

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

Date: Wednesday 1 August 2018
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Subcommittee

OPEN AGENDA

MEMBERSHIP

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

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Website: www.horowhenua.govt.nz

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

Full Agendas are also available to be collected from:
Horowhenua District Council Service Centre, 126 Oxford Street, Levin
Te Awahou Nieuwe Stroom, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takeretanga o Kura-hau-pō, Bath Street, Levin

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1 Apologies

2 Public Participation

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

See over the page for further information on Public Participation.

3 Late Items

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

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

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

4 Declarations of Interest

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

5 Confirmation of Minutes

5.1 Meeting minutes Finance, Audit & Risk Subcommittee, 20 June 2018

6 Announcements

Public Participation (further information):

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

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

Meeting protocols

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

Health & Safety - Quarterly Report

File No.: 18/409

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 18/409 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 March to May 2018 quarter.

Attachments


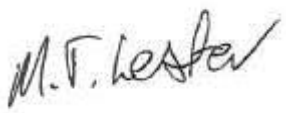
No.	Title	Page
A	Health & Safety Quarterly Report 1 March - 31 May 2018	11

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 Acting People & Capability Manager	
Approved by	Mark Lester Group Manager - Corporate Services	

HDC Health & Safety Quarterly Report 01/03/2018 — 31/05/2018



1. Progress — Lead Indicator (Green = completed, Yellow = u/way, Orange = to commence)

Task	Due Date	Progress	Comment
Draft Strategic Charter & plan	30/11/2017	Green	Reported to LT 27/02/2018—Progress
Draft Annual H&S Objectives	30/12/2017	Green	Reported to LT 27/02/2018—Progress to HSC march 2018
Self Assessment WSMP Based	30/11/2017	Green	Internal Assessment completed & reported to MWLASS
Electronics Communication Policy	30/10/217	Green	Adopted 11/10/2017
HDC MW LASS WSMP Assessment	31/12/2017	Green	Completed 12/12/2017—Results to be used as a comparable within MWLASS
Asbestos Management	31/07/2018	Green	Final assessments now completed including sampling. Overarching plan development is in final stages. Contractor and employee awareness training completed.
Review - Emergency Flip Chart procedural review	01/02/2018	Green	Flip Chart review complete for Civic Building. Aquatics and Libraries now u/w.
H&S Intranet Review	28/02/2018	Green	Initial set up of a H&S framework has been completed HDC will continue to build on baseline information.
Review - Contractor management process	31/08/2018	Yellow	Policy developed, process updated to align with legislation requirements and trial of process completed. Roll out of new process commences August 2018
H&S Training Register	31/12/2018	Yellow	Utilise H&S data base training registers likely as a cost effective measure
H&S System Assessment	31/12/2018	Yellow	Tender procurement process underway with 3 preferred options identified.
Site Security Risk Assessments	28/10/2018	Yellow	Recommendations arising from report are being worked through via the Sub Committee and tracked to completion.
Review - Risk/hazard management processes	31/03/2018	Yellow	10 Significant hazard registers drafted and with TM's for review using risk ,matrix assessment scoring. HDC critical risks to be confirmed from this process.
H & S Audits	31/03/2018	Orange	Review of HDC Audit processes underway
Review - H & S Policy	30/11/2018	Orange	The H&S Policy houses the H&S framework therefore it will be reviewed at the end of this review cycle towards year end.
Review - H & S Manual	30/04/2018	Yellow	Continuous review as per the normal review cycle.
Incident/Accident/Near Miss Rprtn	31/03/2018	Yellow	Internal systems review underway and Ongoing as per continuous improvement but final outcome will be impacted on by the H&S system Review underway

2. Training — Lead Indicator

Training Activity	Completed	Attended
Asbestos Awareness—staff	May 2018	12
EAP Training Managers	May 2018	18
Fire Warden Training	Mar 2018	14
H&S Inductions	Mar-May 2018	15
Lifeguard H&S Inductions	Mar-May 2018	2
Lifeguard Emerg response	Mar - 2018	All Staff
Asbestos Awareness Conctrcts	May 2018	34
Crisis Resilience Training	Mar 2018	81

3. Notifiable Events - Lag Indicator

Employee Category	Total
Notifiable Injury—resulted in:	0
Notifiable Incidents	0
Serious Harm	0
Fatalities	0
Third Party	0
Employee	0

4. Risk Management — Lead Indicator

Action	Site/Type	Detail
Evacuation Drills	Te Takare Civic Aquatics Levin	Scheduled July Scheduled July Scheduled July
Drug & Alcohol Tests	Pre- Employment Post Critical Incident Reasonable Grounds	15/15 All Negatives Nil Nil
Internal Audits	Levin Aquatics	Monthly—Compliant
Contractor Audits	TM Site Inspections	2 Audits— Compliant
H&S Approved Contractors	Process commences Aug 2018	Pre Qualification Review

5. Wellness — Lead Indicator

Initiative	Outcome
EAP Services (hours)	4 hrs/3 months
Workstation Assessments	2 Assessments— minor improvements only
Employee Flu Vaccinations	37 onsite attendees 7 via voucher (44 Total)

6. Quick Updates — Lead Indicator

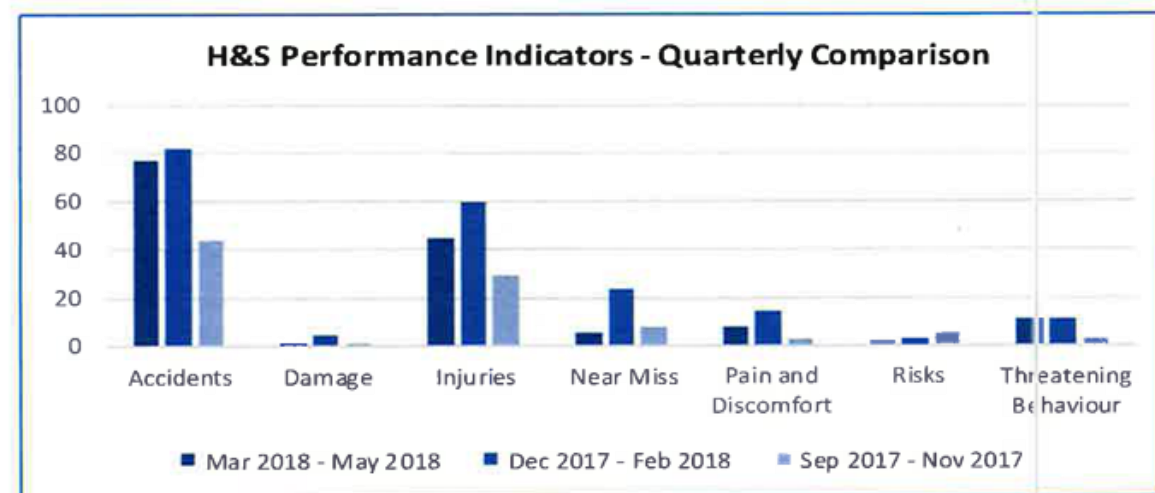
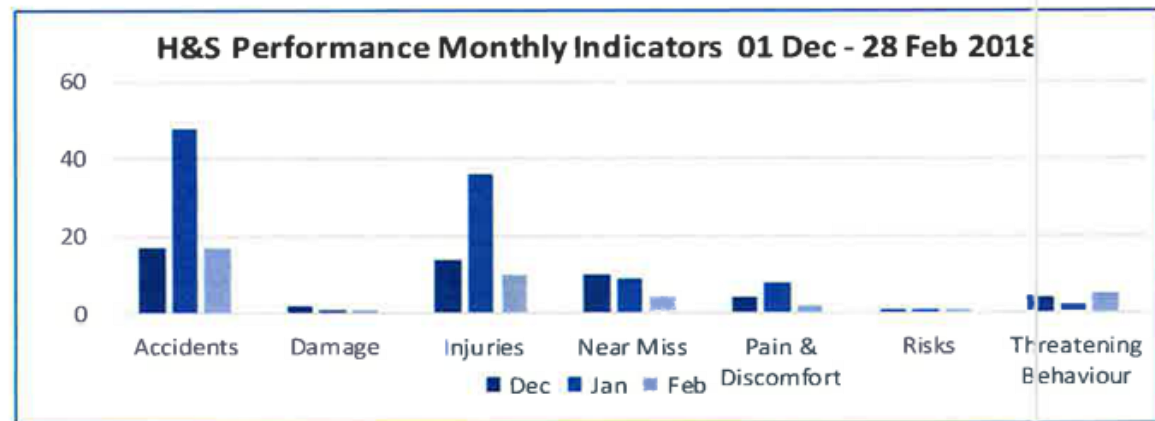
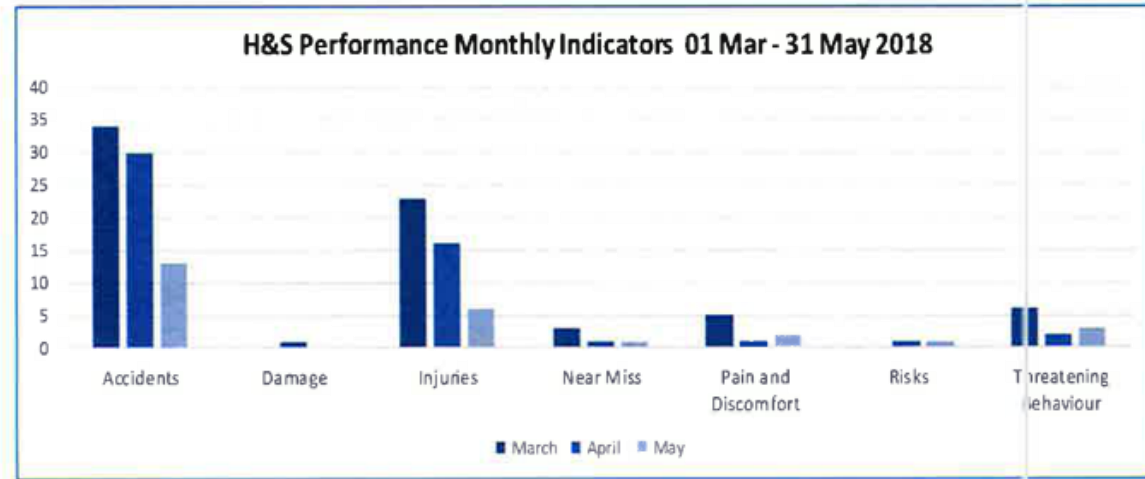
H & S Planning 2018—The draft strategic and Annual Plans set out the foundation vision for how HDC intends to progress Health and Safety beginning with the high level oversight by HDC Elected Members as per their specific obligations set out in the Health & Safety at Work Act 2015. Running alongside this is the Health and Safety Organisational plan, this details the "how" HDC will achieve the strategic vision. The Leadership Team reviewed this document earlier this year with a recommendation that a high level briefing be provided to clarify the process of H&S Governance. This briefing has been re-scheduled for the 8th August 2018.

H&S Framework— Council continues its work to re-build and consolidate it's health and safety framework in line with the Health and Safety at Work Act 2015 provisions and intent. As such there is a major focus on changing the health and safety culture from one that is compliance based to one where health and safety best practice becomes the everyday norm and where all HDC workers are provided with the highest level of protection against harm to their health , safety and welfare from work risks. How we do this is through policy, communication, education, ownership, worker representation, and scrutiny of process—this work will continue during the 2018/2019 year.

Asbestos Survey Management — An Initial desk top review was completed leaving a total 87 sites (151 Buildings) for physical assessment. From these 10 areas were identified where encapsulation or immediate removal of asbestos was required (most of which are located within the same 2 or 3 buildings). These areas have been locked down, are not accessible and arrangements are underway to remove the identified asbestos using suitably qualified Asbestos Contractors within the next 2 months. In addition, each site assessed where ACM (asbestos containing material) has been identified is in the process of finalizing an individual management plan specific to that site as is the

Health and Safety System—MW LASS H&S commenced a review of a regional health and safety data base early 2018. This review continues as per the LGNZ procurement guides and is expected to be completed by the end of the 2018 year. The outcome will result in a H&S data base suitable for optimal H&S monitoring and functionality requirements for the region.

7. H & S Performance Lag Indicators 01 March 2018—31 May 2018



Health and Safety Performance Monthly Indicators—Comparison

- * Nil notifiable events recorded this quarter.
- * Incident reporting has increased slightly this quarter however it is thought to be related to improved reporting as opposed to actual incident increase. This is an outcome indicative of the H&S culture change Council is working towards and is a trend we expect to continue for the immediate future before it begins to level out.
- * Near Miss reporting is less than predicted however work continues to build internal awareness on the definition of a near miss event and the benefits of reporting these in the prevention of serious harm. Near miss events provide the learnings to the organization that will help mitigate future risk. Managers and the Health & Safety Committee are working to improve data reporting in this area.
- * Recorded injuries have increased slightly this quarter and again are primarily thought to be as a result of improved reporting processes. Approximately 90% of recorded injuries are related to third party events arising within the aquatics area and are considered minor in nature with no long standing consequences.

8. Strategic Reporting for 2018

Metric reporting for H&S will become more valuable with the outcome of the H&S data base system and allow detailed analysis with which to implement appropriate mitigation strategies and better provide for all workers. HDC will be participating with all regional Councils to ensure the outcome is achieved sooner rather than later. Until that point current data will continue to be explored to ensure Council is receiving H&S information relative to the Governance level.

Projects Update

File No.: 18/419

1. Purpose

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

2. Recommendation

- 2.1 That Report 18/419 on Projects Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Background/Previous Council Decisions

Information is provided in the attached reports.

4. Issues for Consideration

There are no issues for consideration.

Attachments


No.	Title	Page
A	Water Reticulation Renewals - 2017/18	13
B	Foxton New Reservoir	19
C	Desludge of Foxton WWTP	23
D	North East Levin - Stormwater	27



Confirmation of statutory compliance

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

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

Signatories

Author(s)	Gerry O'Neill Projects Manager	
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Approved by	Rob Green Interim Group Manager - Infrastructure Services	
	Dan Gerrard Alliance Manager	

<p>To: Finance, Audit & Risk Committee CC: Rob Green – Group Manager Infrastructure Services Project Manager: Gerry O’Neill Engineer Representative: Thushantha Heenkenda</p>	<p>PROJECT STATUS REPORT #6 as of 13 July 2018 WATER RETICULATION RENEWALS 2017/18 PROJECT PHASE : CONSTRUCTION</p>	<p>Overall Project Status</p> <p style="text-align: center;">OS</p>
<p>Project Manager Satisfaction Index (1 poor, 10 excellent)</p>		<p style="text-align: center;">8</p>



PROJECT OBJECTIVES AND STATUS

Project Summary

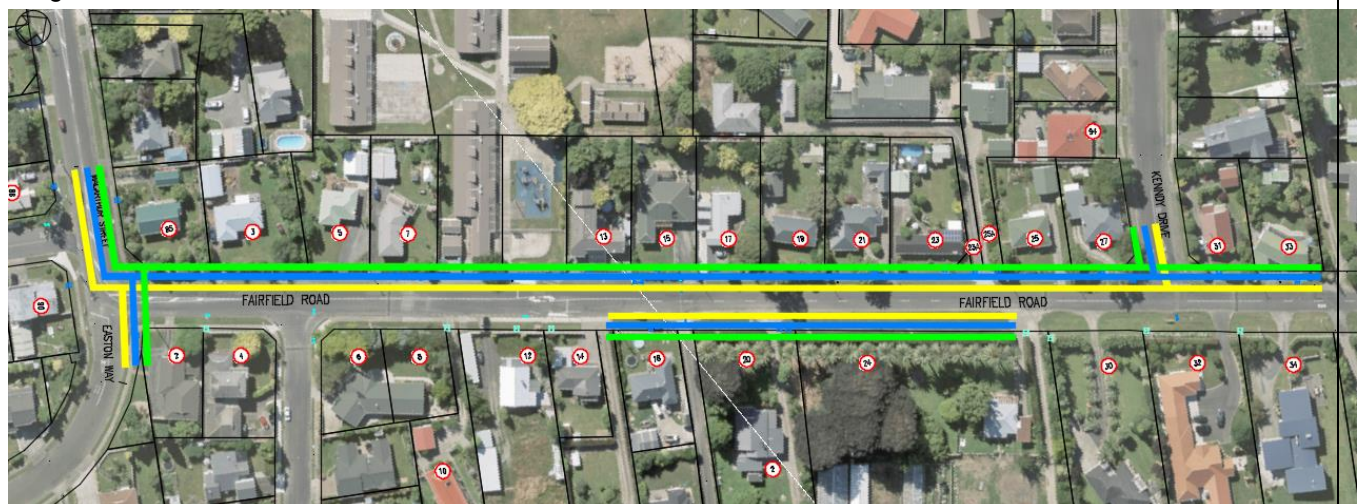
This project is to renew and increase the capacity of existing water mains in Levin in 3 stages.

Stage 1 Fairfield Road - From MacArthur Street to Kennedy Drive. The project includes laying approximately 436m of 200mm diameter PE pipe and 45m of 150mm diameter PE pipe. The project includes approximately 170m of rider main with a total of 19 service connections.

Stage 2 Weraroa Road - From Kawiu Road to York Street. This stage includes laying approximately 400m of 150mm diameter PE pipe and transferring 25 service connections.

Stage 3 Weraroa Road - From York Street to Mako Mako Road. This stage include laying of approximately 1600m of 150mm PE pipe, 150m of 100mm PE pipe and 100m of 63mm diameter PE pipe and transferring 90 service connections.

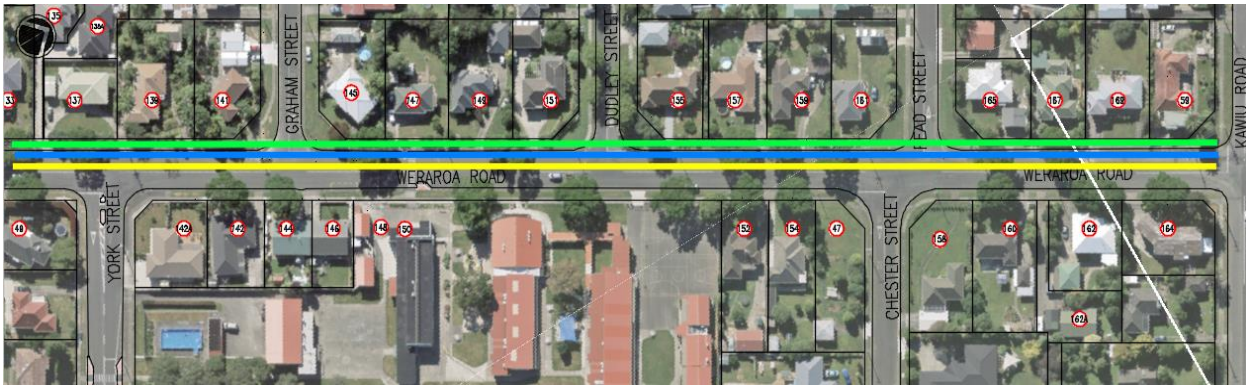
Stage 1 - Fairfield Road



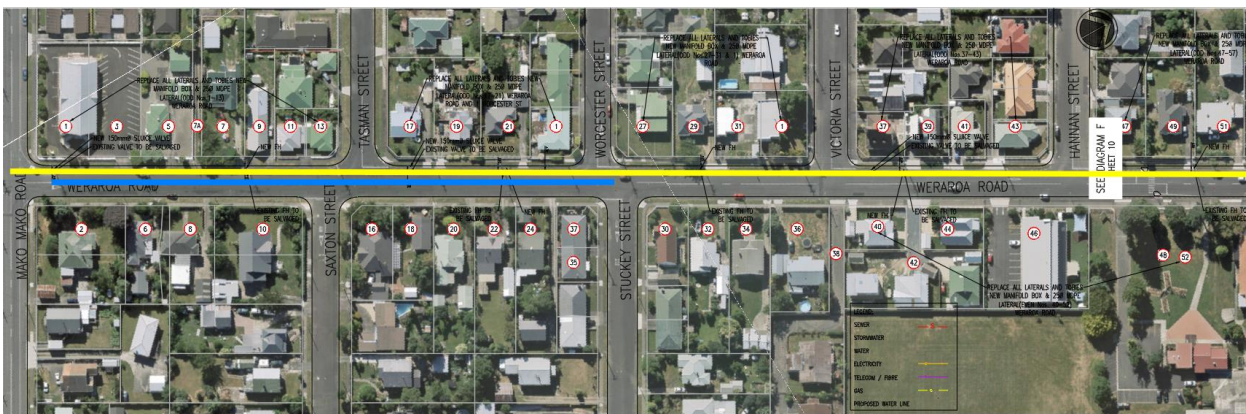
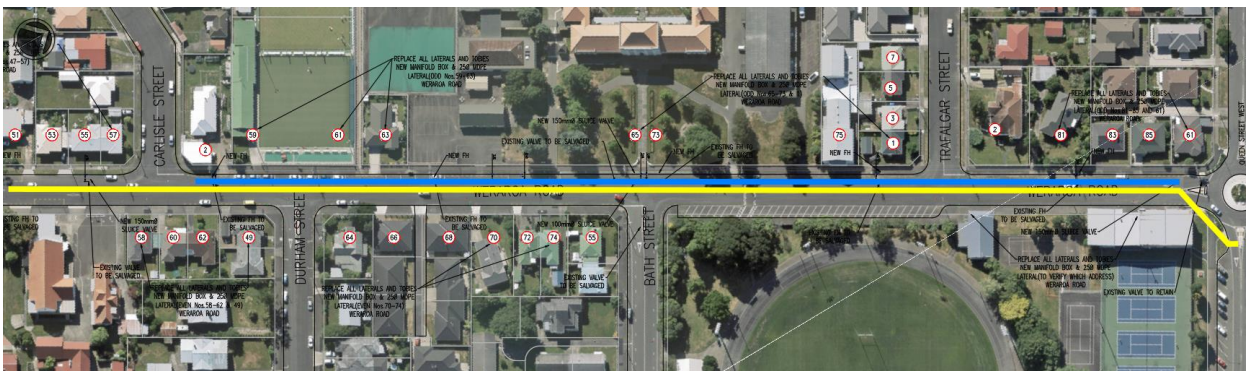
Legends

- Planned Work
- Laying Completed
- Line tested and commissioned

Stage 2- Weraroa Road – From Kawiū Rd to York Street



Stage 3 – Weraroa Road – York Street to Mako Mako Road



Construction is being undertaken by the Horowhenua Alliance with intended completion date of 30 June 2017. However, we are behind schedule due to the increased scope of the works.

General

This project consists of renewing the water main on part of Fairfield Road and the full length of Weraroa Road. The initial scope only included part of the water main in Weraroa Road as the available budget was unlikely¹ to be sufficient to renew the water main along the whole road. The scope was increased to renew all of the water main in Weraroa Road at the one time as this would minimise establishment costs. A further section on Fairfield Road was also added later.

At the time of writing this report the following works had been completed:

- All the works on Fairfield Road under Stage 1 has been completed and commissioned.
- All the works under Stage 2 (between Kawi Rd and York Street of 400m) has been completed and commissioned.
- 800m of main pipe on Weraroa Road (between York Street and Carlisle Street) has been completed
- 260m of main pipe on Weraroa Road (between Mako Mako Road and Worchester Street has been completed.

Complaints/Concerns Received During Reporting Period

Nil

Financial

The Engineers Estimate for all the works in this project was \$ 1,536,130.00 which is split as follows:

- Construction component: \$ 1,406,130.00 (inclusive of contingency amount \$95,000).
- Project management: \$ 130,000.00 (including miscellaneous costs for surveys, newspaper ads etc.)

The budget available in the 2017/18 Annual Plan was \$1,118,490. It was unlikely that all the expanded scope of works would be completed for this budget, despite the Alliance providing better value for Council. There was also a risk that due to the increased scope all the works would not be completed before the end of the financial year.

We now know that the costs for works undertaken in 2017/18 exceeded the Annual Plan budget. The initial scope was to renew 1,600m of water main for \$1,118,490. By the 30 June 2018 we had renewed 1,941m of water main at a cost of \$1,338,903. **We have overspent the budget by \$220,413.**

There is 300 metres of pipe still to be laid in Weraroa Road. This outstanding work will have repercussions for the 2018/19 water renewal programme as it will require part of the 2018/19 budget to complete the works and will also delay the commencement of the 2018/19 water renewals programme. We are currently seeking additional resources to assist with these renewals to ensure all the works are completed in the 2018/19 year.

¹ The Engineers estimate was based on costs from similar past projects. We are anticipating the Alliance will complete these works for a lower price allowing more pipe to be laid.

Description	Expenditure	Budget	Available	% Spent
Construction cost	\$ 1,234,557.07	\$ 1,311,130.00	\$ 76,572.93	94.16
Project Management Cost	\$ 104,346.00	\$ 130,000.00	\$ 25,654.00	80.27
Contingency sum	\$ -	\$ 95,000.00	\$ 95,000.00	-
Total	\$ 1,338,903.07	\$ 1,536,130.00	\$ 197,226.93	87.16

Note 1 - Project Management Costs include preconstruction, design and planning costs.

Note 2 – Budget is the engineer’s estimate for undertaking the works, not the water renewal budget which is \$1,118, 490.

Note 3 – This table is for financial progress up to 30 June 2018 which was the information available when the report was prepared.

Variations to Date

There are no current variations.






Open Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council’s Risk Management Policy, November 2017.

Open Issues

Issue No.	Date Raised	Raised by	Title	Description	Owner	Status	Priority	Action	Impact Date	Decision and / or Outcome
WS - 001	6-Jun-18	Gerry	Additional works impact on budget	Due to the scope of work required (the addition of Fairfield Road and Gallo's request to include a section on Bartholomew Road) the costs of the work will exceed the budget available.	Gerry	Open	High	Report to be prepared to the Finance Audit and Risk Subcommittee meeting once the final costs are in at the end of June 2018.	30-Jun-18	Explanation included in July 2018 Status Report
WS - 002	10-Nov-17	Gerry	Additional works may impact on timeframes.	Due to the scope of work required, there is a risk that the works may not be completed within this financial year.	Gerry	Open	High	The outstanding works that remain after 30 June 2018 will be included in the 2018/19 Renewals work programme	1-Jul-18	Outstanding works will impact on 2018/19 Renewals budget and timeframes

Milestones

Key Milestone / Deliverable	Due Date	Status	% Planned (based on total length of main)	% Complete (based on total length of main)	Progress
Project Planning & Design	Start date: 23 Jul 2017 End date: 16 Aug 2017		100%	100%	Completed
Fairfield Road 200mm main -436m 150mm main- 45 m	Start: 11 Sep 2017 End: 7 Nov 2017		100%	100%	Completed
Fairfield Road 100mm rider main - 120m 50 mm rider main - 50m	Start: 8 Nov 2017 End: 30 Nov 2017		100%	100%	Completed
Weraroa Road pipe laying from Kawiu Road to York Street 400m	Start: 15 Nov 2017 End: 31 Jan 2018		100%	100%	Completed
Weraroa Road pipe laying from York Street to Mako Mako Road 1600m	Start: 1 Feb 2018 Revised End: 30 Sep 2018		60%	60%	On track

<p>To: Finance, Audit & Risk Committee</p> <p>CC: Rob Green – Group Manager Infrastructure Services</p> <p>Project Manager: Gerry O’Neill</p> <p>Engineer Representative: Thushantha Heenkenda</p>	<p>PROJECT STATUS REPORT #6 as of 13 July 2018 FOXTON NEW RESERVOIR PROJECT PHASE : CONSTRUCTION</p>	<p>Overall Project Status</p> <p style="text-align: center;">NI</p>
<p>Project Manager Satisfaction Index (1 poor, 10 excellent)</p>		<p>7</p>

● OS On Schedule
 ● NI Not progressing as scheduled but no impact on deliverables
 ● OT Off Track
 ● C Completed
 ● NS Not Started

PROJECT OBJECTIVES AND STATUS

Project Summary

This project is to install a new 500m³ water tank at Foxton Seaview Garden to increase the drinking water storage capacity in Foxton, to meet the community’s needs and to provide resilience in the event of an earthquake, unscheduled maintenance or power cut.



Reliant Solutions supplied the tank. The original expected completion date was 31 March 2018; however, this has been changed to 31 October 2018 due to delays while Council sought permission from the Department of Conservation through the Public Works Act to construct the reservoir at this precise location.

A total budget of \$430,000 has been set aside for this project. This includes \$130,000 for the tank that was paid for last financial year.

General

The new reservoir has been constructed. The pipework is scheduled to commence on 27 July 2018 and there is also some electrical work and telemetry to be installed. The site will be fenced and planted.

Complaints/Concerns Received During Reporting Period

Nil

Financial

Description	Expenditure	Contract Price	Available	% Spent
Construction cost	\$ 272,046.09	\$ 370,000.00	\$ 97,953.91	\$ 73.53
Project Management Cost	\$ 41,110.00	\$ 35,000.00	-\$ 6,110.00	\$ 117.46
Contingency sum	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -
Total	\$ 313,156.09	\$ 430,000.00	\$ 116,843.91	\$ 72.83

Note: Project Management Costs include costs for HDC staff. Construction Cost includes cost of reservoir.

*Financial data up to 30.06.2018

Variations to Date










There are no current variations.

Open Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council's Risk Management Policy, November 2017.

Open Issues

Issue No.	Date Raised	Raised by	Title	Description	Owner	Status	Priority	Action	Impact Date
FR-0001	17-Jul-18	Gerry	Project Delay	Due to the contractor delayed start the project was not completed within the 2017/18 financial year.	Gerry	Open	Medium	Agreed programme with contractors.	1-Jul-18

Key Milestone / Deliverable	Due Date	Status	% Complete	Progress
Site selection and legal matters	End date 31 Aug 2017		100%	Completed
Tank order and supply	End 31 Mar 2017		100%	Completed
Relocating existing service lines	End 30 Nov 2017		100%	Completed
Design of pipe line, Electrical and SCADA	Estimated: 30 Nov 2017 Revised: 30 June 2018		100%	Completed
Earthwork and retaining wall	Estimated: 30 Nov 2017 Revised: 30 Jun 2018		100%	Completed
Reservoir construction	Estimated: 31 Jan 2017 Revised: 30 Jun 2018		100%	Completed
Pipework and Electrical Installation	Estimated: 28 Feb 2017 Revised: 30 Sep 2018		15%	
Landscaping and Fence	Estimated: 21 Mar 2017 Revised: 31 Oct 2018		0%	
Screen planting	Estimated: 31 Mar 2017 Revised: 31 Oct 2018		0%	
Projects Update				

<p>To: Finance, Audit & Risk Committee CC: Rob Green – Group Manager Infrastructure Services Project Manager: Gerry O’Neill Engineers Representative : Thushantha Heenkenda</p>	<p>PROJECT STATUS REPORT #6 AS OF 13 JUNE 2018 CONTRACT HA17-01 FOXTON WASTEWATER TREATMENT PLANT DESLUDGING PROJECT PHASE:CONSTRUCTION</p>	<p>Overall Project Status</p> <p style="text-align: center;">NI</p>
<p>Project Manager Satisfaction Index (1 poor, 10 excellent)</p>		<p>7</p>

● OS On Schedule
 ● NI Not progressing as scheduled but no impact on deliverables
 ● OT Off Track
 ● C Completed
 ● NS Not Started

PROJECT OBJECTIVES AND STATUS

Background

Foxton Waste Water Treatment Plant (FWWTP) is a series of 3 ponds. The first pond – the primary pond, was constructed in the 1970’s and was last desludged about 25 years ago. The 2 secondary ponds were constructed in the mid 1990’s. Over time as a by-product of the treatment process, sludge builds up in the ponds. The accumulation of sludge reduces the volume of the pond available for treatment, reducing the hydraulic retention time, and will eventually impact the FWWT effectiveness to treat wastewater. It is now time to desludge the ponds to ensure that the plant continues to perform satisfactorily. HDC have instructed the Horowhenua Alliance (HA) to desludge the ponds and install a new step-screen at the ponds. The HA must also increase the height of the waveband around the ponds.



- **Progress up to 13 June 2018**
 - The contract has been awarded to CW Glasgow Ltd.
 - A new step-screen for the inlet has been ordered.
 - Some preliminary designs for the waveband (which will increase the storage capacity of the ponds) has been undertaken.
 - CW Glasgow has completed the preliminary sludge survey
 - CW Glasgow has started preparation of sludge drying area

- **Key actions to progress this project over the next month**
 - Complete sludge drying area
 - Commence with Portion 3 – Desludging operation.

Key Milestone / Deliverable	Completion Date	Status	% Complete	Progress
Investigation and Concept Design	Estimated: Sep 2017 Actual: Oct 2017	C	100%	Completed.
Procure Desludging Sub-Contractor	Estimated: Nov 2017 Actual: Jan 2018	C	100%	Completed.
Separable Portion 1 & 2 - Survey & Design, and Preparing Sludge Drying Area	Estimated: Jan 2018 Revised: Jun 2018	OS	40%	Survey complete. Work started on Sludge drying area.
Separable Portion 3 – Physical desludging	Estimated: Apr 2018 Revised: Dec 2018	NI	0%	Not started.
Reinstatement and Closeout of Desludging Portion	Estimated: June 2021 Revised: Jan 2019	NI	0%	Not started.
Step screen design and order	Estimated: Feb 2017 Actual: Feb 2018	C	100%	Completed.
Step screen delivery	Estimated: Jul 2018 Revised: Sep 2018	NS	0%	Not started.
Step screen installation	Estimated: Jul 2018 Revised: Nov 2018	NS	0%	Not started.
Waveband design	Estimated: Mar 2018 Revised: Sep 2018	OS	25%	Started.
Waveband installation	Estimated: Aug 2018 Revised: Feb 2019	NS	0%	Not started.

Expenditure on the project

This project has been staged over two years. In the 2017/2018 Annual Plan, HDC allocated \$450 000.00 towards the project under Work Order 8890. (A further \$512,000.00 is allocated in the 2018/19 year of the LTP for this project. This is not included in the current reporting period, but will be included in future reports).


Description	Expenditure	Contract Price	Available	% Spent
Main desludging Contract	\$ 0.00	\$ 399,240.00	\$ 399,240.00	0%
New step screen	\$ 59,000.00	\$ 59,000.00	\$ 0.00	100%
Total	\$ 59,000.00	\$ 458,240.00	\$ 399,240.00	12.9%

Project Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council's Risk Management Policy, November 2017.

Open Issues

There are no open issues.

<p>To: Finance, Audit & Risk Committee CC: Rob Green – Group Manager Infrastructure Services Project Manager: Gerry O’Neill Engineers Representative : Ronaldo Serrano</p>	<p>PROJECT STATUS REPORT AS OF 13 July 2018 CONTRACT 901/2016/62 NORTH-EAST QUADRANT LEVIN PROJECT PHASE: PLANNING & CONSTRUCTION</p>	<p>Overall Project Status</p> <p style="text-align: center;"></p>
<p>Project Manager Satisfaction Index (1 poor, 10 excellent)</p>		<p style="text-align: center;">7</p>



PROJECT OBJECTIVES AND STATUS

- **Purpose**

The purpose of this report is to update the Finance, Audit & Risk Committee on the progress to date on the North-East (NE) Levin Quadrant Stormwater Upgrade project.

- **Significant milestones achieved during the reporting period include:**

- All of Fairfield Road has been sealed with the exception of the Roslyn-Fairfield intersection
- 650 metres out of 700 meters of the shared path way has been completed
- HDC engineers continue to liaise with developers to include services connections where possible prior to finishing the roadworks.

- **Works that were completed from April up to date under the Higgins contract:**

- All of the Kerb and Channel on both sides of Fairfield, including the Roslyn-Fairfield intersection has been completed
- Two catchpit drains near Roslyn-Fairfield intersection have been installed
- Chip sealing of driveways
- 200 metres of road markings were completed
- With the exception of one manhole at the intersection of Roslyn-Fairfield Roads, all manholes have been raised to the new design level.
- Backfilling on berm and tidy-up

- **Work for consenting purposes:**

- The new flow measuring device at the stormwater outlet of Fairfield Road was installed
- The additional information Horizons requested (under section 92 of the Resource Management Act) to augment HDC’s consent application for Attenuation Ponds has been provided to Horizons.

- **Project Concerns**

- The scope of the project has increased significantly from when it was first proposed as a stormwater project. This includes the decision to upgrade the road, install shared pathway, replace some water mains, etc. The new road design had the flow on effect that the gas main also needed to be lowered. As a result the project has taken considerably longer than was originally intended.
- The surrounding community has had to endure the inconvenience of construction on this site since February 2017.





Kennedy Park Pump station and Rising Main Upgrades

Key Milestone / Deliverable	Completion Date	Status	% Complete	Progress
Investigation and Concept Design	Estimated: Aug 2016 Actual: Aug 2016	C	100%	Completed.
Tender Review and Evaluation	Estimated: Jan 2017 Actual: Jan 2017	C	100%	Completed.
Supply of Pumps	Estimated: Sep 2016 Actual: Sep 2016	C	100%	Completed.
Pumpstation Retrofitting	Estimated: Nov 2017 Revised: Mar 2018	C	100%	Kennedy – 100 % Okarito – 100 %
Rising Main Installation	Estimated: May 2017 Actual: May 2017	C	100%	Completed.
Road Reinstatement	Estimated: Dec 2017 Revised: Mar 2018	C	100%	Completed

Fairfield Road Stormwater Pipeline

Key Milestone / Deliverable	Completion Date	Status	% Complete	Progress
Investigation and Concept Design	Estimated: Aug 2016 Actual: Aug 2016	C	100%	Completed.
Tender Review and Evaluation	Estimated: Jan 2017 Actual: Jan 2017	C	100%	Completed.
New Pipeline	Estimated: May 2017 Actual: Jul 2017	C	100%	Completed.
Rehabilitate Fairfield Road – Kerb and Channel	Estimated: April 2018 Revised: Jun 2018	C	100%	Completed.
Rehabilitate Fairfield Road – Roadworks	Estimated: April 2018 Revised: Jul 2018	OS	90%	Remaining work to be sealed is the intersection.
Rehabilitate Fairfield Road –Shared pathway	Estimated: May 2018 Revised: Jul 2018	OS	93%	Work is ongoing.

Koputaroa Stream Improvements

Key Milestone / Deliverable	Due Date	Status	% Complete	Progress
Investigation and Concept Design	Estimated: Feb 2017 Actual: Feb 2017		100%	Completed.
Consultation process	Estimated: Oct 2017 Revised: N/A		95%	HDC is awaiting the submission of the cultural impact assessment from Raukawa. This will be included as an Annexure to the consent application.
Consenting Process	Estimated: Nov 2017 Revised: Sep 2018		80%	Section 92 Request Response for Koputaroa Tributary submitted to Horizons.
Construction / Implementation of mitigation measures	Estimated: Apr 2018 Revised: Apr 2019		0%	The mitigation measures will be implemented as per consent conditions. Some works may need to wait for the drier summer months prior to the actual work commencing.

Footnotes:

- **Estimated:** was initially estimated completion date of the task at the commencement of the project / contract.
- **Actual:** was the date the task was actually completed.
- **Revised:** were tasks are Off Track, the Revised is the revised completion date.

Expenditure on the project

Description	Expenditure	Contact Price	Available	%Spent
KSB Pumps	\$39,366.60	\$44,564.00	\$5,197.40	88%
Assmuss Pipes	\$53,782.55	\$52,727.99	-\$1,054.56	102%
Kennedy/FF Pipelines	\$3,035,356.62	\$3,204,892.14*	\$169,535.52	94%
Stream Improvements	\$0.00	\$250,000.00	\$250,000.00	0%
Consenting Costs	\$52,151.40	\$100,000.00	\$47,848.60	52%
Contingency	\$0.00	\$150,000.00	\$150,000.00	0%
Total	\$3,180,657.17	\$3,802,184.13	\$621,526.96	84%

* Original contract price was \$2,743,632.14. Value of approved variations is \$461,260.00

Project Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council's Risk Management Policy, November 2017.

Project Issues

Issue No.	Date Raised	Raised by	Title	Description	Owner	Status	Priority	Action	Impact Date	Decision and / or Outcome	Date Closed
1	5-Mar-18	Ronaldo	Failure to complete works in timely manner	Some sections of the public have lost confidence in Council's ability to complete the work in a timely manner	Gerry	Open	Medium	<p>5 March 2018 - HDC Officers will meet with Higgins to confirm what measures can be taken to successfully expedite the project</p> <p>30 May 2018 - Higgins have increased the resources available for this project significantly. Work is now progressing at a reasonable rate.</p>	12-Mar-18	This issue will remain open until Practical Completion is issued.	Pending

Next issue is issue number 2.

Progress Photos Shared Pathways Construction along Fairfield



FAIRFIELD ROAD CONSTRUCTION

(Base coarse compaction, Concrete Kerb & Channel and Road Sealing)



Annual Report Project Plan

File No.: 18/447

1. Purpose

To present to the Finance, Audit & Risk Subcommittee (FARS) the Annual Report 2017/18 Project Plan.

2. Recommendation

- 2.1 That Report 18/447 Annual Report Project Plan 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

With the adoption of the Annual Report 2017/18 scheduled for 10 October 2018, the following is the proposed project timetable:

<u>Date</u>	<u>Key Milestones</u>
1 August	Draft Financial Statements to FARS
6 August	Full draft Annual Report to Audit
13 August	Audit (3 weeks)
24 August	CEO/Mayor - Intro into document
29 August	Council to resolve to exempt MWLASS and Shannon Community Trust from Council Controlled Organisation (CCO) status
31 August	Last day with Audit
19 September	Final full Annual Report and Summary Report draft to FARS
10 October	Audit opinion
10 October	Council to adopt the Annual Report.

Further information on the Annual Report Progress is included in D. of the Financial Report Executive Summary.

Attachments

There are no attachments for this report.

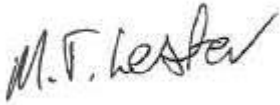
Confirmation of statutory compliance

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)	Abraham Chamberlain Financial Accountant	
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Approved by	Mark Lester Group Manager - Corporate Services	
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Draft Twelve Month Report 1 July 2017 - 30 June 2018

File No.: 18/407

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the draft financial report for the twelve months to 30 June 2018.

2. Recommendation

- 2.1 That Report 18/407 Draft Twelve Month Report 1 July 2017 - 30 June 2018 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As included in the **attached** report.

Attachments



No.	Title	Page
A	Financial Reporting - Monthly Report - 30 June 2018	36

Confirmation of statutory compliance

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

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

Signatories

Author(s)	Doug Law Chief Financial Officer	
Approved by	David Clapperton Chief Executive	



Twelve Month Report

1 July 2017 - 30 June 2018



Executive Summary

A. Trends and Activity of Interest

1. Resource Consenting
 - 183 consents have been lodged as at 30 June 2018, compared to 189 at the same time last year.
 - 89 subdivision consents approved as at 30 June 2018, compared to 83 at the same time last year.
 - 48 consents have reached 223 stage and 47 have reached 224 stage as at 30 June 2018.
2. Approved subdivisions have resulted in the creation of 150 new allotments as at 30 June 2018.
3. Building Consents
 - Value of consents issued as at 30 June 2018 is \$97,816,985 compared to \$94,089,281.00 for the same period last year
 - 725 consents issued as at 30 June 2018, compared to 708 for the same period last year.
 - 223 new dwelling consents at 30 June 2018 against 206 for the same period in the 2016/2017 year.
 - 747 building consents were lodged as at 30 June 2018 compared to 716 for the same period in the 2016/17 year.

Both Resource Consent and Building Consent numbers, and the level of enquiries remain steady this month with a similar level of activity that was experienced in 2016/17.

B. Financial Performance – Operational Expenditure

Council has achieved a loss of (\$2,275k) as at 30 June 2018 against a budgeted surplus of \$978,000

However due to the revaluation gain on infrastructural assets \$7.7m there is a “comprehensive revenue and expenditure” surplus of \$5.4m against a budgeted surplus of \$6.9m. This gain on valuations is not cash but has affected the depreciation expense.

There are a number of non-cash end-of-year accruals that can often obscure the financial result. These are;

• Vested assets	\$289k
• Under “Other gains” ;	
○ Increase in Forestry Valuation	\$164k
○ Increase in value of carbon credits	\$ 56k
• Unrealised loss on financial instruments	(\$184k)
• Increase in the landfill aftercare provision	(\$142k)
• Write down of the interest free community loan	(\$ 19k)
• Net effect is a decrease in the deficit of	\$164k

The following variances are evident

- Fees and charges has pensioner housing rental \$343K that was not budgeted for due to sale, which occurred 27 November 2017.
- Less revenue from Grants
 - Subsidised Roothing increased due to LED lighting and extra capital projects, offsetting lower than budget grants below \$1M

- Community Centres \$1.52m
 - \$1m of the budget was for the Iwi and Dutch museum fit-outs. This was initially recognised in the budget as Council income. However, as the fit-out asset is not a Council asset the grant was received on behalf of the partners and not Council income and therefore not recognised as Council revenue.
 - \$500k was in the budget for 2017/18 but was actually recognised last financial year (2017/18) as an accrual.
- Increased finance revenue \$91k due to the extra \$5m on deposit from the liquidity investment.
- Finance costs are below budget by \$367k reflecting the lower interest rates on loans; 4.12% against the Annual Plan assumption of 4.75%.
- Depreciation expense is \$2,330k higher than budget due to the revaluations of assets last year that were not reflected in the Annual Plan budgets. \$8.7m (63%) of the \$13.9m of depreciation has been rate funded to provide for future asset renewals. This ‘underfunding’ of depreciation has contributed to our unbalance budget. The LTP budget for the current financial year has increased this funding to \$11.1m (82%) and was one of the main reasons for our above inflation rate increase.
- Asset Maintenance contract expenditure is over budget due to
 - The increased operational costs on the new Levin Water Treatment and storage infrastructure \$647k as well as more laterals and repair work than envisaged.
 - Increased costs in Foxton water \$210k associated with the change in chemicals to remove the manganese and an increase in inspections relating to this change in treatment methodology.
 - However, Solid waste, wastewater and roading operational maintenance were all below budget.

Prudential Benchmarks

Council has not met 2 of the prudential bench marks for the year;

1. The Balanced budget bench mark where HDC achieved 95% instead of the bench mark of 100% minimum, This is due to the lower income from grants
2. Operational Control where HDC is at 92.8% of the %100% minimum. This bench mark measures whether Council’s actual cashflow from operating activities is at or above the budgeted level. Again the lower income from grants has negatively impacted on achieving this benchmark.

C. Financial Performance – Capital Expenditure

Capital Expenditure is below budget by \$5,933K. The main areas of underspending are;

Wastewater

Foxton Wastewater treatment Plant

\$1.770m

Waiting for Environment Court decision expected in March 2018. If granted this project will go ahead this financial year.

Foxton Waste water pond desludge

\$319k

Contract awarded. Work about to begin.

Levin treatment plant renewals \$1.569m

Partly for Pot Consent, tree harvesting, progressing slowly

Stormwater

NE Levin improvements \$921k

Some of the funds are for raising Tavistock Road, Buckley Road Pump station improvements and work on the attenuation ponds on the Coley, Sue and Palmer properties. These works are dependent on resource consent being issued.

Development planning Foxton Beach \$156k

District Wide Improvement works \$169k

Queen Street drain extension. Pipes have been ordered and contractors asked to price up works.

Roading

	Actual 30 June 2018	Budget 30 June 2018	Variance 30 June 2018
2212 - Sealed Road Resurfacing	(960,329.84)	(1,000,000.00)	(39,670.16)
2214 - Sealed Road Pavement Rehabilitation	(2,085,474.41)	(2,057,484.00)	27,990.41
Total	(3,045,804.25)	(3,057,484.00)	(11,679.75)

Both Resurfacing and Rehabilitation are running behind due to resourcing issues experienced by the Contractor.

Some projects are now going to be done by the Alliance to alleviate some of the workload.

D. Annual report progress

- The annual report process started in May when Audit came in for the interim audit where they review systems and also looked at the asset revaluations.
- The inputs to the financial statements apart from library assets additions and disposals have been completed. The Shannon Community Trust once completed will be consolidated into the group statements in the next week.
- The notes that accompany the statements will be completed before the full draft is set to Audit.
- The only issue we may have is the accounting and tax treatment of the Alliance, because the Alliance is a fairly new structure for Audit, they will be looking at it closely. We have also had PriceWaterhouseCoopers look at the Alliance in terms of tax exposure and there is some more work required to get a definitive view from them.

Doug Law
Chief Financial Officer
20 June 2018

Operational Summary

Total revenue	Total expenditure	Total surplus/(deficit)
\$52.87m is 0% less than the total budget of \$52.89m	\$55.15m is 6% more than the total budget of \$51.91m	(\$2.28m) is 333% less than the total budget of 0.98m

SUSTAINABILITY

Rates to operating revenue 68%

Rates revenue	\$35.27m
Operating revenue	\$51.49m

68% 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 95%

Operating revenue	\$51.49m
Operating expenditure	\$54.27m

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 95% of operating expenditure.

Essential services ratio 156%

Capital expenditure	\$17.63m
Depreciation	\$11.30m

Capital expenditure should be equal or more than depreciation for essential services, for year to date capex is 156% of depreciation. Essential Services are Water Supply, Wastewater, Stormwater and Roading.

Net debt to total revenue 136%

Total net borrowing	\$74.05m
Total operating revenue	\$54.27m

With net borrowing of \$74.05m we are still under the set limit of 175% of operating revenue. Total net borrowing is external borrowing less cash at bank.

Interest to rates revenue (LGFA Cov.) 9%

Net Interest	\$3.13m
Rates revenue	\$35.27m

9% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue excludes penalties, water supply by meter and gross of remissions.

Interest to operating revenue (LGFA Cov.) 6%

Net Interest	\$3.13m
Operating revenue	\$51.49m

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

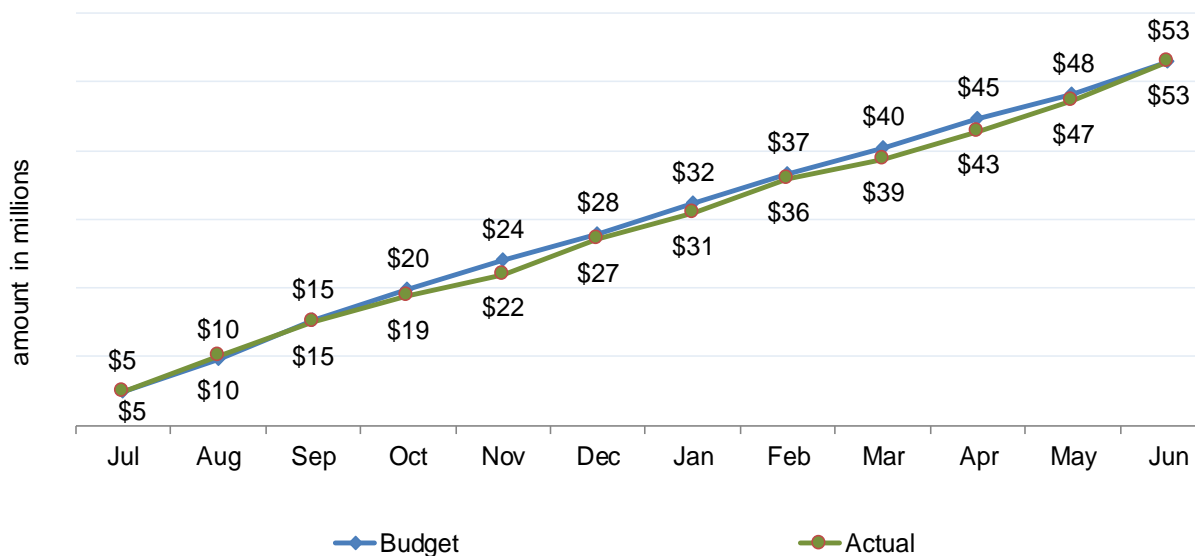
Available financial accommodation to external indebtedness (LGFA Cov.) 114%

Net debt	\$74.05m
Undrawn committed facilities	\$10.00m

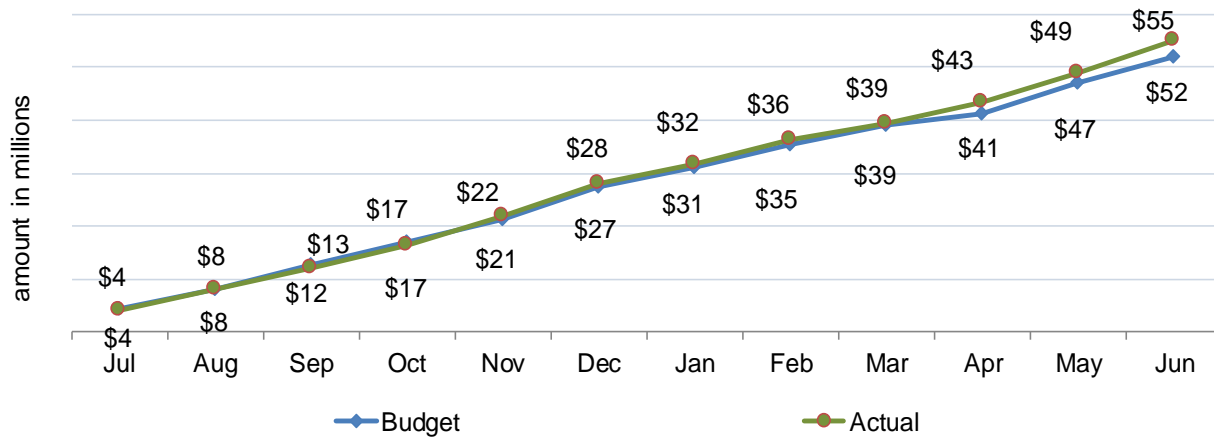
The committed bank facility enables us to borrow up to 114% of our current external debt immediately. The LGFA covenant minimum is 110%.

Operational Summary (cont.)

Total Revenue \$m

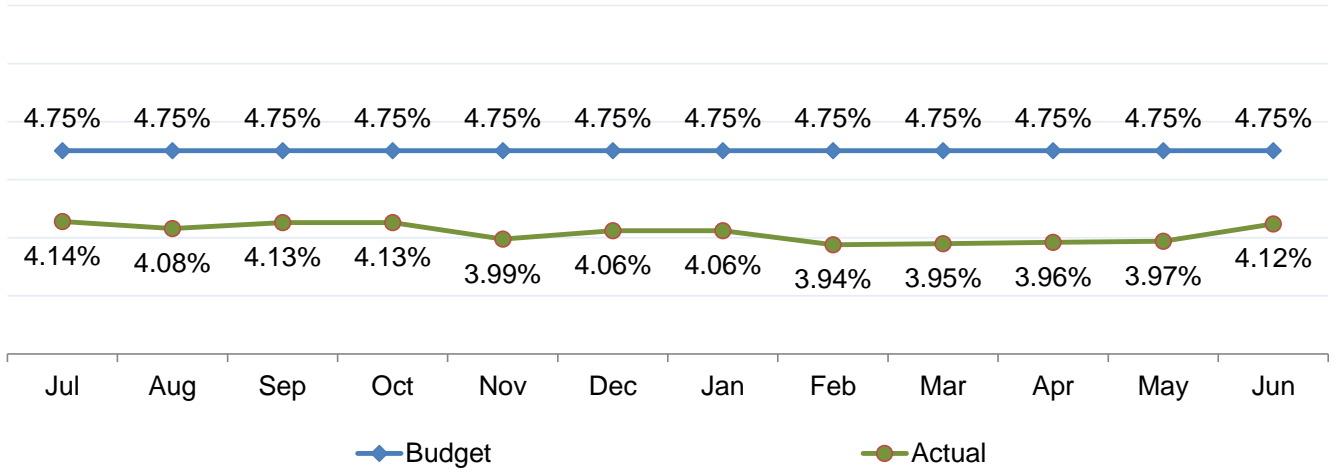


Total Expenditure \$m

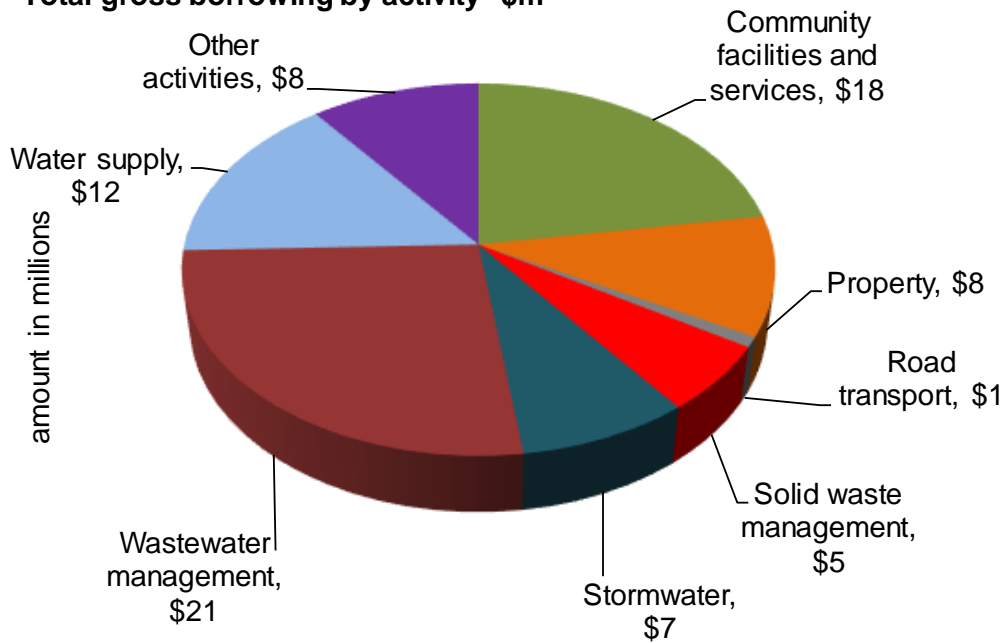


Operational Summary (cont.)

Interest rate movement

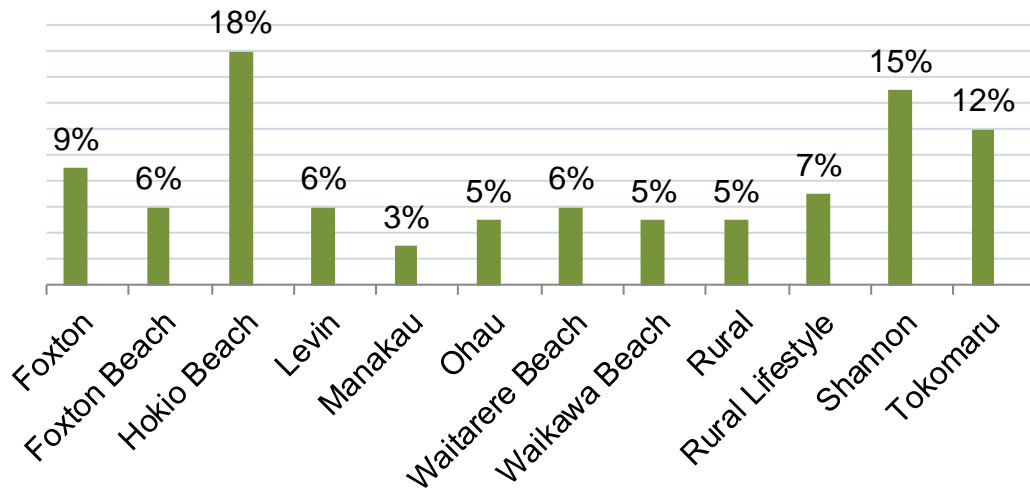


Total gross borrowing by activity \$m

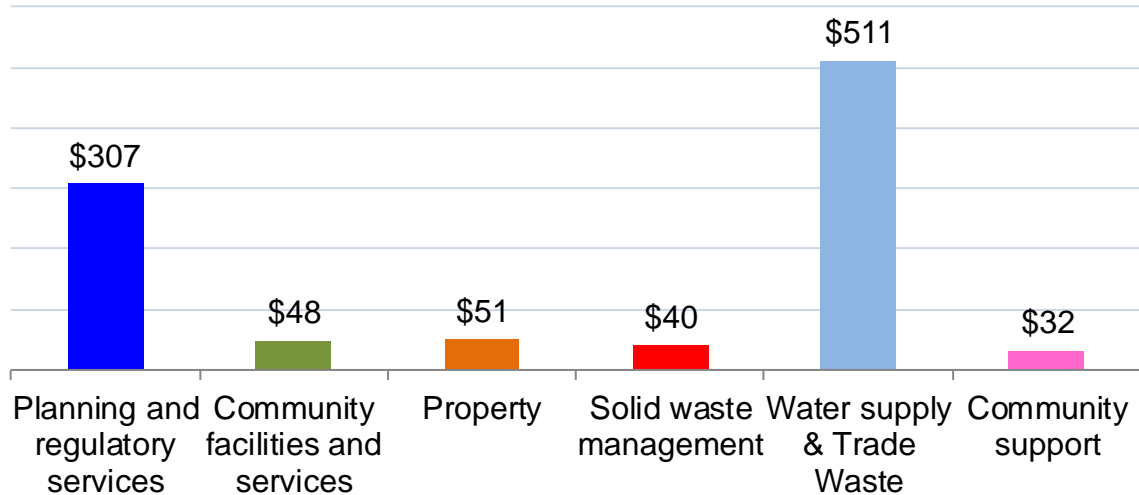


Operational Summary (cont.)

Rates debtors % with arrears over \$99



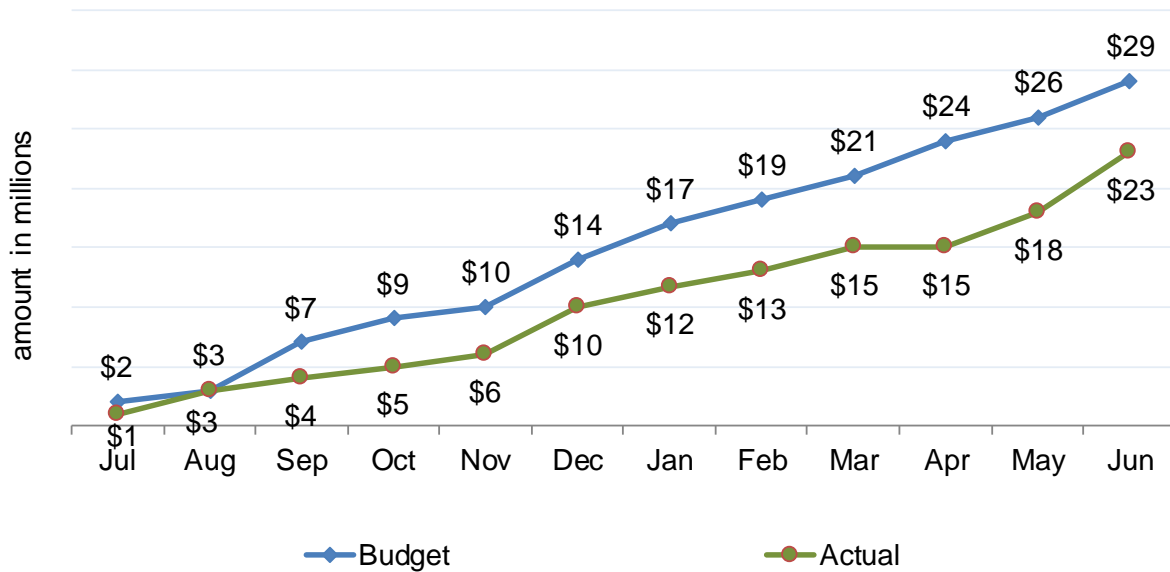
Sundry debtors by activities \$000



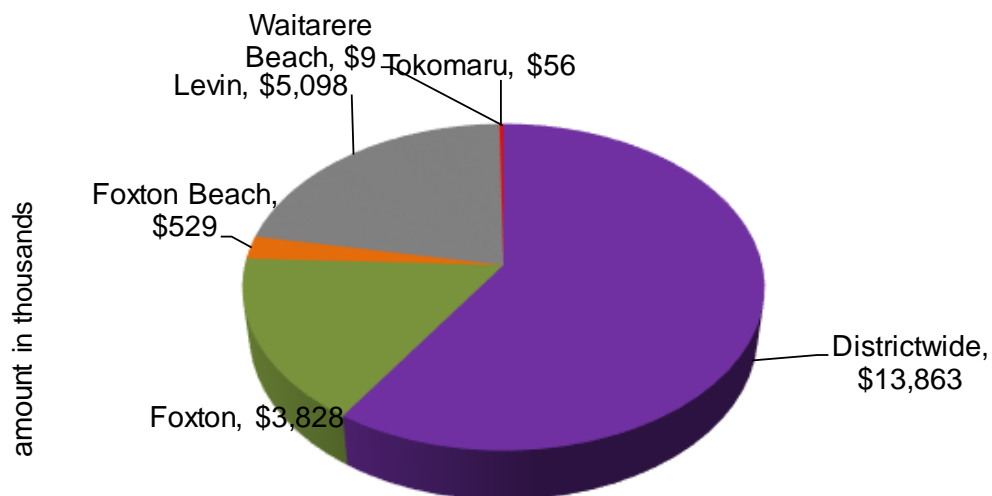
Capital

To meet growth	To improve service	To replace
\$2.33m	\$8.90m	\$12.16m
is 47% less than the YTD budget of \$4.43m	is 16% less than the YTD budget of \$10.59m	is 15% less than the total budget of \$14.31

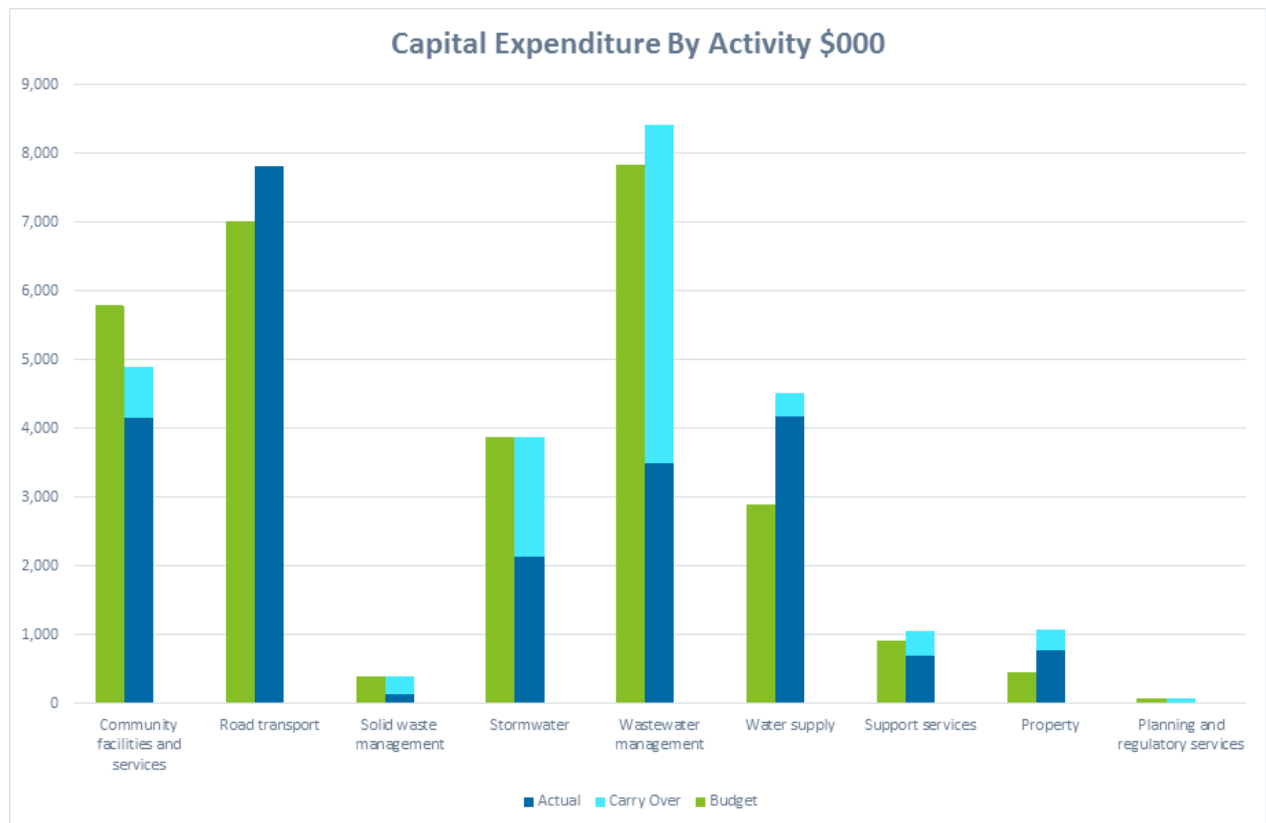
Total Capital Expenditure



District View - Capital Expenditure \$000



Capital (cont.)

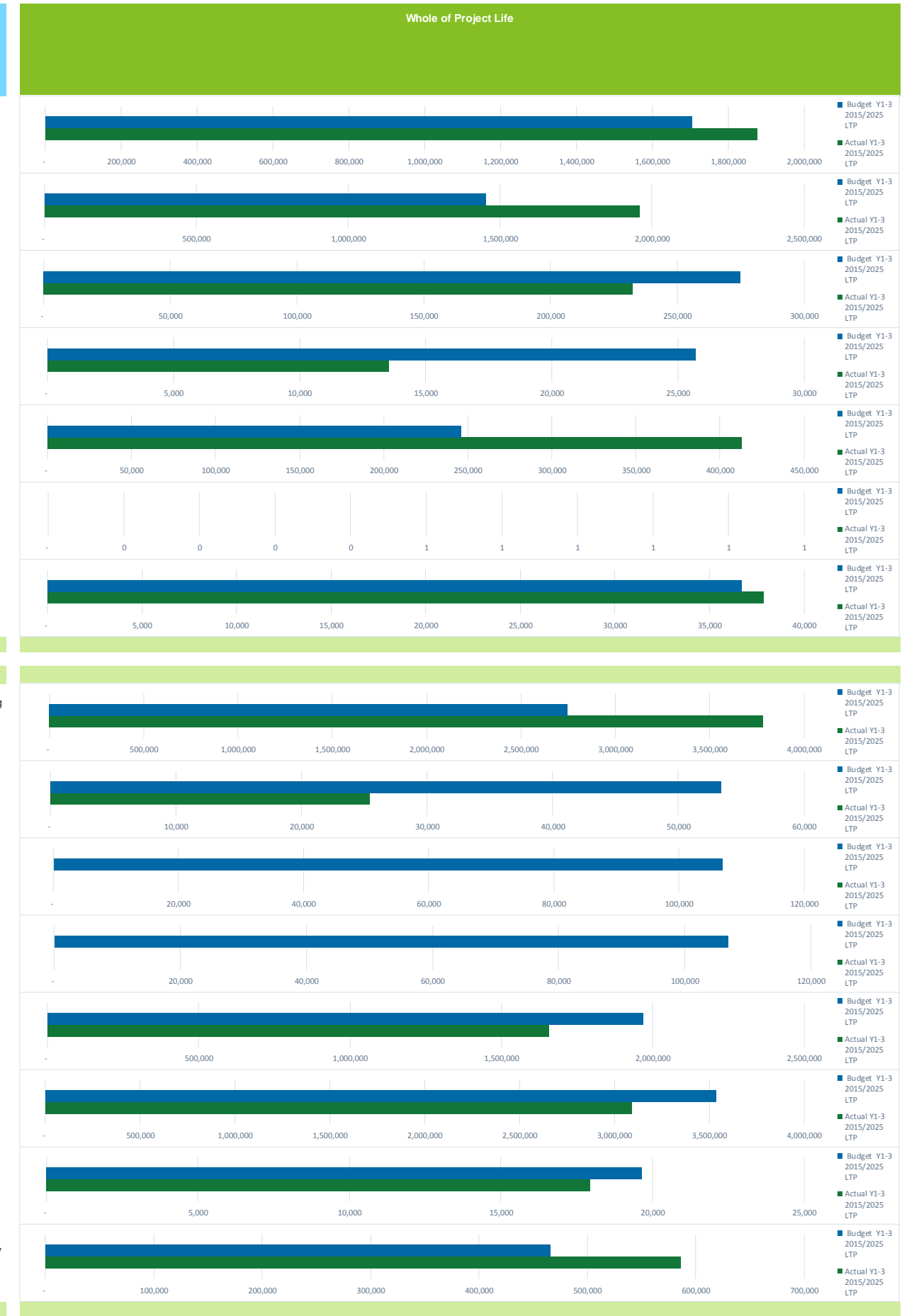


Statement of Capital Projects over \$50,000

Description	Type	LTP 2015-2025		Year to date Costs vs YTD Budget				General Comments	Whole of Project Life
		Total project Budget Y1-3	Start Year In LTP 1-3	Actual	Full Year Budget 2017/18	Variance in \$	Variance in % to total budget		
Land Transport									
Foxton Townscape Main Street Upgrade	LOS	1,500,000	1-2	912,587	1,225,000	312,413	26%	Extra engagement has gone well for North end of Main Street and we should be able to complete entire project this year.	
Total Land Transport		1,500,000		912,587	1,225,000	312,413	26%		
Stormwater									
Levin Queen Street	LOS	250,000	1	6,000	150,000	144,000	96%	This money is to assist with the Ministry for the Environment (MFE) project. The MFE project will determine the timeframes for this work. This is a stormwater (SW) quality improvement project (SW discharge to the Lake) possibly contracting wetland areas.	
Stormwater Telemetry	LOS	102,000	2	32,584	-	(32,584)	100%	Cost of fully reticulated stormwater network was obtained to give options to manage stormwater. Draft catchment management plan has been received and have been presented to the Council as part of stormwater network analysis.	
Shannon Catchment Management Plan	LOS	83,000	2	-	53,927	53,927	100%		
District Wide Improvement Works	Grwth/LOS	508,000	3 to 2024/25	365,136	534,551	169,415	32%	Planning started and some minor improvements undertaken. Designs to extend Queen Street stormwater pipe have been prepared and contract let. The larger Queen Street stormwater drain extension project is currently on hold due to concerns raised by some iwi.	
Development Planning Foxton Beach	GRWTH	156	2	179	155,700	155,521	100%	Planning started. With a full team this will be undertaken next year.	
Improvements NE Levin	Grwth/LOS	890,000	1-2	1,479,692	2,462,903	983,211	40%	Contract awarded to Higgins. Stormwater pipe installed, Pump stations complete and roading well progressed. The timing of the construction of the attenuation ponds depends upon consent being granted however, \$940,000 to be carried forward for attenuation ponds. The works on Fairfield is to be completed by Jun 2018.	
Total Stormwater		1,833,156		1,883,591	3,357,081	1,473,490	44%		
Wastewater									
Foxton Wastewater Treatment Plant - Strategic Upgrade	LOS	7,815,000	1-5	263,790	2,092,918	1,829,128	87%	At consent stage. The YTD costs include costs recovered from Horizons (\$200k). This stage it is unclear whether we will get all of this work completed this financial year or just part of it.	
Foxton Wastewater Treatment Plant - Pond Desludge	Ren/LOS	962,000	2	132,708	450,000	317,292	71%	Contract awarded to CW Glasgow.	
Foxton Beach Wastewater Treatment Plant - Strategic Upgrade	LOS	449,000	1-4	112,485	267,275	154,790	58%	At consent stage. The YTD costs include costs recovered from Horizons (\$200k). This stage it is unclear whether we will get all of this work completed this financial year or just part of it.	
Foxton Beach Wastewater Treatment Plant - Planned Renewals	Renewal	332,000	1-7	-	142,190	142,190	100%		
Tokomaru Wastewater Treatment Plant - Consent Renewal	Renewal	152,000	1-2	58,267	65,000	6,733	10%	Consent application on hold with Horizons. Following HDC's agreement to purchase land in the area, earmarked to allow land irrigation of treated WW effluent from the WWTP, the purchase should go through from 1 July 2018 onwards - with funding from MIE. The consent renewal process for the application will be back on with completion of the land deal.	
Waitarere Wastewater Treatment Plant - Strategic Upgrade	LOS	596,000	2-4	19,014	267,276	248,262	93%	This is currently awaiting consent.	
Foxton Reticulation - Renewals	Renewal	596,000	1 onwards	-	167,265	167,265	100%	Work being undertaken as part of the District Wide renewals by the Horowhenua Alliance. Construction well progressed.	
Levin Reticulation - Renewals	Renewal	2,729,000	1 onwards	892,491	433,889	(458,602)	(106%)	Work being undertaken by the Horowhenua Alliance. Construction progressing well. Actuals include work undertaken under Works Order 8498.	
Districtwide - Reticulation Unplanned Renewals	Renewal	833,000	1 onwards	39,643	192,973	153,330	79%	For reactive repairs. To cover unscheduled maintenance issues.	

Statement of Capital Projects over \$50,000 (cont.)

Description	Type	LTP 2015-2025		Year to date Costs vs YTD Budget				General Comments
		Total project Budget Y1-3	Start Year in LTP 1-3	Actual	Full Year Budget 2017/18	Variance in \$	Variance in % to total budget	
Levin Treatment Plant - Planned Renewals	Renewal	3,305,000	1 onwards	258,098	1,826,673	1,568,575	86%	Renewal works on the pump and WWTP barrier were not required and other works could not be progressed in 2017/18 due to circumstances beyond our control eg delay in works progressing due to a skilled labour shortage, large construction activity elsewhere.
Levin Wastewater Treatment Plant Strategic Upgrade	LOS	3,081,000	1-5	492,988	545,241	52,253	10%	Some of these works could not be progressed fully in 2017/18 due to circumstances beyond our control eg delay in works progressing due to a skilled labour shortage, large construction activity elsewhere. Carry forward \$150K to 2018/19.
Levin Treatment Plant - Unplanned Renewals	Renewal	275,000	1 onwards	38,896	94,592	55,696	59%	For unplanned works.
Development Planning Foxton Beach	Growth	156,000	2	7,785	144,738	136,953	95%	Planning started. This work will be undertaken with a full staff next year.
Development Work - North East Levin	Growth	246,000	3-8	413,153	245,893	(167,260)	(68%)	Works complete
Development Planning Waitarere Beach	Growth	160,000	3	-	160,365	160,365	100%	Not yet started. This work will be undertaken with a full staff next year.
Levin Tararua Industrial Development	Growth	125	1	-	88,287	88,287	100%	On hold until decision made whether Council develops this site. Unlikely to spend this money this financial year.
Total Wastewater		21,687,125		2,729,316	7,184,575	4,455,259	62%	
Water Supply								
Levin Reticulation- RENEWAL	Renewal	2,746,000	1 onwards	2,186,364	1,069,601	(1,116,763)	(104%)	Work being undertaken by the Horowhenua Alliance. Construction progressing well. The scope of the works to be undertaken this financial year has increased significantly from the original scope (i.e. we've completed a lot more work than the budget allowed).
Foxton Beach consents- RENEWAL	Renewal	53,000	3	25,445	53,455	28,010	52%	This is currently underway.
Tokomaru Consents- RENEWAL	Renewal	107,000	3	-	106,910	106,910	100%	To be carried forward to 2018/19.
Shannon - Mangaore Consents- RENEWAL	Renewal	136,000	1 & 3	-	106,910	106,910	100%	To be carried forward to 2018/19.
Levin Clarifier Installation	LOS	2,000,000	1	91,266	250,000	158,734	63%	Additional costs to come.
Levin treatment plant upgrade	LOS	3,737,000	2	353,882	600,000	246,118	41%	Carried forward from last year. To be used for Foxton New Reservoir and Foxton Beach Green Sand Filters. Project to be completed by June 18.
Foxton Beach Development plan	Growth	100	2	1,693	83,000	81,307	98%	Planning started. This work will be undertaken with a full staff next year.
Reactive renewals - District Wide	Renewal	316	1 onwards	248,905	160,365	(88,540)	(55%)	For reactive repairs. To cover unscheduled maintenance issues. We are likely to overspend this budget as additional works have been identified on Bartholomew Road.
Total Water Supply		8,779,416		2,907,554	2,430,241	(477,313)	(20%)	



Statement of Capital Projects over \$50,000 (cont.)

Description	Type	LTP 2015-2025		Year to date Costs vs YTD Budget				General Comments	Whole of Project Life
		Total project Budget Y1-3	Start Year in LTP 1-3	Actual	Full Year Budget 2017/18	Variance in \$	Variance in % to total budget		
Solid Waste									
Cap Shape Correction	Renewal	131,000	1 & 3	49,714	62,050	12,336	20%	This will be used to repair some minor spots of capping on the closed landfill, and any spots needing attention on the active landfill	
Landfill Development	Growth	385,000	1	79,600	329,704	250,104	76%	Will be used primarily to install a cut-off drain provided the new consents get approved in addition to changing the final landfill design to allow more space, and will also be used to install new gas wells	
Total Solid Waste		516,000		129,314	391,754	262,440	67%		
Property									
General Property Renewals	Renewal	287,000	2	21,839	186,900	165,061	88%	For Foxton surf-life club seismic strengthening and renewals	
Tararua Industrial Development	Growth	502,000	2	1,838	142,100	140,262	99%	Insufficient funding to complete subdivision, carry forward to 2018/19.	
Total Property		789,000		23,676	329,000	305,324	93%		
Community Facilities and Services									
Levin Aquatic - Replace the Hydroslide	Renewal	120,000	2	-	120,000	120,000	100%	Recommend carry forward to 2018/19, with work to be undertaken following feasibility study of recreational and aquatic facilities.	
Foxton Aquatic Centre Plan Renewals	Renewal	40,000		156,402	114,996	(41,406)	(36%)	Programme of capital work to be undertaken to enhance landscaping at front and rear of facility.	
Te Awahou -Community Centre - Site works and museum fitout	Gwth/Los/Ren	5,107,000	1-2	2,307,244	1,320,000	(987,244)	(75%)	Opened to public 18 November 2017.	
IT equipment Te Awahou	Growth	109,000	3	102,800	109,000	6,200	6%	Completed.	
Shared pathways	LOS	250,000	3	105	250,000	249,895	100%		
Waitarere Dune management Dune management - flatten recountour	Renewal	103,000	1	-	102,900	102,900	100%	Expenditure contingent on construction of new surf-club carry-over \$97,900 to 2018/19.	
Reserves Renewals	Renewal	221	1 onwards	42,650	158,752	116,102	73%	Due to lack of contractor availability work has not progressed. Carry forward to 2018/19.	
District Play Equipment	Renewal	82	1-2	43,329	75,000	31,671	42%		
Foxton Beach Reserves Projects per LTP 2015-2025 (Endowment)	Renewal	31,000	1-2	327,028	276,060	(50,968)	(18%)	Foxton Community Board elected to install the second option (50m x 50m) pump track and meet the extra cost from the 2018/19 Freehold account contribution.	
Total Community Facilities and Services		5,760,303		2,979,558	2,526,708	(452,850)-	(18%)		

Statement of Comprehensive Revenue and Expense

	Note	Council Actual \$ 30 June 2018 \$000	Council Budget \$ 30 June 2018 \$000	Council Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2018 \$000	Group Actual \$ 30 June 2017 \$000
Revenue						
Rates	1	36,209	36,790	34,498		34,498
Finance revenue	2a	161	70	53		65
Grants and subsidies	2b	6,325	7,226	3,900		3,900
Fees and charges	2c	5,601	5,155	6,321		6,321
Other revenue	2d	3,736	3,293	3,857		3,857
Vested assets	2e	289	-	459		459
Development contributions	2f	197	-	488		488
Gain on derivative financial instruments	34	-	-	630		630
Other gains	3	356	359	983		760
Total revenue		52,874	52,893	51,189		50,978
Expenditure						
Employee benefit expenses	4	13,369	13,174	12,234		12,234
Depreciation and amortisation	11,12,35	13,934	11,604	14,154		14,154
Finance costs	6	3,291	3,658	3,106		3,106
Loss on derivative financial instruments	34	184	-	-		-
Other losses	3	1,939	1,877	733		733
Increase / (decrease) in landfill provision	17	142	95	221		221
Other expenses	5	22,290	21,507	21,683		21,706
Total expenses		55,149	51,915	52,131		52,154
Operating surplus / (deficit) before tax		(2,275)	978	(942)		(1,176)
Income tax expense	38	-	-	-		-
Operating surplus / (deficit) after tax		(2,275)	978	(942)		(1,176)
Write back of revaluation losses on land and buildings		-	-	2,963		2,963
Surplus / (deficit) attributable to: Horowhenua District Council		(2,275)	978	2,021		1,787
Other comprehensive revenue and expense						
Gain / (loss) on infrastructural assets revaluations		7,712	5,963	29,272		29,272
Gain / (loss) on operational assets revaluation		-	-	6,418		6,418
Gain / (loss) on restricted assets revaluation		-	-	6,091		6,091
Total other comprehensive revenue and expense for the year		7,712	5,963	41,781		41,781
Total comprehensive revenue and expense (deficit) for the year		7,712	6,941	43,802		43,568
Total comprehensive revenue and expense attributable to Horowhenua District Council		5,437	6,941	43,802		43,568
Interest as percentage of operating revenue		6%	7%	6%		6%
Interest to rates		9%	10%	9%		9%

Notes

Revenue

Rates penalties – The penalties are slightly below budget due to an increase in payments received for prior year's arrears debt and decreases in the current year's debt.

Interest Revenue – The is above budget with an additional \$5m placed on deposit.

Grants and Subsidies – The capital grant for Libraries received is \$1,526K under budget. Subsidised Roding Capital Project Foxton Main Street and reseals are under way and the Capital Subsidies are below budget.

Fees and Charges – Residential Housing income is \$343K above budget with rents received for Pensioner Housing and not budgeted for as the portfolio was sold 27 November 2017.

Wastewater income is above budget with Trade Waste in Foxton and Levin.

Other Revenue –

- Building consents revenue is \$210K above budget with increased activity.
- Parking revenue received is \$248K below budget. Paid Car Parking in the Mall Car Park was originally budgeted however following a pre-consultative process and subsequent decision of Council it did not eventuate. The timing of our tickets issued to court and recovery of fines from the courts is also a contributing factor. This trend is anticipated to continue through to 30 June 2018.
- Dog Infringement revenue is \$141K below budget. The higher percentage of dogs registered on time results in a lower income in relation to infringements which are issued, it is also noted that less prosecutions have occurred.
- People and Capability have unbudgeted \$17K for payroll work with other businesses.
- Wastewater is \$179K over budget with unbudgeted income for Shannon Wastewater land grazing and Foxton Trade waste.

Gains/Loss– Property gains on sale for Endowment land. Property Loss on the sale of residential housing.

Activity	Gain	Loss	Total
Endowment	127,638	60,308	67,330
General Property	7,059		7,059
Community Support		52,710	(52,710)
Residential Housing		1,806,341	(1,806,341)
	134,697	1,919,359	(1,784,662)

Expenditure

Depreciations and amortisation – This is \$2,330K over budget due to the revaluation on Water and Wastewater assets last financial year unknown when the depreciation budgets were formulated.

Finance Costs – Due to the lower interest rates for Council loans this is \$367K under budget.

Other Expenses –

- Maintenance and Material costs are under budget for;
 - Wastewater \$211K,
 - Solid Waste \$117K,
 - Property \$40K and
 - Roding \$620K.
 - These costs are over budget for;
 - Water Supply \$1,544K. This overspend is offset with reduction in internal costs.

Statement of Financial Position

	Note	Council Actual \$ 30 June 2018 \$000	Council Budget \$ 30 June 2018 \$000	Council Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2018 \$000	Group Actual \$ 30 June 2017 \$000
Assets						
Current assets						
Cash and cash equivalents	7	5,950	4,953	5,074		5,100
Debtors and other receivables	8	6,236	6,045	6,790		6,795
Other financial assets	9	365	-	365		365
Non-current assets held for sale	10	-	285	7,508		7,508
Total current assets		12,551	11,283	19,737		19,768
Non-current assets						
Plant, property and equipment						
- Operational assets	11	54,168	42,388	52,008		52,008
- Infrastructural assets	11	441,914	419,880	428,046		428,046
- Restricted assets	11	45,009	41,511	44,979		44,979
Intangible assets	12	1,735	1,608	1,854		1,854
Forestry assets	13	1,108	1,010	1,500		1,500
Investment property	14	5,879	6,219	5,879		5,879
Other financial assets:						
- Investments other entities	9	220	1,285	220		220
- Other	9	1,379	-	1,121		1,121
Total non-current assets		551,412	513,901	535,607		535,607
Total assets		563,963	525,184	555,344		555,375
Liabilities						
Current liabilities						
Payables and deferred revenue	16	11,588	11,984	10,579		10,243
Provisions	17	1,114	993	1,129		1,129
Employee benefit liabilities	18	221	940	1,155		1,155
Borrowings and other financial liabilities	19	20,000	14,000	14,000		14,000
Total current liabilities		32,923	27,917	26,863		26,527
Non-current liabilities						
Provisions	17	2,429	2,431	2,272		2,272
Employee benefit liabilities	18	137	161	166		166
Derivative financial instruments	34	60,000	-	1,038		1,038
Borrowings and other financial liabilities	19	1,222	69,000	63,000		63,000
Other	20	285	2,452	461		461
Total non-current liabilities		64,073	74,044	66,937		66,937
Total liabilities		96,996	101,961	93,800		93,464
Net assets		466,967	423,223	461,544		461,911
Equity						
Retained earnings	21	256,636	261,439	263,895		264,262
Revaluation reserves		201,232	153,411	189,230		189,230
Other reserves		9,099	8,373	8,419		8,419
Total equity		466,967	423,223	461,544		461,911

Notes

1. Debtors and other receivables:

Sundry Debtors	\$989K
Rates	\$2,965K
Water Billing	\$432K
<u>Infringements and Other</u>	<u>\$1,850K</u>
Total	\$6,236K

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 30 June 2018 over \$99 (refer page 14)	\$2,144K
Rates under \$99 per assessment	\$1,125K
Prepayments as at 30 June 2018	<u>(\$304)K</u>
Total Rates Debtors disclosed in Debtors and Other receivables	\$2,965K

2. Non-current liabilities – Other

LGFA Amortisation Reserve	\$285K
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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

	Annual Plan Forecast 2017 \$000	Annual Report Actual 2017 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	9,259	8,978	9,635	9,374	(261)
Targeted rates	25,821	25,520	27,155	26,835	(320)
Subsidies and grants for operating purposes	1,342	1,488	1,585	1,455	(130)
Fees and charges	5,234	6,321	5,155	5,601	446
Interest and dividends from investments	154	53	70	161	91
Local authorities fuel tax, fines, infringement fees, and other receipts	2,817	3,857	3,293	3,736	443
Total operating funding (A)	44,627	46,217	46,893	47,162	269
Applications of operating funding					
Payments to staff and suppliers	32,466	33,917	34,680	35,659	978
Finance costs	3,570	3,106	3,658	3,291	(367)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	36,036	37,023	38,338	38,950	611
Surplus (deficit) of operating funding (A-B)	8,591	9,194	8,555	8,212	(342)
Sources of capital funding					
Subsidies and grants for capital expenditure	5,854	2,412	5,641	4,870	(771)
Development and financial contributions	-	488	-	197	197
Increase (decrease) in debt	18,000	12,000	8,310	3,000	(5,310)
Gross proceeds from sale of assets	2,640	2,023	6,890	7,306	416
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	26,494	16,923	20,841	15,373	(5,468)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	5,382	2,306	4,425	2,328	(2,097)
- to improve the level of service	18,128	13,290	10,583	8,899	(1,684)
- to replace existing assets	13,290	9,819	14,308	12,156	(2,152)
Increase (decrease) in reserves	(600)	1,485	-	202	203
Increase (decrease) of investments	(1,115)	(783)	80	-	(80)
Total applications of capital funding (D)	35,085	26,117	29,396	23,585	(5,810)
Surplus (deficit) of capital funding (C-D)	(8,591)	(9,194)	(8,555)	(8,212)	342
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	11,471	14,154	11,604	13,934	2,330
Loans					
				External	
				\$000	
Loans as at 1/07/2017				77,000	
Raised during year				14,240	
Repaid during year				(11,240)	
Loans as at 30/06/2018				80,000	
Interest expense				3,291	

Statement of Cashflow

	Council Actual \$ 30 June 2018 \$000	Council Budget \$ 30 June 2018 \$000	Council Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2018 \$000	Group Actual \$ 30 June 2017 \$000
Note					
Cashflow from operating activities					
Cash was provided from:					
Revenue from rates	36,823	36,790	33,621		33,621
Other revenue	14,386	15,674	14,570		14,570
Interest received	155	70	21		35
Net GST movement	-	-	-		-
Total cash provided	51,364	52,534	48,212		48,226
Cash was disbursed to:					
Suppliers, services and employees	35,075	34,680	34,958		34,958
Interest paid	3,230	3,658	3,155		3,155
Net GST movement	(112)	-	(123)		(123)
Total cash disbursed	38,193	38,338	37,990		37,990
Net cashflow from operating activity	32	14,196	10,222		10,236
Cashflows from investing activities					
Cash was provided from:					
Proceeds from asset sales	7,454	6,890	2,024		2,024
Proceeds from investments	-	-	-		-
Total cash provided	7,454	6,890	2,024		2,024
Cash was disbursed to:					
Purchases of investments	258	80	288		288
Purchase of assets	22,491	29,316	26,284		26,284
Total cash disbursed	22,749	29,396	26,572		26,572
Net cashflow from investing activity	(15,295)	(22,506)	(24,548)		(24,548)
Cashflows from financing activities					
Cash was provided from:					
Loans raised	35,000	14,400	43,000		43,000
Total cash provided	35,000	14,400	43,000		43,000
Cash was disbursed to:					
Repayment of public debt	32,000	8,400	31,000		31,000
Total cash disbursed	32,000	8,400	31,000		31,000
Net cashflow from financing activity	3,000	6,000	12,000		12,000
Net increase (decrease) in cash held	876	(2,310)	(2,326)		(2,312)
Add opening cash brought forward	5,074	7,263	7,400		7,412
Closing cash balance	5,950	4,953	5,074		5,100
Closing balance made up of cash and cash equivalents	7	5,950	5,074		5,100

Statement of Sundry Debtors

Category	Total Outstanding	Current Outstanding	31 - 60 days Outstanding	61 - 90 days Outstanding	Over 90 days Outstanding	Notes
Current debtors						
Aquatic Centre	6,953	6,836	33	0	84	
Building - Exempt Work	620	300	200	0	120	
Building Consents	74,579	52,282	12,962	0	9,336	1
Building Fee - BWOF	3,440	2,925	75	225	215	
Cemeteries	30,923	22,048	7,050	0	1,825	
Dogs	148	0	0	0	148	
Dogs - Debt Collection	2,050	62	0	0	1,988	
Dogs Arrange to pay	109	0	30	0	79	
Fines	3,094	1,410	0	0	1,684	
General	160,173	159,117	0	874	183	
Health Accreditation Renewals	5,465	1,200	1,200	0	3,065	2
Hire	11,040	2,670	2,750	208	5,412	
On Charges	108,453	105,074	1,509	0	1,870	3
Pensioner Housing	222	0	0	0	222	
Resource Consent Fees	18,723	1,405	1,543	0	15,776	4
Rubbish Bags	36,480	30,400	6,080	0	0	
Staff Account	3,711	1,358	1,047	0	1,306	
Swimming Pools	450	300	150	0	0	
Te Awahou	1,823	1,648	135	0	41	
Te Takere	9,204	7,351	943	816	95	
Waste Transfer Station	3,999	2,913	538	215	334	
Water & Trade Waste	414,105	289,241	117	98,063	26,683	
Water Septage - Septic Tank	6,489	3,158	3,331	0	0	
Total current debtors	902,252	691,697	39,691	100,400	70,464	
Non current debtors						
Dev Cont New Policy	28,260	0	0	0	28,260	5
Develop Cont Old Policy	10,336	0	0	0	10,336	5
Rental Income Monthly	47,772	15,338	1,655	1,035	29,744	
Total non-current debtors	86,368	15,338	1,655	1,035	68,340	
Total as at 30 June 2018	988,620	707,035	41,346	101,435	138,803	
Total as at 30 June 2017	703,799	401,933	118,533	9,721	173,724	

Notes and Comments

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

Statement of Loans by Parcel

Loan parcels	Maturity	Interest	Opening balance	Raised	Repaid	Closing balance
Due within a year						
LGFA CP	21 Aug 17	1.8950%	0	2,000,000	2,000,000	0
LGFA CP	20 Sep 17	1.9100%	0	2,000,000	2,000,000	0
LGFA FRN	15 Dec 17	3.1225%	2,000,000		2,000,000	0
LGFA CP	08 Dec 17	2.0750%	12,000,000		12,000,000	0
LGFA CP	18 Dec 17	1.8950%	0	2,000,000	2,000,000	0
LGFA CP	07 Jun 18	2.0050%	0	12,000,000	12,000,000	0
Stock	15 Nov 18	5.5950%	2,000,000			2,000,000
LGFA Bond	15 Mar 19	4.4500%	4,000,000			4,000,000
LGFA Bond	15 Mar 19	4.7064%	5,000,000			5,000,000
LGFA FRN	15 Mar 19	3.0125%	3,000,000			3,000,000
LGFA CP	07 Jul 18	1.9800%	0	6000000		6,000,000
Total due within a year			28,000,000	24,000,000	32,000,000	20,000,000
Due within 2 - 5 years						
LGFA Bond	15 Apr 20	2.6324%		5,000,000		5,000,000
LGFA FRN	15 May 21	2.9125%	4,000,000			4,000,000
LGFA Bond	15 May 21	4.5650%	5,000,000			5,000,000
LGFA Bond	15 May 21	5.9852%	5,000,000			5,000,000
LGFA Bond	15 May 21	5.8516%	5,000,000			5,000,000
LGFA FRN	18 May 22	2.4750%	3,000,000			3,000,000
LGFA FRN	13 Apr 23	2.4750%		6,000,000		6,000,000
LGFA Bond	15 Apr 23	5.1336%	4,000,000			4,000,000
Total due within 2 - 5 years			26,000,000	11,000,000		37,000,000
Due after 5 years						
LGFA Bond	15 Apr 25	4.2046%	3,000,000			3,000,000
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 FRN	19 May 25	2.5400%	7,000,000			7,000,000
LGFA Bond	15 Jul 26	3.3700%	5,000,000			5,000,000
Total due after 5 years			23,000,000			23,000,000
Total			77,000,000	35,000,000	32,000,000	80,000,000

Notes and Comments

Our weighted average interest rate has increased to 4.12% at 30 June 2018. This is a saving of \$504K in interest payable compared to the Annual Plan interest rate assumption of 4.75% for 2017/18.

The weighted average rate is calculated by multiplying the opening loan balance by the interest rate for that loan and dividing the total interest payable for all loans by the total loans. It is recorded in bands as required under GAAP (generally accepted accounting principles or IPSAS.(international public sector accounting standards).

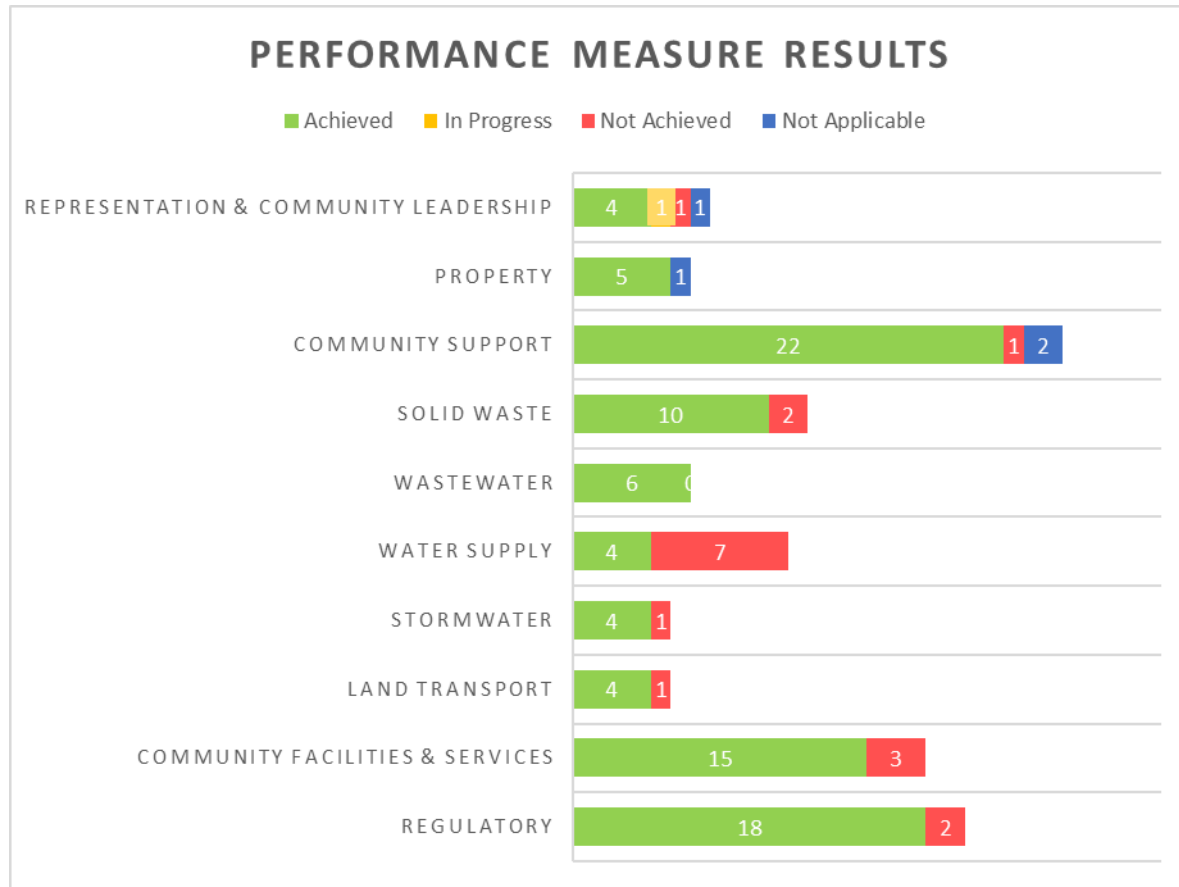
Statement of External Loans and Interest by Activity

Activity	Loans as at 30 June 2017	Loans as at 30 June 2018	External Interest Allocated YTD
Land Transport	300,000	700,000	15,540
Stormwater	4,600,000	6,600,000	204,796
Water supply			
Water Levin	9,600,000	9,800,000	425,511
Water Shannon	1,300,000	1,200,000	58,019
Water Foxton	900,000	1,000,000	39,821
Water Foxton Beach	200,000	0	10,334
Water Tokomaru	300,000	0	14,674
Total for water supply	12,300,000	12,000,000	548,359
Wastewater Disposal			
Wastewater Levin	8,000,000	8,800,000	355,390
Wastewater Shannon	8,700,000	8,400,000	384,343
Wastewater Foxton	3,400,000	3,600,000	150,719
Wastewater Foxton Beach	0	0	746
Wastewater Tokomaru	500,000	500,000	22,518
Wastewater Waitarere	0	0	1,126
Total for wastewater disposal	20,600,000	21,300,000	914,842
Solid Waste	4,800,000	4,700,000	213,473
Community Facilities & Services			
Libraries	9,600,000	10,700,000	425,368
Pools	4,600,000	4,500,000	204,537
Reserves	1,300,000	1,400,000	58,465
Sports grounds	1,400,000	1,300,000	62,057
Halls	250,000	0	11,161
Toilets	500,000	0	22,260
Cemeteries	200,000	100,000	9,431
Beautification	0	0	361
Total for Community Facilities & Services	17,850,000	18,000,000	793,639
Properties			
Commercial properties	1,200,000	900,000	45,092
General properties	1,050,000	1,700,000	46,431
Residential housing	5,000,000	0	85,672
Council building	5,900,000	5,700,000	261,586
Total for Properties	13,150,000	8,300,000	438,781
Other activities			
Information technology	1,400,000	1,500,000	60,290
District plan	2,000,000	1,900,000	88,367
Financing	0	5,000,000	13,133
Total for other	3,400,000	8,400,000	161,789
Total	77,000,000	80,000,000	3,291,219

Statement of Internal Loans and Interest by Activity

Activity	Loans as at 30 Jun 2017	Loans as at 30 June 2018	Internal Interest Allocated YTD
Land Transport	135,010	482,400	3,667
Stormwater	99,422	44,270	2,700
Water supply			
Water Levin	96,308	97,940	2,616
Water Shannon	36,465	87,478	990
Water Foxton	4,849	58,177	132
Water Foxton Beach	88,438	273,911	2,402
Water Tokomaru	84,042	369,857	2,283
Total for water supply	310,102	887,363	8,422
Wastewater Disposal			
Wastewater Levin	127,191	34,402	3,454
Wastewater Shannon	12,178	6,275	331
Wastewater Foxton	35,112	71,234	954
Wastewater Foxton Beach	43,899	100,697	1,192
Wastewater Tokomaru	25,973	76,408	705
Wastewater Waitarere	66,261	86,695	1,800
Total for wastewater disposal	310,614	375,711	8,436
Solid Waste	90,393	74,080	2,455
Community Facilities & Services			
Libraries	87,884	31,004	2,387
Pools	84,155	75,656	2,286
Reserves	62,672	73,230	1,702
Sports grounds	14,216	78,127	386
Halls	7,220	246,931	196
Toilets	10,776	490,345	293
Cemeteries	35,312	385,333	959
Beautification	21,267	49,631	578
Total for Community Facilities & Services	323,502	1,430,257	8,786
Properties			
Commercial properties	3,723	77,230	101
General properties	4,086	74,222	111
Residential housing	69,818	0	1,896
Council building	63,549	25,007	1,726
Total for properties	141,176	176,459	3,834
Other activities			
Information technology	94,466	65,503	2,566
District plan	3,496	23,356	95
Finance	0	0	0
Total for other	97,962	88,859	2,661
Total	1,508,181	3,559,399	40,961

Performance Measure Results



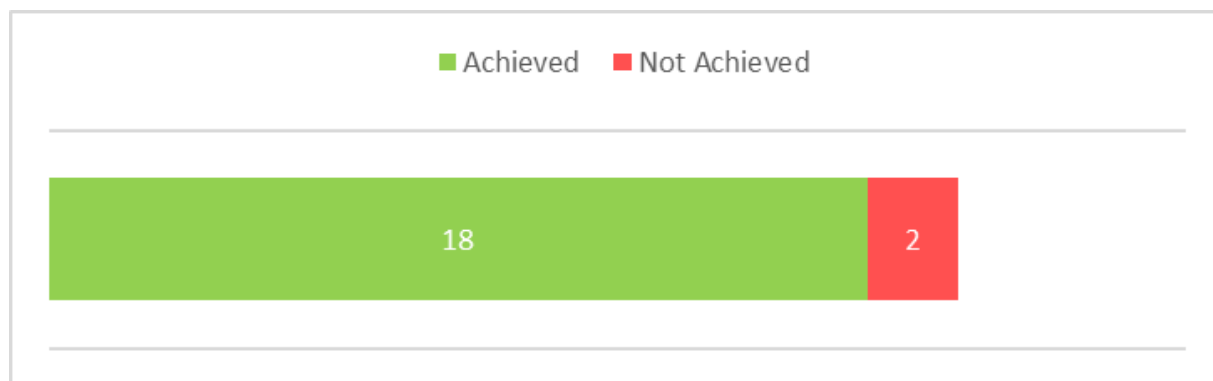
PLANNING AND REGULATORY Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	2,008	1,974	1,934	1,937	3
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	3	3	4	13	9
Local authorities fuel tax, fines, infringement fees, and other receipts	2,313	2,395	2,657	3,008	351
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	4,324	4,372	4,595	4,958	363
Applications of operating funding					
Payments to staff and suppliers	471	403	397	846	449
Finance costs	155	149	107	88	(19)
Internal charges and overheads applied	3,513	3,632	3,986	4,303	317
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,139	4,184	4,490	5,237	747
Surplus (deficit) of operating funding (A-B)	185	188	105	(279)	(384)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(100)	(65)	(17)	(80)	(63)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(100)	(65)	(17)	(80)	(63)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	1	1	52	-	(52)
- to replace existing assets	2	36	36	-	(36)
Increase (decrease) in reserves	82	86	-	(359)	(359)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	85	123	88	(359)	(447)
Surplus (deficit) of capital funding (C-D)	(185)	(188)	(105)	279	384
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	81	81	81	75	(6)
Loans					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	2,000	3	2,003		
Raised during year	-	20	20		
Repaid during year	(100)	-	(100)		
Loans as at 30/06/2018	1,900	23	1,923		
Interest expense	88	-	88		

Activity Expenditure

Activity Expenditure	LTP	LTP	Annual	Actual	Variance
	Forecast	Forecast	Plan		
	2017	2018	2018	2018	2018
	\$000	\$000	\$000	\$000	\$000
Animal Control	229	239	240	258	18
Building Consents	803	812	1,043	1,060	17
Building Policy	200	202	265	275	10
Dog Control	576	600	560	593	33
Environmental Health	232	239	264	323	59
Environmental Health Policy	50	51	67	87	20
Liquor Licensing	203	214	204	239	35
Liquor Policy	20	20	33	44	11
Parking	492	508	519	1,025	506
Planning Policy	649	581	548	542	(6)
Resource Management	547	570	585	648	63
Safety Licensing	220	229	242	219	(23)
Total Expenditure	4,221	4,265	4,570	5,313	743

Performance Measures – LTP/Annual Plan Summary



REGULATORY SERVICES – Performance Measures – LTP/Annual Plan – Not achieved measures only

Service	How will we measure our performance	Target (17/18)	Actual Performance
Building Control			
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	<p>Not Achieved As at 30 June 2018: 732 consents were granted year-to-date 99.80% have been granted <21 days. One (1) consent was processed outside of the time frame, as the application reached the consents team on day 24.</p> <p>Note: It is possible that the total number of consents approved and still being processed may exceed the total number of applications that have been received. This is due to the fact that the number of applications received cover the period of 1 July in any one year to 30 June the following year, however consents approved or still being processed in the same period will include applications that may have been received in another year but were not completed from a processing perspective in that year.</p>
	Consent applications for new residential dwellings are processed in 18 days or less.	100% of applications	<p>Not Achieved As at 30 June 2018: 223 new residential dwelling consents were granted 79.80% have been granted within 18 days</p>

COMMUNITY FACILITIES AND SERVICES

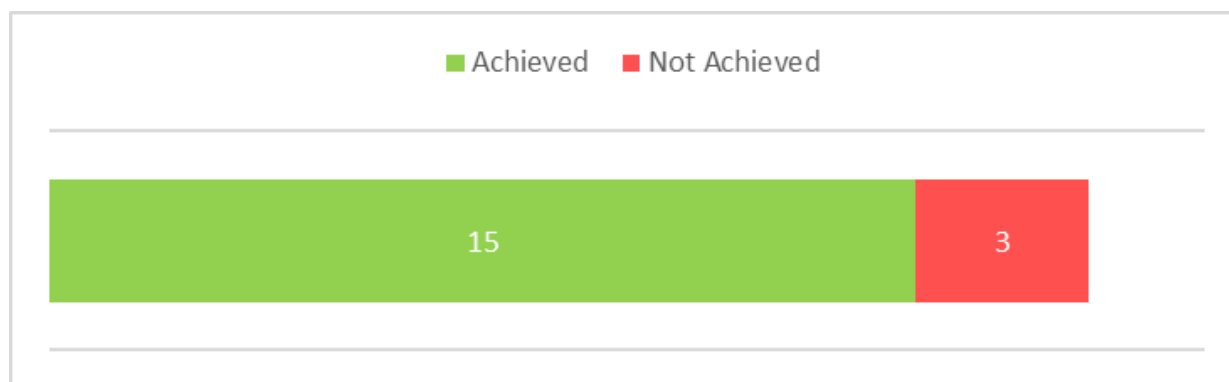
Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	4,736	4,974	4,853	4,860	7
Targeted rates	5,597	5,916	5,961	5,981	20
Subsidies and grants for operating purposes	7	8	72	76	4
Fees and charges	730	747	1,319	1,239	(80)
Local authorities fuel tax, fines, infringement fees, and other receipts	216	201	232	142	(90)
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	11,286	11,846	12,437	12,298	(139)
Applications of operating funding					
Payments to staff and suppliers	7,608	7,794	8,012	7,648	(364)
Finance costs	866	1,026	859	802	(57)
Internal charges and overheads applied	1,583	1,654	2,299	2,311	12
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	10,057	10,474	11,170	10,761	(409)
Surplus (deficit) of operating funding (A-B)	1,229	1,372	1,267	1,537	270
Sources of capital funding					
Subsidies and grants for capital expenditure	2,327	-	3,096	1,299	(1,797)
Development and financial contributions	-	-	-	41	41
Increase (decrease) in debt	2,672	(47)	1,323	1,257	(66)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	4,999	(47)	4,419	2,597	(1,822)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	201	9	301	201	(100)
- to improve the level of service	3,678	326	2,361	1,858	(503)
- to replace existing assets	2,201	751	3,128	2,097	(1,031)
Increase (decrease) in reserves	148	239	(104)	(22)	82
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	6,228	1,325	5,686	4,134	(1,552)
Surplus (deficit) of capital funding (C-D)	(1,229)	(1,372)	(1,267)	(1,537)	(270)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	994	1,151	932	1,491	559
Loans					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	17,850	324	18,174		
Raised during year	3,160	2,471	5,631		
Repaid during year	(3,010)	(1,364)	(4,374)		
Loans as at 30/06/2018	18,000	1,431	19,431		
Interest expense	793	9	802		

Activity Expenditure

Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Cemeteries	339	369	500	411	(89)
Public Toilets	341	353	339	324	(15)
Beautification	519	534	675	710	35
Reserves	2,033	2,109	1,811	1,958	147
Sportsgrounds	1,161	1,204	1,145	1,223	78
Halls	302	341	253	246	(7)
Libraries & Community Services	3,388	3,493	4,216	4,244	28
Aquatic Centres	2,640	2,888	2,782	2,782	-
Urban Cleaning	327	335	380	354	(26)
Total Expenditure	11,050	11,626	12,101	12,252	151

Performance Measures – LTP/Annual Plan Summary



COMMUNITY FACILITIES AND SERVICES – Performance Measures – LTP/Annual Plan (Aquatic Centres and Recreation) - Not achieved measures only

Service	How will we measure our performance	Target (17/18)	Actual Performance											
Council provides Community facilities for residents, ratepayers, and visitors to access community services including library services	Number of visitor counts to Te Takere, Foxton Library & Service Centre and Shannon Library.	650,000 people across all sites annually	Not Achieved As of 30 June: 555,455 people recorded as visited across all sites. However the door counter at Te Takeretanga o Kura-hau-pō was broken during November and December and at Shannon Library and Service Centre from November to January. All door counters have been replaced.											
Customers have access to a range of current information in both print and digital format.	Number of items loaned from the Library across District, including books, magazines etc.	350,000	Not achieved As of 30 June 2018: The total number of issues was 289,679. This was due a large number of books being pulled from the shelves due to age and lack of issues. Next year with an increased budget a more vibrant collection will be available to loan.											
	Percent of increase in use of website.	+>1%	Not Achieved As of 30 June 2018: <table border="1" data-bbox="1355 957 2056 1117"> <thead> <tr> <th></th> <th>2017/18</th> <th>2016/17</th> <th>% change</th> </tr> </thead> <tbody> <tr> <td>Unique users</td> <td>32,987</td> <td>56,506</td> <td>-42%</td> </tr> <tr> <td>Sessions</td> <td>48,022</td> <td>81,044</td> <td>-41%</td> </tr> </tbody> </table> <p>Note: This measure is for Te Takeretanga o Kura-hau-pō website only. Last year was the launch of the brand new user friendly website which always spikes usage in that year. Also the Te Awahou Riverside Culture Park website was launched this year which may have led to web traffic from residents going to this site for information where previously it was contained only on the Te Takeretanga o Kura-hau-pō website.</p>		2017/18	2016/17	% change	Unique users	32,987	56,506	-42%	Sessions	48,022	81,044
	2017/18	2016/17	% change											
Unique users	32,987	56,506	-42%											
Sessions	48,022	81,044	-41%											

PROPERTY Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	326	523	305	306	1
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,657	797	733	1,088	355
Local authorities fuel tax, fines, infringement fees, and other receipts	137	140	138	210	72
Internal charges and overheads recovered	511	530	464	442	(22)
Total operating funding (A)	2,631	1,990	1,640	2,046	406
Applications of operating funding					
Payments to staff and suppliers	1,282	817	1,120	1,318	198
Finance costs	765	475	355	443	88
Internal charges and overheads applied	408	422	290	296	6
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	2,455	1,714	1,765	2,057	292
Surplus (deficit) of operating funding (A-B)	176	276	(125)	(11)	114
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(1,585)	(6,960)	(5,776)	(4,815)	961
Gross proceeds from sale of assets	655	7,721	6,890	7,292	402
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding ©	(930)	761	1,114	2,477	1,363
Applications of capital funding					
Capital expenditure					
- to meet additional demand	513	12	146	2	(144)
- to improve the level of service	63	5	13	620	607
- to replace existing assets	647	435	302	148	(154)
Increase (decrease) in reserves	71	585	528	1,696	1,168
Increase (decrease) of investments	(2,048)	-	-	-	-
Total applications of capital funding (D)	(754)	1,037	989	2,466	1,477
Surplus (deficit) of capital funding (C-D)	(176)	(276)	125	11	(114)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	369	268	208	292	84
Loans					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	13,150	142	13,292		
Raised during year	690	324	1,014		
Repaid during year	(5,540)	(289)	(5,829)		
Loans as at 30/06/2018	8,300	176	8,476		
Interest expense	439	4	443		

Activity Expenditure

Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Council Building	347	361	310	265	(45)
Camping Grounds	14	15	9	7	(2)
Commercial Properties	238	254	254	316	62
Endowment Property	249	255	356	282	(74)
General Property	383	567	580	601	21
Residential Housing	1,083	-	-	436	436
Total Expenditure	2,314	1,452	1,509	1,907	398

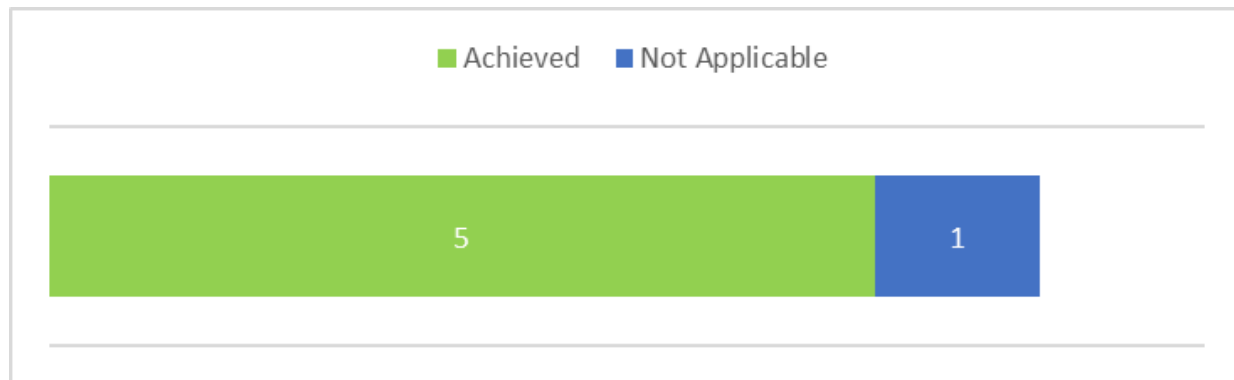
Notes and Comments

Commercial Property - Expenses over budget with rates paid. This is offset by on charging in the leases for the commercial properties.

Endowment Property – this is over budget with rates payments and development contributions for sold Forbes Road sections.

Residential Housing – no budget was set for this activity’s direct expenditure due to the expected sale of the Community Housing portfolio. The Community Housing portfolio was transferred to the new owner 27 November 2017. The expenditure is offset by income received for rents to date of transfer.

Performance Measures – LTP/Annual Plan Summary



REPRESENTATION AND COMMUNITY LEADERSHIP Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	2,891	3,166	3,596	3,607	11
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3	-	-	4	4
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	2,894	3,166	3,596	3,611	15
Applications of operating funding					
Payments to staff and suppliers	1,002	1,089	1,207	1,502	295
Finance costs	-	-	-	-	-
Internal charges and overheads applied	1,952	2,035	2,348	2,749	401
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	2,954	3,124	3,555	4,251	696
Surplus (deficit) of operating funding (A-B)	(60)	42	41	(640)	(681)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1	(2)	147	-	(147)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1	(2)	147	-	(147)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	147	-	(147)
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	(60)	42	41	(640)	(681)
Increase (decrease) of investments	1	(2)	-	-	-
Total applications of capital funding (D)	(59)	40	188	(640)	(828)
Surplus (deficit) of capital funding (C-D)	60	(42)	(41)	640	681
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	-	-	-	-	-
Loans					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	-	-	-		
Raised during year	-	-	-		
Repaid during year	-	-	-		
Loans as at 30/06/2018	-	-	-		
Interest expense	-	-	-		

Activity Expenditure

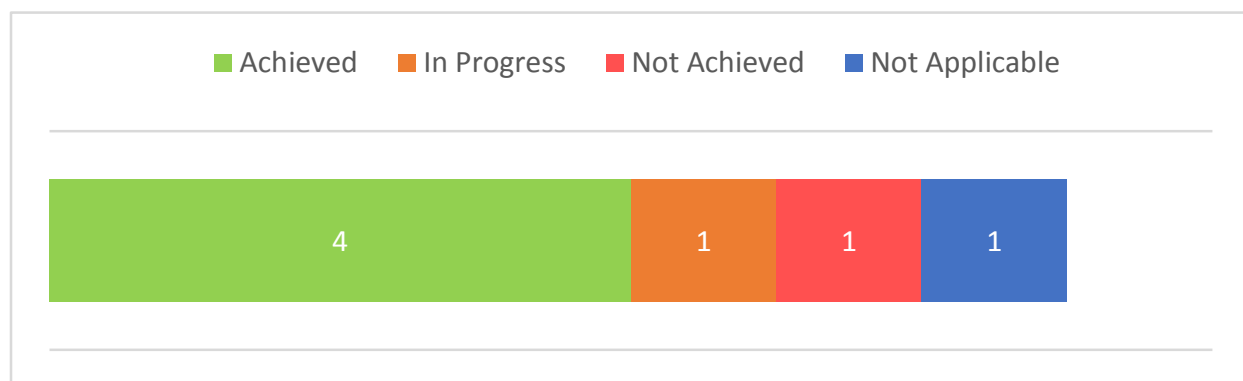
Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Community Board	158	170	203	221	18
Elections	125	8	8	7	(1)
Governance	1,630	1,695	1,917	2,549	632
External Reporting	1,042	1,252	1,426	1,473	47
Total Expenditure	2,955	3,125	3,554	4,250	696

Notes and Comments

Governance – This is over budget with expenditure for Meeting Grants and Levin Town Centre Strategy.

External Reporting – This is slightly over budget due to audit fees for the Annual Report 2016/17 and first and second payments for LTP audit.

Performance Measures – LTP/Annual Plan Summary



REPRESENTATION AND COMMUNITY LEADERSHIP – Performance Measures – LTP/Annual Plan – Not achieved measures only

Service	How will we measure our performance	Target (17/18)	Actual Performance		
Council supports residents and ratepayers to have their views heard and considered in Council decision making.	Percent of residential and non-residential ratepayers who are satisfied with the way the Council involves the public in its decision making.	>50%	Not Achieved As of end of June 2018 this survey was completed. The customer satisfaction survey is conducted annually.		
			Dissatisfied %	Satisfied %	Unsure %
			39%	34%	27%

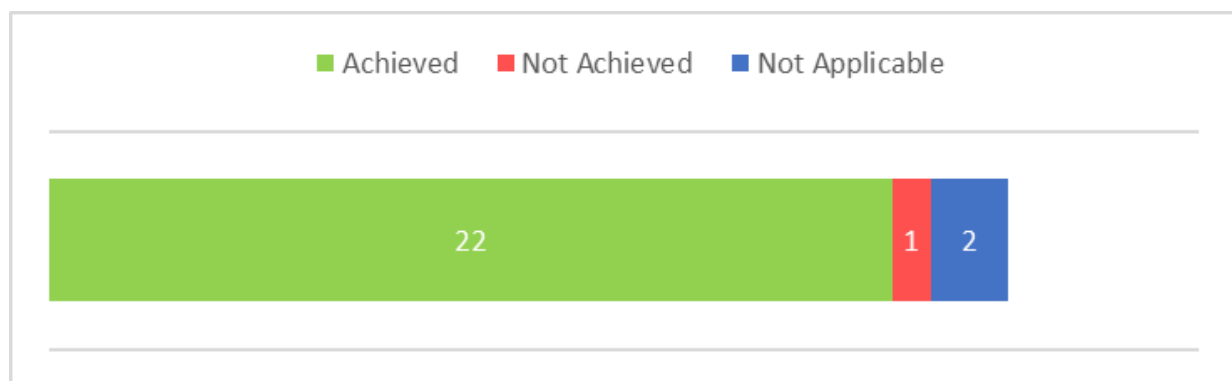
COMMUNITY SUPPORT Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	1,885	1,922	2,513	2,516	3
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	28	28	27	39	12
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	14	16	130	47	(83)
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,927	1,966	2,670	2,602	(68)
Applications of operating funding					
Payments to staff and suppliers	957	956	1,250	1,016	(234)
Finance costs	-	-	-	-	-
Internal charges and overheads applied	936	975	1,408	1,343	(65)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,893	1,931	2,658	2,359	(299)
Surplus (deficit) of operating funding (A-B)	34	35	12	243	231
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	5	-	(5)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding ©	-	-	5	-	(5)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	5	7	2
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	34	35	12	236	224
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	34	35	17	243	226
Surplus (deficit) of capital funding (C-D)	(34)	(35)	(12)	(243)	(231)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	33	33	13	15	2
Loans					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	-	-	-		
Raised during year	-	-	-		
Repaid during year	-	-	-		
Loans as at 30/06/2018	-	-	-		
Interest expense	-	-	-		

Activity Expenditure

Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Community Development	294	299	361	348	(13)
Economic Development	544	537	956	827	(129)
Community Grants and Funding	349	-	162	163	1
District Communication	183	361	395	340	(55)
Rural Fire	230	188	360	266	(94)
Emergency Management	326	239	-	6	6
Total Expenditure	1,926	339	436	425	(11)

Performance Measures – LTP/Annual Plan Summary



COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan (Economic Development) - Not achieved measures only

Service	How will we measure our performance	Target (17/18)	Actual Performance					
Council advocates for and facilitates business development and new business investment in the Horowhenua.	Percent of the District's business community that are satisfied or more than satisfied with the Council's overall performance in the Economic Development Activity.	>75%	<p>Not Achieved</p> <p>The results of the customer satisfaction survey for the 2017/18 financial year are as follows:</p> <table border="1" data-bbox="1355 486 1886 571"> <thead> <tr> <th data-bbox="1355 486 1624 523">Dissatisfied %</th> <th data-bbox="1624 486 1886 523">Satisfied %</th> </tr> </thead> <tbody> <tr> <td data-bbox="1355 523 1624 571">23%</td> <td data-bbox="1624 523 1886 571">67%</td> </tr> </tbody> </table>		Dissatisfied %	Satisfied %	23%	67%
Dissatisfied %	Satisfied %							
23%	67%							

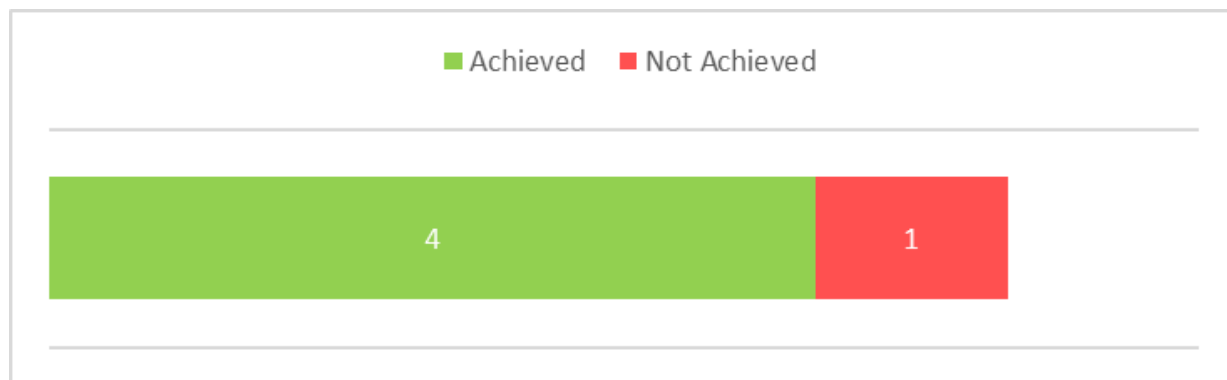
LAND TRANSPORT Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	4,467	4,754	4,084	4,098	14
Subsidies and grants for operating purposes	1,236	1,260	1,486	1,333	(153)
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	310	325	285	338	53
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	6,013	6,339	5,855	5,769	(86)
Applications of operating funding					
Payments to staff and suppliers	2,637	2,635	3,066	2,707	(359)
Finance costs	102	185	42	19	(23)
Internal charges and overheads applied	895	935	979	599	(380)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	3,634	3,755	4,087	3,325	(762)
Surplus (deficit) of operating funding (A-B)	2,379	2,584	1,768	2,444	676
Sources of capital funding					
Subsidies and grants for capital expenditure	1,722	1,730	2,545	3,571	1,026
Development and financial contributions	-	-	-	67	67
Increase (decrease) in debt	1,374	558	1,845	747	(1,098)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	3,096	2,288	4,390	4,385	(5)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	160	161	-	-	-
- to improve the level of service	1,605	811	2,311	3,584	1,273
- to replace existing assets	3,332	3,342	4,717	4,231	(486)
Increase (decrease) in reserves	378	558	(870)	(986)	(116)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	5,475	4,872	6,158	6,829	671
Surplus (deficit) of capital funding (C-D)	(2,379)	(2,584)	(1,768)	(2,444)	(676)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	4,697	4,801	4,778	4,998	220
Loans					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	300	135	435		
Raised during year	480	352	832		
Repaid during year	(80)	(4)	(84)		
Loans as at 30/06/2018	700	483	1,183		
Interest expense	15	4	19		

Activity Expenditure

Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Subsidised Roding	6,973	7,097	7,626	7,134	(492)
Footpaths	985	1,004	1,007	993	(14)
Unsubsidised Roding	373	456	232	195	(37)
Total Expenditure	8,331	8,557	8,865	8,322	(543)

Performance Measures – LTP/Annual Plan Summary



LAND TRANSPORT (FOOTPATHS) – Performance Measures – LTP/Annual Plan – Not achieved measures only

Service	How will we measure our performance	Target (17/18)	Actual Performance
Footpaths are in an acceptable condition.	Target footpath condition rating (% compliant with Councils standards).	Minimum 30% in excellent condition. Maximum 10% in poor condition.	<p>Not Achieved</p> <p>The system for assessing footpath condition is based over a five year rotating cycle. The condition rating of the entire footpath network will not be completed until 2021.</p> <p>However, a poor condition rating has been determined based on the percentage of actual rating survey completed as at 30 June 2018.</p> <p>It is therefore determined there is no more than 4% in poor condition, 90% in average condition and 6% good to excellent condition.</p> <p>To achieve the 30% in excellent condition as an annual target we would need to complete 49km of renewals in one year. This is not possible as the renewal programme and current budget only allows for 5km of renewals per year.</p>

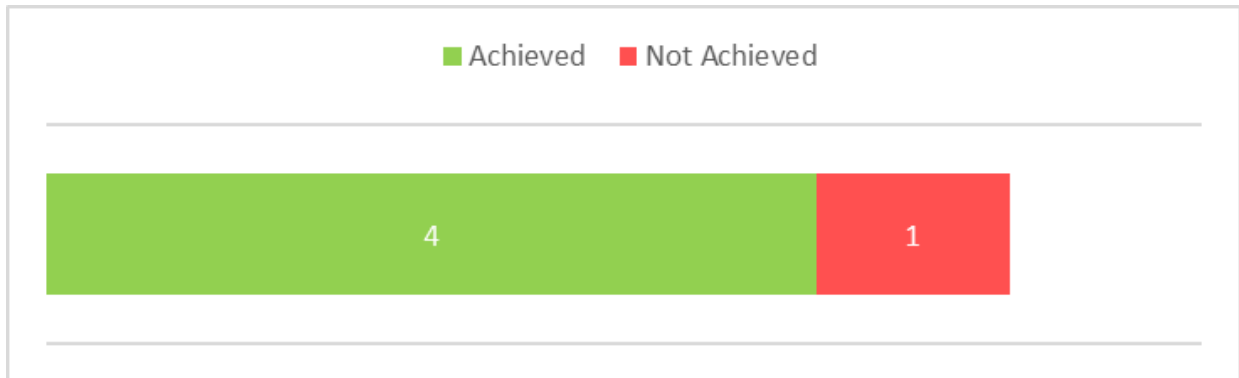
STORMWATER Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	970	1,470	1,099	1,103	4
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	21	5	(16)
Local authorities fuel tax, fines, infringement fees, and other receipts	99	104	84	68	(16)
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,069	1,574	1,204	1,176	(28)
Applications of operating funding					
Payments to staff and suppliers	394	408	408	340	(68)
Finance costs	207	283	247	207	(40)
Internal charges and overheads applied	145	152	164	122	(42)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	746	843	819	669	(150)
Surplus (deficit) of operating funding (A-B)	323	731	385	507	122
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,266	649	3,630	1,945	(1,685)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1,266	649	3,630	1,945	(1,685)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	981	67	2,686	1,622	(1,064)
- to improve the level of service	423	770	1,142	511	(631)
- to replace existing assets	77	60	58	14	(44)
Increase (decrease) in reserves	108	483	129	305	176
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	1,589	1,380	4,015	2,452	(1,563)
Surplus (deficit) of capital funding (C-D)	(323)	(731)	(385)	(507)	(122)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	545	673	500	620	120
Loans					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	4,600	99	4,699		
Raised during year	2,180	-	2,180		
Repaid during year	(180)	(55)	(235)		
Loans as at 30/06/2018	6,600	44	6,644		
Interest expense	204	3	207		

Activity Expenditure

Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Stormwater Drainage	1,292	1,515	1,320	1,289	(31)
Total Expenditure	1,292	1,515	1,320	1,289	(31)

Performance Measures – LTP/Annual Plan Summary



STORMWATER – Performance Measures – LTP/Annual Plan – Not achieved measures only

Service	How will we measure our performance	Target (17/18)	Actual Performance				
Customer satisfaction.	Percentage of customers satisfied with the stormwater service. As per the Annual Resident Satisfaction Survey.	80%	<p>Not Achieved</p> <p>The results of the customer satisfaction survey for the 2017/18 financial year are as follows:</p> <table border="1" data-bbox="1335 432 1865 536"> <thead> <tr> <th data-bbox="1335 432 1603 485">Dissatisfied %</th> <th data-bbox="1603 432 1865 485">Satisfied %</th> </tr> </thead> <tbody> <tr> <td data-bbox="1335 485 1603 536">40%</td> <td data-bbox="1603 485 1865 536">60%</td> </tr> </tbody> </table>	Dissatisfied %	Satisfied %	40%	60%
Dissatisfied %	Satisfied %						
40%	60%						

WATER SUPPLY Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	5,682	6,230	5,713	5,608	(105)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	26	142	116
Local authorities fuel tax, fines, infringement fees, and other receipts	151	170	122	123	1
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	5,833	6,400	5,861	5,873	12
Applications of operating funding					
Payments to staff and suppliers	1,991	2,120	2,131	3,308	1,177
Finance costs	640	859	645	557	(88)
Internal charges and overheads applied	963	1,002	1,054	782	(272)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	3,594	3,981	3,830	4,647	817
Surplus (deficit) of operating funding (A-B)	2,239	2,419	2,031	1,226	(805)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	16	16
Increase (decrease) in debt	3,641	(356)	466	277	(189)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	3,641	(356)	466	293	(173)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	123	24	122	2	(120)
- to improve the level of service	3,945	192	912	795	(117)
- to replace existing assets	1,329	1,584	1,862	3,378	1,516
Increase (decrease) in reserves	483	263	(399)	(2,656)	(2,257)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	5,880	2,063	2,497	1,519	(978)
Surplus (deficit) of capital funding (C-D)	(2,239)	(2,419)	(2,031)	(1,226)	805
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	2,037	2,250	1,996	2,558	562
Loans					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	12,300	310	12,610		
Raised during year	720	584	1,304		
Repaid during year	(1,020)	(7)	(1,027)		
Loans as at 30/06/2018	12,000	887	12,887		
Interest expense	549	8	557		

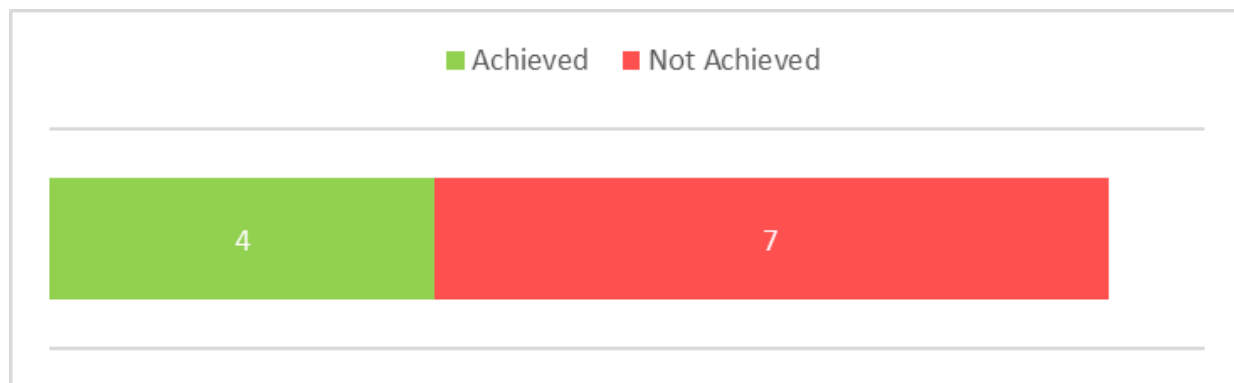
Activity Expenditure

Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Foxton Water	703	727	755	1,243	488
Foxton Beach Water	695	731	765	766	1
Levin Water	3,255	3,748	3,269	3,976	707
Shannon Water	717	744	736	825	89
Tokomaru Water	262	280	300	394	94
Total Expenditure	5,632	6,230	5,825	7,204	1,379

Notes and Comments

Foxton, Levin and Tokomaru Water Supply – increased costs for maintenance which is offset by reduced internal charges.

Performance Measures – LTP/Annual Plan Summary



WATER SUPPLY – Performance Measures – LTP/Annual Plan – Not achieved measures only

Service	How will we measure our performance	Target (17/18)	Actual Performance
Safe water supply.	Percentage in which the local authority's drinking water supply complies with: (a) part 4 of the Drinking Water Standards (bacteria compliance criteria) in Levin, Shannon, Foxton, Foxton Beach, Tokomaru.	100%	Not Achieved As of 30 June 2018 1,335 of 1,337 (99.85%) of analysed samples complied with the New Zealand Drinking Water Standards (NZDWS) requirements of <1 E.coli. For the period from 1st July 2017 to 30th June 2018, 1,339 samples were collected, of which 1,337 (99.58%) were analysed. Samples taken at the Levin reservoir on the 9th of September 2017 and the 5th of May 2018 returned positive E.coli results. The three (3) consecutive days samples were all clear of E.coli for the reservoir.
	(b) part 5 of the Drinking Water Standards (protozoa compliance criteria) in: Levin Shannon Foxton Foxton Beach Tokomaru	100% 100% 100% 100% 100%	Not Achieved Compliance for June 2018: <ul style="list-style-type: none"> • Levin: 0%* • Shannon: 100% • Foxton: 100% • Foxton Beach: 100% • Tokomaru: 0%** <p>* 0% as the Levin plant performed in accordance with the 7 log compliant criteria for 29 days of the month, but had an event on the 28th that resulted in non-compliance. The cause of the process failure has been addressed and should not occur again.</p> <p>** 0% as the Tokomaru UV disinfection stage was compliant, but the cartridge filter turbidity was slightly higher than the raw water turbidity on a number of occasions, which resulted in the filtration stage failing compliance. The control system has been updated to continue to divert to waste until the filtered turbidity is below the raw water turbidity. Further work is being performed on valve actuation for slower valve opening.</p>

WATER SUPPLY – Performance Measures – LTP/Annual Plan – Not achieved measures only

Service	How will we measure our performance	Target (17/18)	Actual Performance																													
Drinking water that tastes and looks satisfactory.	<p>The total number of complaints received about any of the following (expressed per 1,000 connections):</p> <ol style="list-style-type: none"> 1. Drinking water clarity 2. Drinking water taste 3. Drinking water pressure or flow 4. Continuity of supply; and 5. The Council's response to any of these issues. 	4	<p>Not achieved As of 30 June 2018:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"></th> <th style="background-color: #0070C0; color: white;">Number per 1,000 connections</th> <th style="background-color: #0070C0; color: white;">Number of Complaints</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">Total</td> <td style="text-align: center;">8.76</td> <td style="text-align: center;">115</td> </tr> <tr> <td style="text-align: center;">1)</td> <td style="text-align: center;">Clarity</td> <td style="text-align: center;">2.59</td> <td style="text-align: center;">34</td> </tr> <tr> <td style="text-align: center;">2)</td> <td style="text-align: center;">Taste</td> <td style="text-align: center;">1.45</td> <td style="text-align: center;">19</td> </tr> <tr> <td style="text-align: center;">3)</td> <td style="text-align: center;">Pressure or Flow</td> <td style="text-align: center;">2.59</td> <td style="text-align: center;">34</td> </tr> <tr> <td style="text-align: center;">4)</td> <td style="text-align: center;">Continuity of Supply</td> <td style="text-align: center;">2.13</td> <td style="text-align: center;">28</td> </tr> <tr> <td style="text-align: center;">5)</td> <td style="text-align: center;">Council Response</td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0</td> </tr> </tbody> </table> <p>Non achievement is due to an increased number of complaints for taste and clarity received in November and December from Foxton Beach and Levin. Scarification works in Levin due to low inflow into the plant resulted in taste issues for both months while the cessation of the weekly flushing at Foxton Beach due to high demand caused the increased complaints on clarity.</p>				Number per 1,000 connections	Number of Complaints		Total	8.76	115	1)	Clarity	2.59	34	2)	Taste	1.45	19	3)	Pressure or Flow	2.59	34	4)	Continuity of Supply	2.13	28	5)	Council Response	0.00	0
		Number per 1,000 connections	Number of Complaints																													
	Total	8.76	115																													
1)	Clarity	2.59	34																													
2)	Taste	1.45	19																													
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4)	Continuity of Supply	2.13	28																													
5)	Council Response	0.00	0																													

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

Service	How will we measure our performance	Target (17/18)	Actual Performance
Water supply has adequate flow and pressure.	Percentage of the network where supply pressure at the property boundary is not less than 250kPa for on demand connections and 150kPa for restricted flow connections.	100%	<p>Not Achieved</p> <p>98.95% (660 out of 667) of all water connections checked across the district up to 30 June 2018 exceeded pressures of 250kPa at the property boundary.</p> <p>Of the 7 readings which were less than 250 kPa, 5 were taken from two properties with internal leaks.</p> <p>Note: For properties connected as a restricted connection, a certain pressure is required for those properties to be able to get their required number of units. With no complaints about reduction in units it implies that the required pressures are being achieved at the boundaries of properties served by restrictors.</p>
Consent conditions are met.	Compliance with all water take limits of resource consents.	100%	<p>Not Achieved</p> <p>As of 30 June 2018, the percentage of water take which complied with limits of resource consent = 100%</p> <p>We've had a discharge exceedance of 32m³ above the limit from our Levin WTP discharge consent on the 28th of June. This exceedance was due to meter verification testing that was discharged to the backwash ponds. Horizons has been notified of this breach.</p> <p>Note: Data verification performed in February 2018 found some issues with Horizons data, so Horizons had further recommended two (2) weeks monitoring just to make sure that our data is correct.</p>

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

Service	How will we measure our performance	Target (17/18)	Actual Performance												
Water supply is sustainable.	Average consumption of drinking water per day per resident within the water supply areas (target based on One Plan Section 6.4.3.1).	300lt per day	<p>Not Achieved Individual supplies are shown in the table below:</p> <table border="1" data-bbox="1205 403 1789 711"> <thead> <tr> <th data-bbox="1205 403 1563 456">Supply</th> <th data-bbox="1563 403 1789 456">YTD</th> </tr> </thead> <tbody> <tr> <td data-bbox="1205 456 1563 509">Levin</td> <td data-bbox="1563 456 1789 509">482</td> </tr> <tr> <td data-bbox="1205 509 1563 561">Foxton</td> <td data-bbox="1563 509 1789 561">456</td> </tr> <tr> <td data-bbox="1205 561 1563 614">Foxton Beach</td> <td data-bbox="1563 561 1789 614">332</td> </tr> <tr> <td data-bbox="1205 614 1563 667">Shannon/Mangaore</td> <td data-bbox="1563 614 1789 667">681</td> </tr> <tr> <td data-bbox="1205 667 1563 711">Tokomaru</td> <td data-bbox="1563 667 1789 711">269</td> </tr> </tbody> </table>	Supply	YTD	Levin	482	Foxton	456	Foxton Beach	332	Shannon/Mangaore	681	Tokomaru	269
Supply	YTD														
Levin	482														
Foxton	456														
Foxton Beach	332														
Shannon/Mangaore	681														
Tokomaru	269														
Minimal water losses.	Percentage of real water loss from the network as measured by the standard Infrastructure Leakage Index method.	15%	<p>Not Achieved</p> <p>The percentage of real water loss from the network as measured by the standard Infrastructure Leakage Index method doesn't make sense; the ILI is not a % measurement. The ILI is a dimensionless performance indicator that relates the current level of real water loss to the unavoidable level of real water loss in a system, taking into account the length of pipes, number of connections and average operating pressure. As such it is a metric benchmarking for performance comparison with other water suppliers.</p> <p>With reference to the recommendation in the NZ Water Loss Guidelines (p18), this measurement can be changed to the IWA Performance Indicator Litres/service connection/day (Op 27). This is the preferable process benchmarking of progress towards reaching target for reductions in real losses, and should be the basis for ongoing monitoring.</p> <p>Based on ILI the target for all supplies will be to achieve a WBI Band B – between 2 and 4.</p> <p>Using Litres/service connection/day will have different targets for each supply. A water loss study was completed for the Levin supply in January 2017 and for all other supplies in June 2017, the results are summarised in the table below.</p> <p>Leak detection equipment has been procured and after training of reticulation staff, will be used for ongoing level 1 active leakage control. Higher level of leak detection such as leak noise correlation will be outsourced to specialist</p>												

sub-contractors as and when required.
Improved network monitoring options are currently being investigated.

	The Snapshot Daily Leakage ² (September 2016)											"Snapshot" Infrastructure Leakage Index			
	Number Connections	Length of mains (km)	Conn/km	AZNP (meters)	NDF (hours/day)	Avg Daily Demand ⁴ (m ³)	m ³ /day	Conn/km>20: litres/connection/day	Conn/km<20: m ³ /km/day	95% Conf. Limits	% Water Loss (SEE NOTE 1 BELOW)	The Snapshot Night Leakage rate (m ³ /hr)	The Unavoidable Annual Real Losses (m ³ /hr)	IUI (dimensionless)	which is in WBI Band
Foxton	1,180	29.3	40	35.9	22.6	1,600	464.4	393.58		6.2%	29.0%	20.55	2.20	9.34	D
Foxton Beach	1,600	26.4	61	39.1	23.5	530	35.3	22.03		54.1%	6.7%	1.50	2.86	0.52	A
Shannon	727	23.3	31	48.3	23.9	680	305.5	420.22		6.2%	44.9%	12.78	2.01	6.35	C
Mangaore ³	35	2.6	14	50.8	24.1	60	22.0		8.54	55.1%	36.7%	0.91	0.16	5.80	C
Tokomaru	206	6.0	34	30.7	23.9	153	37.2	180.41		8.7%	24.3%	1.56	0.35	4.44	C
Entire Levin Supply	8,415	215.2	39	75.9	23.7	8,500	3,601.5	427.99		10.6%	42.4%	151.96	33.54	4.53	C
Total Snapshot Daily Leakage (m³/day)							4,466								
<p>Notes: 1. Please note that the % Water Loss is shown as indicative only and should not be used as a performance indicator. When losses are expressed as a % of System Input (or Water Supplied) volume, the resulting figure is heavily influenced by the consumption. I.e. when consumption per service connection changes (lower in winter) the % real losses changes (increases) even if Real Losses volume per day remains the same.</p> <p>2. The IWA definition of Real Losses includes only leakage on the mains and service connections up to the boundary. This is difficult to quantify in an unmetred network and a Minimum Nightflow Analysis method is therefore used to calculate the volume of water loss. This method inherently includes in it a portion of water loss that could be regarded as consumption, i.e. Billed Unmetred Consumption. This should be taken into account when evaluating the performance indicators shown.</p> <p>3. Mangaore values to still be confirmed as no flow information is available. The Mangaore reservoir level drop was used to estimate night flow.</p> <p>4. This varies greatly between winter and summer, peak and off peak consumption. Please refer to Note 1.</p>															

WASTEWATER MANAGEMENT Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Note					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	6,421	6,721	6,375	6,414	39
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,030	1,275	1,193	1,280	87
Local authorities fuel tax, fines, infringement fees, and other receipts	43	56	53	137	84
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	7,494	8,052	7,621	7,831	210
Applications of operating funding					
Payments to staff and suppliers	2,380	2,495	2,505	2,270	(235)
Finance costs	1,452	1,649	1,081	923	(158)
Internal charges and overheads applied	685	711	726	745	19
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,517	4,855	4,312	3,938	(374)
Surplus (deficit) of operating funding (A-B)	2,977	3,197	3,309	3,893	584
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	73	73
Increase (decrease) in debt	3,285	5,506	4,650	765	(3,885)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	3,285	5,506	4,650	838	(3,812)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	177	429	683	421	(262)
- to improve the level of service	3,270	4,654	3,528	1,253	(2,275)
- to replace existing assets	2,493	3,345	3,631	1,823	(1,808)
Increase (decrease) in reserves	322	275	117	1,234	1,117
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	6,262	8,703	7,959	4,731	(3,228)
Surplus (deficit) of capital funding (C-D)	(2,977)	(3,197)	(3,309)	(3,893)	(584)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	2,623	2,956	2,264	3,119	855
Loans					
	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	20,600	311	20,911		
Raised during year	1,770	478	2,248		
Repaid during year	(1,070)	(413)	(1,483)		
Loans as at 30/06/2018	21,300	376	21,676		
Interest expense	915	8	923		

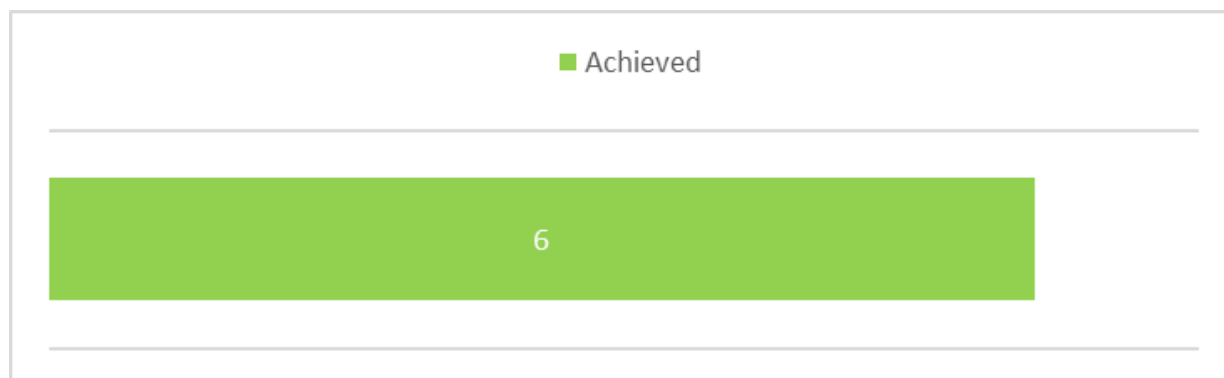
Activity Expenditure

Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Foxton Wastewater	754	1,045	673	638	(35)
Foxton Beach Wastewater	578	638	605	548	(57)
Levin Wastewater	3,908	4,158	3,620	4,028	408
Shannon Wastewater	1,299	1,329	1,089	1,258	169
Tokomaru Wastewater	183	191	221	194	(27)
Waitarere Beach Wastewater	419	450	369	391	22
Total Expenditure	7,141	7,811	6,577	7,057	480

Notes and Comments

Levin Wastewater – increased depreciation with the revaluation of the assets, LAPP insurance and consents for Levin Treatment Plant.

Performance Measures – LTP/Annual Plan Summary



SOLID WASTE MANAGEMENT Funding Impact Statement

	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	356	342	328	329	1
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,785	1,832	1,859	1,835	(24)
Local authorities fuel tax, fines, infringement fees, and other receipts	18	17	13	13	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	2,159	2,191	2,200	2,177	(23)
Applications of operating funding					
Payments to staff and suppliers	1,415	1,454	1,554	1,864	310
Finance costs	324	316	240	216	(24)
Internal charges and overheads applied	220	227	245	153	(92)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,959	1,997	2,039	2,233	194
Surplus (deficit) of operating funding (A-B)	200	194	161	(56)	(217)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(143)	(58)	149	(117)	(266)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(143)	(58)	149	(117)	(266)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	71	146	340	80	(260)
- to improve the level of service	10	11	-	-	-
- to replace existing assets	3	66	66	53	(13)
Increase (decrease) in reserves	(27)	(87)	(96)	(306)	(210)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	57	136	310	(173)	(483)
Surplus (deficit) of capital funding (C-D)	(200)	(194)	(161)	56	217
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	327	328	268	310	42
Loans	External \$000	Internal \$000	Total \$000		
Loans as at 1/07/2017	4,800	90	4,890		
Raised during year	90	-	90		
Repaid during year	(190)	(16)	(206)		
Loans as at 30/06/2018	4,700	74	4,774		
Interest expense	214	2	216		

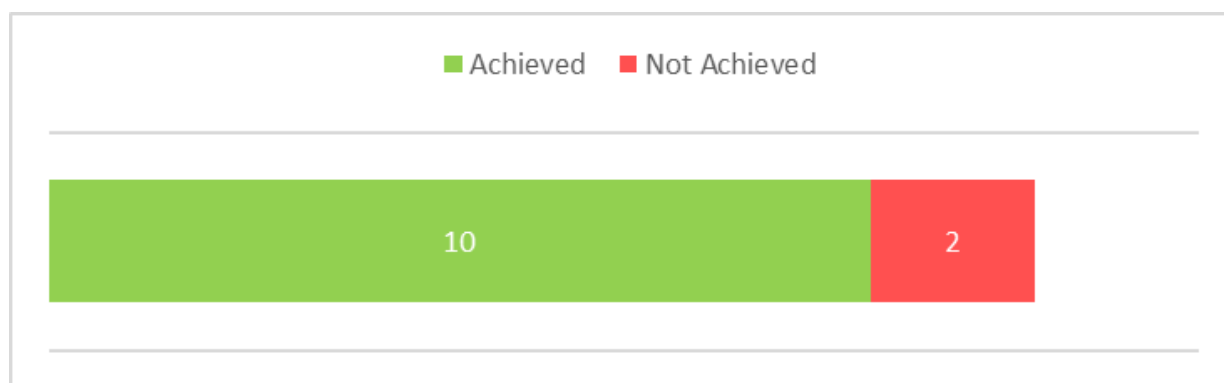
Activity Expenditure

Activity Expenditure	LTP Forecast 2017 \$000	LTP Forecast 2018 \$000	Annual Plan Forecast 2018 \$000	Actual 2018 \$000	Variance 2018 \$000
Roadside Collection Bags	200	206	211	138	(73)
Landfill	1,107	1,115	1,103	1,380	277
Recycling Centres	689	707	703	773	70
Waste Transfer Stations	290	297	289	251	(38)
Total Expenditure	2,286	2,325	2,306	2,542	236

Notes and Comments

Landfill – this is over budget with increased rates and consent fees and consultancy for the Environment Court Appeal and advice for Levin Landfill.

Performance Measures – LTP/Annual Plan Summary



SOLID WASTE – Performance Measures – LTP/Annual Plan – Not achieved measures only

Service	How will we measure our performance	Target (17/18)	Actual Performance
Levin landfill.	Conditions of resource consents are met.	100%	Not Achieved As of 30 June 2018: 80%. Council received one abatement notice and one infringement from Horizons regarding one of the consent conditions.
Recycling and refuse is collected on time and in a sanitary manner.	Number of complaints about non collection of: <ul style="list-style-type: none"> • Kerbside recycling • Kerbside refuse 	5 per month 5 per month	Not Achieved For the period 1st July 2017 to 30th June 2018, 86 complaints were received regarding Kerbside recycling (equates to 7.2 per month). Eight of which were reported in the month of June 2018. Achieved For the period 1st July 2017 to 30th June 2018, 39 complaints were received regarding Kerbside refuse (equates to 3.63 per month). Two of which were reported in the month of June 2018.

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.: 18/408

1. Purpose

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

2. Recommendation

- 2.1 That Report 18/408 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 fourth quarter of the financial year has seen:

- Tariff/trade war fears have captured headlines and have impacted on the world economy and increased risk.
- The Federal Reserve has increased the USA OCR equivalent to 1.75% - 2.00% range to be level with New Zealand for the first time in many years. Bancorp predict the neutral OCR (i.e. that neither tightens or loosens the economy) to be “around” 3.5%, where the OCR will likely end up in the long run.
- An interesting phenomenon has occurred over the last 9 months. Normally when USA interest rates rise so do ours. Refer to the graph on page 3. This new phenomenon has been put down to the fact the US economy is in growth and tightening phase while the NZ economy is at a neutral “*expansionary*” phase. The Reserve Bank considers itself as “*well positioned to manage change in either direction – up or down – as necessary*”.
- In New Zealand the OCR remained at 1.75% and is likely to remain there until early 2020 with 0.75% of OCR rises to late 2021. This is due to the NZ economy “coming off the boil” continued low inflation and general business confidence deteriorating and The Global Dairy Trade prices down in 4 of the last 5 auctions. The Reserve Bank Governor is holding a neutral stance while some economists are calling for a reduction in the OCR.
- House price inflation is still occurring everywhere in NZ except Auckland and Christchurch. QV house price index is up 5.7% over the June year with REINZ up 3.7% over the May year.
- Council had \$80m of debt at the end of the Financial Year, compared to the Annual Plan projection of \$83m. However, Council borrowed the \$5m extra to invest for liquidity risk, which would bring it back to \$75m for a true comparison. This is below June 2017 of \$77m.
- Council is compliant with its Liability management and LTP policy parameters.

- However, since then Council has increased the short-term “commercial paper” (CP) back up to \$12m, an increase of \$6m, maturing 6/12/2018 at 2.0972%. This is to finance the June (paid July) capital expenditure.
- Council has also borrowed \$4m Floating Rate Note (FRN) maturing 15/4/2020 at 2.25% for the same reason.
- Council has \$12m up for renewal on the 15 March 2019. Council has “pre-funded” \$9m of this maturing 14 April 2022 at a rate of 2.41% this to reduce the risk of having that amount renewing on one day. Prefunding means that Council borrows before it needs to refinance and invest the money short-term so it has the necessary cash available when the loans mature on the 15 March. This will have a result similar to that of the \$5m Council borrowed in November and invested to cover the perceived liquidity risk: i.e. Council was able to invest at a rate higher (3.37%) than it borrowed. This will mean that council will make a gain of \$54k. This transaction does not affect Council’s ‘Net debt’ position as the debt is “covered” by the investment. Although it increases Council’s gross debt when the repayment of the debt occurs on 15 March 2019, this tranche of debt will disappear.
- As of Thursday 26 July, HDC has now got \$99m in debt \$9m of which is prefunding covered by equivalent short-term investments at a higher interest rate. It also has the \$5m borrowed and invested for Liquidity risk plus cash of \$1.2m. Therefore, HDC’s net debt is \$83.8m. Council’s net debt prediction in the LTP is \$81 million by year end. This is based on the assumption of property sales of \$7m, new and improved asset purchases of \$22m and cash of \$11m by year end.
- The report shows, on page 9 that HDC’s cost of funds has increased slightly to 4.12% up from the historic low of 3.95% in March 2018. The increase was mainly due to a reduction in debt to \$80.0 million when \$6.0 million of CP, at a rate of 2.00% was repaid thus there was less debt on the low floating rate. Also contributing to the increase, but to a lesser extent, was a rise in the three month bank bill rate that the FRNs and the remaining CP were priced off. However with recent short-term CP and borrowing through FRN’s described above, the cost of funds has decreased to new historic low of 3.78%. *“HDC’s cost of funds remains noticeably lower than many of its peers in the local government sector”*.

Attachments



No.	Title	Page
A	Bancorp Treasury Report June 2018	100

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,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Doug Law Chief Financial Officer	
Approved by	David Clapperton Chief Executive	

CONFIDENTIAL

TREASURY REPORT

FOR



**HOROWHENUA
DISTRICT
COUNCIL**

AS AT

30 JUNE 2018



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

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1. MARKET ENVIRONMENT

1.1 Global Markets Overview (as at 30 June 2018)

Geopolitical developments wrestled with central banks for financial market dominance in the June quarter. The main fear is that tariff wars will threaten global growth and the nascent post-GFC recovery in developed and emerging market economies. The main geopolitical points were the on-off-on summit between the US and North Korea, off-on again threats of global trade wars as the US imposed tariffs on imports of steel and aluminium from Canada, Mexico and the European Union ("EU"), off-on US threats and then delivery of trade tariffs on Chinese imports and the forming a coalition government in Italy, the EU's third largest economy and the world's third largest issuer of sovereign debt.

The main central bank focal point was the Federal Reserve ("Fed") delivering a well signalled interest rate rise. It raised the Fed Funds rate in June by 25 basis points for the second time this year, to a range of 1.75%-2.00%. Of greater interest to the markets was the Fed members' consensus forecast for the Fed Funds rate that increased the number of interest rate hikes this year from three to four and for 2019 to three.

The European Central Bank ("ECB") was the only other major central bank close to normalisation of its easy monetary policy settings. The ECB's monthly bond purchases will reduce from EUR30 billion to EUR15 billion at the end of September and will cease from the end of December. However, the ECB will not raise its interest rates until late 2019.

During the quarter, the Bank of England and Bank of Canada cast doubt on previously signalled official interest rate rises, while the Bank of Japan and Reserve Bank of Australia remain steadfastly neutral.

US Treasury yields were higher over the quarter because of the upward pressure from Fed interest rate rises. The 2 year Treasury yield ended June at 2.52%, from 2.26% at the end of March. The benchmark 10 year Treasury yield attempted to break above the psychologically important 3.00% barrier in the quarter but failed amid concerns about global growth and increased risk aversion as the US centred trade spats escalated. It ended June at 2.86%, from 2.74% at the end of the March quarter.

The benchmark yield curve measure, the spread between US 2 year and 10 year Treasury yields, fell from 0.48% at the end of March to 0.34% at the end June, its lowest since August 2007, before the GFC. Market commentators and a number of Fed policymakers have noted that every US recession since 1975 has been preceded by the spread between 2 year and 10 year Treasury yields turning negative, i.e. the 2 year Treasury yield above the 10 year yield.

1.2 New Zealand Market Overview (as at 30 June 2018)

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
31-Mar-18	1.75%	1.96%	2.22%	2.36%	2.62%	2.83%	3.06%
30-Jun-18	1.75%	2.01%	2.15%	2.28%	2.54%	2.78%	3.03%
Change	Nil	+0.05%	-0.07%	-0.08%	-0.08%	-0.05%	-0.03%

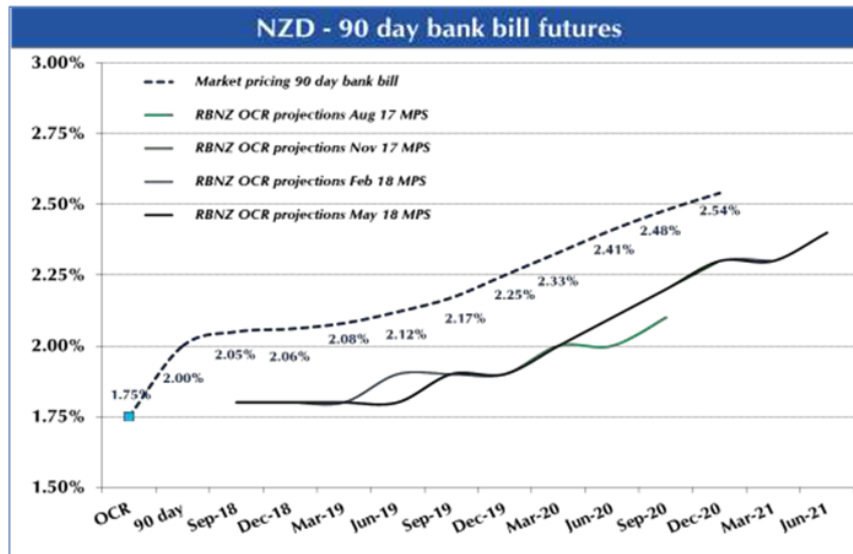
Economic data over the June quarter reinforced the notion that the New Zealand economy, though performing well, is coming off the boil. GDP rose 0.5% in the March quarter, down from 0.6% in the December 2017 quarter. Compared to the same quarter last year, GDP was 2.7% higher, from 2.9% in December. The GDP data matched market expectations and much of the March quarter's GDP weakness is considered temporary. Nevertheless, there were some disappointing elements - the quarter's GDP gain was below the Reserve Bank of New Zealand's ("RBNZ") forecast in its May *Monetary Policy Statement* ("MPS") and GDP per capita ('real' GDP growth) was flat in the March quarter after 0.1% rises over the previous two quarters. This shows how much of GDP growth has been due to strong inward migration.

The newly installed RBNZ Governor, Adrian Orr, put his mark on monetary policy in the May MPS. The key message was that a 1.75% Official Cash Rate ("OCR") is "*here for a while.*" The RBNZ's forecasts in the MPS delayed the timing of the first OCR rise by one quarter but the end point was unchanged.

The June *OCR Review* not only repeated the RBNZ's neutral message in the MPS but also revealed new ways of saying that the OCR will remain 'lower for longer' — "*continued supportive monetary policy for some time to come*" and ensuring that "*the OCR is at an expansionary level for a considerable period.*"

The RBNZ's delay in the timing of the first OCR rise, the softer approach to inflation threats in the June *OCR Review* and the conditions that led to sharply lower global bonds yields (and domestic swap rates) saw local markets shift the pricing of the first OCR rise from late 2019 to early 2020, which closely aligns to the RBNZ's forecast.

The graph on the following page shows the RBNZ's OCR projections from the last four MPSs and the local interest rate market pricing at the end of June for the 90 day bank bill rate.



New Zealand interest rates were generally lower but the yield curve was slightly steeper over the June quarter. Short term swap rates fell in response to the RBNZ's 'lower for longer' sentiment for the OCR while any falls by longer term swap rates were constrained by the higher US 10 year Treasury yield. However over the last nine months there has been a disconnect between New Zealand and US rates medium and long term rates, with New Zealand rates showing less inclination to rise than US rates, thus leading to a convergence between the two. This is due to the differing stages of the economic and monetary policy cycles that the two countries are at and is illustrated by the following chart (dating back two years) of the 10 year swap rates of the respective countries, with New Zealand in blue and the US in red.

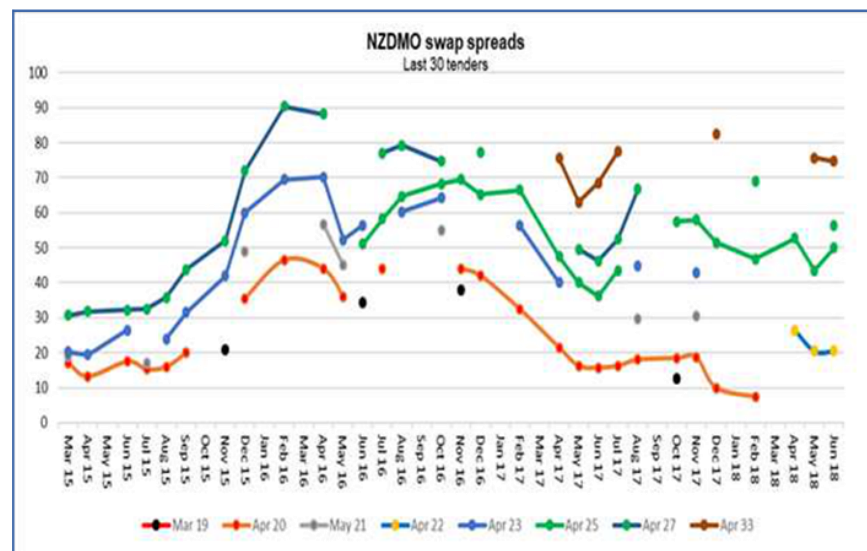


1.3 Local Authority Sector

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

Maturity	Credit Spread	FRN Rate	Fixed Rate Bond
March 2019	0.29%	2.32%	2.36%
April 2020	0.31%	2.34%	2.58%
May 2021	0.37%	2.40%	2.72%
April 2022	0.41%	2.44%	2.93%
April 2023	0.60%	2.63%	3.21%
April 2025	0.70%	2.73%	3.62%
April 2027	0.81%	2.84%	3.81%
April 2033	1.02%	3.05%	4.41%

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



2. FUNDING

As at 30 June 2018, Horowhenua District Council (“HDC”) had \$80.0 million of external debt, comprising a combination of Commercial Paper (“CP”), Fixed Rate Bonds and Floating Rate Notes (“FRN”), of which all but one tranche had been sourced from the LGFA. Details of HDC’s debt at 30 June 2018 is as follows:

HOROWHENUA DISTRICT COUNCIL BOND

- \$2.0 million fixed rate bond issued in November 2011, maturing on 15 November 2018, at a margin of 150 basis points over swap, equating to a rate of 5.59%.

LGFA

- \$6.0 million CP issued on 7 June 2018, maturing on 7 July 2018 at a margin of 9 basis points equating to an all up rate of 1.9750%.
- \$4.0 million fixed rate bond issued in December 2012, maturing 15 March 2019, at a margin of 113 basis points over swap, equating to a rate of 4.45%.
- \$3.0 million FRN issued in May 2013, maturing 15 March 2019, at a margin of 77 basis points.
- \$5.0 million fixed rate bond issued in February 2013, maturing 15 March 2019, at a margin of 92 basis points over swap, equating to a rate of 4.71%.
- \$5.0 million fixed rate bond issued in November 2017, maturing 15 April 2020, at a margin of 38 basis points over swap, equating to a rate of 2.63%.
- \$4.0 million FRN issued in May 2013 maturing 15 May 2021, at a margin of 84 basis points.
- \$5.0 million fixed rate bond issued in May 2013 maturing 15 May 2021, at a margin of 79 basis points over swap, equating to a rate of 4.56%.
- \$5.0 million fixed rate bond issued in September 2013 maturing 15 May 2021, at a margin of 109 basis points over swap, equating to a rate of 5.99%.
- \$5.0 million fixed rate bond issued in December 2013 maturing 15 May 2021, at a margin of 87 basis points over swap, equating to a rate of 5.85%.
- \$3.0 million FRN issued in May 2015 maturing 18 May 2022, at a margin of 42.5 basis points.
- \$4.0 million fixed rate bond issued in November 2014 maturing 15 April 2023, at a margin of 81 basis points over swap, equating to a rate of 5.13%.
- \$6.0 million FRN issued in February 2018 maturing 15 April 2023, at a margin of 57.5 basis points.

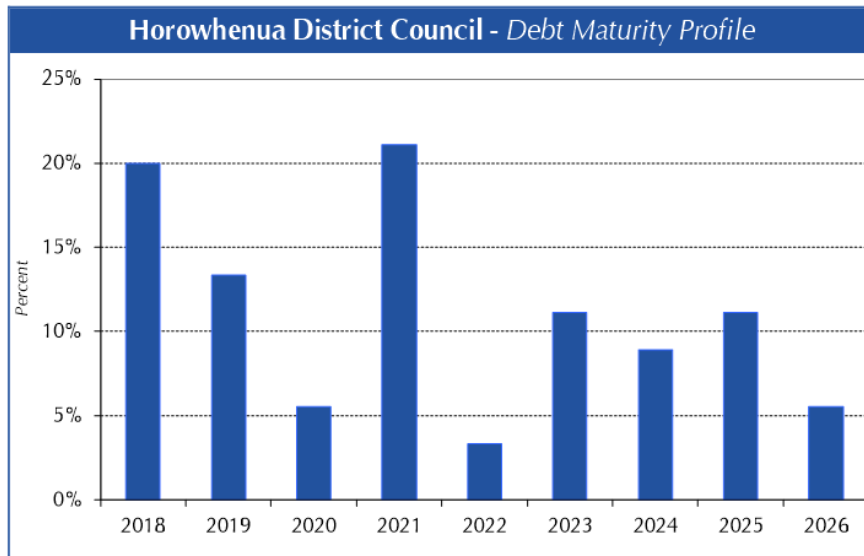
- \$4.0 million fixed rate bond issued in April 2017 maturing 15 March 2024, at a margin of 63 basis points over swap, equating to a rate of 3.72%.
- \$4.0 million fixed rate bond issued in May 2017 maturing 15 May 2024, at a margin of 58 basis points over swap, equating to a rate of 3.76%.
- \$3.0 million fixed rate bond issued in March 2017 maturing 15 April 2025 at a margin of 77 over swap, equating to a yield of 4.20%.
- \$7.0 million FRN issued in May 2015 maturing 19 May 2025, at a margin of 49 basis points.
- \$5.0 million fixed rate bond issued in July 2016 maturing in 15 July 2026 at a margin of 84 basis points over swap equating to a rate of 3.37%.

During the June 2018 quarter HDC reduced debt to \$80.0 million by repaying \$6.0 million of LGFA CP.

As at 30 June 2018, HDC had no drawings under its BNZ \$10.0 million Committed Cash Advance Facility that matures in October 2018.

Included in HDC's current funding portfolio is the \$5.0 million of funding from the LGFA utilising a 15 April 2020 fixed rate bond at a yield of 2.632% which was transacted in November 2017. As the funds were not required until late May 2018, the proceeds from the funding were initially placed on deposit with Bank of New Zealand ("BNZ") until 25 May 2018 at a rate of 3.70%. This deposit was then rolled over to 25 September 2018 at 3.19%. The 'positive carry' on the funding transaction and the two investing transactions will be approximately \$37,000.

HDC's current debt maturity profile is depicted in the graph on the following page. It indicates a good spread of maturities between 2018 and 2026 and, as such, complies with Section 4.6 of the *Liability Management Policy* ("LMP") that governs HDC's funding risk management activities. Included in the funding profile is the BNZ facility.



3. DEBT AND HEDGING PROFILE

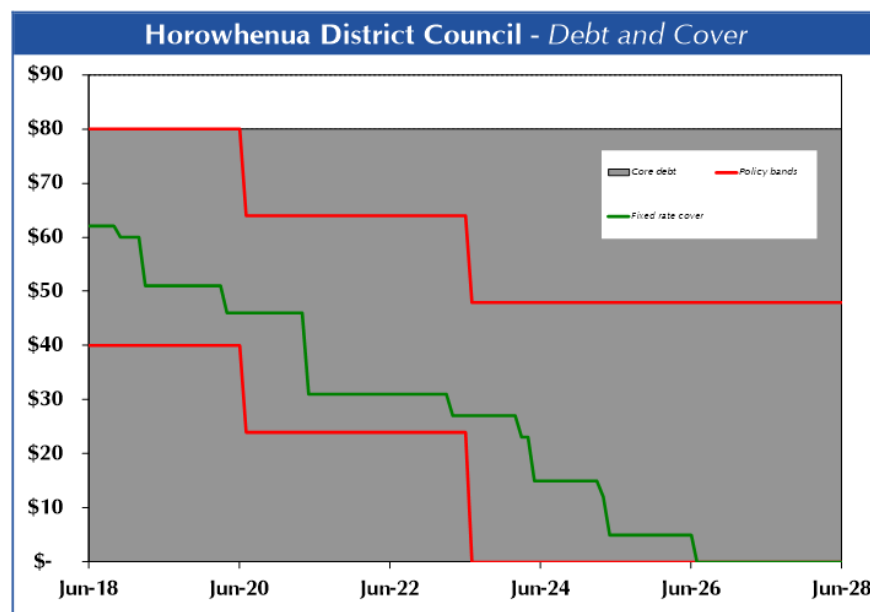
As at 30 June 2018, HDC had \$80.0 million of external fixed and floating rate debt, and two interest rate swaps, as follows:

- \$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%

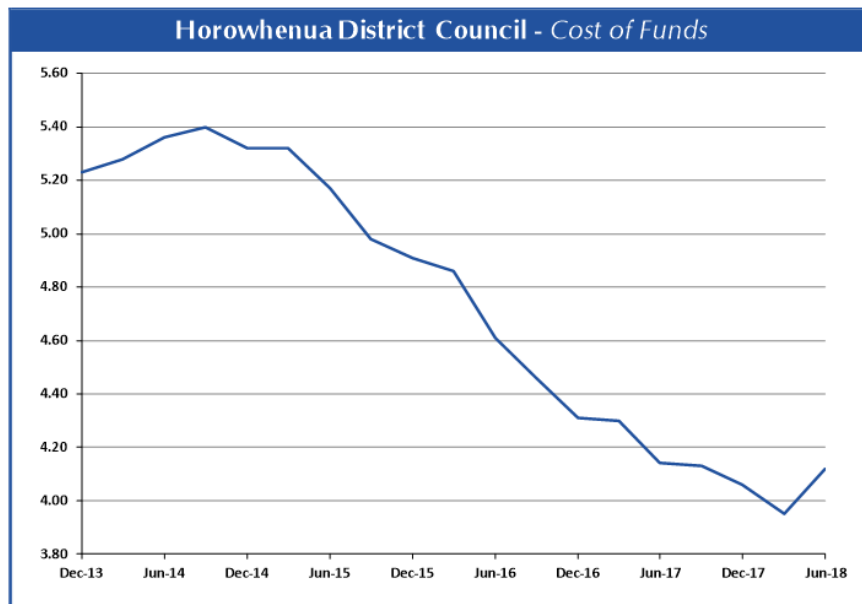
The debt and hedging profile incorporating these parameters is depicted in the graph below. Included in the fixed rate hedging percentages are the fixed rate bonds and interest rate swaps.



The graph indicates that, as at 30 June 2018, HDC was compliant with the fixed rate hedging percentages contained in the LMP.

HDC's cost of funds (inclusive of the bank line fee) as at 30 June was 4.12%, up from 3.95% at the end of the March 2018 quarter. The increase was mainly due to a reduction in debt to \$80.0 million when \$6.0 million of CP, at a rate of 2.00% was repaid thus there was less debt on the low floating rate. Also contributing to the increase, but to a lesser extent, was a rise in the three month bank bill rate that the FRNs and the remaining CP were priced off.

HDC's cost of funds remains noticeably lower than many of its peers in the local government sector, indicating the success of its funding and interest rate risk management programme that has been carried out over the last several years. The cost of funds is depicted in the graph below.



4. POLICY COMPLIANCE (AS AT 30 JUNE 2018)

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

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Mayoral Discretionary Fund Investigation

File No.: 18/446

1. Purpose

To report to the Finance, Audit & Risk Subcommittee on the use of the Mayoral Discretionary Fund.

2. Recommendation

- 2.1 That Report 18/446 Mayoral Discretionary Fund Investigation 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

A Mayoral Discretionary Fund was established this triennium at the request of the Mayor. The intent was to enable the Mayor to respond to requests for financial assistance that were not covered under existing funding avenues within Council, or were of an emergency assistance nature.

The existence of such a fund is not unusual practice in Local Government. A number of Council's operate a similar fund. At the time of establishment of the fund it was considered good practice to have some guidelines/criteria in place to ensure proper process and to provide for transparency. A copy of the criteria and guidelines are attached to this report.

Following a Local Government Official Information and Meetings Act (LGOIMA) request regarding the use of the Mayoral Discretionary Fund, which subsequently was published on Social Media, Council received formal complaints claiming the fund was being used in a manner contrary to the criteria and guidelines.

In response to the complaints Elected Members requested the matter be researched and reported to the Finance, Audit and Risk Subcommittee.

4. Issues for Consideration

For the 2017/18 financial year \$10,000 was provided in the budget for the Mayoral Discretionary Fund.

The following is the process when an application is received:

- applications are in hard copy or via the on-line form;
- the application and supporting documentation is presented to the Mayor for consideration, along with advice as to how the application 'fits' with the guidelines/criteria;
- the Mayor approves or declines the application;
- the applicant is advised of the decision and if the application is approved, is requested to provide an invoice;
- upon receipt the invoice is provided to the Mayor for signing off;
- the signed invoice and approved application is provided to Finance for payment;
- the applicant is required to provide a receipt when the money is received;
- following the event the applicant is required to provide an accountability form.

See attachment A for the grants dispensed from the Fund for the 2017/18 financial year. The boxes shaded in red seek to demonstrate where there has been a technical breach of the criteria and guidelines.

Attachments

No.	Title	Page
A	2017/2018 Mayoral Discretionary Fund Grants	115
B	Mayoral Discretionary Fund - Criteria and Guidelines - 11 December 2017	116

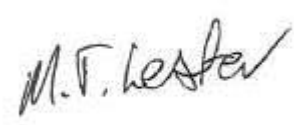
Confirmation of statutory compliance

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)	Sue Hori Te Pa Governance and Executive Team Leader	
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Approved by	Mark Lester Group Manager - Corporate Services	
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Mayoral Discretionary Fund 2017/2018														
				1	2	3	4	5	6					
Date Received	Paid Date	Enquiry & Applications	Purpose	Reside in District	Not for waiving Council fees	Eligible for funding from another Council source	\$1,000 or less requested	Two Refs	Other funding received	Recurring Funding?	Requested Amount	Amount Granted	Notes	
9/05/2017	26/07/2017	Paul King/Eboney Taylor	NZ Music Month 2017	✓	✓	✓	✗	✓	✓	✗	2,000.00	2,000.00	Creative NZ funding received	
4/09/2017	2/11/2017	Shannon School	Kerekere kapa haka festival	✓	✓	✗	✓	✓	✗	✗	1,000.00	1,000.00		
4/01/2018	15/05/2018	Otaki Volunteer Fire Bridgade	100th Anniversary - Sponsorship for 2018 celebration	✓	✓	✗	✓	✗	✓	✗	500.00	500.00	Tatum Park South, Waikawa Beach and Manakau covered by Otaki VFR	
4/03/2018	9/03/2018	Children's Day Committee	Children's Day - photo booth & cookie ingredients	✓	✓	✗	✓	✓	✓	✗	850.00	850.00		
8/03/2018	9/05/2018	Levin & Districts Brass Inc	Annual Insurance Costs 2018	✓	✓	✗	✓	✗	✗	✗	1,000.00	1,000.00	Ref's not required - as per meetin with Mayor	
5/04/2018	19/04/2018	William Jane-Hansen	Waiopahu Yr10 Art History Europe Trip	✓	✓	✗	✓	✓	✗	✗	500.00	500.00		
12/04/2018	10/05/2018	Levin Intermediate School - Kapa Haka	Assist with purchase of Kakahu (kapa haka uniform)	✓	✓	✗	✓	✓	✗	✗	1,000.00	500.00		
1/05/2018	9/05/2018	Cr Ross Campbell, Viv Taueki, Ian Easton	Delegate registration to iHemp Summit	✓	✓	✗	✗	✗	✓	✗	1,380.00	1,380.00		
17/05/2018	5/06/2018	Paul King	NZ Music Month 2018 - Video & PA equipment hire	✓	✓	✓	✗	✗	✓	✓	1,500.00	1,500.00	Creative NZ funding received	
23/05/2018		Shelby Wells	Assist with costs to attend Oceania Weightlifting Champs	✓	✓	✓	✓	✗	✓	✗	-	-	Eligible for & Received International Representation Gran	
24/05/2018	29/06/2018	Waiopahu College - Fa'atasi Poly Group	Uniform, performance & travel costs	✓	✓	✗	✓	✓	✓	✗	1,000.00	750.00		

Mayoral Discretionary Fund

The Mayoral Discretionary Fund was established for requests of financial assistance that are not eligible under the existing funding avenues within Council, or are of an emergency assistance nature.

The guidelines are to provide both a process and criteria for distribution of discretionary funds by the Mayor for the purpose of supporting organisations and/or individuals or as a response to emergency situations.

All decisions on funding are at the discretion of the Mayor. Consideration of requests is subject to the availability of funds remaining in the Mayoral Discretionary Fund at the time application is received.

Criteria

To be eligible, applications must come from organisations and/or individuals within the Horowhenua District.

Funding cannot be for private gain or for waiving any Council fees or charges and cannot be for recurrent funding; however, applicants may apply for funding over successive years. Applicants must not be eligible for funding from another Council source.

The maximum amount that will be allocated per grant will be \$1,000.00.

At least 2 references are required to testify to the bona fides of the requesting person/organisation, as well as the need/justification for the funding.

If the organisation/person has applied to other organisations for funding the list of organisations that have received requests for funding should be included in the application form.

The Fund is to be expended at the discretion of the Mayor. All grants are to be reported to Council's Finance, Audit and Risk Subcommittee on a quarterly basis. The Fund is to be included as a recurrent item in Council's annual operational budget.

Applicant Instructions

1. Applicants must complete all questions on their application and supply copies of all supporting documentation. Incomplete applications may result in being returned to the applicant.
2. An indication of the total funds required for the project/activity, and any other sources of funding applied for and/or received is to be recorded on your application.
3. Details of who the payment is to be made to, if application is successful (including bank deposit slip).
4. If assistance is provided from the Mayoral Discretionary Fund, recipients will be required to:
 - provide a written receipt for the amount provided.

- acknowledge Council's contribution at the event and/or in the documentation e.g. annual report
- write to the Mayor at the conclusion of the event/programme indicating the outcome, and including relevant photos/press articles.
- complete an accountability form, available on Council's website, certifying that the funds have been correctly used. Outstanding or overdue accountability requirements may affect further applications.

Monitoring Report - Issues Identified during the 30 June 2017 Audit

File No.: 18/452

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the Monitoring Report covering issues identified during the 30 June 2017 Audit.

2. Recommendation

- 2.1 That Report 18/452 on Monitoring Report - Issues Identified during the 30 June 2017 Audit be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

Attachments

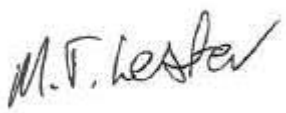
No.	Title	Page
A	FARS Audit Monitoring Report for the year ended 30 June 2017	120

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)	Mark Lester Group Manager - Corporate Services	
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Approved by	Mark Lester Group Manager - Corporate Services	
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FINANCE, AUDIT & RISK SUBCOMMITTEE






Monitoring Report – Issues identified during the 30 June 2017 Audit

- Complete [**blue light**]
- In progress [**green light**]:
- Off track but mitigation in place [**orange light**]
- Off track/outstanding [**red light**]:



FAR Fixed Assets Register
 NZTA New Zealand Transport Agency
 OAG Office of the Auditor General
 PDA Personal Digital Assistant
 PPE Property, Plant & Equipment
 SSP Statement of Service Performance
 WIP Work in Progress

Ref	Recommendation	Urgent	Necessary	Beneficial	Status	Due date	Officer Comment
2.1.2	Performance management reporting Continue to review the effectiveness of the collection and reporting of data.		✓			Quarterly	Staff are setting up a team of SSP reporters within Council to refine the LTP Statements of Service Performance (SSP's) and meet at least quarterly to review the effectiveness of the collection and reporting of these SSP's, the team has met and the SSP process has been processed map. SSPs have been amended for the LTP and will be reviewed every quarter.
2.2.1	Review of Land and Buildings Fixed Asset Register Review the listing of land and buildings to be valued before submitting the information to the valuers to ensure all the assets owned by the District Council are valued and only District Council-owned assets are valued. Identify all those land and buildings classified as Infrastructure Assets and should revalue those assets along with the other Infrastructure assets at 1 July.		✓			June 2019	Will move land and building assets out of infrastructure assets. This will not occur until the next revaluation in June 2019

2.2.2	<p>Revaluation of Property Plant and Equipment (PPE) Ensure there is a clear reconciliation between the revalued assets back to the valuation information; Develop a clear process to document adjustments to the valuation information; and Reassess the useful lives of Infrastructure assets on a regular basis to ensure the lives are in line with the assets' condition.</p>		✓			June 2019	<p>Will ensure the reconciliation is clearer when the next revaluation is done in 3 years' time.</p> <p>Useful lives are now assessed as part of the infrastructure revaluation process.</p>
3.2	<p>Quality Assurance and delivery of information to enable an efficient audit process Continue to enhance the approach and quality review processes around the final audit and ensure there is sufficient resourcing and support to meet the agreed annual audit timetable.</p>		✓			August 2018	<p>Will meet with audit to ascertain what the issue was in regards to quality of information provided and will resolve how to best resolve it.</p>
5.1	<p>Segregation of duties in expenditure process Review and enhance the purchase order controls in the expenditure system to require purchases orders to be approved on a one up basis.</p>		✓			June 2018	<p>We are investigating implementing a review step in the purchase order process that will satisfy the one up approval request from Audit.</p>
5.2	<p>Conflict of Interest Policy Develop procedures for each type of Conflict of Interest identified in the policy regarding handling of breaches and the mitigations of these.</p>		✓			June 2018	<p>Will try to complete changes before 30 June 2018.</p>
5.3	<p>Creditor Masterfile Change Review Ensure that there is adequate independent review over the creditors Masterfile changes.</p>			✓		June 2018	<p>Council acknowledges this is an important internal control.</p> <p>There is an independent review of creditor Masterfile changes. All Masterfile changes for the 2017/18 year have been reviewed, signed</p>

	<p>This review should be evidenced by way of a signature and date.</p> <p>Review current processes to ensure there is adequate supporting information to verify that new creditors, and changes are bona fide. Implement a regular review process to remove redundant creditors.</p>						<p>and dated.</p> <p>Council has a process for approval of new creditors. Bank account changes require a bank deposit slip or independent confirmation.</p>
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Status of previous recommendations

<u>Recommendation</u>	<u>Current Status</u>	<u>Priority</u>		<u>Due date</u>	<u>Management's Proposed action</u>
		<u>Necessar</u> y	<u>Status</u>		
<p>Reporting of unplanned and deferred maintenance</p> <p>Report planned unplanned and deferred maintenance on a regular basis to Council to allow monitoring and action as required.</p>	<p>In Progress</p> <p>Although maintenance is reported to the District Council as part of the monthly management accounts, there is no evidence that unplanned and deferred maintenance are being reported as a specific item on the Council meeting Agenda.</p>	✓	●		<p>All planned and unplanned maintenance is done when the need arises. There is not any deferred maintenance.</p> <p>Unplanned maintenance is budgeted for. All maintenance issues are used to inform the review of the various relevant Asset management plans.</p>
<p>Keeping the interest register up to date</p> <p>Remind elected members and other key management personnel to update the interest register on a regular basis.</p>	<p>In Progress</p> <p>During our testing we identified several interests held by councillors which were not declared and recorded in the interests register. We confirmed these interests had not transacted</p>	✓	●		<p>The interest register for Councillors and senior staff has been updated.</p>

	with the District Council but we urge the councillors to continue to declare and record an interest they may have and keep the interest register up to date				
<p>Risk management</p> <p>Council formally endorse the risk policy and review its current risk management framework/processes for appropriateness.</p>	<p>In Progress</p> <p>We understand that the District Council is currently in the process of updating its overall risk management framework, policy and procedures</p>	✓	●		<p>The Risk Framework was updated and the Risk Policy v1.9 was adopted by Council in November 2017. Copies of the policy and framework have been provided to Audit.</p>
<p>Project management improvements</p> <p>Formalise the methodology for managing projects and ensure there is a planned approach to post implementation review in place.</p>	<p>In Progress</p>	✓	●	Sept 2018	<p>Management agrees that Council could look to improve through implementation of an organisation-wide approach to project management principles and methodology. Council is participating in a shared training initiative with Manawatu District Council to provide opportunities for staff to complete project management theory and practical training. 5 Horowhenua District Council staff have successfully completed project management certification through this training initiative. Parallel to this process a number of templates have been established across the spectrum of project management to provide staff with a toolkit to utilise and this will continue to evolve over time. This is an area where Council will pursue a continuous improvement approach.</p>
<p>Procurement Strategy and Policy</p> <p>Align the current Procurement Strategy and Policy with best practice, with a view to having an integrated policy that can be used by the entire organisation.</p>	<p>In Progress</p> <p>There is currently a Procurement and Purchasing Manual in progress. We understand that the District Council is aware of the</p>	✓	●		<p>Procurement Policy 2.0 reviewed. No changes required at this point in time. A review will occur again in 12 months' time.</p>

	audit recommendations and there is an intention of incorporating these in the upcoming manual.				
<p>Conflicts of interest policy</p> <p>Review and update the Conflicts of Interest policy to reflect best practice in the sector. We recommend:</p> <ul style="list-style-type: none"> Policy to be reviewed and endorsed by EMT; and <p>The policy includes a clearer mechanism on how breaches are handled or on what the consequences are for non-compliance.</p>	<p>In Progress</p> <p>During the interim testing we confirmed that the policy has been updated. Through our review we made further recommendations. Refer to 5.2.</p>	✓	○		Refer to 5.2
<p>Legislative compliance</p> <p>Council to look at mechanisms to actively monitor compliance with legislative requirements.</p>	<p>Outstanding</p> <p>The District Council continues to utilise informal process to monitor and report on its compliance with laws and regulations</p>	✓	○	Nov 2018	Currently under investigation.
<p>Collectability of rates debtors</p> <p>Implement a robust process to identify and monitor rates which are no longer legally collectable under the Local Government (Rating) Act 2002, and write them off.</p>	<p>In Progress</p> <p>Although a report was prepared to identify uncollectable debt, during the audit we noted that not all uncollected debt was provided for. Management only provided for 85%, which is more than the 75% provided for last year. The 15% balance was included in the schedule of unrecorded misstatements.</p>	✓	○		The provision has been increased to 100% in the 2017/18 year.
<p>Contract management</p> <p>Council to endorse an integrated policy for organisation-wide use.</p>	<p>In Progress</p> <p>See Management comments to the right.</p>	✓	○		Agree that this is an area where Council could look to improve through implementation of an organisation wide policy and procedures. This will be factored into HDC's work programme for

<p>PPE additions - missing contract documentations</p> <p>Retain all contract information and ensure it is appropriately filed and archived to enable monitoring of key Key Performance Indicators (KPIs) and contract conditions. All contracts should be appropriately approved and payments approved in line with delegated authority.</p>	<p>We did not identify missing contracts this year.</p>	<p>✓</p>			<p>the 2017/2018 year. In the short term, a contract register has been created and populated or all existing contracts and this is reported on monthly.</p> <p>Management agrees that this is an area where the District Council could look to improve through implementation of an organisation-wide policy and procedures. This will be factored into HDC's work programme for the 2017/18 year.</p> <p>In the short term a contract register has been created and populated for all existing contracts and this is reported on monthly. Copies of the reporting have been provided to Audit.</p>
<p>Maintenance of fixed assets Work in Progress (WIP) schedule/depreciation</p> <p>Monitor WIP balances on a regular basis to ensure that any WIP that should be capitalised is done so.</p> <p>All significant capital additions are depreciated when the asset becomes available for use.</p> <p>As depreciation is only calculated at year end, council should review larger additions to check if depreciation should be recognised earlier.</p>	<p>In Progress</p> <p>Confirmed during the audit that WIP is only monitored and capitalised at year-end.</p>	<p>✓</p>	<p>●</p>	<p>Quarterly</p>	<p>A process is to be established to monitor WIP balances and where appropriate capitalise on a quarterly basis this financial year.</p>
<p>Maintenance of fixed asset register (FAR)</p> <p>Perform a full review of the FAR to ensure valid data is contained in the module. Review accounting policies to ensure depreciation rates appropriate and detailed enough for assets which are commonly added to the schedule.</p> <p>Implement regular reconciliations between the Asset Management Systems maintained by the asset managers and the Fixed Assets Register maintained</p>	<p>Outstanding</p> <p>Confirmed during the audit that these processes and controls still only take place at year-end. There are still no continuous monitoring and updating of the FAR and no formal reconciliation takes place between the FAR and the GL.</p>	<p>✓</p>	<p>●</p>	<p>Quarterly</p>	<p>A process will be established to reconcile the asset registers to the GL on a quarterly basis..</p>

by the finance team. The reconciliations should be reviewed by an independent person evidenced with a dated signature.					
<p>Policy on deposits and bonds</p> <p>Adopt a policy on deposits and bonds and review deposits and bonds held to determine whether those no longer required should be refunded or recognised as revenue.</p>	<p>Outstanding</p> <p>No policy has been adopted.</p> <p>Through our audit we can see that historical balances are being cleared.</p>	✓	●	N/A	Deposits and Bonds are reviewed on a regular basis.
<p>Mobile/PDA policy</p> <p>The Mobile/PDA policy be reviewed in line with OAG guidelines</p>	<p>In Progress</p> <p>The policy has been updated and will be reviewed by our IS auditors during the 2017/18 audit.</p>	✓	●		Council awaits the feedback from your review.
<p>Procurement review</p> <p>Implement the improvements identified from the procurement reviews in 2016 and include any policy improvements in the 2017 procurement policy update.</p>	<p>In Progress</p> <p>The audit acknowledged the sound policy, guidance toolkits and training which had been provided to staff as part of the review. Audit NZ has noted further enhancements which the District Council could make and we understand these will be taken on board. To be followed up during the 2017/18 audit.</p>	✓	●		The guidelines, processes and intranet toolkit were all updated as part of this process and have been provided to Audit.
<p>Evidence of NZTA claim review</p> <p>We recommend that the reviewer signs and dates the documentation as evidence of their review.</p> <p>During our review of the NZTA claim system we noted that balances are entered into a claim spreadsheet. The spreadsheet automatically calculates the subsidy that the Council will receive.</p>	<p>Outstanding</p> <p>This issue remains outstanding</p>	✓	●		This review is in place and evidenced by the officer doing the review and reconciliation to the ledger.

<p>The Roding Services Manager reviews the completed spreadsheet for completeness and accuracy before he prepares the claim.</p> <p>There is no evidence of this review.</p>					
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Explanation of priority rating system

Audit's recommendations for improvement and their priority are based on Audit's assessment of how far short Horowhenua District Council is from a standard that is appropriate for the size, nature, and complexity of the business.

Audit has developed the following priority ratings for recommended improvements.

<p>Urgent Major improvements required</p>	<p>Needs to be addressed urgently</p> <p>These recommendations relate to a significant deficiency that exposes the District Council to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm</p>
<p>Necessary Improvements are necessary</p>	<p>Address at the earliest reasonable opportunity, generally within 6 months</p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency</p>
<p>Beneficial Some improvement required</p>	<p>Address, generally within 6 to 12 months</p> <p>These recommendations relate to deficiencies that result in the District Council falling short of best practice. These include weaknesses that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in Audit's view, it is beneficial for management to address these.</p>

Exclusion of the Public : Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1 Risk Register Update

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.