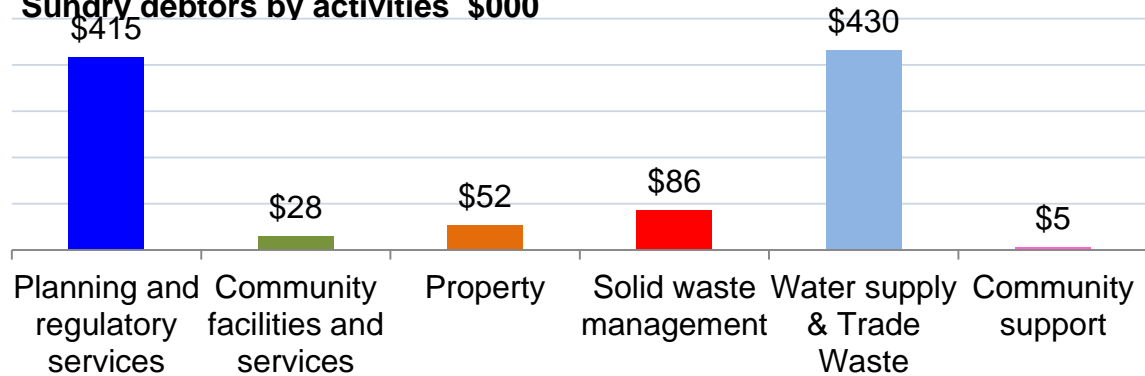
### Interest rate movement



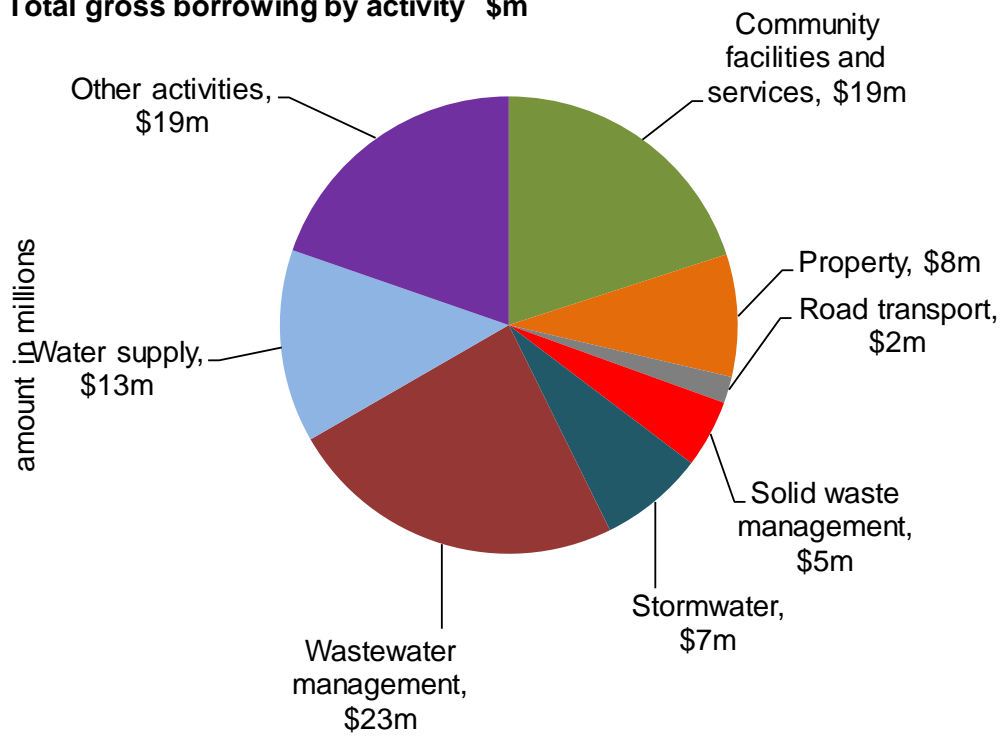
**Rates debtors % with arrears over \$99**



**Sundry debtors by activities \$000**



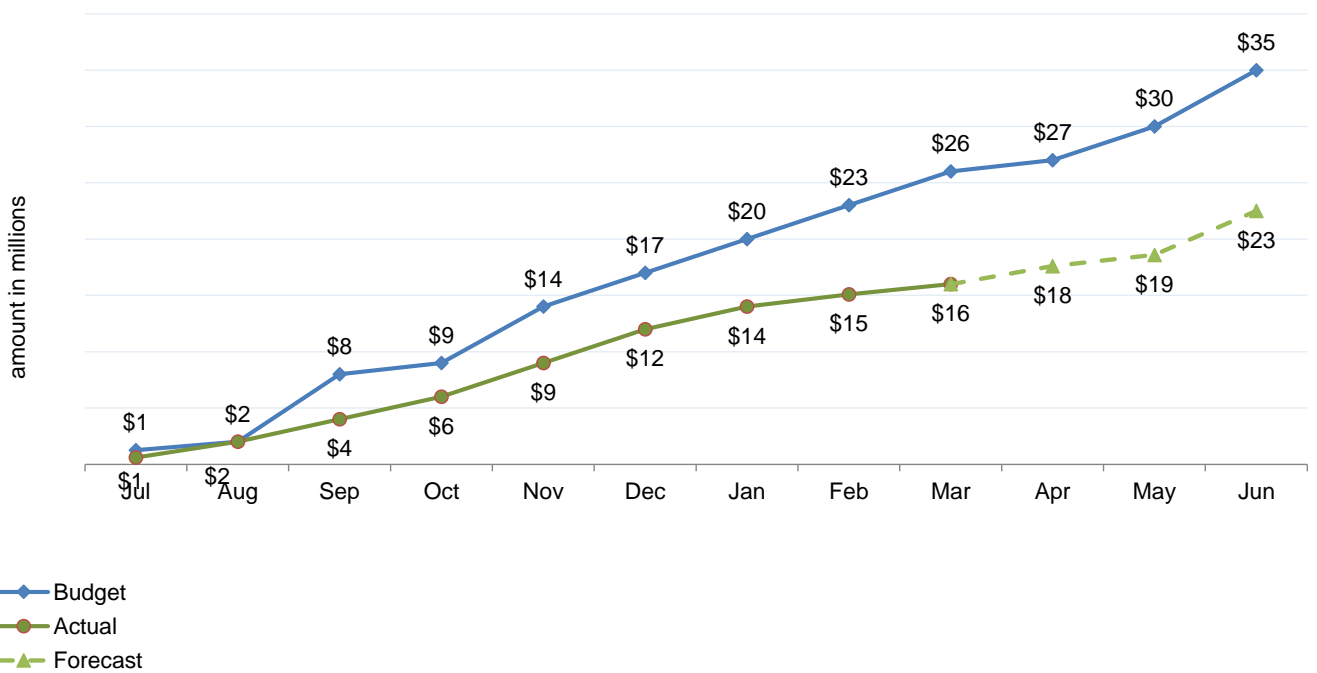
Total gross borrowing by activity \$m



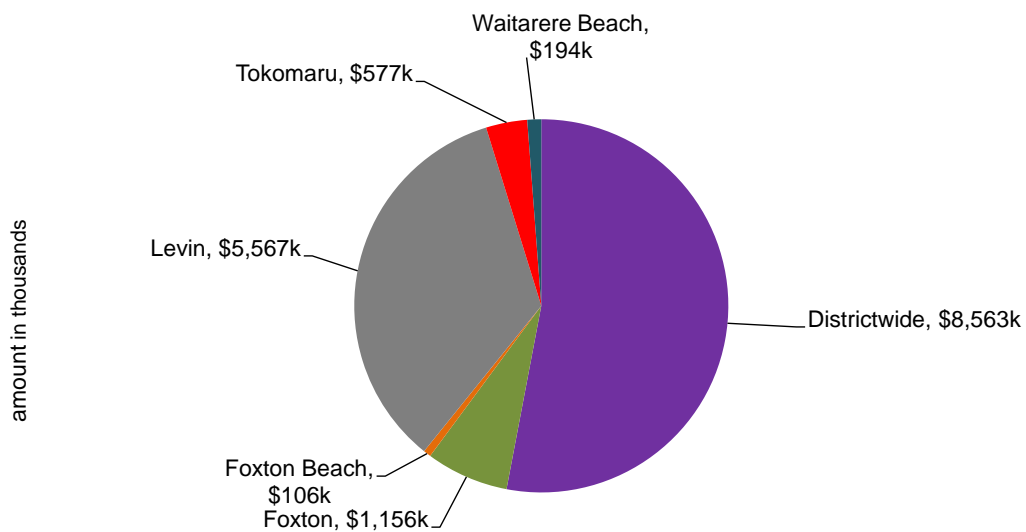
## Capital Summary

To meet growth	To improve service	To replace
<b>\$0.53m</b>	<b>\$6.16m</b>	<b>\$9.53m</b>
is 82% less than the YTD budget of \$2.95m	is 44% less than the YTD budget of \$11.15m	is 19% less than the total budget of \$11.78m

### Total Capital Expenditure



### District View - Capital Expenditure \$000



## Statement of Comprehensive Revenue and Expense

Statement of Comprehensive Revenue and Expense									
As at 31 March 2019									
	Annual Plan 2019 \$000	Annual Plan YTD Mar-19 \$000	Actual YTD Mar-19 \$000	C/A % Actual to Budget	Variance YTD 2018 \$000	Var/Bud %	% of Total Bud %	Notes	
<b>Revenue</b>									
Rates Revenue	(38,362)	(28,695)	(28,886)	75.3% ☹	(191)	1%	0.4%		
Grants & Subsidies	(6,460)	(5,547)	(4,299)	66.5% ☹	1,248	-22%	-2.3%	1	
Finance Income	(205)	(177)	(245)	119.5% ☺	(68)	38%	0.1%		
Fees, charges,	(5,664)	(4,275)	(4,126)	72.8% ☹	149	-3%	-0.3%		
Other Revenue	(3,560)	(2,763)	(2,505)	70.4% ☹	258	-9%	-0.5%		
Development Contributions	-				-		0.0%		
Gain on Derivatives							0.0%		
Gain Disposal of Assets			(34)		(34)		0.1%		
Investment (Gains)/Losses	(120)	-			-		0.0%		
Vested Assets	-	-	-		-		0.0%		
<b>Total Revenue</b>	<b>(54,371)</b>	<b>(41,457)</b>	<b>(40,095)</b>	<b>73.74% ☹</b>	<b>1,362</b>	<b>-3%</b>	<b>-2.5%</b>		
<b>Expenditure</b>									
Employee Benefit Expenses	13,975	10,318	10,728	76.8% ☹	410	4%	0.8%		
Finance costs	3,800	2,553	2,523	66.4% ☺	(30)	-1%	-0.1%		
Depreciation and Amortisation	13,489	10,117	10,473	77.6% ☹	356	4%	0.7%		
Other Expenses	21,453	15,985	17,229	80.3% ☹	1,244	8%	2.4%	2	
Loss on disposal of assets	-				-		0.0%		
Revaluation losses	-				-		0.0%		
Loss on Derivatives		0	430		430		0.8%	3	
<b>Total Expenses</b>	<b>52,717</b>	<b>38,973</b>	<b>41,383</b>	<b>78.50% ☹</b>	<b>2,410</b>	<b>6%</b>	<b>4.6%</b>		
<b>Operating (surplus) deficit before taxation</b>	<b>(1,654)</b>	<b>(2,484)</b>	<b>1,288</b>	<b>-77.9%</b>	<b>3,772</b>	<b>-152%</b>	<b>7.2%</b>		
<b>Other Comprehensive Revenue and Expenses</b>									
Gain / (Loss) Fixed Assets Valuation	(9,353)	(9,353)	(15,460)	165.3% ☺	(6,107)	65%	-11.6%		
Gain / (Loss) Financial Assets	-	-			-				
<b>Total Net Other Comprehensive revenue and expense for the year</b>	<b>(9,353)</b>	<b>(9,353)</b>	<b>(15,460)</b>		<b>(6,107)</b>				
<b>Total Comprehensive Income for the year</b>	<b>(11,007)</b>	<b>(11,837)</b>	<b>(14,172)</b>		<b>(2,335)</b>				

Roading subsidies are lower by \$1.47m from the budget prediction resulting from lower than capital expenditure. Council is postponing two projects until the new financial year.

The projects are:

- Poads Road Bridge Replacement – This will be incorporated into the Gladstone Road realignment project to get better value for money.
- The Queen St Cambridge St Roundabout – The water main's new pressure reducing valve at this location needs to be installed first before we can do this project. It is getting later into the construction season and we do not want to run into winter.

Note 2	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	3,158	2,096	3,538	112.0%	⊗	1,442	69%	2.7%	2A
Materials	109	83	67	61.5%	☺	(16)	-19%	0.0%	
Maintenance	13,176	9,976	9,535	72.4%	☺	(441)	-4%	-0.8%	
Grants Paid	793	398	474	59.8%	⊗	76	19%	0.1%	
Utilities	1,083	815	758	70.0%	☺	(57)	-7%	-0.1%	
Communications	268	201	179	66.8%	☺	(22)	-11%	0.0%	
Other Expenses	5,289	4,194	3,950	74.7%	☺	(244)	-6%	-0.5%	
Vehicle Expenses	159	125	100	62.9%	☺	(25)	-20%	0.0%	
Treasury Expenses	70	85	79	112.9%	☺	(6)	-7%	0.0%	
Labour Recoveries for Capex projects	(2,652)	(1,988)	(1,451)	54.7%	⊗	537	-27%	1.0%	2B
<b>Total Other Exepnses</b>	<b>21,453</b>	<b>15,985</b>	<b>17,229</b>	<b>80.3%</b>	<b>⊗</b>	<b>1,244</b>	<b>8%</b>	<b>2.4%</b>	

**Note 2A – Professional services – unfavourable variance \$1.4m**

- \$248k timing difference relating to Economic Development. Because this activity is out sourced and the contract costs are coded to Professional Services it inflates the variance in Professional services. The true year end prediction increased costs over the whole activity is \$90k.
- Growth response projects totalling \$646k – refer to explanation under Representation and Community Leadership in the Activity variance section.
- Solid Waste consultancy over the strategic direction and new contract \$318k

**Note 2B – Labour recoveries for labour posted to CAPEX projects – Unfavourable variance \$537k reflects the lower capital project expenditure than budgeted for in infrastructure.**

**Note 3 – unrealised loss on derivatives (swaps) unfavourable variance of \$430k**

We have valued these now rather than at the end of the year. They reflect the lower interest rates currently being experienced which are now at historic lows.

## Statement of Comprehensive Revenue and Expense by Activity

75.0%	A	C	D	E	F	G	H	I	J
REVENUE	Plan 2018/2019 \$000	Year to date (YTD) This Year \$000	Budget \$000	% Actual to Budget		YTD Variance \$000	% Var/Bud	% of Total Bud	Notes to Accounts
<b>Significant Activities</b>									
Regulatory Sevices	(4,762)	(3,490)	(3,663)	73.3%	⊗	(173)	-4.7%	-0.3%	
Community Facilities and Ser	(12,976)	(9,523)	(9,747)	73.4%	⊗	(224)	-2.3%	-0.4%	
Road Transport	(10,356)	(7,090)	(8,538)	68.5%	⊗	(1,448)	-17.0%	-2.7%	1
Water Supply	(6,683)	(5,152)	(5,016)	77.1%	⊕	136	2.7%	0.3%	
Wastewater Disposal	(8,353)	(6,645)	(6,265)	79.6%	⊕	380	6.1%	0.7%	
Solid Waste	(2,457)	(1,612)	(1,843)	65.6%	⊗	(231)	-12.5%	-0.4%	
Stormwater	(1,051)	(790)	(788)	75.2%	⊕	2	0.3%	0.0%	
Treasury	(4,432)	(2,841)	(3,380)	64.1%	⊗	(539)	-15.9%	-1.0%	2
Property	(1,549)	(1,154)	(1,086)	74.5%	⊕	68	6.3%	0.1%	
Community Support	(2,550)	(1,852)	(1,916)	72.6%	⊗	(64)	-3.3%	-0.1%	
Representation & Com. Lead	(3,936)	(3,052)	(2,952)	77.5%	⊕	100	3.4%	0.2%	
<b>Total Activity Revenue</b>	<b>(59,105)</b>	<b>(43,201)</b>	<b>(45,194)</b>	<b>73.1%</b>	<b>⊗</b>	<b>(1,993)</b>	<b>-4.4%</b>	<b>-3.7%</b>	
<b>Business Units</b>	<b>(21,832)</b>	<b>(16,998)</b>	<b>(16,370)</b>	<b>77.9%</b>	<b>⊕</b>	<b>628</b>	<b>3.8%</b>	<b>1.2%</b>	
<b>Total Operating Revenue</b>	<b>(80,937)</b>	<b>(60,199)</b>	<b>(61,564)</b>	<b>74.4%</b>	<b>⊗</b>	<b>(1,365)</b>	<b>-2.2%</b>	<b>-2.5%</b>	
75.0%	A	C	D	E	F	G	H	I	J
EXPENDITURE	Annual Plan 2018/2019 \$000	Year to date This Year \$000	Budget \$000	% Actual to Budget		YTD Variance \$000	% Var/Bud	% of Total Bud	Notes to Accounts
<b>Significant Activities</b>									
Regulatory Sevices	4,761	3,484	3,565	73.2%	⊕	81	2.3%	0.5%	
Community Facilities and Ser	12,918	9,179	9,513	71.1%	⊕	334	3.5%	2.1%	
Road Transport	9,034	6,461	6,849	71.5%	⊕	388	5.7%	2.4%	
Water Supply	6,683	5,348	5,051	80.0%	⊗	(297)	-5.9%	-1.9%	
Wastewater Disposal	7,038	5,600	5,314	79.6%	⊗	(286)	-5.4%	-1.8%	
Solid Waste	2,128	2,454	1,595	115.3%	⊗	(859)	-53.9%	-5.4%	3
Stormwater	1,321	943	1,000	71.4%	⊕	57	5.7%	0.4%	
Treasury	5,044	4,002	3,636	79.3%	⊗	(366)	-10.1%	-2.3%	4
Property	1,764	1,186	1,202	67.2%	⊕	16	1.3%	0.1%	
Community Support	2,597	2,068	2,157	79.6%	⊕	89	4.1%	0.6%	
Representation & Com. Lead	4,111	3,807	2,930	92.6%	⊗	(877)	-29.9%	-5.5%	5
<b>Total Activity Expenditure</b>	<b>57,399</b>	<b>44,532</b>	<b>42,812</b>	<b>77.6%</b>	<b>⊗</b>	<b>(1,720)</b>	<b>-4.0%</b>	<b>-2.2%</b>	
<b>Business Units</b>	<b>21,883</b>	<b>16,955</b>	<b>16,268</b>	<b>77.5%</b>	<b>⊗</b>	<b>(687)</b>	<b>-4.2%</b>	<b>-0.9%</b>	
<b>Total Operating Expenditure</b>	<b>79,282</b>	<b>61,487</b>	<b>59,080</b>	<b>77.6%</b>	<b>⊗</b>	<b>(2,407)</b>	<b>-4.1%</b>	<b>-3.0%</b>	
<b>Operating (Surplus)/Deficit</b>	<b>(1,655)</b>	<b>1,288</b>	<b>(2,484)</b>		<b>⊗</b>	<b>(3,772)</b>	<b>-151.9%</b>	<b>-4.76%</b>	

### Note 1

Road Transport Unfavourable variance \$1.45m

- Roading subsidies from capital works are lower by \$1.7m from the budget prediction resulting from lower than expected capital costs refer to commentary on Poads Bridge and the Queen St. roundabout.

### Note 2

Treasury income Unfavourable variance \$539k;

- Interest received from internal borrowing is \$584k lower due to lower external borrowing costs, this trend will continue for the rest of the year.
- Rates penalty income is \$22.5k below year to date budget estimate due to lower Rates debt than anticipated
- Offset by external interest received now \$68k over budget from maturity of prefunded investments in March



- Note 3 – Solid Waste – Unfavourable variance \$859k**
- The new recycling contract - \$523k
  - Consultants costs on strategy etc. \$288k
  - Consent fees related to the landfill \$117k
- These trends will continue for the rest of the year

**Note 4 – Treasury – Unfavourable variance \$366k**

- \$430k unrealised loss on Derivative Financial Instruments (swap contracts). This may increase if interest rates go even lower but will reduce if interest rates increase, which is a more likely scenario as interest rates are trending up from all-time record lows.
- Offset by \$30 lower external interest paid.

**Note 5 – Representation and Community Leadership – unfavourable variance \$877k**

- Growth response projects totalling \$646k

<b>Growth Response projects</b>	<b>YTD Income</b>	<b>YTD Actuals</b>
00009161 - Gladstone Green Master Plan	0	195,330
00009162 - The Lakes Foxton Beach Master Plan	0	37,395
00009163 - Forest Road Waitarere Master Plan		15,057
00009165 - O2NL Planning	0	67,000
00009166 - Growth Strategy	0	119,812
00009168 - Levin Town Centre Planning	0	14,135
00009179 - H2040	-92,500	66,000
00009190 - Foxton River Loop	0	69,000
00009191 - MAVTech Upgrade	0	25,650
00009196 - Project lift	0	15,000
00009205 - Horowhenua Water Party	0	5,000
00009219 - Community Plans	0	16,438
<b>Total</b>	<b>-92,500</b>	<b>645,817</b>

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 \$65k
- Consultancy costs \$71k

Relating to the representation review and the CE's performance plan

## Statement of Financial Position as at 31 March 2019

	Note	Council Actual 31 March 2019 \$000	Council Budget 30 June 2019 \$000	Council Actual 30 June 2018 \$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		13,269	11,024	960
Debtors and other receivables	1	5,311	6,172	6,354
Other financial assets		375	-	5,375
Non-current assets held for sale		0	-	542
<b>Total current assets</b>		<b>18,955</b>	<b>17,196</b>	<b>13,231</b>
<b>Non-current assets</b>				
Plant, property and equipment				
- Operational assets		55,045	53,713	53,494
- Infrastructural assets		461,868	462,103	441,611
- Restricted assets		45,057	48,951	45,146
Intangible assets		1,817	1,784	1,756
Forestry assets		1,016	1,575	1,108
Commercial property		5,879	-	5,879
Other financial assets:				
- Investments other entities		220	220	220
- Other		1,533	1,264	1,369
<b>Total non-current assets</b>		<b>572,435</b>	<b>569,610</b>	<b>550,583</b>
<b>Total assets</b>		<b>591,390</b>	<b>586,806</b>	<b>563,814</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and deferred revenue		7,730	9,962	10,718
Provisions		1,114	1,129	1,114
Employee benefit liabilities		756	1,155	723
Derivate financial Instruments		286		
Borrowings and other financial liabilities		11,000	5,000	20,000
<b>Total current liabilities</b>		<b>20,886</b>	<b>17,246</b>	<b>32,555</b>
<b>Non-current liabilities</b>				
Provisions		2,429	2,367	2,429
Employee benefit liabilities		137	166	137
Borrowings and other financial liabilities		85,000	87,494	1,222
Derivative financial instruments		1,366	-	60,000
Other	2	215	1,499	285
<b>Total non-current liabilities</b>		<b>89,147</b>	<b>91,526</b>	<b>64,073</b>
<b>Total liabilities</b>		<b>110,033</b>	<b>108,772</b>	<b>96,628</b>
<b>Net assets</b>		<b>481,357</b>	<b>478,034</b>	<b>461,186</b>
<b>Equity</b>				
Retained earnings		255,486	260,215	256,775
Revaluation reserves		216,772	209,464	201,312
Other reserves		9,099	8,355	9,099
<b>Total equity</b>		<b>481,357</b>	<b>478,034</b>	<b>461,186</b>

## Notes

### 1. Debtors and other receivables:

Sundry Debtors	\$1,016k
Rates	\$2,215k
Water Billing	\$1,004k
<u>Infringements and Other</u>	<u>\$1,076k</u>
Total	\$5,311k

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 March 2019 over \$99 (refer page 15)	\$2,420k
Rates under \$99 per assessment	\$40k
Prepayments as at 31 March 2019	<u>(\$245)k</u>
<b>Total Rates Debtors disclosed in Debtors and Other receivables</b>	<b>\$2,215k</b>

### 2. Non-current liabilities – Other

LGFA Amortisation Reserve	\$215k
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Section 197A of the Local Government Act 2002 enables territorial authorities to recover a contribution for developments to fund infrastructure required due to growth. Council made the decision not to collect any further Development Contributions effective from 1 July 2015.

## Funding Impact Statement for Whole of Council

	LTP Forecast 2019 \$000	Annual Report Actual 2018 \$000	LTP YTD Forecast Mar 2019 \$000	Actual YTD Mar 2019 \$000	Variance 2019 \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	9,533	9,374	7,082	7,107	25
Targeted rates	28,828	26,835	21,614	21,778	164
Subsidies and grants for operating purposes	1,688	1,455	1,309	1,598	289
Fees and charges	5,664	5,601	4,275	4,126	(149)
Interest and dividends from investments	205	161	177	245	68
Local authorities fuel tax, fines, infringement fees, and other receipts	3,660	3,736	2,761	2,506	(255)
<b>Total operating funding (A)</b>	<b>49,578</b>	<b>47,162</b>	<b>37,218</b>	<b>37,360</b>	<b>142</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	35,426	35,659	26,305	27,957	1,652
Finance costs	3,800	3,291	2,552	2,523	(29)
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>39,226</b>	<b>38,950</b>	<b>28,857</b>	<b>30,480</b>	<b>1,623</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>10,352</b>	<b>8,212</b>	<b>8,361</b>	<b>6,880</b>	<b>(1,481)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	4,672	4,870	4,239	2,701	(1,538)
Development and financial contributions	-	197	-	-	-
Increase (decrease) in debt	12,494	3,000	9,391	16,000	6,629
Gross proceeds from sale of assets	7,000	7,306	5,250	244	(5,006)
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>24,166</b>	<b>15,373</b>	<b>18,860</b>	<b>18,945</b>	<b>85</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	3,933	2,328	2,950	531	(2,419)
- to improve the level of service	14,882	8,899	11,149	6,158	(4,991)
- to replace existing assets	15,703	12,156	11,786	9,534	(2,252)
Increase (decrease) in reserves	0	202	1,336	9,419	8,083
Increase (decrease) of investments	0	-	-	183	183
<b>Total applications of capital funding (D)</b>	<b>34,518</b>	<b>23,585</b>	<b>27,221</b>	<b>25,825</b>	<b>(1,396)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(10,352)</b>	<b>(8,212)</b>	<b>(8,361)</b>	<b>(6,880)</b>	<b>1,481</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	12,970	13,489	10,117	10,473	356
<b>Loans as at 31 March 2019</b>					
				<b>External \$000</b>	
Loans as at 1/07/2018				80,000	
Raised during period				67,000	
Repaid during period				(51,000)	
<b>Loans as at 31/03/2019</b>				<b>96,000</b>	
Interest expense				2,523	

## Statement of Cashflow

	Council Budget 30 June 2019 \$000	Council Actual 31 Mar 2019 \$000
<b>Cashflow from operating activities</b>		
<b>Cash was provided from:</b>		
Revenue from rates	38,362	28,886
Other revenue	15,684	13,305
Interest received	205	245
Net GST movement	-	-
<b>Total cash provided</b>	<b>54,251</b>	<b>42,436</b>
<b>Cash was disbursed to:</b>		
Suppliers, services and employees	35,428	30,163
Interest paid	3,800	2,449
Net GST movement	-	(1,081)
<b>Total cash disbursed</b>	<b>39,228</b>	<b>31,511</b>
<b>Net cash flow from operating activity</b>	<b>15,023</b>	<b>10,905</b>
<b>Cashflows from investing activities</b>		
<b>Cash was provided from:</b>		
Proceeds from asset sales	7,000	278
Proceeds from investments	-	4,851
<b>Total cash provided</b>	<b>7,000</b>	<b>5,129</b>
<b>Cash was disbursed to:</b>		
Purchases of investments	-	-
Purchase of assets	34,517	19,725
<b>Total cash disbursed</b>	<b>34,517</b>	<b>19,725</b>
<b>Net cash flow from investing activity</b>	<b>(27,517)</b>	<b>(14,596)</b>
<b>Cashflows from financing activities</b>		
<b>Cash was provided from:</b>		
Loans raised	26,494	67,000
<b>Total cash provided</b>	<b>26,494</b>	<b>67,000</b>
<b>Cash was disbursed to:</b>		
Repayment of public debt	14,000	51,000
<b>Total cash disbursed</b>	<b>14,000</b>	<b>51,000</b>
<b>Net cash flow from financing activity</b>	<b>12,494</b>	<b>16,000</b>
<b>Net increase (decrease) in cash held</b>	<b>-</b>	<b>12,310</b>
Add opening cash bought forward	11,024	960
<b>Closing cash balance</b>	<b>11,024</b>	<b>13,269</b>
<b>Closing balance made up of cash and cash equivalents</b>	<b>11,024</b>	<b>13,269</b>



## Statement of Rates Debtors

Rate Zone	Assessment Count	Assessments Matching Criteria	% Matching Criteria	Total Rates Due	Year to Date Rates Due	Instalment 1 Due	Instalment 2 Due	Instalment 3 Due	Penalties Arrears	Prior Year Arrears
Foxton	1,272	148	12%	\$233,200	\$125,386	\$16,203	\$28,133	\$64,357	\$16,693	\$107,814
Foxton Beach	1,590	112	7%	\$137,141	\$100,749	\$12,405	\$22,113	\$50,389	\$15,445	\$36,392
Hokio Beach	199	37	19%	\$512,988	\$21,963	\$6,645	\$6,857	\$7,365	\$1,096	\$491,025
Levin	7,449	551	7%	\$680,351	\$491,254	\$60,769	\$108,269	\$247,512	\$74,846	\$189,097
Manakau	86	6	7%	\$2,384	\$2,384	\$0	\$393	\$1,867	\$125	\$0
No Charges	519		0%							
Non Rateable	127	2	2%	\$5,132	\$1,429	\$117	\$117	\$391	\$803	\$3,703
Ohau	151	11	7%	\$11,574	\$8,479	\$678	\$2,262	\$4,227	\$1,312	\$3,095
Rural	2,238	115	5%	\$346,725	\$72,388	\$12,368	\$14,557	\$27,233	\$17,719	\$274,338
Rural Lifestyle	2,674	208	8%	\$218,376	\$159,610	\$22,655	\$35,592	\$81,359	\$19,415	\$58,765
Shannon	676	96	14%	\$192,837	\$103,910	\$16,983	\$24,165	\$36,992	\$25,912	\$88,928
Tokomaru	164	19	12%	\$14,180	\$14,180	\$1,935	\$3,412	\$7,393	\$1,441	\$0
Utilities	17		0%							
Waikawa Beach	231	9	4%	\$6,771	\$6,590	\$832	\$1,455	\$3,482	\$822	\$181
Waitarere Beach	979	66	7%	\$57,899	\$48,966	\$7,123	\$9,615	\$25,022	\$7,369	\$8,933
<b>Totals at 31 March 2019</b>	<b>18,777</b>	<b>1,380</b>	<b>7%</b>	<b>\$2,419,560</b>	<b>\$1,157,289</b>	<b>\$158,712</b>	<b>\$256,939</b>	<b>\$557,589</b>	<b>\$182,999</b>	<b>\$1,262,271</b>
Total at 31 March 2018	17,747	1,530	8%	\$2,505,518	\$1,192,988	\$157,361	\$257,625	\$630,954	\$148,865	\$1,132,530

- This report excludes assessments with total arrears under \$99 and assessment with credit balances.
- The total arrears of \$2,419,560 are for total arrears over \$99 as at 31 Mar 2019. Assessments with total arrears under \$99 total \$40,231.





## Statement of Sundry Debtors

Category	Total Outstanding	Current Outstanding	31 - 60 days Outstanding	61 - 90 days Outstanding	Over 90 days Outstanding	Notes
<b>Current debtors</b>						
Aquatic Centre	10,231	8,679	907	0	645	
Building - Exempt Work	1,900	1,275	625	0	0	
Building Consents	88,771	63,249	10,200	257	15,064	1
Building Fee - BWOF	2,175	750	600	225	600	
Cemeteries	25,730	11,805	12,800	0	1,125	
Dogs - Debt Collection	2,479	0	0	289	2,190	
Dogs Arrange to pay	682	121	10	20	531	
Fines	2,381	0	0	0	2,381	
General	316,076	143,601	57,945	63,875	50,655	2
Health Accreditation Renewals	13,659	3,613	2,175	713	7,159	
Hire	7,829	4,301	1,910	13	1,605	
On Charges	36,743	6,408	16,885	1,229	12,220	3
Rental income Annual	592	0	0	0	592	
Resource Consent Fees	16,518	7,025	407	0	9,086	4
Rubbish Bags	86,260	71,060	0	0	15,200	
Swimming Pools	1,950	1,350	150	0	450	
Te Awahou	3,685	3,436	161	0	88	
Te Takere	11,990	8,898	1,990	650	453	
Trade Waste	282,658	1,867	135	156,083	124,573	5
Waste Transfer Station	377	0	0	0	377	
Water Septage - Septic Tank	12,187	8,774	3,167	176	71	
Water Tankers	80	0	80	0	0	
<b>Total current debtors</b>	<b>930,416.31</b>	<b>349,140.34</b>	<b>111,363.46</b>	<b>223,528.76</b>	<b>246,383.75</b>	
<b>Non current debtors</b>						
Dev Cont New Policy	25,140	0	0	0	25,140	6
Develop Cont Old Policy	9,748	0	0	0	9,748	6
Rental Income Monthly	51,314	1,390	9,181	1,280	39,463	
<b>Total non-current</b>	<b>86,202</b>	<b>1,390</b>	<b>9,181</b>	<b>1,280</b>	<b>74,351</b>	
<b>Total as at 31 March 2019</b>	<b>1,016,618</b>	<b>350,530</b>	<b>120,545</b>	<b>224,809</b>	<b>320,735</b>	
<b>Total as at 31 March 2018</b>	<b>778,900</b>	<b>334,108</b>	<b>68,102</b>	<b>102,454</b>	<b>274,236</b>	

## 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, road corridor access charges 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 most of the 90+ Days debtors have been provided for as Doubtful Debts.
5. Since Paid \$153k
6. These Development Contribution debtors are being actively pursued. 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
<b>Due within a year</b>						
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	0
LGFA Bond	15 Mar 19	4.7064%	5,000,000		5,000,000	0
LGFA FRN	15 Mar 19	3.0125%	3,000,000		3,000,000	0
LGFA CP	20 Mar 19	2.0764%	0	15,000,000	15,000,000	0
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
LGFA CP	20 Jun 19	1.9800%		11,000,000		11,000,000
<b>Total due within a year</b>			<b>20,000,000</b>	<b>38,000,000</b>	<b>47,000,000</b>	<b>11,000,000</b>
<b>Due within 2 - 5 years</b>						
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	3.7425%	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	2.4200%		9,000,000		9,000,000
LGFA FRN	18 May 22	2.3250%	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
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 24	2.5200%	0	3,000,000		3,000,000
<b>Total due within 2 - 5 years</b>			<b>45,000,000</b>	<b>16,000,000</b>	<b>0</b>	<b>61,000,000</b>
<b>Due after 5 years</b>						
LGFA Bond	15 Apr 25	4.2600%	3,000,000			3,000,000
LGFA FRN	19 May 25	2.5400%	7,000,000			7,000,000
LGFA Bond	20 Mar 26	3.3800%		9,000,000		9,000,000
LGFA Bond	15 Jul 26	3.3700%	5,000,000			5,000,000
<b>Total due after 5 years</b>			<b>15,000,000</b>	<b>9,000,000</b>	<b>0</b>	<b>24,000,000</b>
<b>Total</b>			<b>80,000,000</b>	<b>63,000,000</b>	<b>47,000,000</b>	<b>96,000,000</b>

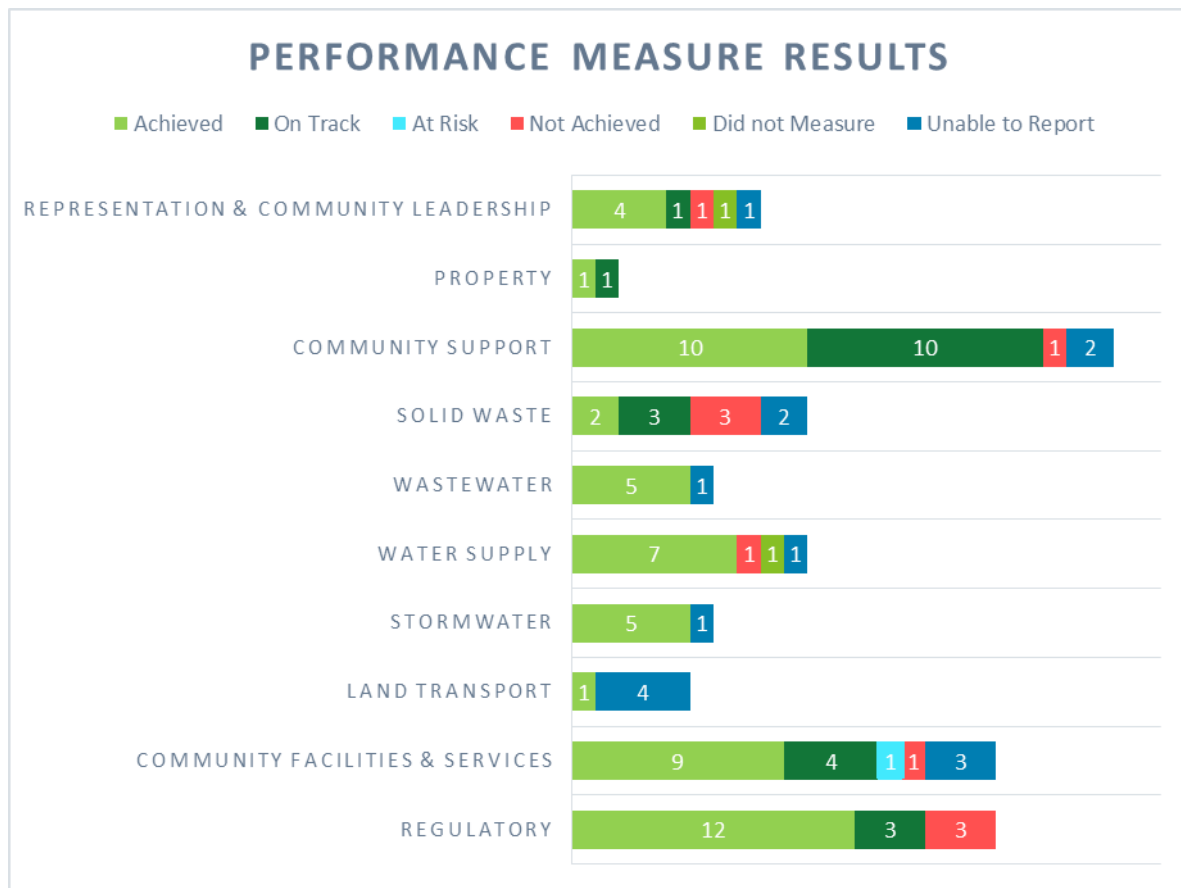
## Notes and Comments

Our weighted average interest rate has decreased to 3.60% at 31 March 2019. This is a predicted saving of \$1,104K in interest payable 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 31/3/2019 \$000	Internal Loans as at 31/3/2019 \$000	Total Loans as at 31/3/2019 \$000	Interest Allocated YTD \$000	Loans as at 30/06/2018 \$000
<b>Land Transport</b>	<b>1,300</b>	<b>123</b>	<b>1,423</b>	<b>35</b>	<b>1,182</b>
<b>Shared Pathways</b>	<b>500</b>	<b>99</b>	<b>599</b>	<b>0</b>	<b>0</b>
<b>Stormwater</b>	<b>7,100</b>	<b>5</b>	<b>7,105</b>	<b>194</b>	<b>6,644</b>
<b>Water supply</b>					
Water Levin	10,100	64	10,164	289	9,898
Water Shannon	1,200	55	1,255	38	1,287
Water Foxton	1,200	73	1,273	31	1,058
Water Foxton Beach	300	19	319	8	274
Water Tokomaru	300	89	389	11	370
<b>Total for water supply</b>	<b>13,100</b>	<b>300</b>	<b>13,400</b>	<b>377</b>	<b>12,887</b>
<b>Wastewater Disposal</b>					
Wastewater Levin	9,500	19	9,519	258	8,834
Wastewater Shannon	8,100	65	8,165	246	8,406
Wastewater Foxton	4,100	17	4,117	107	3,671
Wastewater Foxton Beach	100	42	142	3	101
Wastewater Tokomaru	1,100	36	1,136	17	577
Wastewater Waitarere	100	85	185	3	87
<b>Total for wastewater disposal</b>	<b>23,000</b>	<b>264</b>	<b>23,264</b>	<b>634</b>	<b>21,676</b>
<b>Solid Waste</b>	<b>4,600</b>	<b>63</b>	<b>4,663</b>	<b>139</b>	<b>4,774</b>
<b>Community Facilities &amp; Services</b>					
Pools	4,400	66	4,466	134	4,576
Reserves	1,800	0	1,800	43	1,473
Sports grounds	1,300	39	1,339	40	1,378
Cemeteries	500	60	560	14	485
Beautification	0	48	48	2	50
Libraries/ Community Centres	10,600	42	10,642	314	10,731
Halls	200	40	240	7	247
Toilets	400	76	476	14	490
<b>Total for Community Facilities &amp; Services</b>	<b>19,200</b>	<b>371</b>	<b>19,571</b>	<b>568</b>	<b>19,430</b>
<b>Properties</b>					
Commercial properties	900	62	962	29	977
General properties	1,900	3	1,903	52	1,774
Council building	5,500	53	5,553	167	5,725
<b>Total for Properties</b>	<b>8,300</b>	<b>118</b>	<b>8,418</b>	<b>248</b>	<b>8,476</b>
<b>Other activities</b>					
Information Technology	1,600	25	1,625	46	1,566
District plan	1,700	80	1,780	56	1,923
Treasury	15,600	5,000	20,600	0	5,000
<b>Total for other</b>	<b>18,900</b>	<b>5,105</b>	<b>24,005</b>	<b>102</b>	<b>8,489</b>
<b>Total</b>	<b>96,000</b>	<b>6,448</b>	<b>102,448</b>	<b>2,297</b>	<b>83,558</b>

## Performance Measure Results



## PLANNING AND REGULATORY Funding Impact Statement

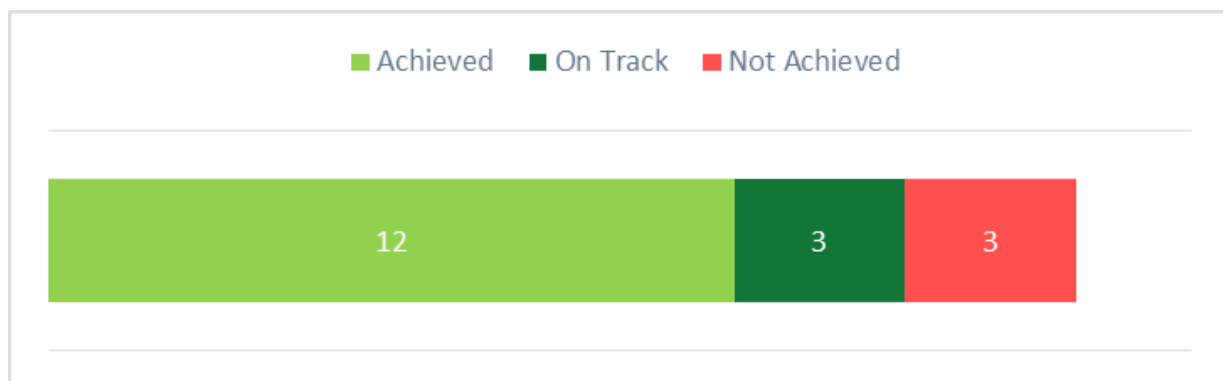
	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	1,974	1,905	1,429	1,432	3
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	3	9	6	8	2
Local authorities fuel tax, fines, infringement fees, and other receipts	2,395	2,849	2,228	2,050	(178)
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>4,372</b>	<b>4,763</b>	<b>3,663</b>	<b>3,490</b>	<b>(173)</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	403	449	330	245	(85)
Finance costs	149	-	(1)	-	1
Internal charges and overheads applied	3,632	4,235	3,176	3,179	3
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,184</b>	<b>4,684</b>	<b>3,505</b>	<b>3,424</b>	<b>(81)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>188</b>	<b>79</b>	<b>158</b>	<b>66</b>	<b>(92)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(65)	(31)	(23)	-	23
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(65)</b>	<b>(31)</b>	<b>(23)</b>	<b>-</b>	<b>23</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	1	25	19	26	7
- to replace existing assets	36	23	17	-	(17)
Increase (decrease) in reserves	86	0	99	40	(59)
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>123</b>	<b>48</b>	<b>135</b>	<b>66</b>	<b>(69)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(188)</b>	<b>(79)</b>	<b>(158)</b>	<b>(66)</b>	<b>92</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	81	79	59	59	-

Loans as at 31 March 2019	External \$000	Internal \$000	Total \$000
Loans as at 1/07/2017	-	-	-
Raised during year	-	-	-
Repaid during year	-	-	-
<b>Loans as at 31/3/2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest expense	-	-	-

## Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Animal Control	239	253	190	193	3
Building Consents	812	1,119	836	771	(65)
Building Policy	202	289	217	213	(4)
Dog Control	600	608	457	435	(22)
Environmental Health	239	278	208	246	38
Environmental Health Policy	51	91	69	72	3
Liquor Licensing	214	224	168	183	15
Liquor Policy	20	60	46	53	7
Parking	508	577	430	354	(76)
Planning Policy	581	320	239	216	(23)
Resource Management	570	687	514	561	47
Safety Licensing	229	256	190	186	(4)
<b>Total Expenditure</b>	<b>4,265</b>	<b>4,762</b>	<b>3,564</b>	<b>3,483</b>	<b>(81)</b>

## 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
<b>Resource Consenting</b>				
RS1	Processing of applications under the Resource Management Act (RMA) 1991.	Applications under the RMA will be processed within statutory timeframes.	Achieve	<b>Not Achieved</b> As at 31 March 2019, 161 consents approved YTD. Two (2) consents were processed outside statutory timeframes (21 and 24 days due to an incorrect workflow issue which has now been rectified).
<b>Building Consenting</b>				
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	<b>Not Achieved</b> As at 31 March 2019, 506 consents were granted. Four (4) consents were processed in >20 days. One (1) consent was processed in 25 days in July, two (2) consents were processed in 21 days in the months of September and March, and one (1) consent was processed in 23 days in October. These were the four (4) processed over the 20 working day timeframe. Processes have been reviewed and amended as a result of this and additional monitoring systems have been put in place.

Environmental Health				
RS4	Food safety – Food businesses are monitored to ensure compliance with legislation.	Food businesses operating under the Food Act 2014 are verified at the frequency determined by the Food Regulations 2015.	Achieve	<p><b>Not Achieved</b></p> <p>As at 31 March 2019, 82 Food businesses have been verified.</p> <p>Four (4) businesses were identified in January where the verification timeframe was not met. Manual reporting measures have been put in place to ensure no further businesses are affected.</p>



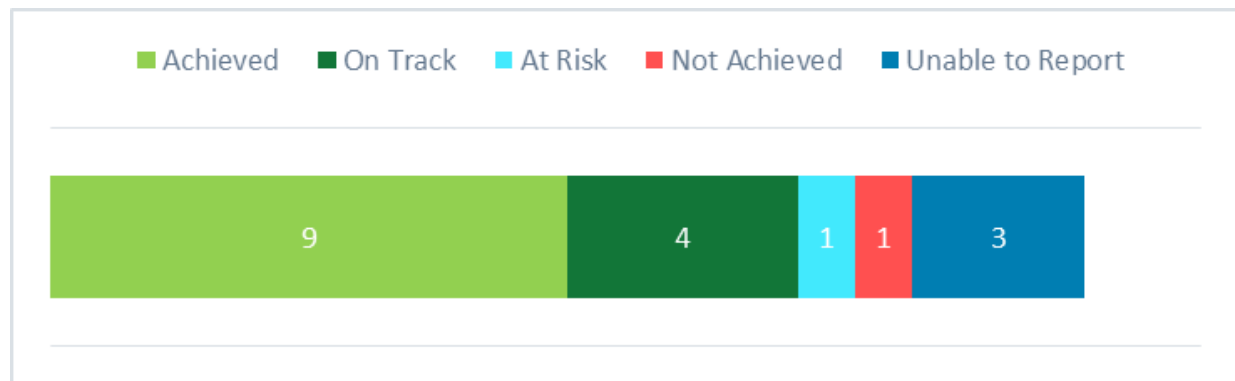
## COMMUNITY FACILITIES AND SERVICES Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	4,974	4,900	3,675	3,683	8
Targeted rates	5,916	6,396	4,797	4,808	11
Subsidies and grants for operating purposes	8	14	10	4	(6)
Fees and charges	747	1,604	1,219	983	(236)
Local authorities fuel tax, fines, infringement fees, and other receipts	201	229	46	45	(1)
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>11,846</b>	<b>13,143</b>	<b>9,747</b>	<b>9,523</b>	<b>(224)</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	7,794	8,598	6,272	5,717	(555)
Finance costs	1,026	960	720	568	(152)
Internal charges and overheads applied	1,654	2,243	1,682	1,940	258
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>10,474</b>	<b>11,801</b>	<b>8,674</b>	<b>8,225</b>	<b>(449)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,372</b>	<b>1,342</b>	<b>1,073</b>	<b>1,298</b>	<b>225</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(47)	1,547	1,160	141	(1,019)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(47)</b>	<b>1,547</b>	<b>1,160</b>	<b>141</b>	<b>(1,019)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	9	111	83	5	(78)
- to improve the level of service	326	1,086	815	500	(315)
- to replace existing assets	751	1,925	1,444	723	(721)
Increase (decrease) in reserves	239	(233)	(108)	211	319
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,325</b>	<b>2,889</b>	<b>2,233</b>	<b>1,439</b>	<b>(794)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,372)</b>	<b>(1,342)</b>	<b>(1,073)</b>	<b>(1,298)</b>	<b>(225)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	1,151	1,115	836	953	117
<b>Loans as at 31 March 2019</b>	<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>		
Loans as at 1/07/2018	18,000	1,430	19,430		
Raised during year	1,750	14	1,764		
Repaid during year	(550)	(1,073)	(1,623)		
<b>Loans as at 31/3/2019</b>	<b>19,200</b>	<b>371</b>	<b>19,571</b>		
Interest expense	519	49	568		

## Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Cemeteries	369	415	311	299	(12)
Public Toilets	353	338	254	226	(28)
Beautification	534	688	516	446	(70)
Reserves	2,109	1,948	1,502	1,418	(84)
Sportsgrounds	1,204	1,149	866	877	11
Halls	341	242	186	173	(13)
Libraries	3,493	2,697	1,982	2,190	208
Community Centres	-	2,159	1,461	1,101	(360)
Aquatic Centres	2,888	2,897	2,143	2,168	25
Urban Cleaning	335	385	289	280	(9)
<b>Total Expenditure</b>	<b>11,626</b>	<b>12,918</b>	<b>9,510</b>	<b>9,178</b>	<b>(332)</b>

## 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												
CF16	Customers have access to a range of current information in both print and digital format.	Number of items loaned from the libraries across the District, including books, magazines etc.	≥ 320,000	<p><b>At Risk</b> As at 31 March 2019, Broken down as follows:</p> <table border="1"> <thead> <tr> <th>Library</th> <th>Issues</th> </tr> </thead> <tbody> <tr> <td>Levin</td> <td>174,637</td> </tr> <tr> <td>Foxton</td> <td>18,976</td> </tr> <tr> <td>Shannon</td> <td>4,655</td> </tr> <tr> <td>Digital</td> <td>3,028</td> </tr> <tr> <td><b>Total</b></td> <td><b>201,296</b></td> </tr> </tbody> </table> <p>The measure is reported as “at risk”, as the target is for the year 2018/2019 and is unlikely to be achieved. The target achievement/non-achievement will be reported in June 2019.</p>	Library	Issues	Levin	174,637	Foxton	18,976	Shannon	4,655	Digital	3,028	<b>Total</b>	<b>201,296</b>
Library	Issues															
Levin	174,637															
Foxton	18,976															
Shannon	4,655															
Digital	3,028															
<b>Total</b>	<b>201,296</b>															
CF17		Percent of increase in use of website.	+>1%	<p><b>Not Achieved</b> As at 31 March 2019:</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>50,797</td> <td>61,137</td> <td>-17%</td> </tr> <tr> <td>Sessions</td> <td>76,574</td> <td>90,541</td> <td>-15%</td> </tr> </tbody> </table> <p><b>Note:</b> 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	50,797	61,137	-17%	Sessions	76,574	90,541	-15%
	2018/19 YTD	2017/18 YTD	% change													
Unique users	50,797	61,137	-17%													
Sessions	76,574	90,541	-15%													

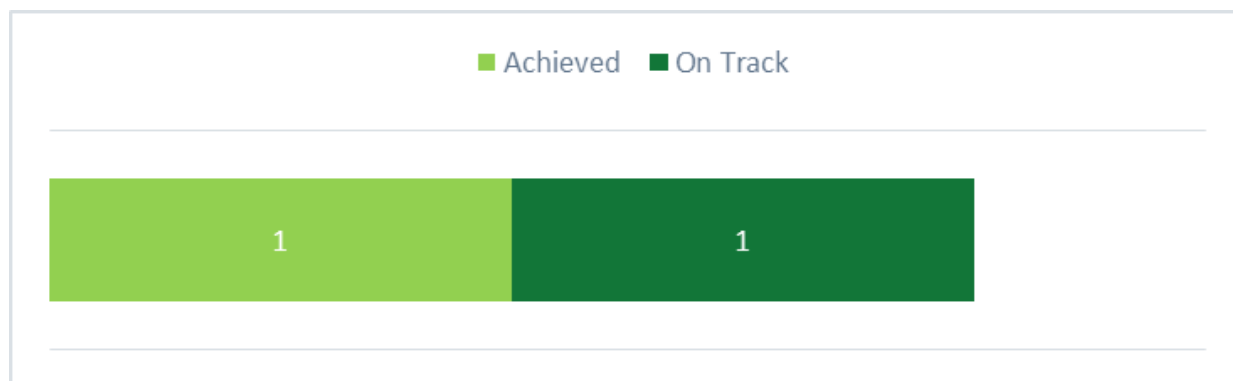
## PROPERTY Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Note					
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	523	702	527	528	1
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	797	728	546	564	18
Local authorities fuel tax, fines, infringement fees, and other receipts	140	140	2	22	20
Internal charges and overheads recovered	530	459	345	304	(41)
<b>Total operating funding (A)</b>	<b>1,990</b>	<b>2,029</b>	<b>1,420</b>	<b>1,418</b>	<b>(2)</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	817	1,441	851	821	(30)
Finance costs	475	409	307	248	(59)
Internal charges and overheads applied	422	290	217	252	35
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,714</b>	<b>2,140</b>	<b>1,375</b>	<b>1,321</b>	<b>(54)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>276</b>	<b>(111)</b>	<b>45</b>	<b>97</b>	<b>52</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(6,960)	(5,537)	(4,153)	(58)	4,095
Gross proceeds from sale of assets	7,721	7,000	5,250	244	(5,006)
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding ©</b>	<b>761</b>	<b>1,463</b>	<b>1,097</b>	<b>186</b>	<b>(911)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	12	143	107	15	(92)
- to improve the level of service	5	60	45	182	137
- to replace existing assets	435	1,331	998	118	(880)
Increase (decrease) in reserves	585	(182)	(8)	(32)	(24)
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,037</b>	<b>1,352</b>	<b>1,142</b>	<b>283</b>	<b>(859)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(276)</b>	<b>111</b>	<b>(45)</b>	<b>(97)</b>	<b>(52)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	268	211	158	158	-
<b>Loans as at 31 March 2019</b>					
	<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>		
Loans as at 1/07/2018	8,300	176	8,476		
Raised during year	270	-	270		
Repaid during year	(240)	(88)	(328)		
<b>Loans as at 31/3/2019</b>	<b>8,330</b>	<b>88</b>	<b>8,418</b>		
Interest expense	242	6	248		

## Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Council Building	361	307	241	227	(14)
Camping Grounds	15	6	4	2	(2)
Commercial Properties	254	317	244	219	(25)
Endowment Property	255	555	220	203	(17)
General Property	567	709	479	521	42
Residential Housing			-	3	3
<b>Total Expenditure</b>	<b>1,452</b>	<b>1,894</b>	<b>1,188</b>	<b>1,175</b>	<b>(13)</b>

## Performance Measures – LTP/Annual Plan Summary



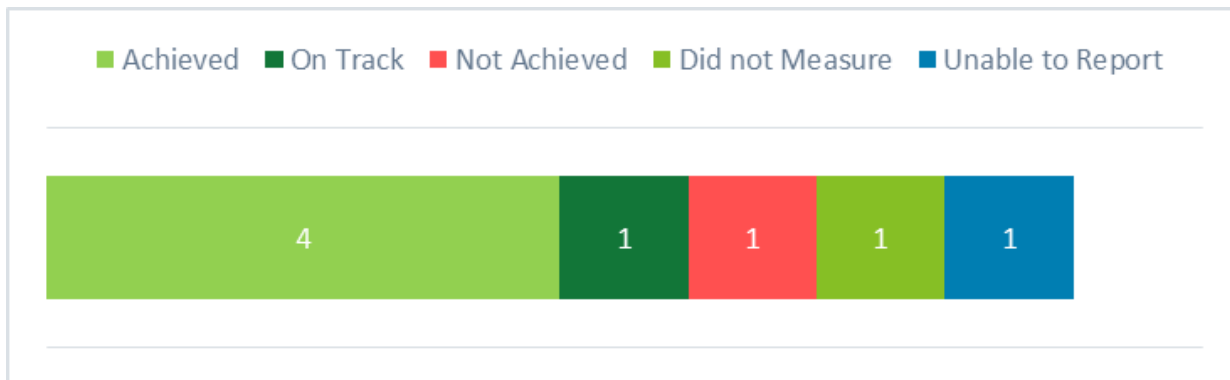
## REPRESENTATION AND COMMUNITY LEADERSHIP Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	431	323	324	1
Targeted rates	3,166	3,505	2,629	2,635	6
Subsidies and grants for operating purposes	-	-	-	92	92
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	3	-	1	1
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>3,166</b>	<b>3,939</b>	<b>2,952</b>	<b>3,052</b>	<b>100</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	1,089	1,207	714	1,416	702
Finance costs	-	99	74	56	(18)
Internal charges and overheads applied	2,035	2,855	2,142	2,334	192
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,124</b>	<b>4,161</b>	<b>2,930</b>	<b>3,806</b>	<b>876</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>42</b>	<b>(222)</b>	<b>22</b>	<b>(754)</b>	<b>(776)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(2)	367	275	(58)	(333)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(2)</b>	<b>367</b>	<b>275</b>	<b>(58)</b>	<b>(333)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	144	108	-	(108)
- to improve the level of service	-	-	-	1	1
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	42	1	189	(813)	(1,002)
Increase (decrease) of investments	(2)	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>40</b>	<b>145</b>	<b>297</b>	<b>(812)</b>	<b>(1,109)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(42)</b>	<b>222</b>	<b>(22)</b>	<b>754</b>	<b>776</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	-	-	-	-	-
<b>Loans as at 31 March 2019</b>	<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>		
Loans as at 1/07/2018	1,900	23	1,923		
Raised during year	-	-	-		
Repaid during year	(50)	(8)	(58)		
<b>Loans as at 31/3/2019</b>	<b>1,850</b>	<b>15</b>	<b>1,865</b>		
Interest expense	(1)	1	-		

## Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Community Board	170	211	158	153	(5)
Elections	8	3	2	5	3
Governance	1,695	1,874	1,407	1,492	85
External Reporting	1,252	1,420	978	992	14
Growth Response	-	654	-	726	726
District Strategic planning	-	654	385	438	53
<b>Total Expenditure</b>	<b>3,125</b>	<b>4,816</b>	<b>2,930</b>	<b>3,806</b>	<b>876</b>

## Performance Measures – LTP/Annual Plan Summary



## REPRESENTATION AND COMMUNITY LEADERSHIP– Performance Measures Not Achieved Measures Only

Ref	Service	How will we measure our performance	Target (18/19)	Actual Performance
RCL2	Council provides open, accessible processes to local government.	LGOIMA requests responded to within 20 working days.	Achieve	<p><b>Not Achieved</b></p> <p>As at 31 March 2019, 113 LGOIMAs have been received.</p> <p>One (1) has been withdrawn, 78 were responded to on time, 25 were responded to after 20 working days, 2 are yet to be responded to after 20 workings days and 7 are still open within 20 working days.</p>



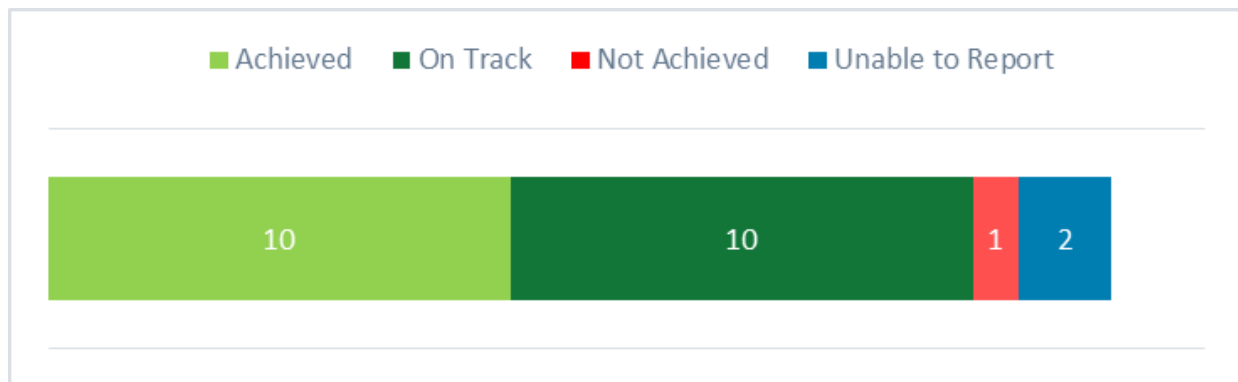
## COMMUNITY SUPPORT Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	1,922	2,393	1,795	1,799	4
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	28	27	27	38	11
Fees and charges	-	-	-	1	1
Local authorities fuel tax, fines, infringement fees, and other receipts	16	130	94	14	(80)
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,966</b>	<b>2,550</b>	<b>1,916</b>	<b>1,852</b>	<b>(64)</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	956	1,201	1,146	1,176	30
Finance costs	-	-	-	-	-
Internal charges and overheads applied	975	1,337	1,003	881	(122)
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,931</b>	<b>2,538</b>	<b>2,149</b>	<b>2,057</b>	<b>(92)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>35</b>	<b>12</b>	<b>(233)</b>	<b>(205)</b>	<b>28</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	23	17	-	(17)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding ©</b>	<b>-</b>	<b>23</b>	<b>17</b>	<b>-</b>	<b>(17)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	5	4	4	0
- to replace existing assets	-	18	14	20	7
Increase (decrease) in reserves	35	12	(233)	(229)	4
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>35</b>	<b>35</b>	<b>(216)</b>	<b>(205)</b>	<b>11</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(35)</b>	<b>(12)</b>	<b>233</b>	<b>205</b>	<b>(28)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	33	12	9	10	1
<b>Loans as at 31 March 2019</b>	<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>		
Loans as at 1/07/2017	-	-	-		
Raised during year	-	-	-		
Repaid during year	-	-	-		
<b>Loans as at 31/3/2019</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Interest expense	-	-	-		

## Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Community Development	299	251	193	268	75
Economic Development	537	953	750	765	15
Visitor Information	-	152	114	78	(36)
Community Grants and Funding	361	394	279	303	24
District Communication	188	319	257	297	40
Rural Fire	239	-	-	1	1
Emergency Management	339	481	565	355	(210)
<b>Total Expenditure</b>	<b>1,963</b>	<b>2,550</b>	<b>2,158</b>	<b>2,067</b>	<b>(91)</b>

## 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	<b>Not Achieved</b> As at 31 March 2019, due to cyclic training schedules and new staff appointments.

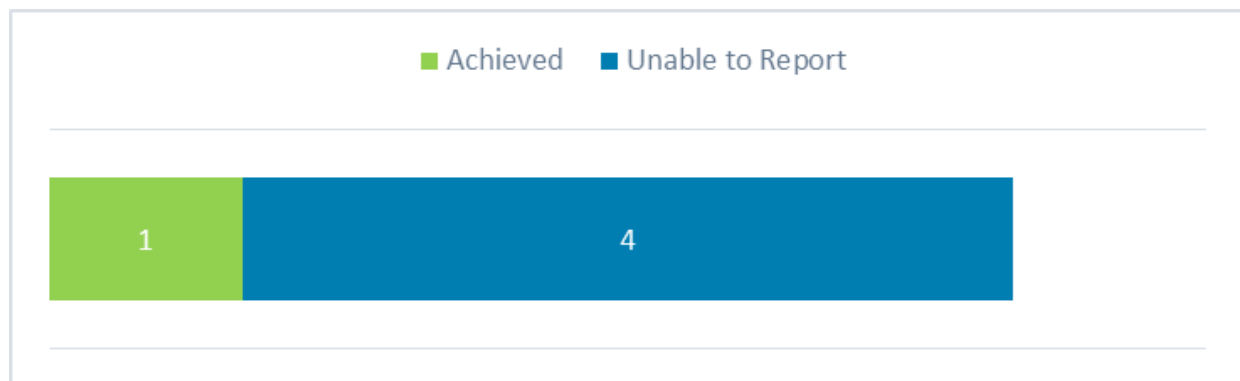
## LAND TRANSPORT Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Note					
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	4,754	4,110	3,082	3,089	7
Subsidies and grants for operating purposes	1,260	1,647	1,271	1,457	186
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	325	340	174	190	16
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>6,339</b>	<b>6,097</b>	<b>4,527</b>	<b>4,736</b>	<b>209</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	2,635	2,949	2,286	2,087	(199)
Finance costs	185	91	68	35	(33)
Internal charges and overheads applied	935	1,001	751	583	(168)
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,755</b>	<b>4,041</b>	<b>3,105</b>	<b>2,705</b>	<b>(400)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,584</b>	<b>2,056</b>	<b>1,422</b>	<b>2,031</b>	<b>609</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	1,730	4,368	4,010	2,354	(1,656)
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	558	1,891	1,418	839	(579)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,288</b>	<b>6,259</b>	<b>5,428</b>	<b>3,193</b>	<b>(2,235)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	161	-	-	-	-
- to improve the level of service	811	4,062	3,047	1,834	(1,213)
- to replace existing assets	3,342	3,784	2,838	2,794	(44)
Increase (decrease) in reserves	558	469	966	596	(370)
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,872</b>	<b>8,315</b>	<b>6,850</b>	<b>5,224</b>	<b>(1,626)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,584)</b>	<b>(2,056)</b>	<b>(1,422)</b>	<b>(2,031)</b>	<b>(609)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	4,801	4,993	3,744	3,756	12
<b>Loans as at 31 March 2019</b>					
	<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>		
Loans as at 1/07/2018	700	482	1,182		
Raised during year	1,130	111	1,241		
Repaid during year	(30)	(372)	(402)		
<b>Loans as at 31/3/2019</b>	<b>1,800</b>	<b>221</b>	<b>2,021</b>		
Interest expense	19	16	35		

## Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Subsidised Roding	7,097	7,700	5,848	5,572	(276)
Footpaths	1,004	1,051	788	763	(25)
Shared Pathways	-	-	-	1	1
Unsubsidised Roding	456	283	213	125	(88)
<b>Total Expenditure</b>	<b>8,557</b>	<b>9,034</b>	<b>6,849</b>	<b>6,461</b>	<b>(388)</b>

## Performance Measures – LTP/Annual Plan Summary



## STORMWATER Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Note					
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	1,470	1,051	788	790	2
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	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,574</b>	<b>1,140</b>	<b>788</b>	<b>790</b>	<b>2</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	408	410	317	167	(150)
Finance costs	283	254	191	194	3
Internal charges and overheads applied	152	94	70	103	33
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>843</b>	<b>758</b>	<b>578</b>	<b>464</b>	<b>(114)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>731</b>	<b>382</b>	<b>210</b>	<b>326</b>	<b>116</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	649	3,143	2,357	461	(1,896)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>649</b>	<b>3,143</b>	<b>2,357</b>	<b>461</b>	<b>(1,896)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	67	1,274	956	402	(554)
- to improve the level of service	770	2,073	1,555	260	(1,295)
- to replace existing assets	60	86	65	22	(43)
Increase (decrease) in reserves	483	92	(8)	103	111
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,380</b>	<b>3,525</b>	<b>2,567</b>	<b>787</b>	<b>(1,780)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(731)</b>	<b>(382)</b>	<b>(210)</b>	<b>(326)</b>	<b>(116)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	673	562	422	479	57
<b>Loans as at 31 March 2019</b>					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2018	6,600	44	6,644		
Raised during year	690	-	690		
Repaid during year	(190)	(39)	(229)		
<b>Loans as at 31/3/2019</b>	<b>7,100</b>	<b>5</b>	<b>7,105</b>		
Interest expense	192	2	194		

## 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	1,000	943	(57)
<b>Total Expenditure</b>	<b>1,515</b>	<b>1,321</b>	<b>1,000</b>	<b>943</b>	<b>(57)</b>

## Performance Measures – LTP/Annual Plan Summary



## WATER SUPPLY Funding Impact Statement

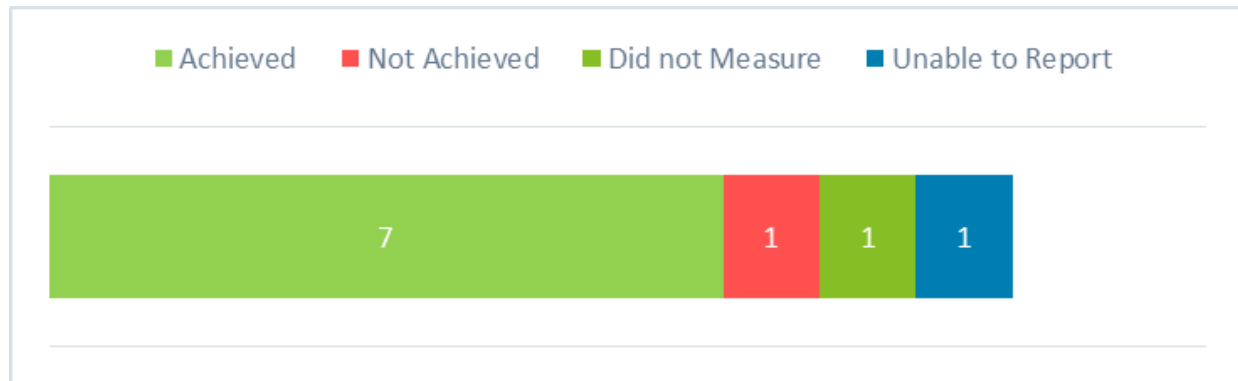
	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Note					
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	6,230	6,561	4,913	5,036	123
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	123	103	124	21
Local authorities fuel tax, fines, infringement fees, and other receipts	170	136	-	(8)	(8)
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>6,400</b>	<b>6,820</b>	<b>5,016</b>	<b>5,152</b>	<b>136</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	2,120	2,999	2,288	2,354	66
Finance costs	859	640	480	377	(103)
Internal charges and overheads applied	1,002	479	359	616	257
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,981</b>	<b>4,118</b>	<b>3,127</b>	<b>3,347</b>	<b>220</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,419</b>	<b>2,702</b>	<b>1,889</b>	<b>1,805</b>	<b>(84)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(356)	685	514	513	(1)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(356)</b>	<b>685</b>	<b>514</b>	<b>513</b>	<b>(1)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	24	439	329	2	(327)
- to improve the level of service	192	758	569	900	332
- to replace existing assets	1,584	2,672	2,004	4,266	2,262
Increase (decrease) in reserves	263	(482)	(499)	(2,850)	(2,351)
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,063</b>	<b>3,387</b>	<b>2,403</b>	<b>2,318</b>	<b>(85)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,419)</b>	<b>(2,702)</b>	<b>(1,889)</b>	<b>(1,805)</b>	<b>84</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	2,250	2,566	1,925	2,001	76
<b>Loans as at 31 March 2019</b>					
	<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>		
Loans as at 1/07/2018	12,000	887	12,887		
Raised during year	1,460	16	1,476		
Repaid during year	(360)	(603)	(963)		
<b>Loans as at 31/3/2019</b>	<b>13,100</b>	<b>300</b>	<b>13,400</b>		
Interest expense	347	30	377		



## Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Foxton Water	727	1,059	802	704	(98)
Foxton Beach Water	731	823	622	627	5
Levin Water	3,748	3,625	2,740	3,090	350
Shannon Water	744	750	568	650	82
Tokomaru Water	280	426	320	277	(43)
<b>Total Expenditure</b>	<b>6,230</b>	<b>6,683</b>	<b>5,052</b>	<b>5,348</b>	<b>296</b>

## 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><b>Not Achieved for Levin and Shannon</b></p> <p>The average consumption for March 2019 = 367 L/capita/day.</p> <p>For the period from July 2018 to March 2019, the average consumption is 353 L/capita/day.</p>

Individual supplies are shown in table below:

Supply	YTD	March 2019
Foxton	338	350
Foxton Beach	218	151
Levin	425	400
Shannon/Mangaore	554	476
Tokomaru	232	241



## WASTEWATER MANAGEMENT Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Note					
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	6,721	6,890	5,168	5,179	11
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,275	1,058	794	1,075	281
Local authorities fuel tax, fines, infringement fees, and other receipts	56	177	75	38	(37)
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>8,052</b>	<b>8,125</b>	<b>6,037</b>	<b>6,292</b>	<b>255</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	2,495	2,411	1,847	1,929	82
Finance costs	1,649	1,072	804	634	(170)
Internal charges and overheads applied	711	435	326	624	298
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,855</b>	<b>3,918</b>	<b>2,977</b>	<b>3,187</b>	<b>210</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,197</b>	<b>4,207</b>	<b>3,060</b>	<b>3,105</b>	<b>45</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	304	228	347	119
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	5,506	8,030	6,023	1,589	(4,434)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding ©</b>	<b>5,506</b>	<b>8,334</b>	<b>6,251</b>	<b>1,936</b>	<b>(4,315)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	429	1,823	1,367	107	(1,260)
- to improve the level of service	4,654	5,237	3,928	2,137	(1,791)
- to replace existing assets	3,345	5,389	4,042	1,386	(2,656)
Increase (decrease) in reserves	275	92	(26)	1,411	1,437
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>8,703</b>	<b>12,541</b>	<b>9,311</b>	<b>5,041</b>	<b>(4,270)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,197)</b>	<b>(4,207)</b>	<b>(3,060)</b>	<b>(3,105)</b>	<b>(45)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	2,956	3,118	2,338	2,413	75
<b>Loans as at 31 March 2019</b>					
	<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>		
Loans as at 1/07/2018	21,300	376	21,676		
Raised during year	2,380	12	2,392		
Repaid during year	(630)	(173)	(803)		
<b>Loans as at 31/3/2019</b>	<b>23,050</b>	<b>215</b>	<b>23,265</b>		
Interest expense	621	13	634		

## Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Foxton Wastewater	1,045	661	499	510	11
Foxton Beach Wastewater	638	617	466	498	32
Levin Wastewater	4,158	3,936	2,982	3,244	262
Shannon Wastewater	1,329	1,175	887	903	16
Tokomaru Wastewater	191	210	158	140	(18)
Waitarere Beach Wastewater	450	439	323	305	(18)
<b>Total Expenditure</b>	<b>7,811</b>	<b>7,038</b>	<b>5,315</b>	<b>5,600</b>	<b>285</b>

## Performance Measures – LTP/Annual Plan Summary



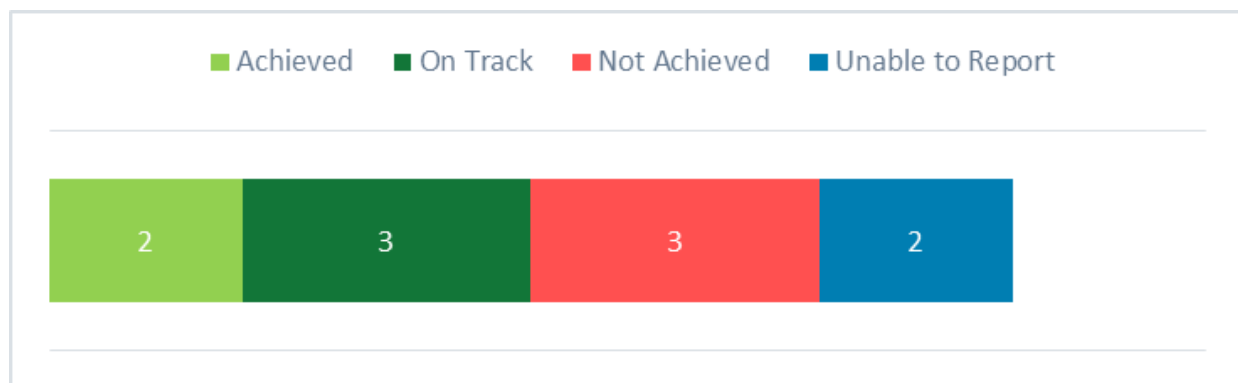
## SOLID WASTE MANAGEMENT Funding Impact Statement

	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Note					
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	342	315	236	237	1
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,832	2,142	1,607	1,371	(236)
Local authorities fuel tax, fines, infringement fees, and other receipts	17	10	-	4	4
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>2,191</b>	<b>2,467</b>	<b>1,843</b>	<b>1,612</b>	<b>(231)</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	1,454	1,521	1,140	1,949	809
Finance costs	316	238	178	140	(38)
Internal charges and overheads applied	227	83	62	130	68
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,997</b>	<b>1,842</b>	<b>1,380</b>	<b>2,219</b>	<b>839</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>194</b>	<b>625</b>	<b>463</b>	<b>(607)</b>	<b>(1,070)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(58)	964	723	(111)	(834)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding ©</b>	<b>(58)</b>	<b>964</b>	<b>723</b>	<b>(111)</b>	<b>(834)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	146	-	-	-	-
- to improve the level of service	11	1,153	865	32	(833)
- to replace existing assets	66	18	14	71	58
Increase (decrease) in reserves	(87)	418	308	(821)	(1,129)
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>136</b>	<b>1,589</b>	<b>1,186</b>	<b>(718)</b>	<b>(1,904)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(194)</b>	<b>(625)</b>	<b>(463)</b>	<b>607</b>	<b>1,070</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	328	286	215	235	20
<b>Loans as at 31 March 2019</b>					
	<b>External \$000</b>	<b>Internal \$000</b>	<b>Total \$000</b>		
Loans as at 1/07/2018	4,700	74	4,774		
Raised during year	40	-	40		
Repaid during year	(140)	(11)	(151)		
<b>Loans as at 31/3/2019</b>	<b>4,600</b>	<b>63</b>	<b>4,663</b>		
Interest expense	137	3	140		

## Activity Expenditure

Activity Expenditure	LTP Forecast 2018 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast Mar 2019 \$000	Actual Mar YTD 2019 \$000	Variance 2019 \$000
Roadside Collection Bags	206	192	144	154	10
Landfill	1,115	978	732	952	220
Recycling Centres	707	643	482	1,090	608
Waste Transfer Stations	297	315	237	258	21
<b>Total Expenditure</b>	<b>2,325</b>	<b>2,128</b>	<b>1,595</b>	<b>2,454</b>	<b>859</b>

## 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									
SW3	Waste transfer and recycling stations have a minimal impact on the immediate and surrounding environment.	Number of odour complaints and minimal reports of solid waste in or around:  Waste transfer stations;  Recycling stations per month.	< 4 per month  < 4 per month	<p><b>Not Achieved</b> <b>As at 31 March 2019:</b></p> <table border="1"> <thead> <tr> <th></th> <th>For the Month</th> <th>Year to Date</th> </tr> </thead> <tbody> <tr> <td>Waste transfer stations</td> <td>0</td> <td>15</td> </tr> <tr> <td>Recycling stations</td> <td>4</td> <td>15</td> </tr> </tbody> </table>		For the Month	Year to Date	Waste transfer stations	0	15	Recycling stations	4	15
	For the Month	Year to Date											
Waste transfer stations	0	15											
Recycling stations	4	15											
SW4	Response to service requests regarding Council's Solid Waste Activities is timely.	Time all requests are responded to.	Within 3 working days	<p><b>Not Achieved</b> <b>As at 31 March 2019:</b></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>25/32</td> <td>330/464</td> <td>75/464</td> </tr> </tbody> </table>	For the Month	Year to Date	Still Open	25/32	330/464	75/464			
For the Month	Year to Date	Still Open											
25/32	330/464	75/464											
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><b>Not Achieved</b> <b>As at 31 March 2019:</b></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>5</td> <td>82</td> </tr> <tr> <td>Kerbside refuse</td> <td>11</td> <td>148</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	5	82	Kerbside refuse	11	148
	For the Month	Year to Date											
Kerbside recycling	5	82											
Kerbside refuse	11	148											



## 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.: 19/128

## 1. Purpose

To present to the Finance, Audit & Risk Subcommittee the Bancorp Treasury Report for the March 2019 quarter.

## 2. Recommendation

- 2.1 That Report 19/128 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

The Trade war with China remains unresolved and it has reduced its economic growth target for 2019; the “exit” has left Brexit as it has not been finalized; the World Bank downgraded its global outlook; the OECD lowered its global growth outlook; and the US, China, Japan German and UK reported weaker industrial production.

Consequently global bond yields have lowered and our Reserve Bank is seriously considering lowering the OCR and has pushed out any rise until mid-2021 with NZ interest rates to “fresh record lows”. We have seen this with a lower cost of funds and a noticeably lower interest rate on our short-term borrowing from 1 year ago and even 6 months ago, as shown in the report on our loan portfolio in the 9 month financial report.

There was unprecedented activity in treasury transactions in March with the repayment of \$9m in LGFA bonds and \$3m LGFA FRN. These were covered by equivalent prefunding investments. The Subcommittee Members will note the Interest Income as stated in the financial performance statements has risen markedly. Note we still have \$5m on deposit. Refer to the report commentary in the middle of page 5.

Council has since borrowed in anticipation of the capital expenditure to come before the end of June so has \$13m in cash, gross debt is now \$96m and net debt \$83m. Gross debt was \$104m and net debt \$86m at the end of February.

Note that the graph on page 7 shows that we are very close to breaking our hedging policy bands. We are anticipating correcting this before the breach occurs by using Swap contracts taking advantage of the historically low interest rates. No contracts have been entered into as yet. Swaps are not investments but contracts with our bank that will fix some of our Floating Rate Notes (FRNs) at these historic lows for considerable periods giving certainty for our debt servicing budgeting. Interest rates are starting to bounce back up from these record lows, so we intend to lock in some of these historically low interest rates.

## Attachments


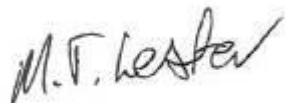
No.	Title	Page
A	Bancorp Treasury Report March 2019	61

**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 <b>Chief Financial Officer</b>	
Approved by	Mark Lester <b>Acting Chief Executive</b>	

CONFIDENTIAL

TREASURY REPORT

FOR



AS AT

31 March 2019



AUCKLAND • WELLINGTON • CHRISTCHURCH

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## 1. MARKET ENVIRONMENT

### 1.1 GLOBAL MARKETS OVERVIEW (AS AT 31 MARCH 2019)

Central banks were in the spotlight over the quarter through the words and actions of the Federal Reserve (“Fed”), Bank of Canada, the European Central Bank (“ECB”), the Bank of Japan (“BoJ”), the Bank of England (“BoE”) and the Reserve Bank of Australia (“RBA”). Adding to the negativity, talks to resolve the US-China trade dispute dragged on, the fiasco that is Brexit continues to play out, the World Bank downgraded its global growth outlook, China cut its official economic growth goal for 2019, the OECD lowered its global growth outlook and the US, China, Japan, German and the UK reported weaker industrial production.

In March, the Fed substantially lowered forecasts for future interest rate rises and signalled a September halt to its balance sheet unwinding. Even though *“the unemployment rate has remained low”* and *“both overall inflation and inflation for items other than food and energy remain near 2 percent,”* the Fed said that it will be *“patient.”*

Just how *“patient”* the Fed will be was highlighted in the new consensus forecast (dot plot) that shows only one more Fed Funds rate rise by the end of 2021 (from three projected in December). It also projected lower GDP, a higher unemployment rate and a lower inflation rate at the end of 2021 compared to its December forecasts.

The ECB acknowledged that it is facing negative geopolitical factors, the threat of trade protectionism, problems in emerging markets and evidence of slowing Eurozone economic activity and conceded that *“an ample degree of monetary accommodation is still necessary.”*

In March, the BoJ revised down its forecasts for exports and growth and acknowledged offshore risks to Japan’s economic growth, specifically the US-China trade dispute and Brexit.

The 29 March Brexit deadline came and went without an agreed deal. With the House of Commons having voted against all Brexit alternatives presented to it, Prime Minister, Theresa May’s, government has until 12 April to either seek a longer extension from the European Union (“EU”), which would involve the UK participating in the elections for the European Parliament in May, or decide to leave the EU without a deal, or renegotiate the deal agreed with the EU. Theresa May is totally opposed to the first two and the EU is equally opposed to the latter.

At its March meeting, the BoE noted that *“economic data has been mixed”* but continues to track BoE forecasts that were conditional on a smooth post Brexit adjustment. To emphasise the importance of Brexit, the BoE repeated that *“the economic outlook will continue to depend significantly on the nature and timing of EU withdrawal.”*

In early March, the Chinese government formally lowered its economic growth target for 2019, to a range of 6.0% to 6.5%, compared with last year's goal of "around 6.5%."

Not surprisingly, bond yields around the world fell over the March quarter. The US 10 year Treasury bond yield ended March at 2.41%, from 2.68% at the end of the December quarter and having been as high as 2.79% in early January. The German 10 year bund yield ended the March quarter at negative 0.07%, from positive 0.24% at the end of December. The 10 year UK gilt yield ended March at 0.99%, from 1.14% at the end of December.

## 1.2 NEW ZEALAND MARKET OVERVIEW (AS AT 31 MARCH 2019)

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
31-Dec-18	1.75%	1.97%	1.97%	2.03%	2.21%	2.41%	2.65%
31-Mar-19	1.75%	1.85%	1.63%	1.64%	1.77%	1.93%	2.16%
Change	Nil	-0.12%	-0.34%	-0.39%	-0.44%	-0.48%	-0.49%

New Zealand CPI rose 0.1% over the December quarter, down from 0.9% in September but beating market consensus for no change. The annual CPI rise in December was 1.9%, the same as September. Non-tradables were again the source of inflation, rising 0.7% over the quarter and 2.7% over the year. Tradables inflation fell 0.4% over the quarter due to lower food and petrol prices and was up 0.9% over the year.

Of greater market and Reserve Bank of New Zealand ("RBNZ") significance, was underlying inflation. Both the trimmed mean and weighted median measures rose 1.9% over the December year, unchanged from September, while the RBNZ's sectoral factor model rose 1.7%, the same as in September.

New Zealand GDP rose by 0.6% in the December quarter, up from 0.3% in September, and in line with market expectations but below the RBNZ's 0.8% forecast. The December quarter's GDP was 2.3% up on the year, from 2.6% in September. GDP per capita rebounded from a 0.1% fall in the September quarter, to a 0.1% gain in December, to be up 0.9% over the December year, its lowest annual rate since 2011.

New Zealand's unemployment rate jumped in the December 2018 quarter to 4.3%, from 4.0% in September (revised up from 3.9%). Markets had expected a bounce after September's fall but not to this extent. The participation rate falling from 71.0% in September to 70.9% in December, and a 0.1% rise in employment over the December quarter, down from 1.0% in September, made the news worse.



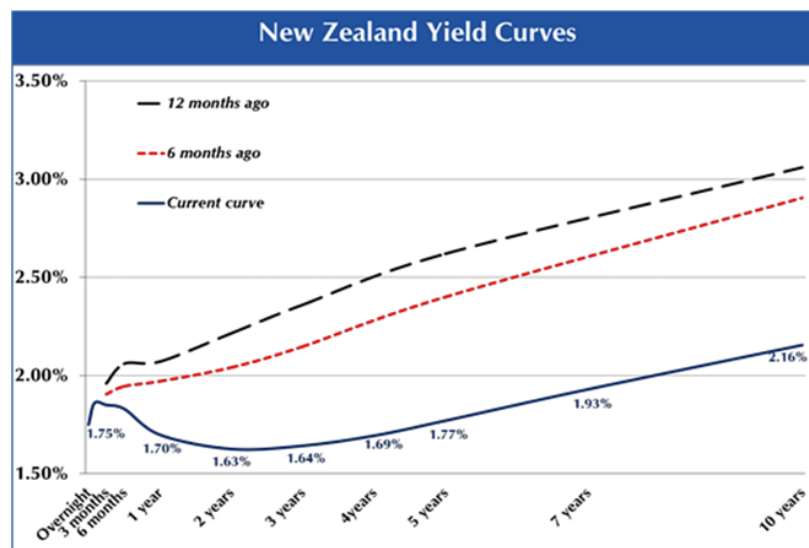
In the February *Monetary Policy Statement* (“MPS”), the RBNZ pushed out the projected timing of the first Official Cash Rate (“OCR”) rise by six months to mid 2021 and lowered the projected track of the OCR. The RBNZ’s central scenario has the OCR rising in 2021 because “*employment is near its maximum sustainable level*” which threatens to introduce wage and cost pressures with resultant higher inflation.

At its OCR announcement in late March, the RBNZ did an about face from its neutral stance expressed in the February MPS, and shifted its monetary policy bias from neutral to seeing that “*the more likely direction of our next OCR move is down*” using language recently used by a growing number of developed nation central banks. The RBNZ is worried about the global economic outlook and inflation but added a local concern – “*upward pressure on the New Zealand dollar.*”

The RBNZ expressed the concern that the “*global economic outlook has continued to weaken, in particular amongst some of our key trading partners including Australia, Europe, and China*” and concluded that the balance of risks to its forecasts for higher domestic inflation “*has shifted to the downside.*”

The RBNZ’s shift to a downward bias has resulted in local markets now fully pricing in OCR cuts in August this year and mid 2020, although a number of bank economists predict two OCR cuts this year and one in 2020.

Pushed down by lower global bond yields and the RBNZ’s shift to a downward bias, New Zealand swap rates have fallen to fresh record lows, extending their fall over the past year, as shown in the following graph.

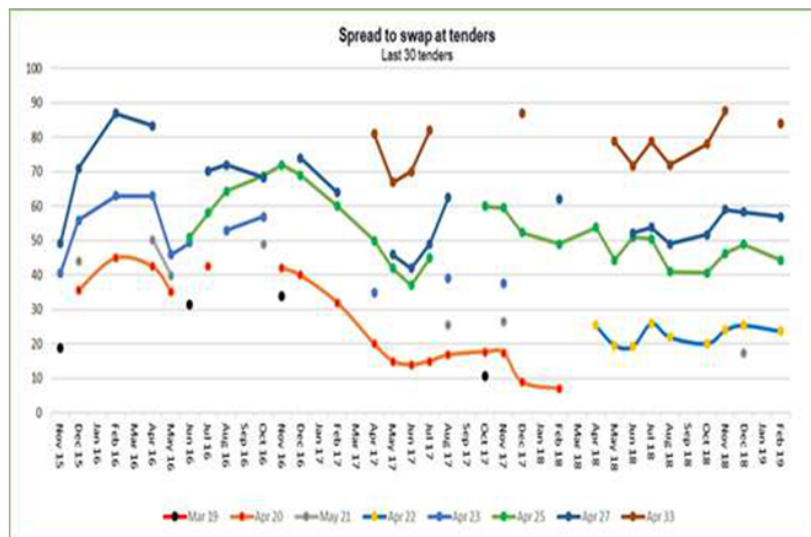


1.3 LOCAL AUTHORITY SECTOR

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 Yield
April 2020	0.31%	2.14%	1.98%
May 2021	0.38%	2.21%	1.96%
April 2022	0.44%	2.27%	2.03%
April 2023	0.52%	2.35%	2.14%
April 2024	0.57%	2.40%	2.26%
April 2025	0.64%	2.47%	2.42%
April 2027	0.73%	2.56%	2.63%
April 2033	0.94%	2.77%	3.19%

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



## 2. FUNDING

As at 31 March 2019, HDC had \$96.0 million of external debt, comprising a combination of Commercial Paper ("CP"), FRBs and FRNs, all sourced from the LGFA. Details of HDC's debt at 31 March 2019 are as follows:

Instrument	Inception	Maturity	Rate	Margin	Amount
CP	Mar-19	Jun-19	1.98%	11 bps	\$11,000,000
FRB	Nov-17	Apr-20	2.6324%	38 bps	\$5,000,000
FRN	July 18	Apr-20	2.25%	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	2.7425%	84 bps	\$4,000,000
FRN	July 18	Apr-22	2.42%	50 bps	\$9,000,000
FRN	May-15	May-22	2.325%	42.5 bps	\$3,000,000
FRB	Nov-14	Apr-23	5.1336%	81 bps	\$4,000,000
FRN	Feb-18	Apr-23	2.4850%	57.5 bps	\$6,000,000
FRB	Apr-17	Mar-24	3.72%	63 bps	\$4,000,000
FRB	Mar-19	Apr-24	2.52%	54 bps	\$3,000,000
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	2.39%	49 bps	\$7,000,000
FRB	Mar-19	Mar-26	3.38%	78 bps	\$9,000,000
FRB	Jul-16	Jul-26	3.37%	84 bps	\$5,000,000
				<b>TOTAL</b>	<b>\$96,000,000</b>

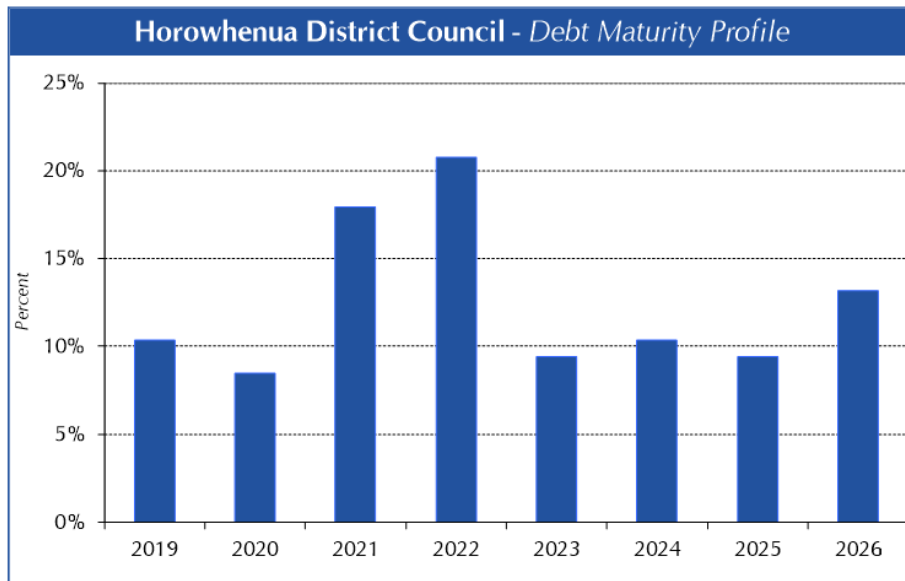
In the September 2018 quarter, HDC undertook pre-funding of debt and placed the resultant funds on Term Deposit ("TD"). As at 31 March 2019, one TD relating to the pre-funding was still 'live', details as follows:

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

This pre-funding of debt and the attendant placing of funds on deposit produced a 'positive carry'. 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 March 2019, 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 graph following on the following page, which indicates a good spread of maturities between 2019 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 BNZ facility.



### 3. DEBT AND HEDGING PROFILE

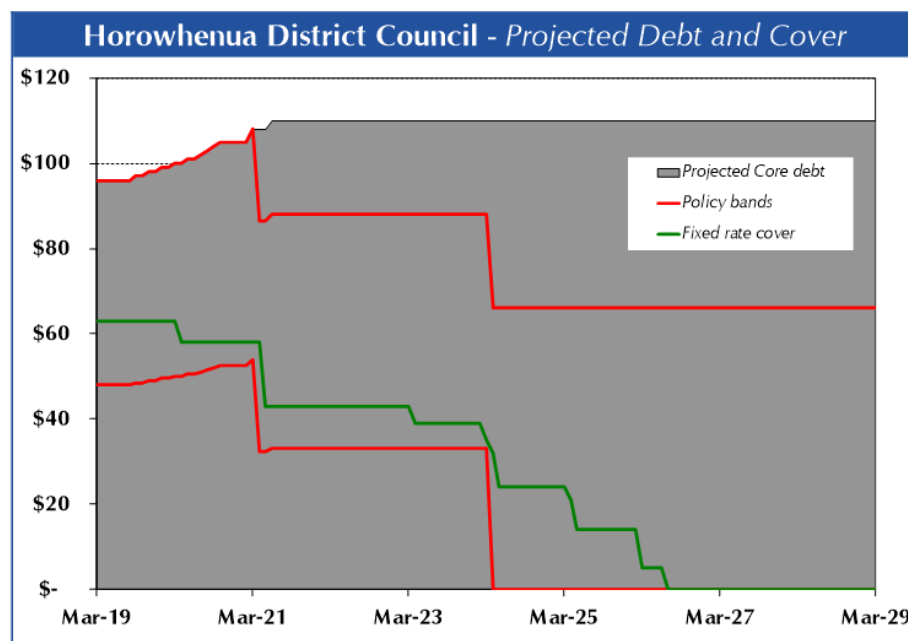
As at 31 March 2019, HDC had \$96.0 million of current fixed and floating rate debt, and two interest rate swaps, as follows:

- \$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:

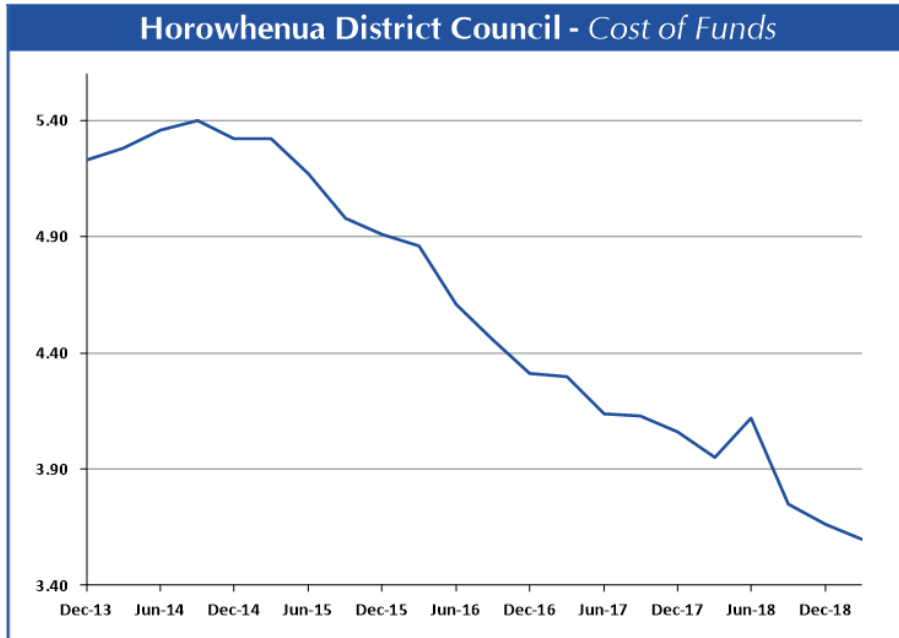
Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0–2 years	50%	100%
2–5 years	25%	80%
5-10 years	0%	60%

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 March 2019, HDC was compliant with Section 4.3 of the LMP.



HDC's cost of funds (inclusive of the bank line fee) as at 31 March 2019 was 3.60%, down from 3.66% at the end of December 2018.

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 MARCH 2019)

	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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# Standard and Poors Credit Rating

File No.: 19/132

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## 1. Purpose

To present to the Finance, Audit and Risk Subcommittee the Standard and Poors' report on the review of Council's credit rating.

## 2. Recommendation

- 2.1 That Report 19/132 Standard and Poors Credit Rating 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

Council has to undergo a review of its credit rating in April every year on or about the anniversary of obtaining the first credit rating in May 2015.

## 4. Issues for Consideration

On 11 April 2019 Standard and Poors (S&P) affirmed Council's A+ long-term credit rating and A-1 short-term issuer rating with a stable outlook. The renewal report is attached.

The report contains still a paragraph headed "Downside scenario" similar to last year which stated;

"We could lower our long-term rating if we perceive that the council's financial management is deteriorating. This could occur if political disagreements delay important fiscal decisions or lead to a significant deterioration in strategic planning or the council's financial position. We could also lower our rating if the council were to significantly boost its capital expenditure without offsetting revenues or expenditure savings, or if its liquidity coverage weakens.

This is virtually the same that appeared in last year's report which also included a paragraph called "Downside scenario".

There are still three (3) risk areas as far as S&P are concerned;

1. The political situation impacting on timely fiscal decisions,
2. Any major changes to our capital programme without increasing revenue and operational expenditure,
3. A liquidity risk relating to the use of short-term loan financing.

The political risk is only where we fail to make "important fiscal decisions". These could include a failure to adopt an Annual Plan, LTP, Rates resolutions, Financial and Infrastructural strategies and the like or perhaps implement plans/decisions that are fundamental to Council's overall financial position/sustainability.

S&P consider that the high capital expenditure need still exists, specifically mentioning Council's capital works programme. Increasing capital spend must be accompanied by an increase in interest costs and maintenance cost offset by (rates) income to cover interest and renewals expenditure.

"However, its liquidity management and long-term capital planning can be somewhat weaker than peers. Due to previous underinvestment, the council is currently addressing infrastructure backlogs. Meanwhile, economic greenshoots could require additional infrastructure investment on top of the council's current plans."

S&P marks Council up for things like financial management, ability to rate and strong institutional and legal frameworks. S&P still determines HDC's economic outlook to "broadly supportive" from the previous assessment of "weak" three years ago.

S&P appears to have softened its stance on the liquidity risk of short-term borrowing using "Commercial paper";

"In the past, the council used a relatively large amount of short-term debt, which lowers interest costs, but increases refinancing risks."

This relates to the increase in the use of short-term borrowing (commonly called Commercial Paper or CP). This CP is currently at \$11m due for repayment/renewal on 20 June 2019. S&P was previously of the opinion that the refinancing of this CP is a high risk. This is primarily a result of the Global Financial Crisis experiences in 2008/9. However, it was argued that currently at least, this risk is no higher than normal especially now that the Local Government Funding Agency (LGFA) provides bespoke lending at short notice and Council has the BNZ \$10m Committed Cash Advance Facility (CAAF) as well as the \$5m extra on investment to increase the cash reserves.

The opinion of Officers is that S&P is not factoring the LGFA into the risk profile and is applying the risk scenarios that would be in the US or Australia. Officers do not think that the risk of a downgrade outweighs the lower cost of funds. If the short-term interest rates begin to rise, as is anticipated if the US treasury begin to raise the US interest rates, we may convert what is now CP into bonds, either floating rate or fix rate. This will remove the issue.

Table 2 on page 5 contains a 'snapshot' of HDC's rating score which are identical to last year;

**Key Rating Factors**

Institutional Framework	Extremely predictable and supportive
Economy	Average
Financial Management	Strong
Budgetary Flexibility	Strong
Budgetary Performance	Weak
Liquidity	Adequate
Debt Burden	Very High
Contingent Liabilities	Very Low

**Attachments**

No.	Title	Page
A	S&P Credit Rating renewal April 11 2019	84


**Confirmation of statutory compliance**

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

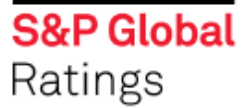
- containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,

- 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 <b>Chief Financial Officer</b>	
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Approved by	Mark Lester <b>Acting Chief Executive</b>	
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**Summary:**

## Horowhenua District Council

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Summary:

# Horowhenua District Council

Issuer Credit Rating

A+/Stable/A-1

## Key Rating Factors

Credit context and assumptions	Base-case expectations
<p>Institutional framework and management support ratings.</p> <ul style="list-style-type: none"> <li>• Institutional framework promotes a strong management culture, fiscal discipline, and high levels of financial disclosure.</li> <li>• Economy is growing well, with 3.9% GDP growth during the year ended Sept. 30, 2018, backed by strong dairy and construction sectors. It still lags behind the broader New Zealand economy.</li> <li>• Management is focused on delivering its long-term plan, and we do not expect ongoing political disagreements will weigh on Horowhenua's credit profile.</li> </ul>	<p>A relatively large capital program is weighing on Horowhenua's financial position.</p> <ul style="list-style-type: none"> <li>• High capital expenditure will ensure after-capital account deficits average 16.9% of total revenues until 2021.</li> <li>• These deficits will drive debt to 204.4% of operating revenues by 2021.</li> <li>• Liquidity coverage is adequate compared with its peers.</li> </ul>

## Outlook

The stable outlook reflects our expectations that Horowhenua District Council will manage its financial position in line with our forecasts, while delivering its large capital expenditure program and addressing significant infrastructure backlogs.

### Downside scenario

We could lower our long-term rating if we perceive that the council's financial management is deteriorating. This could occur if political disagreements delay important fiscal decisions or lead to a significant deterioration in strategic planning or the council's financial position. We could also lower our rating if the council were to significantly boost its capital expenditure without offsetting revenues or expenditure savings, or if its liquidity coverage weakens.

### Upside scenario

Upward momentum is unlikely, but could occur if the council's after-capital account balances improved substantially over a sustained period while delivering its capital program. This would help stabilize its debt burden and address its

Summary: Horowhenua District Council

infrastructure backlog.

## Rationale

Our ratings on Horowhenua reflect its high level of budgetary flexibility and New Zealand's excellent institutional settings. Meanwhile, the council's management is focused on delivering its large capital program to address renewal backlogs and potential growth pressures. We expect Horowhenua to maintain an elevated level of spending over the next few years, resulting in large after-capital deficits. We also expect rates revenue to continue to grow, which will help to moderate the increase in the council's debt burden over time.

### **Excellent institutional framework and supportive financial management with economic green shoots underpin's creditworthiness**

The institutional framework within which New Zealand local governments operate is a key strength supporting Horowhenua's credit profile. We consider this framework to be one of the strongest and most predictable globally. The New Zealand local government system also promotes a strong management culture, fiscal discipline, and high levels of financial disclosure among local councils. The system allows Horowhenua to support higher debt levels than some of its international peers can tolerate at current rating.

Horowhenua's financial management team is experienced and similar to that of its domestic peers. Horowhenua published a triennial 20-year long-term plan in 2018, ensuring a forward-looking approach to prudent financial management and setting an important baseline for the council's operating and capital expenditure requirements, and its funding strategy. The council is restricted from borrowing in foreign currency and hedges the majority of its interest-rate risk. However, its liquidity management and long-term capital planning can be somewhat weaker than peers. Due to previous underinvestment, the council is currently addressing infrastructure backlogs. Meanwhile, economic green shoots could require additional infrastructure investment on top of the council's current plans.

Like all of its domestic peers, Horowhenua is governed by an elected group of councilors, led by a mayor. The next elections are scheduled for October 2019. We expect some turnover in councilors at the election; however, we don't expect this to have any material change on the council's direction. Chief Executive David Clapperton was reappointed in July 2018 for five years to manage day-to-day activities. We do not expect ongoing political disagreements between the mayor, councilors, and chief executive to translate into weaker financial governance or a weaker credit profile in the immediate future.

The economy is broadly supportive of Horowhenua's credit profile. We estimate Horowhenua's GDP per capita between 2016 and 2018 to be on average about US\$19,174, which is much lower than New Zealand's national level of US\$41,900. The district is set to grow at a reasonably quick pace due to regional migration because of the Wellington Northern Corridor Expressway. This road project could encourage a high level of development in the district because it will cut traveling time and freight costs to the national capital of Wellington. It appears to be positively affecting house prices. Infometrics estimates the local economy's GDP grew at about 3.9% in 2018 compared with the national average of 2.7%, aided by the dairy and construction sectors.

Capital spending leading to large after-capital deficits and increasing debt levels, while liquidity coverage is broadly

Summary: Horowhenua District Council

stable

Capital expenditure and large after-capital account deficits continue to weigh on Horowhenua's budgetary performance. We forecast capital expenditure to average about 40% of total expenditure (NZ\$27 million) per year. The council is addressing a backlog of infrastructure renewals, particularly in its water assets, which will likely keep capital expenditure elevated during our forecast horizon. Furthermore, stronger population growth compared with the past two decades could require the council to maintain this level of capital spending over a prolonged period.

Horowhenua's after-capital account deficits are averaging about 16.9% of total revenues during 2017 and 2021, up from our forecast of 14% last year. We project the council's deficits will widen in 2020 and 2021 after undertaking about NZ\$7 million of assets sales in 2019, which helped fund some of its budget. Meanwhile, the council's operating surpluses will remain strong at about 19.6% of operating revenue during the next three years.

These large after-capital account deficits will increase the council's total tax-supported debt to about 204.4% of operating revenues in 2021. We expect debt to remain high in the medium to long term due to challenges in maintaining aging core infrastructure and building new infrastructure. We have moderately lowered our debt forecast for 2019 relative to our previous forecasts because the council sold its pensioner housing portfolio and noncore property assets. This will be a short reprieve because debt will rise again in 2020. Previous asset sales have helped Horowhenua's total tax-supported debt remain at about 170% of operating revenues since 2017. Interest expenses reflecting this increase in debt and will be about 6.8% of operating revenue in 2018-2020. Taking into account the possibility of the council under-executing on capital projects more than our current expectations of about 20% per year, borrowings might not be as high as our forecasts and interest expenses therefore would be lower as well. Nevertheless, debt levels continue to rise.

Supporting Horowhenua's financial position is its very strong budgetary flexibility. We consider about 96% of its operating revenues to be modifiable, which includes council property rates, user charges, fees, and fines. Like all New Zealand councils, there are no restrictions on Horowhenua's ability to increase property rates, other than a political imperative to keep them low. It has proposed rate increases of 5.5% in FY2019 and by an average of 6% during next five years in the 2018-2028 long-term plan to help fund infrastructure. On the expenditure side, while the share of Horowhenua's spending allocated to capital expenditure is high, at about 40% between 2017 and 2021, we believe much of this spending is difficult to defer without increasing its infrastructure backlogs.

We forecast free cash, liquid assets, and bank facilities will average NZ\$16.2 million during the next 12 months, covering about 84% of Horowhenua's upcoming debt-servicing needs. We estimate that the council will hold approximately NZ\$6.2 million in liquid assets and undrawn bank facilities of NZ\$10 million available to cover debt of NZ\$15 million maturing within the next 12 months and interest expenses of NZ\$4.2 million. In the past, the council used a relatively large amount of short-term debt, which lowers interest costs, but increases refinancing risks. Horowhenua's contingent liabilities are low, representing less than 2% of its operating revenues.

Summary: Horowhenua District Council

## Key Statistics

Table 1

Horowhenua District Council - Key Statistics						
	--Year ended June 30--					
(mil. NZ\$)	2016	2017	2018BC	2019BC	2020BC	2021BC
<b>Selected Indicators</b>						
Operating revenues	43	45	47	50	51	53
Operating expenditures	33	38	38	39	42	41
Operating balance	10	7	9	11	9	12
Operating balance (% of operating revenues)	23.8	16.1	19.1	22.2	17.3	23.1
Capital revenues	3	5	13	12	4	5
Capital expenditures	19	26	23	28	28	27
Balance after capital accounts	(5)	(14)	(2)	(5)	(15)	(10)
Balance after capital accounts (% of total revenues)	(12)	(28)	(3)	(8)	(26)	(17)
Debt repaid	8	31	32	31	15	25
Gross borrowings	13	43	35	36	30	35
Balance after borrowings	(0)	(2)	1	0	0	0
Modifiable revenues (% of operating revenues)	95.9	96.4	96.9	96.2	96.7	96.8
Capital expenditures (% of total expenditures)	36.8	40.8	38.0	41.7	39.5	39.5
Tax-supported debt (outstanding at year-end)	65	77	80	85	100	109
Tax-supported debt (% of consolidated operating revenues)	151.7	170.2	170.5	171.3	194.3	204.4
Interest (% of operating revenues)	7.2	6.9	6.8	6.3	7.2	7.6
Local GDP per capita (single units)	26,158	27,683	28,430	N/A	N/A	N/A

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. Base case reflects S&P Global Ratings' expectations of the most likely scenario. Downside case represents some but not all aspects of S&P Global Ratings' scenarios that could be consistent with a downgrade. Upside case represents some but not all aspects of S&P Global Ratings' scenarios that could be consistent with an upgrade. BC--Base case.

## Ratings Score Snapshot

Table 2

Ratings Score Snapshot	
Key Rating Factors	
Institutional Framework	Extremely predictable and supportive
Economy	Average
Financial Management	Strong
Budgetary Flexibility	Strong
Budgetary Performance	Weak
Liquidity	Adequate
Debt Burden	Very High



Summary: Horowhenua District Council

Table 2

### Ratings Score Snapshot (cont.)

Contingent Liabilities	Very Low
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S&P Global Ratings bases its ratings on local and regional governments on the eight main rating factors listed in the table above. Section A of S&P Global Ratings' "Methodology For Rating Non-U.S. Local And Regional Governments," published on June 30, 2014, summarizes how the eight factors are combined to derive the foreign currency rating on the government.

## Key Sovereign Statistics

Sovereign Risk Indicators. Interactive version available at <http://www.spratings.com/sri>.

## Related Criteria

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Governments - International Public Finance: Methodology For Rating Non-U.S. Local And Regional Governments, June 30, 2014
- Criteria - Governments - International Public Finance: Methodology And Assumptions For Analyzing The Liquidity Of Non-U.S. Local And Regional Governments And Related Entities And For Rating Their Commercial Paper Programs, Oct. 15, 2009
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

## Related Research

- Ratings History List: Asia-Pacific Local And Regional Government Ratings Since 1975, March 8, 2019
- Local Government Debt 2019: Global Debt Stock, Outside The U.S., To Exceed US\$11 Trillion By 2020, Feb. 26, 2019
- Public Finance System Overview: New Zealand's Institutional Framework For Local And Regional Governments, Nov. 12, 2018
- Default, Transition, And Recovery: 2017 Annual International Public Finance Default Study And Rating Transitions, June 11, 2018

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